

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI rises to three-month high of 49.5

June 2018 Key findings:

- Headline PMI figure signals only marginal slowdown in Istanbul manufacturing sector
- Output returns to growth
- Inflationary pressures remain marked

Summary

The Istanbul Manufacturing PMI® signalled that conditions remained challenging in the city's goods-producing sector during June, though the extent to which the sector slowed down was only marginal. New business continued to moderate although the pace softened. Meanwhile, output and employment returned to expansion at the end of the second quarter, with demand developments reported as a key factor by panellists. Buying levels also rose for the first time in three months. The weak lira meanwhile continued to push cost pressures higher during June, with input price inflation hitting a survey record. Output charges rose as a result.

The headline Istanbul Chamber of Industry Istanbul 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.

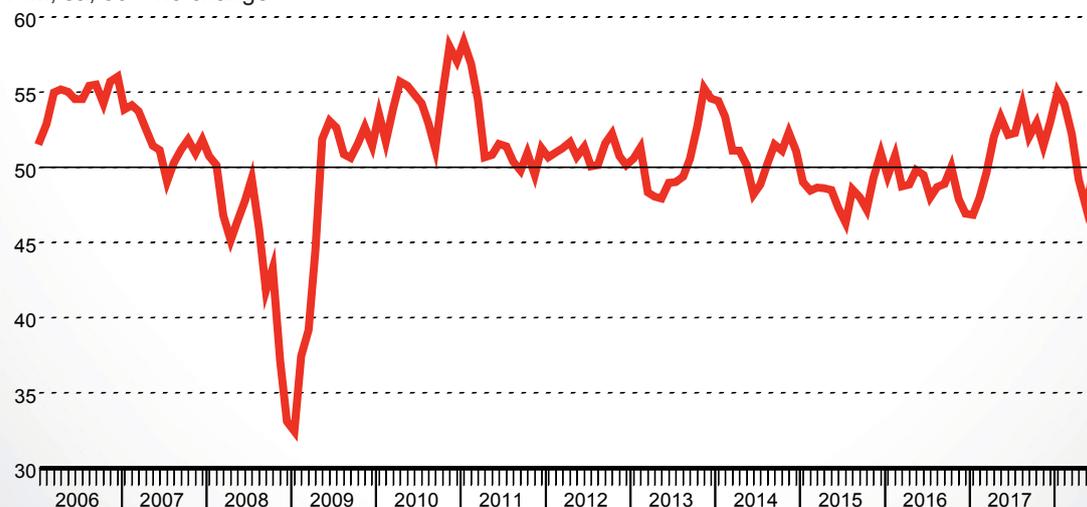
At 49.5 in June, up from 47.4 in May, the PMI signalled a further overall contraction in the city's manufacturing sector. That said, the rate of deterioration eased from May and was the slowest observed since the headline figure slipped into contraction territory in April.

June saw a continued decline in total new orders and export sales placed with Istanbul manufacturers. However, the respective slowdowns softened from May.

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Historical overview

PMI, sa, 50 = no change



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On a positive note, manufacturing production grew for the first time in three months during June. Businesses expanded their workforce numbers at the end of the second quarter in a bid to increase capacity. However, both output and staffing levels rose only marginally.

Companies were able to make inroads into their backlogs during June. The rate of decrease remained strong despite easing from May.

Elsewhere, cost pressures continued to build. Input prices rose at the fastest pace observed since the survey began in January 2006, reflecting the weakened lira. Consequently, businesses increased their average selling prices again, and to a greater extent than that observed in the prior survey period.

Comment

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Gabriella Dickens, Economist at IHS Markit, said:

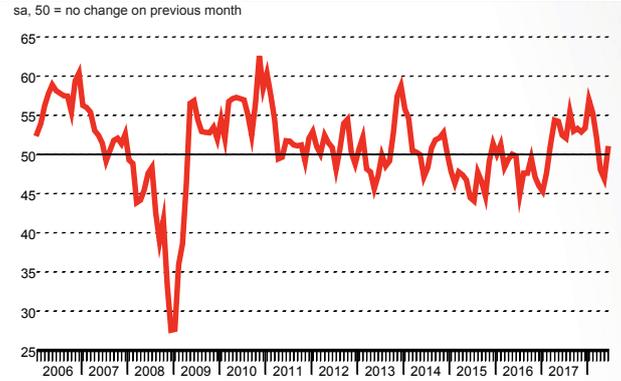
“The challenging economic environment observed over the second quarter continued during June, as new orders continued to moderate. However, the headline figure was at a three-month high and pointed to only a marginal overall slowdown, with slight expansions in output and employment recorded. Price pressures remained substantial, as input cost inflation accelerated to a survey high.”

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Output

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

Manufacturing output returned to growth in Istanbul during June, as signalled by the respective seasonally adjusted index registering above the 50.0 no-change mark. However, the rate of increase was only modest.



Employment Index

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

The seasonally adjusted Employment Index registered slightly below the 50.0 no-change mark during May. A number of companies mentioned that a slowdown in production was behind this situation.



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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.

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 <https://ihsmarkit.com/products/pmi.html>.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index™) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 300 companies based in Istanbul's manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, 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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