



ICI TÜRKIYE EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate improves to softest degree in five months

KEY FINDINGS

ECI posts 51.1 at end of Q2

Middle East remains key source of growth

Germany sees output stagnate

TÜRKIYE MANUFACTURING ECI



LAST TWELVE MONTHS

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
Feb-23	51.7
Mar-23	52.6
Apr-23	53.1
May-23	52.3
Jun-23	51.1

While overall export demand conditions continued to improve in June, the end of the second quarter provided further evidence of a slowdown in growth in a number of key export markets such as those in Europe and North America. Meanwhile, the Middle East remained a source of demand expansion.

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 remained above the 50.0 no-change mark in June to signal a further improvement in the export climate for Turkish manufacturers. That said, at 51.1, down from 52.3 in May, the latest reading signalled only a modest strengthening of demand conditions that was the softest in the current five-

month sequence of improvement.

The single largest export market for Turkish manufacturers - Germany - saw no change in business activity in June as declines in manufacturing and construction cancelled out growth in services. The stagnation ended a four-month sequence of expansion.

Other European economies posted reductions in activity, with decreases seen in Italy, France, the Netherlands and Poland. In addition, the Czech Republic and Austria registered the most marked declines of all the countries covered by the report.

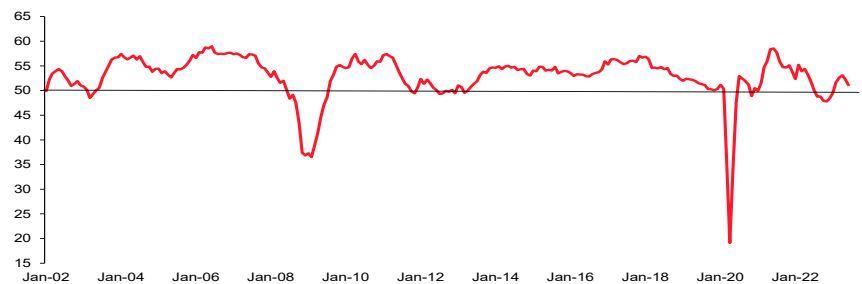
The UK, Spain and Greece continued to record growth of output at the end of the second quarter, but rates of expansion softened in all three cases.

The US also posted a softer increase in activity in June, with the rate of growth the slowest since March.

The Middle East remained a key source of demand growth for Turkish exporters.

Manufacturing PMI Export Climate Index

sa, >50= improvement since previous month





The UAE posted the fastest rise in activity for ten months, while the pace of expansion in Saudi Arabia was the sharpest since March 2015 and the steepest of all the countries covered by the report. Output in Qatar rose markedly, while Lebanon posted a return to growth for the first time in just over a decade. Of the economies in the region covered by PMI data, only Egypt saw activity decrease in June.

Russia posted a marked rise in output that was the fastest in three months, while activity in India continued to increase rapidly. Brazil and Mainland China completed a set of expanding output across the BRIC economies.

Comment

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

“Although the export climate for Turkish manufacturers improved again in June, there will be concerns around the longevity of the current spell of strengthening external demand given increasing signs of a slowdown in a range of key export markets, notably those in Europe and North America. One region which shows no signs of a slowdown is the Middle East, however, providing a welcome source of demand at a time when other parts of the world are moderating.”

For further information, please contact:
Istanbul Chamber of Industry

Nesrin Akçay, Economic Research and Corporate Finance
Department Mng.

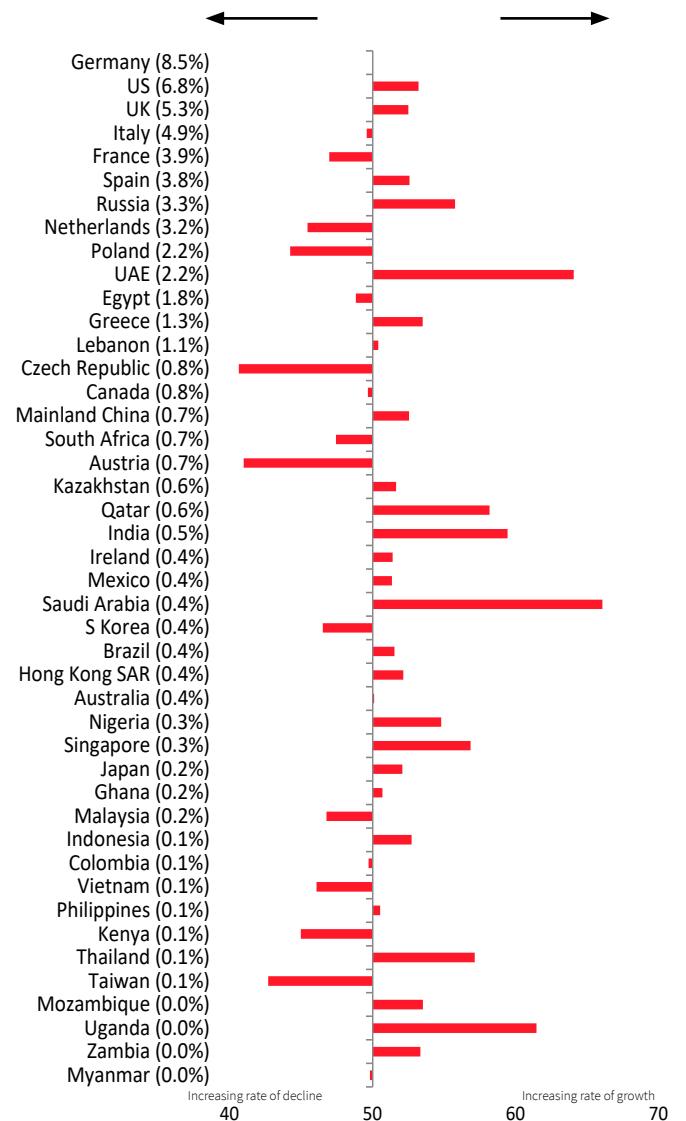
Telephone +90 212 252 29 00 Ext: 180

Email: nakcay@iso.org.tr

Country rankings

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

sa, >50= growth since previous month



Sources: ICI, S&P Global PMI.

S&P Global Market Intelligence

Andrew Harker, Economics Director

Telephone +44 1491 461 016

Email: andrew.harker@spglobal.com



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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