

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Manufacturing PMI at 33.4 in April

April 2020 Key findings:

- COVID-19 leads to substantial moderations in output and new orders
- Staffing levels scaled back
- Currency depreciation leads to higher input costs

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to an intensification of the slowdown in the manufacturing sector caused by the coronavirus disease 2019 (COVID-19) pandemic and measures introduced to try and prevent its spread. Output and new orders eased at unprecedented rates, while firms scaled back employment and purchasing activity in response. Currency weakness led to upwards pressure on prices, but rates of inflation eased from those seen in March.

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 33.4 in April, down from 48.1 in March and signalling a marked moderation in the health of the manufacturing sector. In fact, the slowdown was the steepest since the global financial crisis.

Company shutdowns were widely reported in April, leading to marked slowdowns in both output and new orders. In both cases, the moderations were the greatest seen since the survey began in June 2005. As well as an easing of total new business, firms recorded a steep slowdown in new export orders as the global nature of the pandemic impacted markets around the world.

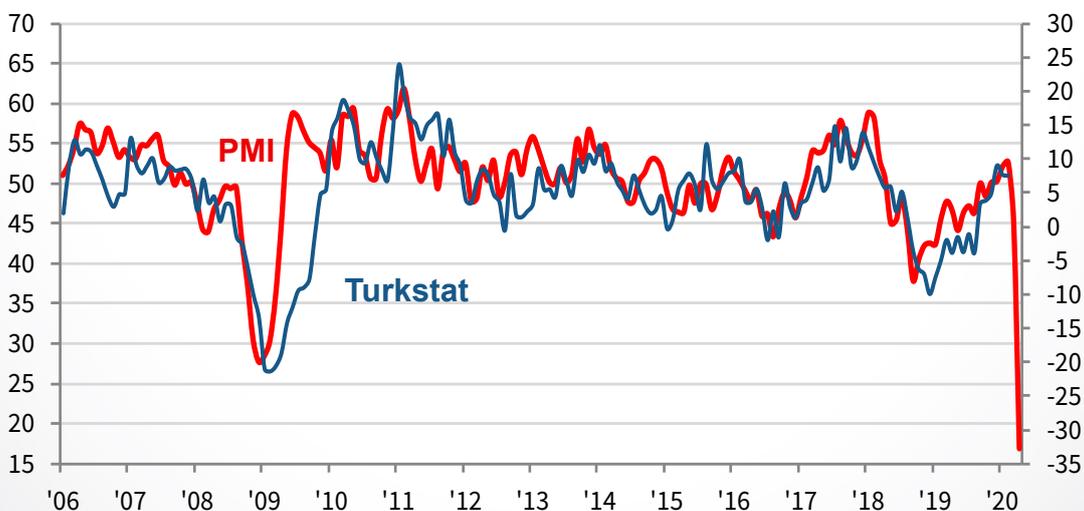
A lack of new work led firms to scale back their staffing levels for the first time in four months. Moreover, the slowdown was the sharpest for 11 years.

Purchasing activity was also reduced, contributing to

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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an accelerated moderation of stocks of purchases. Data also highlighted the substantial impact the COVID-19 pandemic has had on supply chains. Lead times on the delivery of inputs lengthened to the greatest extent in the survey's history, with respondents noting the closure of some suppliers, difficulties in sourcing materials and issues with logistics.

Input costs continued to rise markedly during April, albeit at the slowest pace in three months. Currency weakness was often mentioned as the main factor leading input prices to increase.

Manufacturers responded to higher input costs by increasing their output prices. That said, the offers of discounts at some firms to try and secure orders meant that the rate of inflation slowed to the weakest since January.

Comment

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

“The April PMI data provide a sobering insight into the dreadful impact the COVID-19 pandemic and associated lockdown measures had on the Turkish manufacturing sector during the month, with moderations in output and new orders worse even than those seen at the height of the global financial crisis. Firms were unable to maintain hiring in the face of sharply falling workloads, and can only hope that conditions begin to ease in the coming months.”

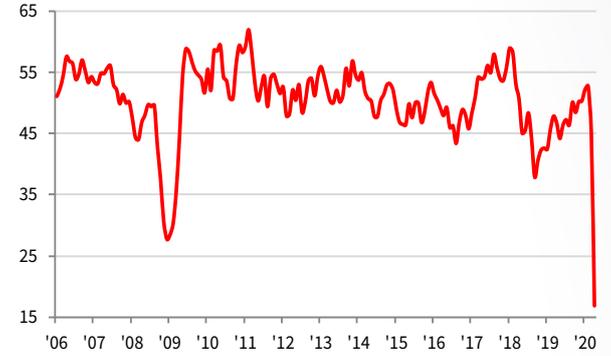
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Output Index

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

April data signalled a sharp slowdown in manufacturing output in Turkey due to the COVID-19 pandemic. Panellists reported company shutdowns, a reduction in capacity and cancellation of orders. The moderation was the greatest since the survey began in June 2005.

sa, 50 = no change on previous month

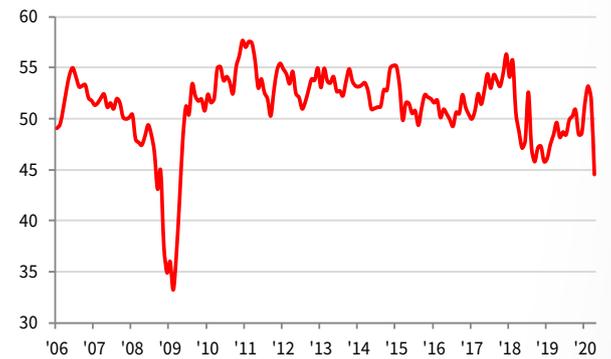


Employment Index

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

Turkish manufacturers recorded a slowdown in employment during April amid softer workloads, thereby ending a three-month sequence of job creation. The pace of moderation in staffing levels was marked, and the fastest for 11 years.

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.

April data were collected 07-23 April 2020.

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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