

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# PMI at six-month high of 54.0

### July 2021 Key findings:

- Sharpest rise in output in nine months amid easing of restrictions
- Employment and purchasing expand at faster rates
- Steepest increase in input costs in year-to-date

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit indicated that the loosening of COVID-19 restrictions in Turkey had a positive impact on demand and production in the manufacturing sector during July. Stronger expansions in output and new orders were signalled, while faster increases in employment and purchasing activity 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 54.0 in July from 51.3 in June. The reading signalled a solid improvement

in business conditions, and one that was the most marked since January.

The loosening of COVID-19 restrictions helped lead to an improvement in customer demand in July, as evidenced by a marked increase in new orders. Moreover, the rate of expansion was the fastest since August 2020. New export orders increased even more quickly than total new work as international demand strengthened.

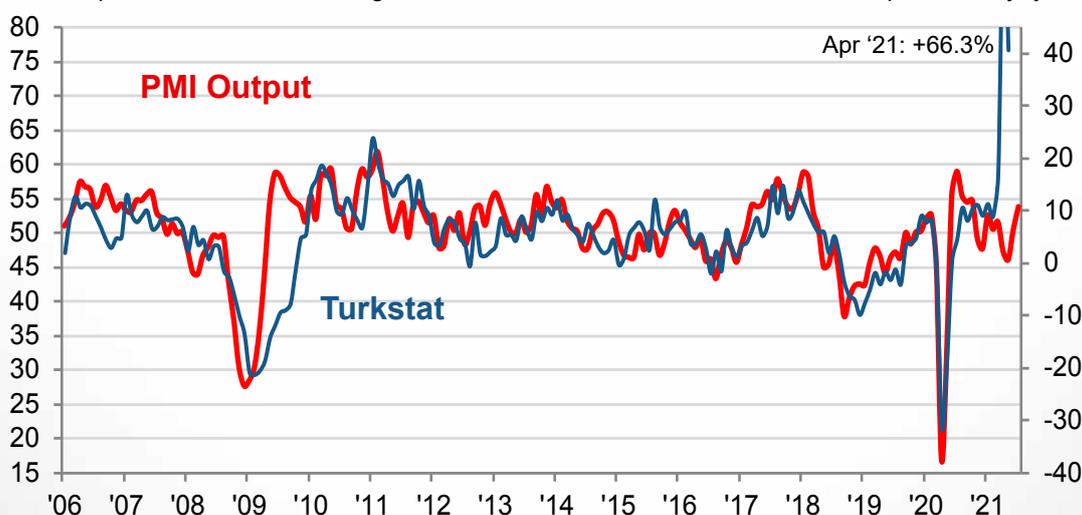
With new orders up and restrictions lifted, firms were able to expand production volumes for the second month running. The rate of growth accelerated from that seen in June and was the sharpest in nine months.

While manufacturers were generally able to keep on top of workloads in July, there was some evidence that new order growth had placed some pressure on

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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capacity. Backlogs of work were broadly unchanged.

Firms responded to greater workloads by expanding their staffing levels and purchasing activity, in both cases at stronger rates than in June. Efforts to secure inputs were hampered by ongoing disruption to supply chains, however. Panellists reported that problems with shipping containers and difficulties sourcing raw materials had led their suppliers' delivery times to lengthen.

The rate of input cost inflation accelerated for the third month running, and was substantial. Respondents linked higher input prices to currency weakness and increases in raw material costs. In turn, firms raised their own selling prices at a marked pace that was stronger than the series average, albeit softer than in the previous month.

### Comment

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

*“Latest PMI data pointed to a ramping up of output and new orders across the manufacturing sector as firms benefited from the loosening of COVID-19 restrictions and stronger customer demand. Firms showed themselves able to rebound quickly last year and appear to be on track to do so again, with sharper increases in employment and purchasing activity helping them to deal with rising workloads. With virus cases on the rise again, however, there may be concerns that growth plans could be hindered again in the months ahead.”*

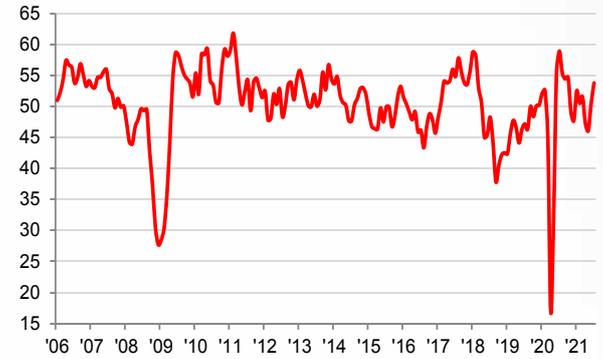
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### Output Index

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

The rate of expansion in Turkish manufacturing output accelerated in July, reaching a solid pace that was the fastest since October last year. Respondents indicated that the removal of COVID-19 restrictions and improving customer demand had been behind the rise in production, which was the second in as many months.

sa, 50 = no change on previous month

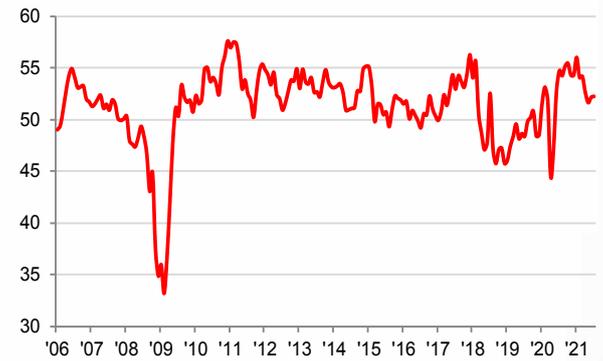


### Employment Index

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

As has been the case in each of the past 14 months, Turkish manufacturers expanded their staffing levels at the start of the second half of the year. Respondents indicated that higher new orders and production requirements had been behind the latest increase in employment.

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](https://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](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.

July data were collected 12-23 July 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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