

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI at 47.9 in June

June 2024 Key findings:

- New orders moderate to largest degree in year-to-date
- Sharpest slowdown in employment since October 2022
- Selling price inflation softest in four-and-a-half years

Summary

The final month of the second quarter saw demand conditions remain subdued in the Turkish manufacturing sector. As a result, output and new orders moderated and employment was scaled back to the largest degree in 20 months. On a more positive note, rates of inflation continued to soften, with firms increasing their own selling prices to the least extent in four-and-a-half years.

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 47.9 in June, the headline PMI was down from 48.4 in May and below the 50.0 no-change mark for the third consecutive month. As such, the index signalled a modest easing of business conditions in the Turkish manufacturing sector, and one that was the most pronounced in 2024 so far.

Muted demand conditions remained a key feature of the sector at the end of the second quarter, causing further slowdowns in both new orders and production.

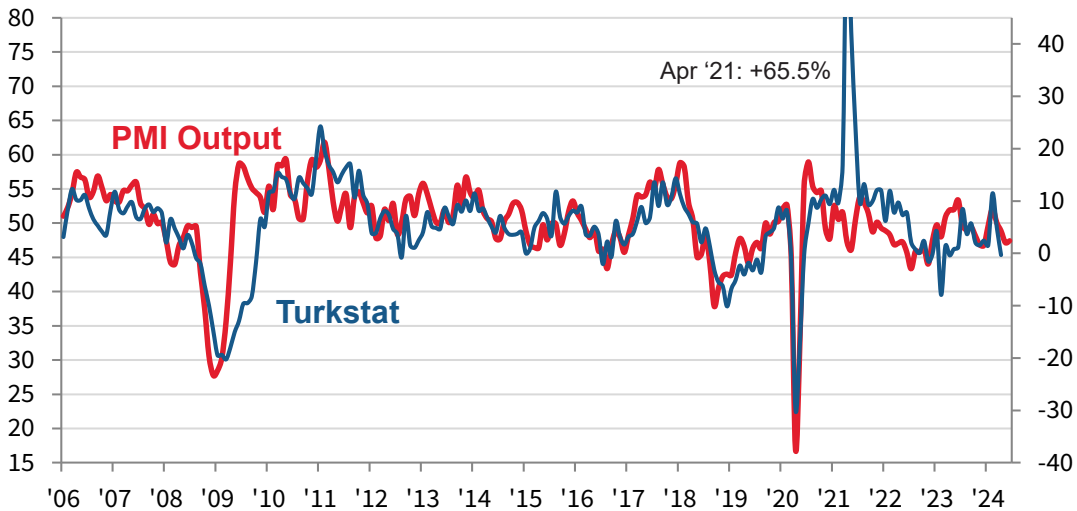
Output moderated for the third month running and at a solid pace, albeit one that was slightly softer than in the previous month.

The slowdown in new orders meanwhile was greater than that seen in May amid reports of weakness in

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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both domestic and export markets. That said, the moderation in new business from abroad was less marked than for total new orders.

Lower workloads meant that manufacturers scaled back their employment and purchasing activity again in June, and at sharper rates than in the previous survey period. In particular, workforce numbers eased to the largest degree since October 2022.

For the fifth month running, the rate of input cost inflation slowed in June, with the latest rise in input prices the weakest since May 2023. Where purchasing costs increased, panellists mentioned higher prices related to raw materials and sea transportation, plus currency weakness.

The pace at which firms raised their own selling prices also softened and was the slowest in four-and-a-half years amid weaker cost inflation and subdued client demand.

Finally, delays due to sea transportation issues, particularly as a result of disruption in the Red Sea, caused a further lengthening of suppliers' delivery times.

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 sustained period of muted demand is starting to be more keenly felt in the manufacturing labour market, with Turkish firms showing a reluctance to replace departing staff and thus scaling back employment to the largest degree since October 2022. Firms are benefiting from softer cost inflation, however, and were able to raise their output prices only modestly in June. This should hopefully help to provide a support to demand in the months ahead."

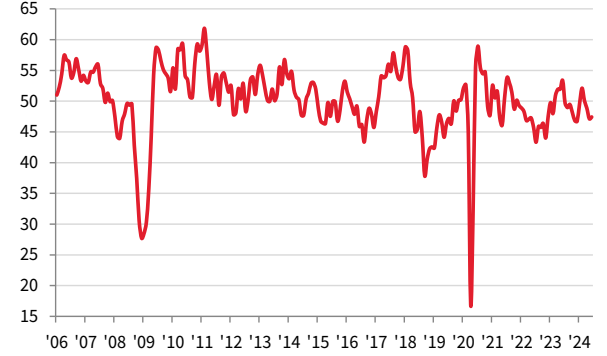
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Output Index

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

Subdued demand conditions continued to pose issues for Turkish manufacturing firms in June, leading to a further slowdown in production at the end of the second quarter of the year. Output has now eased in three consecutive months, with the pace of moderation broadly in line with that seen in May.

sa, 50 = no change on previous month

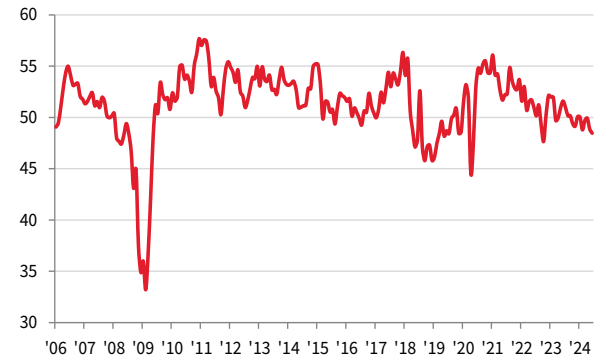


Employment Index

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

The recent downwards trend in staffing levels was extended into June, with workforce numbers scaled back for the fifth consecutive month. Although modest, the latest slowdown was the sharpest in 20 months. Some panellists indicated that workers had resigned voluntarily and not been replaced.

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.

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi

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@spglobal.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 07-21 June 2024.

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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