



ICI TÜRKIYE EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate nears stabilisation



KEY FINDINGS

ECI rises to 49.5 in January

Softer reductions in output in Europe and US

Strong growth continues in parts of Middle East

TÜRKIYE

MANUFACTURING ECI



LAST TWELVE MONTHS

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
Sep-22	48.8
Oct-22	47.9
Nov-22	47.8
Dec-22	48.5
Jan-23	49.5

Demand conditions in export markets neared stabilisation at the start of 2023 amid signs that slowdowns in key export markets were moderating. Once again, the Middle East remained the main source of growth.

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 rose to 49.5 in January from 48.5 in December. Although the latest reading signalled a sixth successive monthly moderation in the export demand climate for Turkish manufacturers, the latest slowdown was only marginal and the least pronounced over this sequence.

The softer moderation in the export climate reflected signs of recovery in a

range of key export markets. In Europe, Germany saw a near-stabilisation of business activity, a marked turnaround from the sharp declines seen towards the end of 2022. A softer reduction was also signalled in France, while outright increases in activity were recorded in Italy, Spain and the Netherlands.

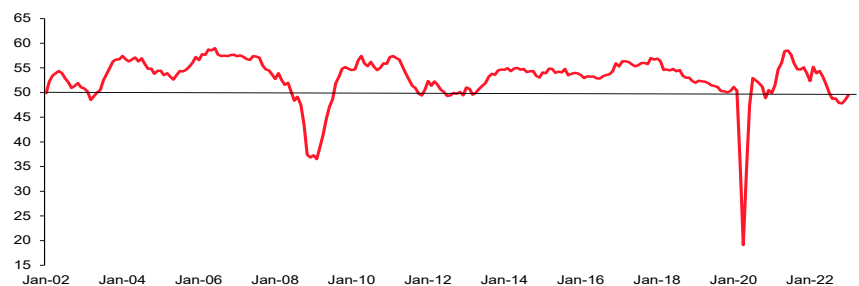
The UK was the only European market to post a faster reduction in output at the start of the year.

An easing in the downturn in the US was also registered in January. Although business activity continued to fall at a solid pace in the world's largest economy, the rate of reduction softened to the weakest for three months.

While there were tentative signs of recovery in Europe and the US, the main source of demand improvements for Turkish manufacturing exporters remained the Middle East. The UAE posted a sharp increase in non-oil activity, with the rate of expansion unchanged from December, while

Manufacturing PMI Export Climate Index

sa, >50= improvement since previous month





growth in Saudi Arabia quickened at the start of the year. There were some signs of weakness, however, as Egypt, Lebanon and Qatar saw activity moderate.

Russia, which accounts for around 3% of Turkish manufacturing exports, saw business activity decrease for the third time in the past four months. That said, the pace of reduction eased and the manufacturing sector posted an expansion in production.

Of the remaining three BRIC economies, India and Mainland China saw output increase, the latter reflecting a boost from the loosening of COVID-19 restrictions, while Brazil saw broadly no change in output over the month.

Comment

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

“There were signs of promise for Turkish manufacturing exporters at the start of the new year. With slowdowns in Europe and the US looking less pronounced than previously feared, there is the potential for demand conditions to start improving soon. In addition, the opening up of Mainland China should also provide a boost to international demand in the months ahead.”

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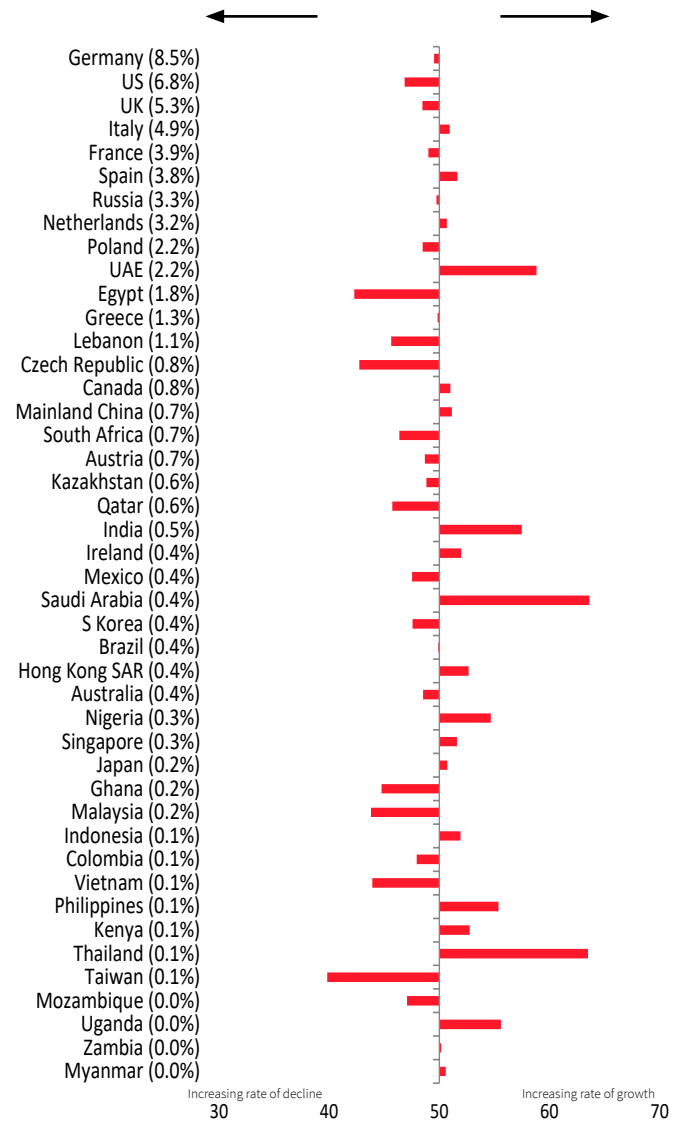
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Country rankings

PMI Output Index (ordered by export weight in full-year 2022)

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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