

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI at 48.1 in June

June 2022 Key findings:

- Slowdowns in output and new orders
- Employment continues to increase
- Input costs rise sharply again

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global pointed to a challenging demand environment in the Turkish manufacturing sector. New orders, output and purchasing activity all softened, with continued job creation the main positive. Meanwhile, rates of input cost and output price inflation remained sharp.

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.

At 48.1 in June, down from 49.2 in May, the headline

PMI signalled a moderation in the health of the Turkish manufacturing sector, and one that was the most marked since the initial wave of the COVID-19 pandemic in early-2020. Business conditions have now softened in four successive months.

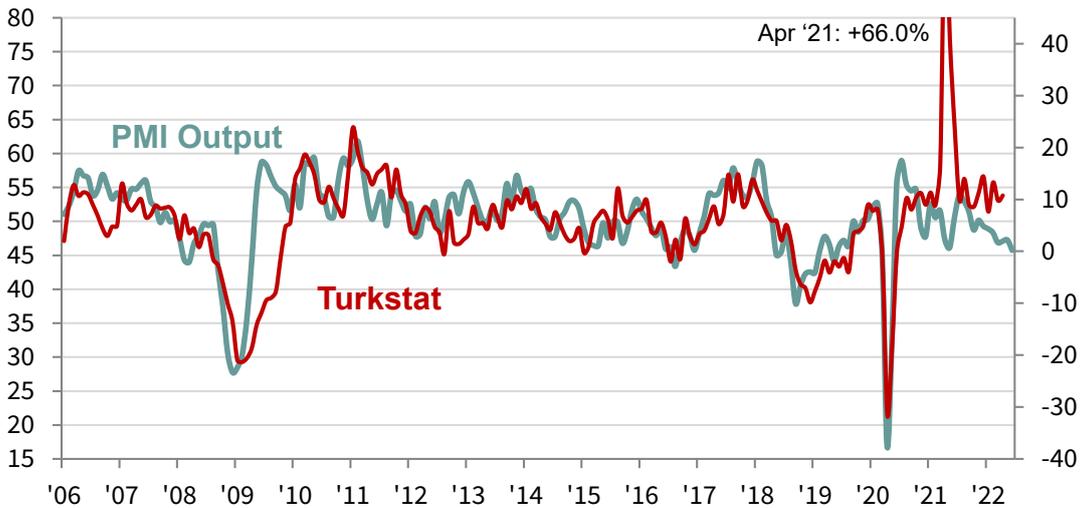
Price rises and challenging economic conditions contributed to a weaker demand environment at the end of the second quarter, with both output and new orders moderating as a result. In both cases, the slowdowns were more pronounced than seen in May.

Employment remained a bright spot within the latest results, with firms continuing to expand their staffing levels. That said, the rate of job creation was the second-softest in the current 25-month sequence of

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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rising workforce numbers.

Firms scaled back their purchasing activity again, however, in line with softer new order inflows.

Steep inflationary pressures were recorded in June, with both input costs and output prices rising more quickly than the respective series averages. According to respondents, higher input prices reflected rising raw material costs, increased energy charges and unfavourable exchange rates. In turn, firms raised their own selling prices sharply, albeit at the softest pace since September last year.

Raw material shortages contributed to a further lengthening of suppliers' delivery times. Although more pronounced than seen in May, the extent of supply-chain disruption was again much weaker than during the worst of the recent delays.

Comment

Commenting on the Istanbul Chamber of Industry Türkiye Manufacturing PMI survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"Turkish manufacturers are facing a challenging market environment at present, with price rises and demand weakness combining to lead to softer new orders and a scaling back of production.

"Increases in employment were again the main positive, although even here the rate of job creation was among the softest in the past two years. The months ahead seem likely to continue to prove challenging for firms."

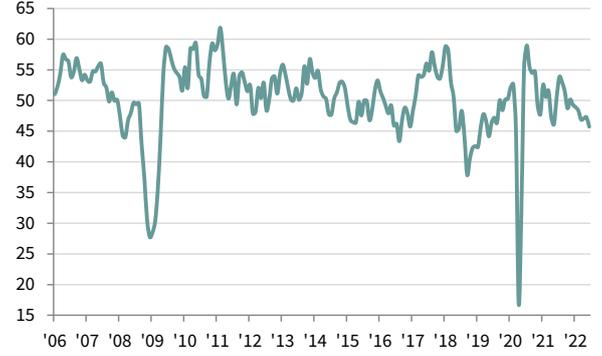
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Output Index

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

As has been the case in each of the past seven months, manufacturing production was scaled back in June. In fact, the latest moderation was the most pronounced in just over two years. Respondents indicated that a softening of new orders, higher prices and challenging market conditions were behind the slowdown.

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 expand their staffing levels during June, extending the current sequence of job creation to 25 months. That said, the latest increase was only marginal, having eased from May to the second-slowest in the current period of employment growth.

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 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 S&P Global:

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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 Türkiye Manufacturing PMI® (Purchasing Managers' Index) is produced by S&P Global. 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.

S&P Global 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 S&P Global. 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.

June data were collected 13-23 June 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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