

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

February sees PMI at 51.7

February 2021 Key findings:

- Production continues to rise despite slowdown in new orders
- Rate of job creation remains solid
- Softer rises in both input costs and output prices

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a further improvement in business conditions during February. Although a pause in new order growth was signalled, firms continued to expand production and workforce numbers. Meanwhile, rates of inflation of both input costs and output prices eased markedly amid an appreciation of the Turkish lira.

The headline Istanbul Chamber of Industry Turkey Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI was above the 50.0 no-change mark for the ninth successive month in February,

signalling a sustained improvement in business conditions. At 51.7, the latest reading was down from 54.4 in January, pointing to a modest strengthening in the health of the sector.

The overall improvement in operating conditions was recorded in spite of a moderation of new orders amid the ongoing impact of the coronavirus disease 2019 (COVID-19) pandemic. Meanwhile, new export orders increased for the second month running.

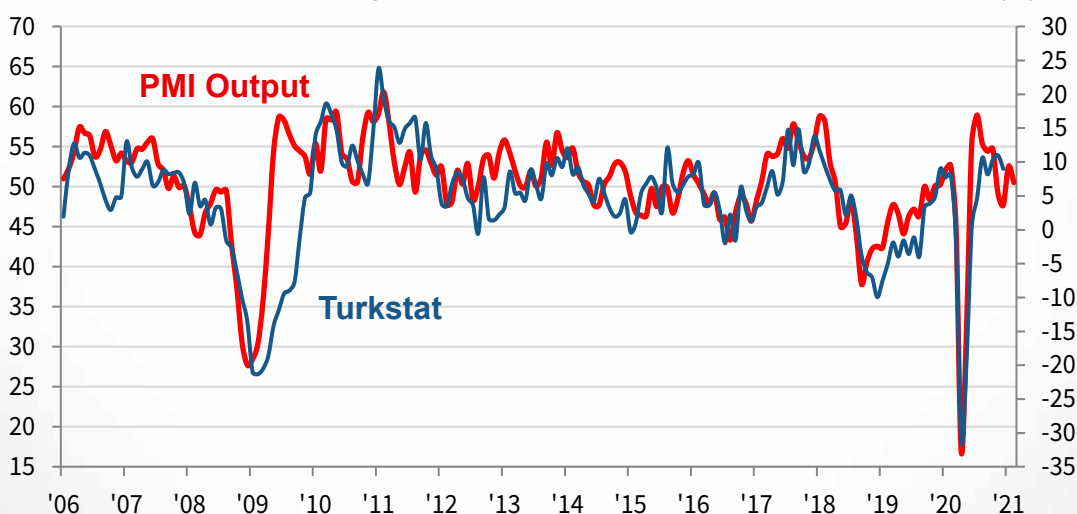
Some signs of improvements in demand led manufacturers to expand production in spite of a slowdown in new business and issues with the supply of raw materials. Output rose for the second month running, albeit modestly. Continued production growth enabled firms to lower their backlogs of work to the greatest extent since last September.

Higher output requirements and planned new

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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production lines led firms to expand staffing levels again in February, extending the current sequence of job creation to nine months.

An appreciation of the Turkish lira in recent months led to waning inflationary pressures. Input costs continued to rise, but at the slowest pace since July 2020. Where input prices did increase, this was linked to higher raw material costs, with yarn mentioned in particular. In turn, output price inflation also softened and was at a ten-month low.

Problems in supply chains were reported again, with difficulties sourcing raw materials and issues accessing shipping containers contributing to a further sharp lengthening of suppliers' delivery times. This, combined with a modest slowdown in purchasing activity, led stocks of purchases to moderate further.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Andrew Harker, Economics Director at IHS Markit, said:

"Although there were signs of softening new order inflows in February, the overall Turkey PMI remained in positive territory as firms shrugged off a pause in new order growth and continued to raise production and employment."

"There was also good news on the inflation front. Although supply issues are causing higher raw material prices globally, an appreciation of the Turkish lira has helped to mitigate these pressures, resulting in the slowest rise in selling prices since April last year."

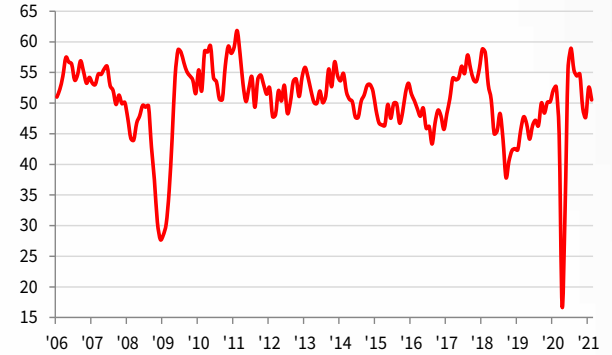
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Output Index

Q. Please compare your production/output this month with the situation one month ago.

February data signalled a second successive monthly rise in Turkish manufacturing production as some firms noted signs of improving demand. That said, the rate of expansion softened from January and was only marginal. A number of respondents indicated that difficulties obtaining raw materials had limited the pace of expansion.

sa, 50 = no change on previous month

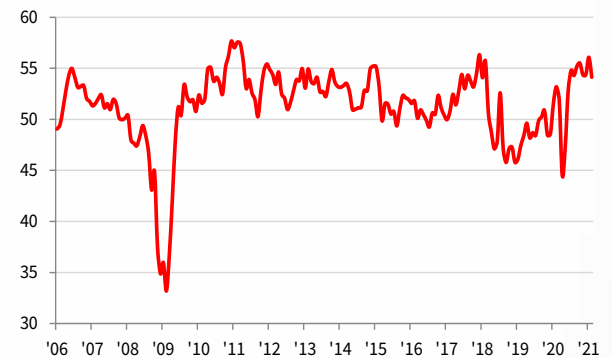


Employment Index

Q. Please compare the level of employment at your unit this month with the situation one month ago.

Turkish manufacturers continued to raise their staffing levels in February, extending the current period of job creation to nine months. The rate of jobs growth was solid, with one-in-ten firms taking on extra staff. Where employment rose, panellists linked this to output requirements and new production lines.

sa, 50 = no change on previous month



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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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About PMI:

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

ihsmarkit.com/products/pmi.html

Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI® (Purchasing Managers' Index) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 400 companies based in the Turkish manufacturing sector. The panel is stratified by GDP and company workforce size, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

February data were collected 11-19 February 2021.

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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