

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI at 44.2 in December

December 2018 Key findings:

- Output and new orders ease to lesser extents than in November
- Selling prices reduced amid marked slowdown in cost inflation
- Staffing levels continue to be scaled back

Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit indicated that business conditions remained challenging in the Turkish manufacturing sector at the end of 2018, despite having stabilised somewhat in recent months. Output and new orders continued to ease, albeit at softer rates than in November. Efforts to support customer demand were helped by a reduction in selling prices, which firms were able to offer thanks to a further slowdown in cost inflation.

The headline Istanbul Chamber of Industry Turkey 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.

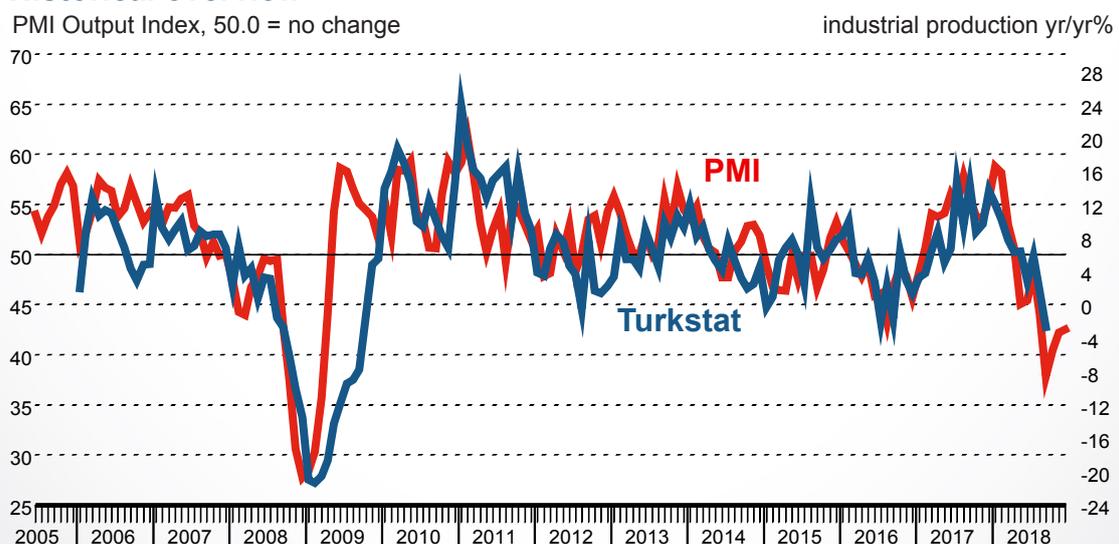
The headline PMI posted 44.2 in December, down marginally from 44.7 in November and pointing to a further moderation of business conditions in the sector.

Challenging business conditions led to further slowdowns in output and new orders, although in both cases at less marked degrees than in the previous month. New export orders continued to moderate at a much softer pace than total new business.

A moderation in output requirements led to a further scaling back of employment at the end of 2018, with purchasing activity also slowing again during December.

A relatively stable exchange rate contributed to a further easing in the rate of input cost inflation. The pace at which input prices increased slowed for the

Historical overview



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third successive month from September's survey peak and was the weakest since September 2016.

Softer cost inflation enabled manufacturers to offer discounts to their customers in order to boost demand. Output prices decreased for the first time in almost six-and-a-half years.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Andrew Harker, Associate Director, IHS Markit, said:

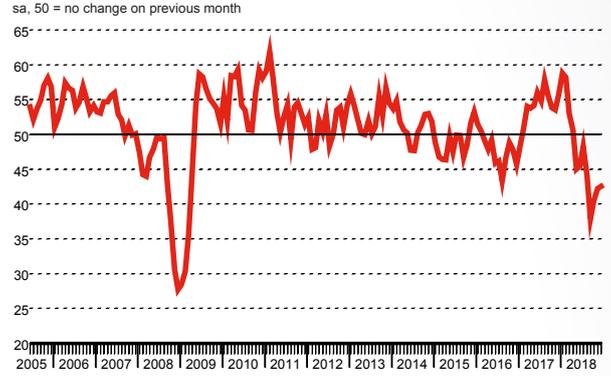
"Turkish manufacturers continued to experience difficult market conditions at the end of 2018, despite recent signs of stabilisation. There was further respite on the inflation front, however, with a slower rise in input costs enabling firms to reduce selling prices as part of efforts to stimulate demand."

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Output Index

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

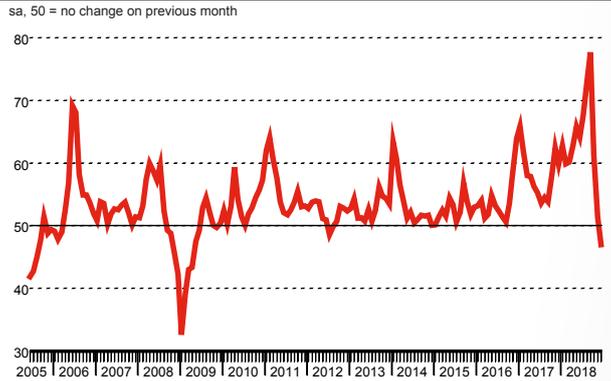
Challenging market conditions were again reported by Turkish manufacturers at the end of 2018, leading to a further scaling back of production. That said, the rate at which output moderated softened for the third month running and was the least marked since August. Production has slowed in eight successive months.



Output Prices Index

Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.

Output prices were reduced in December, thereby ending a sequence of inflation stretching back to September 2012. Firms were reportedly able to reduce selling prices in order to help stimulate customer demand as a result of a further slowdown in cost inflation amid currency stability.



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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 Turkey'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 Turkey'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 (Nasdaq: 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. To learn more go to www.markit.com/product/pmi.

Notes to Editors:

The Istanbul Chamber Of Industry Turkey 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.

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.

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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