

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# PMI rises to 54.1 in August

### August 2021 Key findings:

- Strong export growth helps to drive expansion in new orders
- Fastest pace of job creation in seven months
- Supply-chain disruption continues

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled that the rebound following the loosening of COVID-19 restrictions continued in August with further solid improvements in output and new orders recorded. New export business increased particularly quickly. In order to keep on top of workloads, firms expanded their purchasing activity and employment. Supply-chain disruption continued, however, contributing to further rises in input costs and selling prices.

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 ticked up to 54.1 in August from 54.0 in July, signalling a solid improvement in the health of the manufacturing sector and one that was the most marked since January. Business conditions have now strengthened in three consecutive months.

Improving customer demand and the recent loosening of COVID-19 restrictions meant that new orders continued to rise solidly during August. New export business increased particularly sharply.

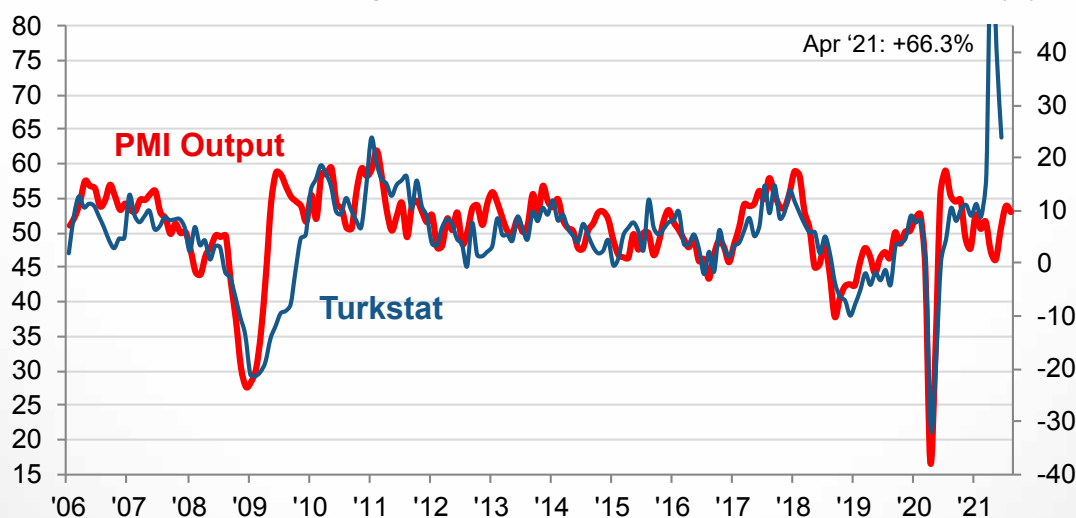
Production expanded for the third successive month amid improving customer demand, with the aforementioned growth of new export orders helping to boost output in some cases. The rate of expansion was solid, albeit softer than that seen in July.

Sharper increases in both purchasing activity and employment were recorded as firms attempted to

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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keep on top of workloads. The rise in employment was the fastest since January. Manufacturers were able to prevent a build-up of backlogs of work, which were broadly unchanged for the second month running. Some respondents highlighted the need to expand workforce numbers.

Efforts to secure inputs continued to be hampered by supply-chain delays, which contributed to further sharp increases in input costs and output prices. That said, inflationary pressures showed signs of easing during the month.

Stocks of both purchases and finished goods rose in August, the first expansions in 12 and 69 months respectively. Firms increased their pre-production inventories in line with higher new orders, and as part of efforts to guard against supply shortages. Meanwhile, difficulties making deliveries to customers were reportedly behind the accumulation of stocks of finished goods.

### Comment

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

*“Despite the numerous challenges being faced by manufacturers at present, Turkish firms were able to sustain growth for a third successive month in August as client demand improved, while purchasing and employment were ramped up.*

*“Efforts to secure export sales were particularly successful, with international new business up sharply. Manufacturers therefore had to battle with the severe difficulties still afflicting transportation to get their goods out to customers. Firms will be hoping that some of these constraints start to ease over the course of the rest of the year so that their full growth potential can be realised.”*

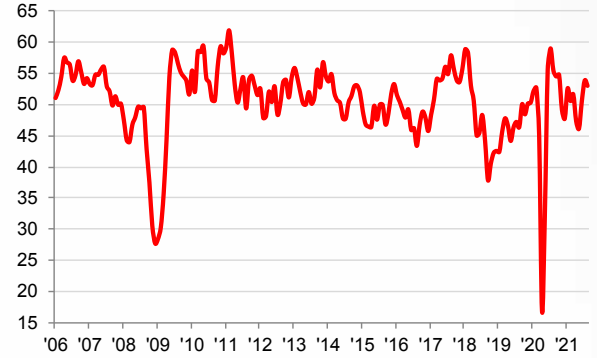
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### Output Index

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

August data pointed to a third successive monthly increase in output in the Turkish manufacturing sector. The rate of growth remained solid, slowing only slightly from the nine-month high posted in July. Where production rose, panellists linked this to improving customer demand, with some firms highlighting the impact of new export orders.

sa, 50 = no change on previous month

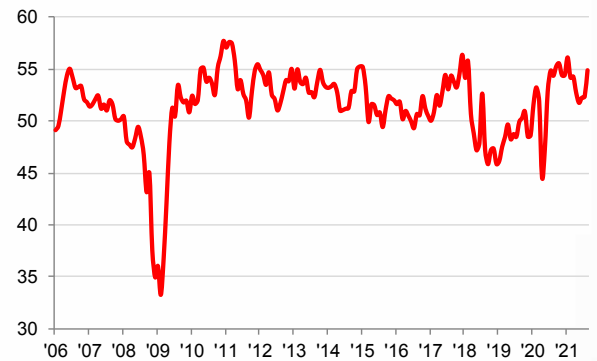


### Employment Index

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

Higher production requirements and efforts to make sure orders were completed on time led to a further rise in employment in August, extending the current sequence of job creation to 15 months. The pace of growth in employment was marked, having quickened to the fastest since January.

sa, 50 = no change on previous month



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# Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

## 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](https://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](mailto: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.

August data were collected 12-23 August 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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