

ICI TÜRKİYE EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export Climate Index at 48.8 in August

KEY FINDINGS

ECI falls below 50.0 for the first time in 19 months

Deepening declines in US and Germany

Middle East remains source of growth

TÜRKİYE MANUFACTURING ECI



LAST TWELVE MONTHS

Sep-21	54.7
Oct-21	54.7
Nov-21	55.1
Dec-21	53.9
Jan-22	52.3
Feb-22	55.2
Mar-22	53.9
Apr-22	54.4
May-22	53.2
Jun-22	51.8
Jul-22	50.0
Aug-22	48.8

The export climate for Turkish manufacturers deteriorated in August amid deepening economic downturns in key export markets such as the US and Germany, and also signs of weakness elsewhere. On the other hand, the Middle East remained a source of growth for exporters.

The Türkiye 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 Türkiye Manufacturing Export Climate Index dropped to 48.8 in August, from 50.0 in July, falling below the 50.0 no-change mark for the first time in 19 months and thereby signalling a more challenging demand environment for Turkish manufacturing exporters. Although modest, the deterioration in the export climate was the most pronounced since

June 2020.

The world's largest economy - the US - moved further into contractionary territory during August. Business activity decreased for the second month running, and at a sharp pace that was the fastest since the initial wave of the COVID-19 pandemic.

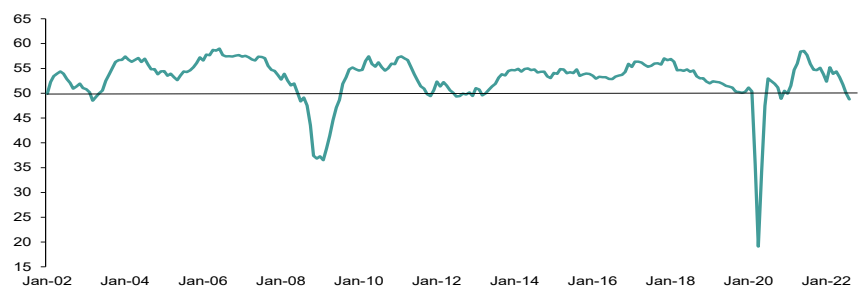
A similar picture was seen in Germany, where output fell to the greatest extent since May 2020. Accounting for around 9% of exports, Germany is the single largest external market for Turkish manufacturers.

Economic weakness in Europe was not limited to Germany, however. The UK posted a first reduction in activity for 19 months, with Italy, Greece and the Netherlands also seeing declines. Meanwhile, marginal increases in output were seen in France, Spain and Ireland.

The steepest reduction in output of all the countries covered by the report was in Poland, where the decline was the most marked in 27 months.

Manufacturing PMI Export Climate Index

sa, >50= improvement since previous month



On a more positive note, the Middle East remained a key source of demand growth midway through the third quarter. The UAE posted a substantial rise in non-oil activity, and one that was the fastest since June 2019. In fact, the UAE recorded the steepest expansion of all countries monitored. Meanwhile, output in Qatar and Saudi Arabia increased sharply again. Lebanon saw broadly no change in activity, while Egypt posted a softer decline.

All of the four BRIC economies registered growth of business activity in August, with the pace of expansion particularly strong in India.

Comment

Commenting on the Istanbul Chamber of Industry Türkiye Manufacturing Export Climate Index, Andrew Harker, Economics Director, S&P Global Market Intelligence, said:

“The storm clouds gathering over the global economy darkened further in August, increasing the challenges facing Turkish manufacturing exporters. Key export markets such as the US and Germany moved deeper into contraction, with weakness felt across a range of developed markets. More positively, the Middle East remained a bright spot, with the UAE in particular able to generate strong growth.”

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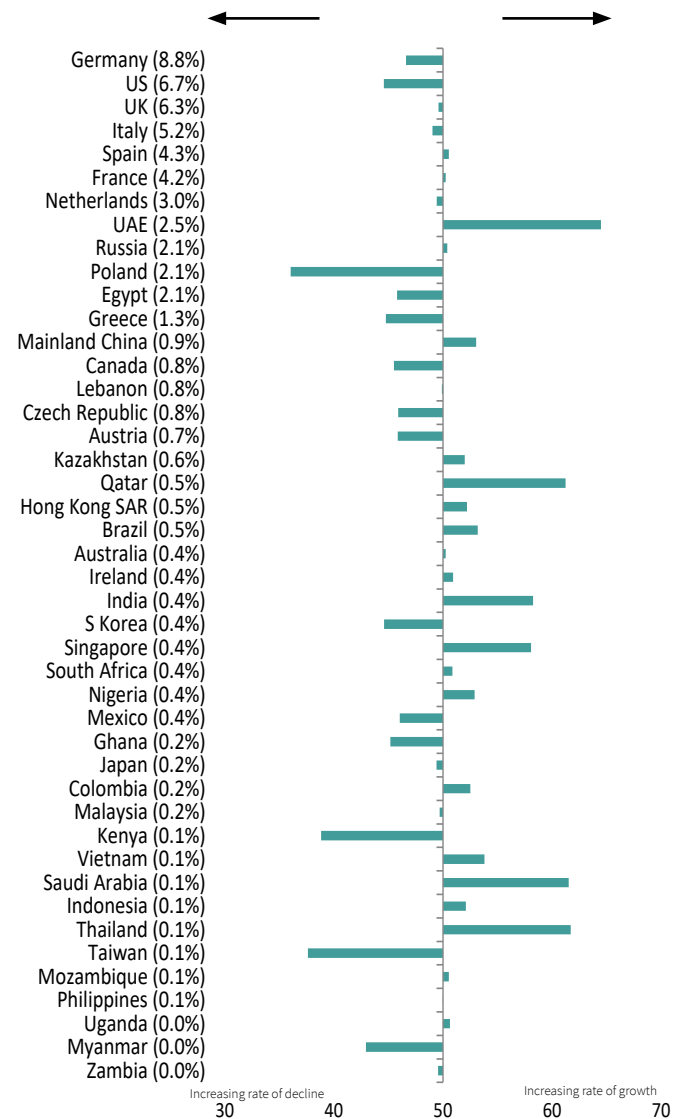
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Country rankings

PMI Output Index (ordered by export weight in full-year 2021)

sa, >50= growth since previous month



Sources: ICI, S&P Global

S&P Global Market Intelligence

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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 Türkiye'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 Türkiye'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.

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