

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI ends 2021 at 52.1

December 2021 Key findings:

- Sharp rises in input costs and output prices
- Output and new orders moderate
- Employment continues to grow

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit highlighted the negative impact of inflationary pressures on the Turkish manufacturing sector in December, with demand and production moderating amid intense price rises. That said, firms reported a further increase in staffing levels during the month.

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 remained above the 50.0 no-change mark in December and ticked up slightly to 52.1 from 52.0 in November. The health of the

sector has now strengthened in each of the past seven months.

Continued job creation was one of the factors behind the latest improvement in business conditions. Employment rose for the nineteenth successive month, and at a solid pace that was the fastest since August. Rising staffing levels were often linked to efforts to expand capacity.

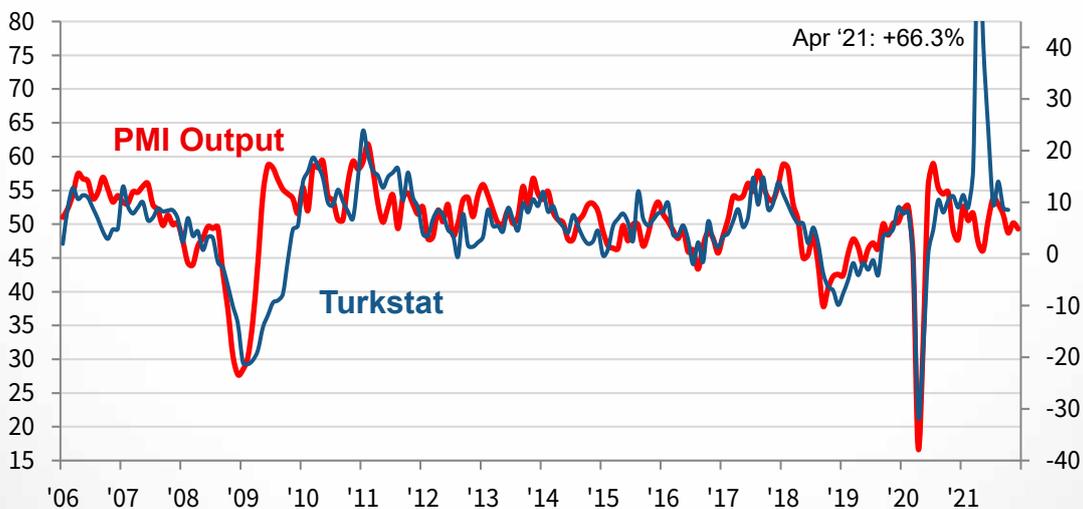
Other indices from the latest survey painted a less positive picture, however, with operations often hampered by steep inflationary pressures.

Input costs rose at the sharpest pace since the survey began in mid-2005, with the rate of inflation surpassing the previous record from September 2018. Firms indicated that lira depreciation was the principal factor pushing up cost burdens. In turn, manufacturers also raised their selling prices at a

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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record pace.

Rising prices often deterred customers, resulting in a third successive moderation of total new orders. This was despite new export business continuing to expand amid improving international demand.

Production was scaled back in December, following a marginal rise in November. Again, price pressures were mentioned as a factor behind the slowdown.

Firms also moderated their purchasing activity and reduced holdings of both inputs and finished goods due to efforts to contain costs and respond to softer demand conditions.

There were again widespread difficulties in sourcing inputs as suppliers' delivery times lengthened to the second-greatest extent on record. According to respondents, delays reflected difficulties obtaining raw materials, in some cases due to fluctuating prices, as well as issues with transportation and particular problems securing goods from abroad.

Comment

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

“Cost pressures hampered operations across the Turkish manufacturing sector in December. Record rises in input costs and selling prices deterred customers from committing to new orders, led manufacturers themselves to scale back purchasing and further disrupted supply chains. Alongside the potential issues caused by the emergence of the Omicron variant of the COVID-19 pandemic, the sector begins 2022 in a challenging position.”

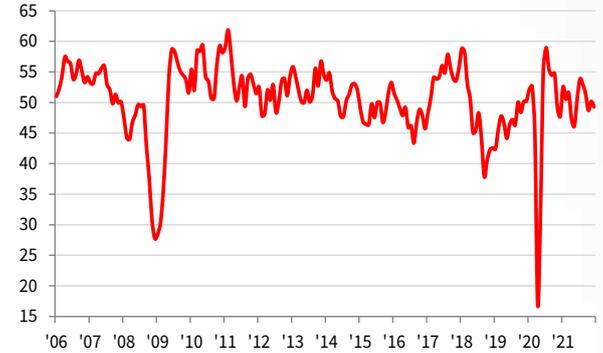
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Output Index

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

Manufacturing production in Turkey softened for the second time in three months during December, albeit only marginally. While some firms increased output to work through orders, others indicated that price rises had deterred customers and resulted in lower production volumes.

sa, 50 = no change on previous month

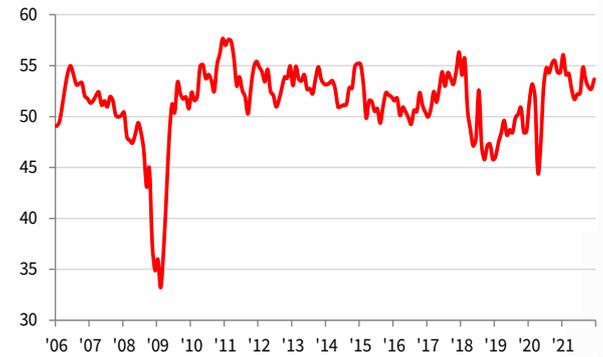


Employment Index

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

Turkish manufacturers continued to make efforts to expand their capacity during December, with employment increasing for the nineteenth successive month. Moreover, the rate of job creation was solid and the fastest since August. The latest increase also outpaced the average seen across 2021 as a whole.

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.

December data were collected 06-16 December 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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