



ICI TÜRKIYE EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate worsens in August



KEY FINDINGS

ECI posts 49.1

Widespread falls in output in Europe

US activity continues to rise, but at slower pace

TÜRKIYE MANUFACTURING ECI



LAST TWELVE MONTHS

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
Jul-23	50.3
Aug-23	49.1

Manufacturing exporters in Turkey were faced with challenging demand conditions in August. As such, the export climate deteriorated for the first time in seven months. Weakness was often centred on Europe.

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 dipped below the 50.0 no-change mark in August, posting 49.1 from 50.3 in July. As such, the index pointed to a slight decline in the demand climate for Turkish manufacturing exporters, the first in seven months.

Falling business activity across a range of European economies was a key factor behind the deterioration in the export

climate.

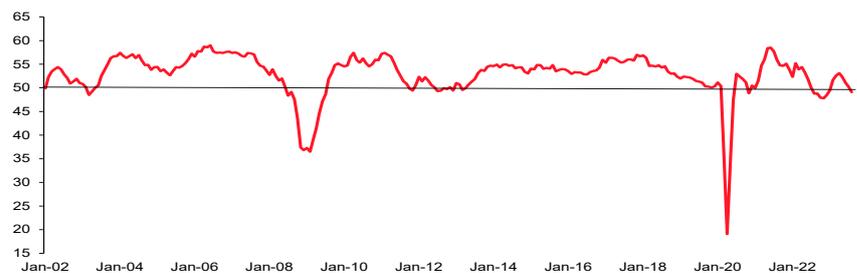
Germany, the UK, Italy, France and Spain - which are five of the top six export destinations for Turkish manufactured goods - all recorded reductions in output during August. The fall in Germany was marked and the sharpest since May 2020. Rates of reduction also quickened in France and Italy, while the UK and Spain posted renewed declines.

The US is the second-largest export market for Turkish manufacturers and accounts for around 7% of exports. Here, output growth was sustained midway through the third quarter of the year. That said, the latest increase in activity was only marginal and the softest in six months.

Trends across parts of the Middle East were more positive than those in Europe. The UAE, Saudi Arabia and Qatar all continued to record sharp increases in business activity in August. Elsewhere in the region, Egypt and Lebanon posted reductions in output.

Manufacturing PMI Export Climate Index

sa, >50= improvement since previous month





India was also one of the key growth drivers again in August, but with only 0.5% of Turkish manufacturing exports destined for there, the impact on the overall export climate was modest. All of the BRIC economies posted increases in activity, with growth in Russia hitting a five-month high.

The sharpest reduction in output in the latest survey period was seen in the Czech Republic as European manufacturing suffered. Marked reductions in manufacturing production were also registered in Poland and Austria.

Comment

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

“Last month we noted concerns that the export environment for Turkish manufacturers could be set for a deterioration, and August saw this come to pass. Europe was again the main source of weakness, while the US just about kept its head above water. As such, there is very little growth coming from key export markets, with the exceptions of the UAE and to a lesser extent Russia.”

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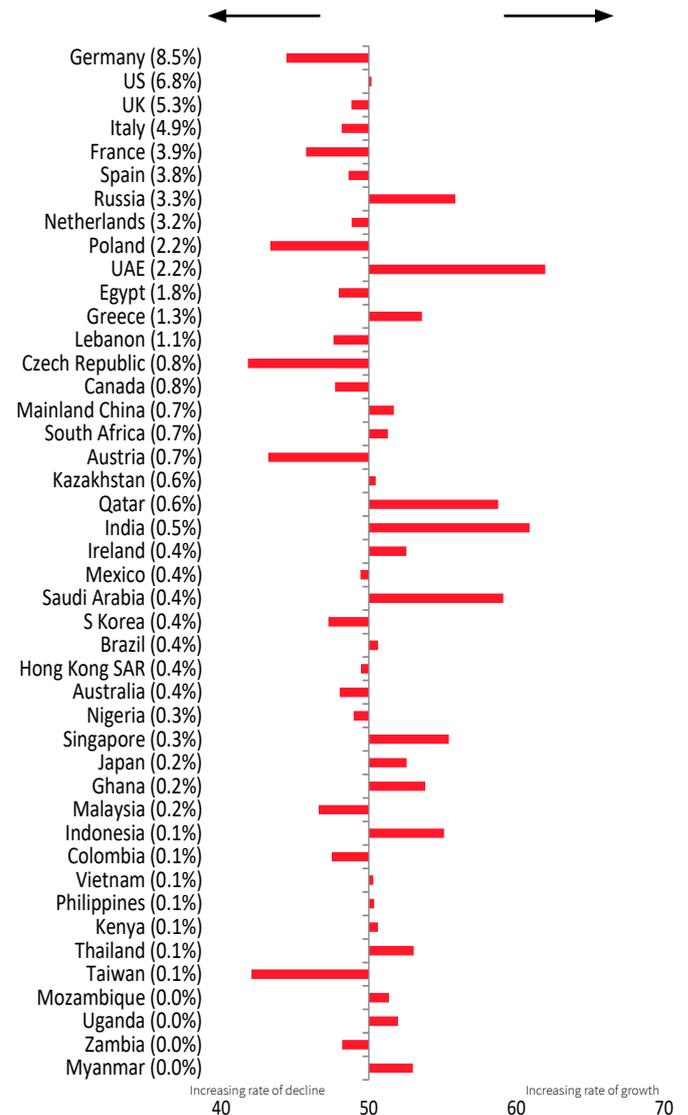
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Country rankings

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

sa, >50= growth since previous month



Sources: ICI, S&P Global PMI.

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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