

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Manufacturing PMI at 54.4 in January

January 2021 Key findings:

- Output and new orders return to growth
- Staffing levels rise at fastest pace in just over three years
- Ongoing disruption to supply chains evident

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled improving growth momentum in the Turkish manufacturing sector at the start of 2021. Output, new orders and exports all returned to growth, while the rate of job creation quickened to the fastest in just over three years.

Relative stability of the Turkish lira helped lead to weaker rises in both input costs and output prices. That said, shortages of raw materials meant that inflationary pressures remained marked, while delivery delays were also recorded.

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 rose to 54.4 in January, up from 50.8 in December and signalling the strongest improvement in business conditions since July 2020. The health of the sector has now strengthened in eight successive months.

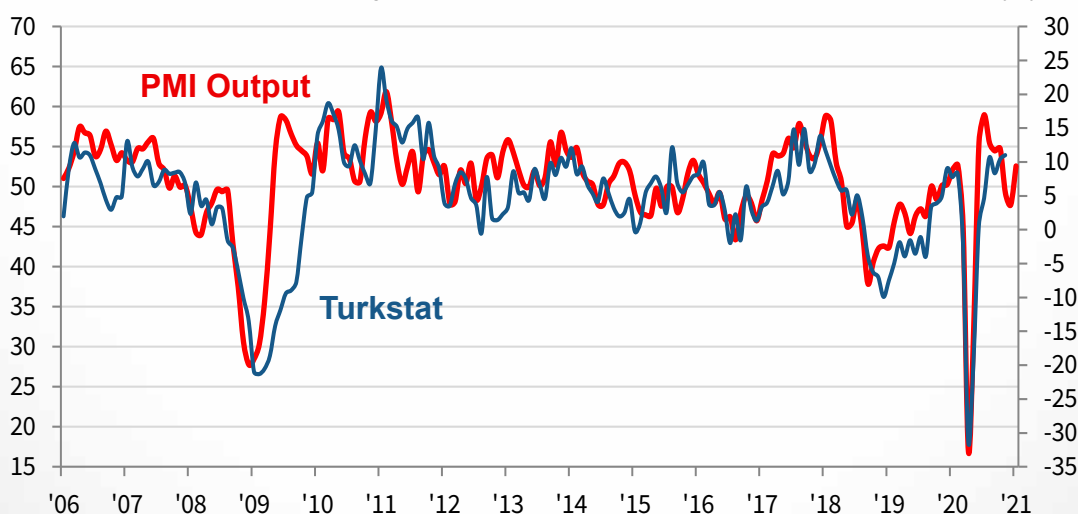
Output returned to growth in January following a two-month sequence of moderation caused by a renewed wave of the coronavirus disease 2019 (COVID-19) pandemic. Higher new orders contributed to the rise in production, as did positive COVID-19 vaccine news.

New orders increased solidly, and for the first time in three months. The rate of growth was the fastest since August 2020. Similarly, new export orders returned to expansionary territory following a two-

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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month sequence of moderation.

The return to growth of new orders and subsequent rise in output requirements led firms to take on extra staff again in January. Moreover, the rate of job creation was sharp and the fastest since December 2017.

Severe disruption to supply chains was evident again, with delivery delays linked to raw material shortages, difficulties importing items and COVID-19 restrictions.

Issues with the supply of raw materials meant that input costs continued to rise sharply, although the rate of inflation eased to a six-month low amid relatively stable exchange rates. A similar picture was seen with regards to output prices, with charges rising sharply but at a slower pace.

Comment

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

“Latest PMI data highlighted a positive start to the year for the Turkish manufacturing sector, with output and new orders returning to growth amid reducing COVID-19 case numbers. The key highlight from the latest survey was a sharp rise in employment as firms boosted workforce numbers to meet production requirements.

“Positive vaccine news contributed to the more buoyant picture in January. As with economies all over the world, the near-term fortunes of the sector will depend on developments related to the pandemic and vaccine roll-out.”

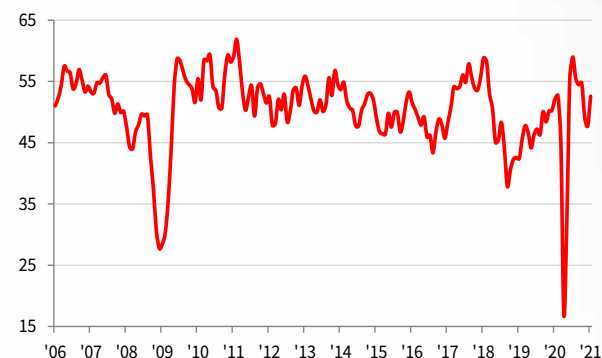
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Output Index

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

Turkish manufacturing output increased at the start of 2021, after rising COVID-19 case numbers had caused slowdowns in November and December. Where production rose, panellists linked this to higher new orders and positive COVID-19 vaccine news. The solid pace of growth was sharper than the series average.

sa, 50 = no change on previous month

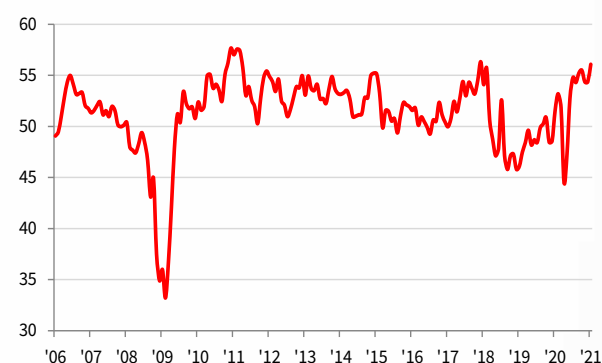


Employment Index

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

Turkish manufacturers increased their staffing levels at a substantial pace in January. The rate of job creation was the fastest for just over three years. Where employment rose (at around 14% of firms), this was largely attributed to higher production requirements. Staffing levels have now increased in each of the past eight months.

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 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 (NYSE: 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.

ihsmarkit.com/products/pmi.html

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.

January data were collected 12-22 January 2021.

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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