

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI at 52.5 in September

September 2021 Key findings:

- Fourth successive rises in output and new orders
- Firms respond to higher workloads by expanding employment and purchasing
- Rates of inflation remain elevated

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to ongoing growth in the Turkish manufacturing sector at the end of the third quarter of the year. Output and new orders have each now risen in four successive months, with the latest improvements in demand supporting further expansions in employment and purchasing activity. Despite capacity being raised, firms signalled a first accumulation in backlogs of work in 14 months.

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 52.5 in September, down

from 54.1 in August but still signalling a solid monthly improvement in operating conditions in the sector.

Business conditions have now strengthened in four consecutive months, in line with sustained growth of output and new orders during this period. That said, slower increases were recorded in September. Total new business volumes were supported by a further marked rise in new export orders.

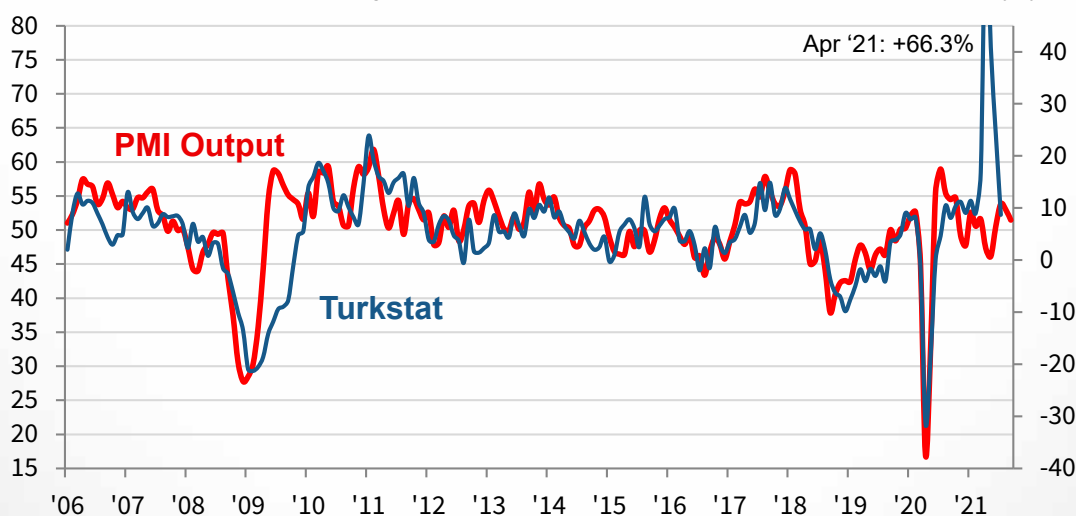
Growth of new orders and efforts to expand capacity led firms to increase their staffing levels again in September, and at a solid pace. Despite this, backlogs of work increased for the first time since July 2020 amid a sustained expansion of new work.

Manufacturers also raised their purchasing activity in line with higher output requirements, and stocks of purchases were accumulated for the second month running. Moreover, the rate of increase in pre-

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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production inventories was the fastest since the end of 2017 amid some reports of safety-stock building to guard against ongoing supply-chain disruption.

There were some signs that supply-chain delays moderated at the end of the third quarter. Although raw material shortages and delays importing items contributed to a further lengthening of suppliers' delivery times, the latest deterioration in vendor performance was the least marked for a year.

Input costs continued to rise sharply, with firms reporting ongoing increases in raw material prices amid supply shortages. Currency weakness was also a factor pushing up input costs, which increased at a broadly similar pace to that seen in August.

In turn, manufacturers continued to raise their own selling prices rapidly, with the rate of inflation ticking up slightly during the month.

Comment

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

“Turkish manufacturers were able to build on the recent rebounds in output and new orders in September, recording ongoing expansions in both. In fact, the sustained period of rising new orders has begun to put pressure on operating capacity despite the fact that firms continued to take on extra staff.”

“There were some signs that supply-chain disruption is not as pronounced as earlier in the year, but firms still had to face longer lead times and sharp price rises when attempting to secure inputs. As part of efforts to guard against these problems, stocks of purchases were raised to the greatest extent since the end of 2017. This should provide some assistance to efforts to keep on top of workloads in the months ahead.”

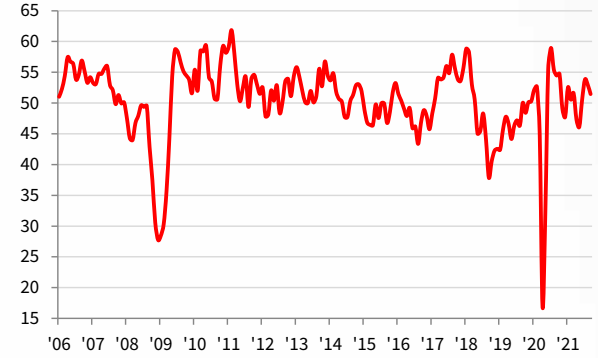
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Output Index

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

As has been the case in each of the past four months, Turkish manufacturers recorded a rise in production during September. The rate of growth was modest, having eased from that seen in August. Where output increased, respondents generally attributed this to stronger customer demand.

sa, 50 = no change on previous month

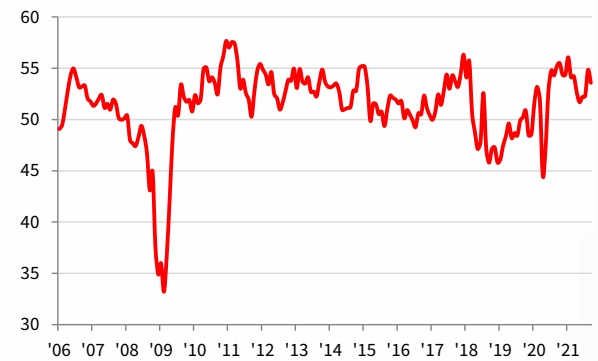


Employment Index

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

September data pointed to a sixteenth successive monthly rise in employment in the Turkish manufacturing sector. The rate of job creation remained solid, despite easing from that seen during August. Where employment rose, panellists linked this to higher new orders and efforts to expand capacity.

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.

September data were collected 13-23 September 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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