

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI posts 45.7 in November

November 2022 Key findings:

- Sharpest slowdown in new orders for two-and-a-half years
- Cost inflation eases to three-year low
- Near record improvement in supplier performance

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global signalled an ongoing moderation of business conditions in the Turkish manufacturing sector in November amid global demand weakness. Meanwhile, the rate of input cost inflation softened to a three-year low and suppliers' delivery times improved at a near-record pace as a lack of demand for inputs eased price and supply pressures.

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 posted 45.7 in November, down from 46.4 in October and below the 50.0 no-change mark for the ninth month running. In fact, the moderation in business conditions was the most pronounced since the opening wave of the COVID-19 pandemic in early-2020.

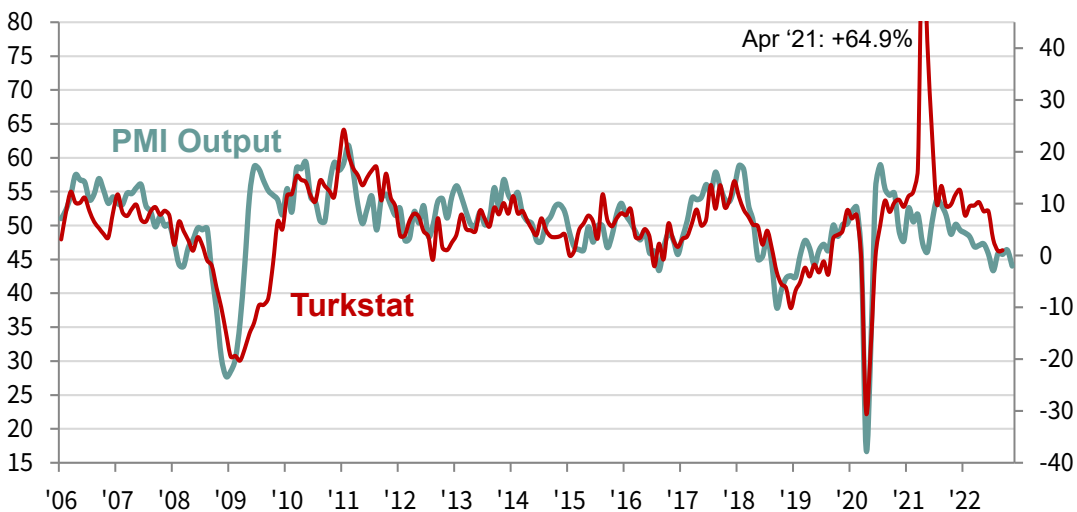
Demand weakness was a key feature of the latest PMI survey, both from domestic and export markets. As a result, total new orders and new business from abroad slowed to the greatest extent in two-and-a-half years. With regards to new export orders, the US and Europe were highlighted as sources of demand weakness.

A lack of demand in key export markets reportedly contributed to a further moderation in manufacturing

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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production midway through the final quarter of the year. Output softened for the twelfth month running.

A sharp easing of input cost inflation was registered in November, with the latest rise in input prices the softest in three years. Higher raw material prices and currency weakness were behind the increase in costs, but a lack of demand for inputs led the rate of inflation to moderate.

Weak demand for inputs also contributed to a marked improvement in supplier performance. In fact, the shortening of lead times was one of the most pronounced on record, surpassed only by that seen in July 2005.

In line with the trend in input costs, the pace of output price inflation also softened in November. Although marked, the latest rise in charges was the slowest since August.

Finally, employment returned to growth following two months in which staffing levels were scaled back. The pace of job creation was only fractional, however.

Comment

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

"Weakness in global manufacturing demand caused difficulties for Turkish manufacturers in November, with new orders and output slowing accordingly. A recent drop off in demand for inputs, meanwhile, has acted to alleviate some of the headwinds that firms had been facing. Specifically, the rate of input cost inflation was at a three-year low, while suppliers' delivery times shortened to an extent exceeded only once since the survey began in 2005."

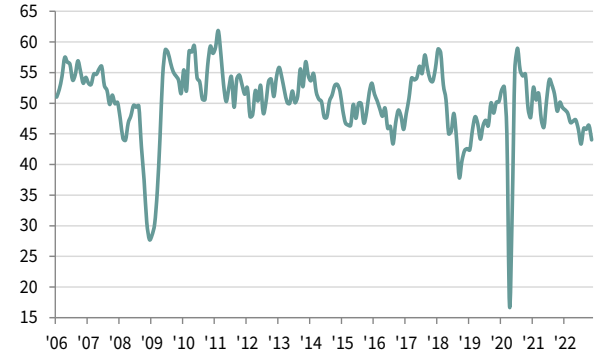
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Output Index

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

Turkish manufacturing firms continued to see output soften during November, with production now having slowed on a monthly basis throughout the past year. The latest moderation was marked and the sharpest since July. Panellists linked lower output to a drop in demand, with some mentions of weakness in key export markets.

sa, 50 = no change on previous month

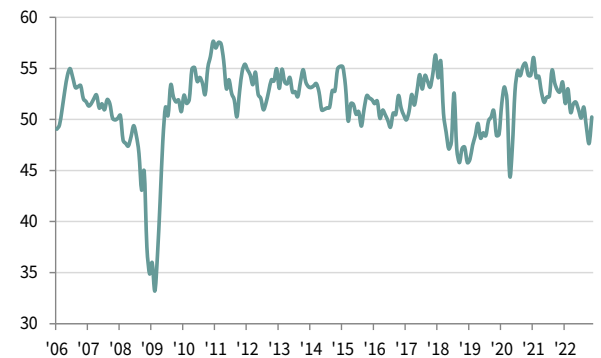


Employment Index

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

Turkish manufacturers registered a renewed expansion in employment in November, ending a two-month sequence of moderation. Work on new projects and production requirements led firms to take on additional staff, but the rate of job creation was only fractional as some respondents were reluctant to expand capacity amid slowing new orders.

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:

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

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.

November data were collected 11-23 November 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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