

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate continues to improve markedly in July



KEY FINDINGS

Export Climate Index at 57.7 in July

Growth in Europe and the US remains strong

COVID-19 impacts business activity in parts of Asia

TURKEY MANUFACTURING ECI



LAST TWELVE MONTHS

Aug-20	52.4
Sep-20	51.9
Oct-20	51.2
Nov-20	48.9
Dec-20	50.5
Jan-21	49.9
Feb-21	51.5
Mar-21	54.7
Apr-21	56.0
May-21	58.4
Jun-21	58.5
Jul-21	57.7

Turkish manufacturing exporters saw a further improvement in demand conditions in international markets at the start of the third quarter of the year, with all of the key export destinations recording growth of business activity. While some parts of the world struggled due to rising COVID-19 infections, primarily in parts of Asia, these markets account for a relatively small proportion of Turkish manufacturing exports.

The Turkey Manufacturing Export Climate Index is calculated by weighting together national PMI data on output trends from PMI surveys. Weights are derived from statistics on the relative importance of individual trading partners' contributions to the exports of Turkish manufacturers.

The Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index posted 57.7 in July, down from 58.5 in June but still well above the 50.0 no-change mark to signal a sharp improvement in the export climate. Demand conditions in export markets

have now improved in each of the past six months.

The key export markets for Turkish manufacturers are the US and a number of European countries. These markets all continued to see marked expansions of output during July.

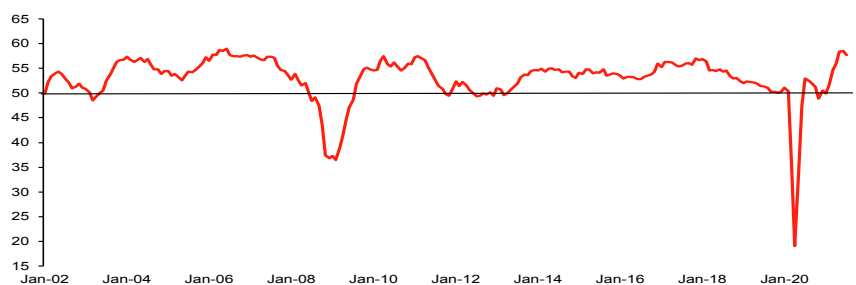
Quicker rises in output were seen in Germany and Italy, the former posting a record increase while the latter saw the strongest pace of growth in three-and-a-half years. Germany is the largest single market for Turkish manufacturing exports, accounting for around 10% of exported goods.

Other key export destinations all saw rates of expansion remain strong despite easing from June. These included the UK, the US, France, Spain and the Netherlands.

There was a mixed picture in terms of demand conditions across the Middle East. Sharp increases in activity were seen in Saudi Arabia, the UAE and Qatar, with the UAE posting the fastest rise in

Manufacturing PMI Export Climate Index

sa, %50= improvement since previous month





non-oil output for two years. On the other hand, Egypt posted a renewed decline in activity, while Lebanon remained in contraction territory.

A number of countries saw steep declines in demand in July amid rising COVID-19 case numbers and associated restrictions which hampered operations. The most marked declines in activity were seen in Myanmar, Uganda, Malaysia, Indonesia and Vietnam. These markets combined account for just 0.5% of Turkish manufacturing exports, however, and so issues in those countries have little direct impact on the export climate for Turkish goods producers.

Elsewhere, Mainland China and Brazil posted accelerations in the respective rates of growth from those seen in June, while Russia saw the pace of expansion soften. India, meanwhile, signalled a near-stabilisation of business activity following a sharp decline in June, again linked to the COVID-19 pandemic.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index, Andrew Harker, Economics Director, IHS Markit, said:

“The rebound in activity across all of the key export markets for Turkish manufacturers continued in July, and this sustained growth should help exporters to secure sales over the months ahead. The COVID-19 pandemic is still a clear threat, however, and is currently causing sharp reductions in activity across a number of Asian markets. Although Turkish manufacturers aren’t particularly exposed to weakness in the affected markets, the potential impact on already stretched global supply-chains would be a cause for concern.”

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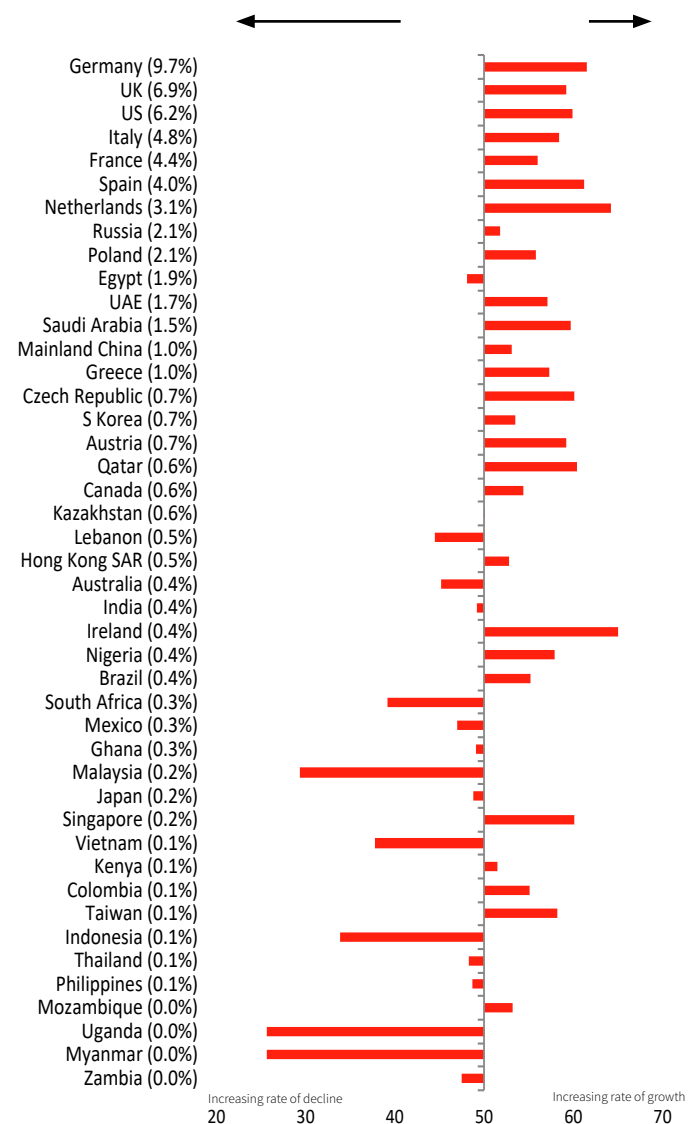
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Country rankings

PMI Output Index (ordered by export weight in full-year 2020)

sa, >50= growth since previous month



Sources: ICI, IHS Markit

IHS Markit

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About Export Climate Index

The Export Climate PMI indices are calculated by weighting together national PMI survey data on output trends. Weights are derived from official statistics relating to the relative importance of individual trading partners' contributions to the external trade of a specific country. By weighting together the output trends from national PMI surveys according to their importance to the external trade of Turkish manufacturers, an advance indicator for the economic health of their export markets is obtained. All data are seasonally adjusted.

Any reading above the 50.0 no-change mark indicates an improvement in the health of the export climate, with any reading below 50.0 signalling a deterioration. The further away from 50.0 the index reading is, the greater the change in the export climate.

About Istanbul Chamber of Industry

Driving strength from her members' contributions to Turkish economy and since her foundation in 1952, Istanbul Chamber of Industry (ICI) stands out as Turkey's largest chamber of industry and one of the most powerful representatives of Turkish industry. The added value generated by ICI members represents more than 40% of the total added value propagated by Turkish industry. ICI members actualize approximately 35% of production of Turkish industry. 36% of Turkey's Top 500 Industrial Enterprises consists of ICI members.

ICI promotes the sustainable development of Turkish industry and contributes the improvement of her competitiveness via offering innovative services to her members. For this purpose, she develops new projects and services to the use of industrialists in crucial fields such as; innovation, technology development, university-industry cooperation, vocational training, international relations, environment and energy with local and international partnerships.

Generating and conducting economic researches together with gathering data, ICI holds the widest knowledge on Istanbul industry whilst giving direction to Turkish industrialists and providing intense contribution for shaping economic and industrial policies.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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