

## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

# Output growth gathers pace in April

### April 2023 Key findings:

- Fastest rise in output since August 2021
- Total new orders and exports also increase at sharper rates
- Renewed expansion in purchasing activity

### Summary

The Turkish manufacturing sector continued to show signs of recovery from February's earthquake in April, with output, new orders and exports all increasing for the second month running. Firms also expanded their purchasing activity, while employment was broadly unchanged as retirements limited the ability of companies to expand their workforce numbers. Meanwhile, rates of both input cost and output price inflation softened.

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 51.5 in April, up from 50.9 in March and above the 50.0 no-change mark for the fourth month running. Moreover, the rate of improvement in the health of the sector was the most pronounced since December 2021.

Stronger demand was reported by a number of firms in April, leading to increases in new orders and output. Some respondents also indicated that workloads had risen due to an ongoing recovery from February's earthquake.

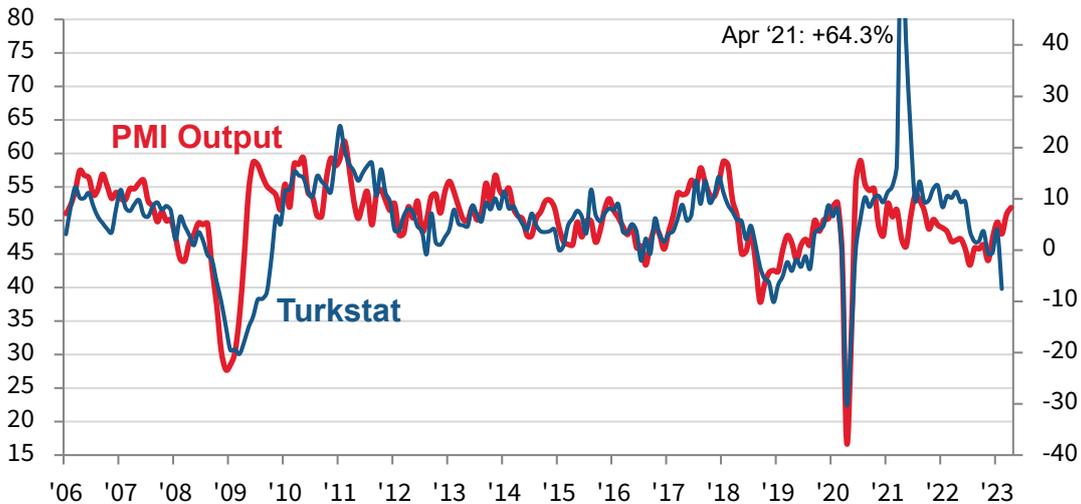
Moreover, total new business, new export orders and output all increased at sharper rates than in March. The rise in production was the most pronounced in 20 months.

A combination of higher new orders and disruption

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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from the earthquake meant that backlogs of work increased for the first time in 14 months.

The main source of direct disruption from the earthquake in April was around supply chains, with firms reporting ongoing difficulties obtaining materials. Lead times lengthened for the fourth month running.

Delivery delays prevented a rise in stocks of purchases despite a first expansion in purchasing activity in almost a year-and-a-half as manufacturers responded to higher workloads.

Some firms also increased staffing levels at the start of the second quarter, but a number of retirements due to the introduction of the early retirement law meant that employment was broadly unchanged overall.

Input prices continued to rise sharply in April amid higher raw material costs and currency weakness. That said, the rate of inflation eased to the slowest in the year-to-date. In some cases, firms mentioned lower energy prices. Similarly, output prices rose at the softest rate since August 2022.

### Comment

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

*"The recovery in the Turkish manufacturing sector gathered momentum in April, with gains in new orders and output solidifying and prompting a renewed increase in purchasing activity. Firms would also have liked to see employment rise, but a number of retirements made achieving this something of a challenge."*

*"February's earthquake continued to impact the sector, most noticeably through the effect on supply chains and the ability of firms to secure the materials they needed. As such, backlogs of work started to build up following a sustained period of reduction."*

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### Output Index

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

April data pointed to a second successive monthly expansion in manufacturing output in Türkiye. According to respondents, the increase in part reflected a recovery from February's earthquake, but also general improvements in demand. Production rose modestly, but at a pace that was faster than that seen in the previous survey period and the strongest overall since August 2021.

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 signalled broadly no change to staffing levels in April, after employment had been scaled back to a similarly fractional extent in March. While a number of firms took on extra staff in response to greater workloads, others reported that a section of their workforce had retired following the introduction of the new early retirement law.

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](http://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](http://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](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.

April data were collected 11-21 April 2023.

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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