

# Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

## PMI at 50.4 in February

### February 2022 Key findings:

- Energy outages contribute to slowdown in production
- New orders moderate despite growth of exports
- Further increase in employment amid rising backlogs of work

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to further challenges for firms operating in the Turkish manufacturing sector. New orders continued to moderate in February amid market uncertainty and sharp price rises, while outages of natural gas and electricity hampered production.

On a more positive note, new export orders expanded, while firms continued to make efforts to improve operating capacity by taking on additional staff.

The headline Istanbul Chamber of Industry Türkiye 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 at 50.4 in February, down fractionally from 50.5 in January but still above the 50.0 no-change mark, as has been the case in each of the past nine months.

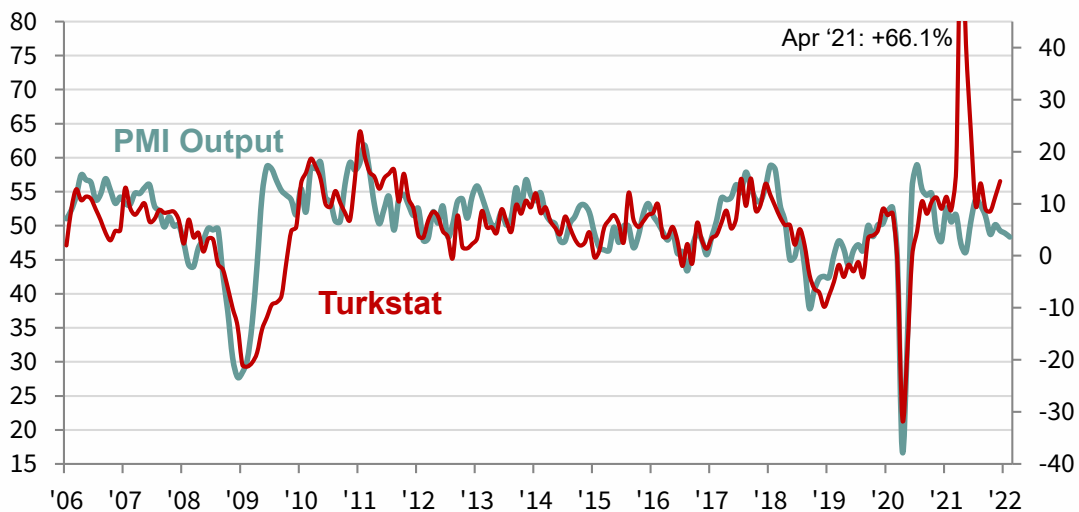
Despite the headline PMI remaining above 50.0, Turkish manufacturers continued to face a range of issues in February, thereby leading production to moderate again.

First, total new orders softened for the fifth month running, and to the greatest extent since May last year as price rises and market uncertainty deterred customers. This was despite a return to growth

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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of new business from abroad amid improving international demand.

Second, production volumes were also impacted by outages of natural gas and electricity during the month. Output softened for the third month running, and to a greater extent than in January.

Energy shortages and continued delivery delays meant that firms found it difficult to keep on top of workloads. As a result, backlogs of work increased for the first time in four months.

Efforts to improve operating capacity meant that manufacturers continued to expand their staffing levels. Employment increased for the twenty-first successive month, and at a solid pace.

Input costs continued to rise sharply in February amid higher prices for raw materials, energy, transportation and wages. In some cases, price rises were exacerbated by currency weakness. In response to higher costs for energy and raw materials in particular, firms increased their selling prices markedly again. That said, rates of inflation in both input costs and output prices continued to soften from those seen at the end of 2021.

### Comment

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

*“Disruption to electricity and natural gas supply added to the challenges being faced by Turkish manufacturers and contributed to a slowdown in output during February. Firms continued to expand their staffing levels, however, amid efforts to improve capacity and keep on top of workloads despite the numerous supply headwinds. Meanwhile, the latest PMI data suggested that inflationary pressures may have peaked around the turn of the year, though cost increases remained sharp midway through the first quarter.”*

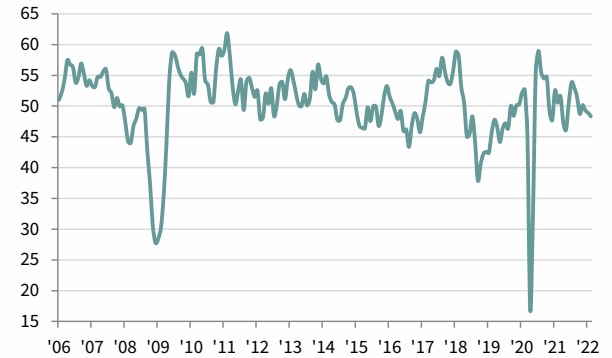
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### Output Index

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

February data pointed to a third successive slowdown in manufacturing production in Türkiye, with the latest moderation the most marked since May last year. Where output eased, panellists linked this both to soft demand conditions and disruption caused by outages of natural gas and electricity.

sa, 50 = no change on previous month

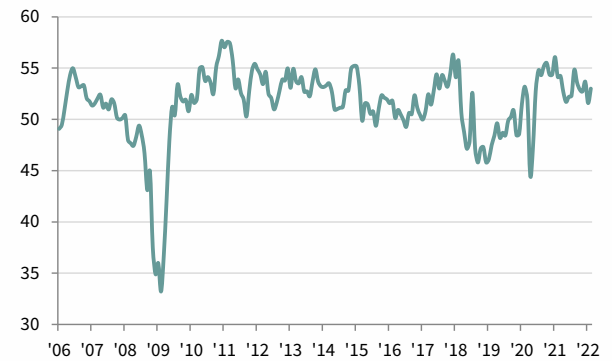


### Employment Index

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

Efforts to expand operating capacity and investment plans supported ongoing job creation in the Turkish manufacturing sector in February. Employment increased for the twenty-first consecutive month, and at a solid pace that was sharper than seen during January.

sa, 50 = no change on previous month



### For further information, please contact:

#### **Istanbul Chamber of Industry**

**Nesrin Akçay, Economic Research and Corporate Finance  
Department Mng.**

**Telephone +90 212 252 29 00 Ext: 180**

**Email: [nakcay@iso.org.tr](mailto:nakcay@iso.org.tr)**

#### **IHS Markit**

**Andrew Harker, Economics Director**

**Telephone +44 1491 461 016**

**Email: [andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)**

**Joanna Vickers, Corporate Communications**

**Telephone +44 207 260 2234**

**Email: [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)**

# Istanbul Chamber of Industry Türkiye 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 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.

## 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 Türkiye 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.

February data were collected 10-21 February 2022.

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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