

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate improves slightly despite coronavirus outbreak

KEY FINDINGS

Export Climate Index at 50.4 in February

Key European markets see activity expand

Coronavirus outbreak hits demand in Asia

TURKEY

MANUFACTURING ECI



LAST TWELVE MONTHS

Mar-19	52.3
Apr-19	52.2
May-19	51.9
Jun-19	51.5
Jul-19	51.3
Aug-19	51.1
Sep-19	50.3
Oct-19	50.3
Nov-19	50.1
Dec-19	50.3
Jan-20	51.1
Feb-20	50.4

The export climate for Turkish manufacturers improved in February, largely thanks to growth in key European markets. Elsewhere, the US economy stagnated and a number of Asian markets were hit by the coronavirus outbreak.

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 remained above the 50.0 neutral mark in February, posting 50.4 following a reading of 51.1 in January. The result signalled a marginal improvement in export conditions for Turkish manufacturers.

A stronger export climate was recorded in spite of some trading partners seeing

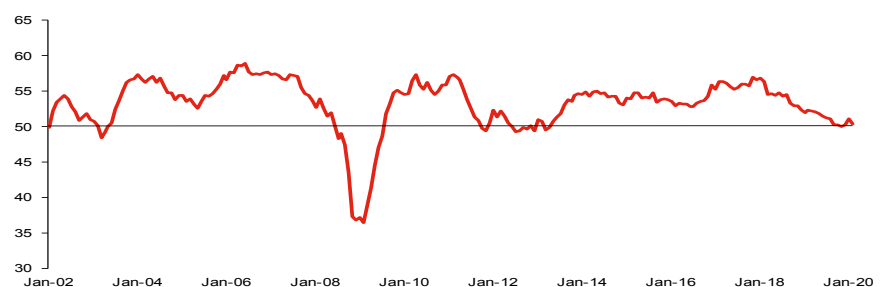
severe disruption following the outbreak of coronavirus in China. Mainland China and Hong Kong SAR in particular recorded steep contractions in business activity, but these markets combined only account for around 1% of Turkish manufacturing exports and so the direct impact on sales is relatively small.

Other markets in south east Asia were also impacted by the virus and subsequently posted sharp falls in output. These included South Korea, Singapore, Japan, Malaysia, Vietnam and Taiwan.

Output growth in the three largest export markets for Turkish manufacturers helped support the overall improvement in export conditions. Germany and Italy posted increases in activity for the third and second successive months respectively. Meanwhile, the UK recorded a solid expansion in output, and one that was the sharpest since September 2018. Combined, these markets account for over one-fifth of Turkish manufacturing exports.

Manufacturing PMI Export Climate Index

sa, 50= improvement since previous month



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Other important European destinations such as France, Spain and the Netherlands also saw demand improve.

There were signs of weakness in the world's largest economy, however. The US posted a fractional decrease in business activity during February, the first since October 2013.

Parts of the Middle East saw business activity soften midway through the first quarter of the year. The UAE posted a reduction in activity for the first time in a decade, while further declines were registered in Egypt, Lebanon and Qatar. Saudi Arabia continued to see output increase, but even here the rate of expansion softened sharply. In fact, the latest rise in activity was the slowest since the PMI survey began in August 2009.

Outside of China, the other BRIC nations all saw output rise during February. Brazil and Russia each recorded modest increases in business activity, but demand in India rose strongly. The rate of expansion in output quickened for the third month running and was the fastest since February 2012.

Comment

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

"The most severe direct impacts of the coronavirus outbreak in China were avoided by Turkish manufacturers in February given that markets in east and south east Asia represent a relatively small proportion of exports and key European markets remained in expansion mode. That said, the potential for global supply-chain disruption and the spread of the virus to more important markets means that the coming months are likely to be challenging for Turkish exporters."

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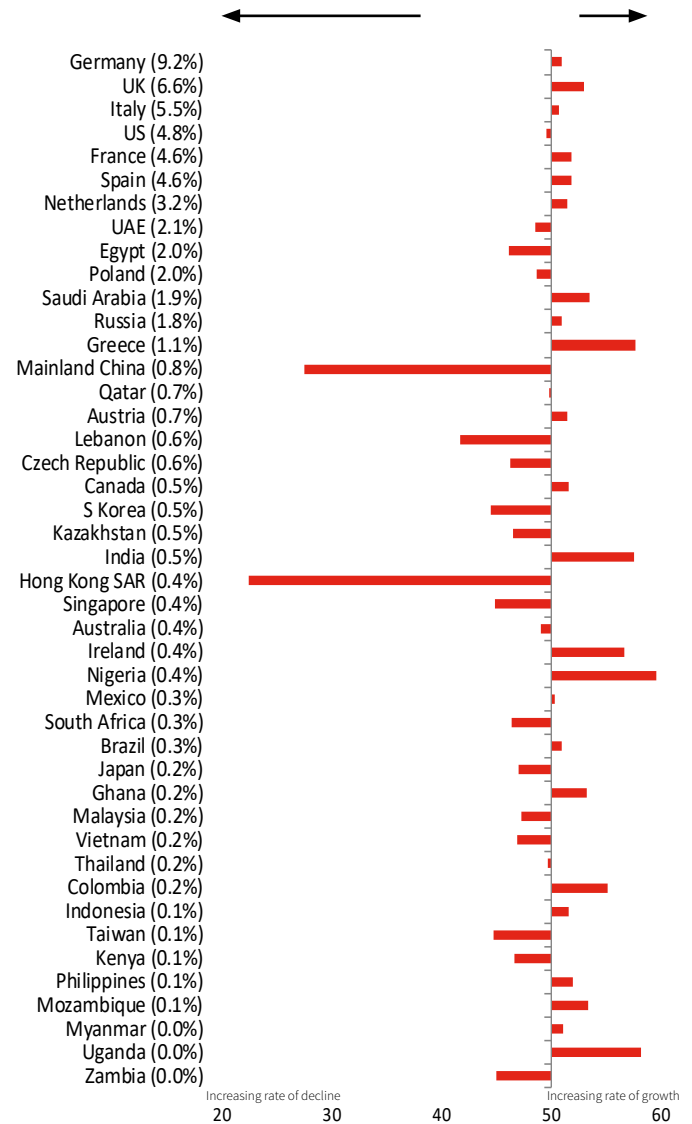
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Country rankings

PMI Output Index (ordered by export weight in full-year 2019)

sa, >50= growth since previous month



Sources: ICI, 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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