

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

November sees PMI rise to 49.5

November 2019 Key findings:

- Output ticks up in November
- Softer moderation in new orders
- Input cost inflation at 58-month low

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to an uptick in production for the first time in over a year-and-a-half in November amid signs of improving market conditions. Meanwhile, new orders moderated at a softer pace. The rate of input cost inflation slowed to the weakest since January 2015, with manufacturers lowering their selling prices for the third month running.

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 49.5 in November from

49.0 in October, nearing the 50.0 no-change mark and representing only a marginal softening of business conditions in the sector.

Manufacturing production increased fractionally in November, the first rise since April 2018. Where growth was recorded, panellists generally attributed this to improving market conditions.

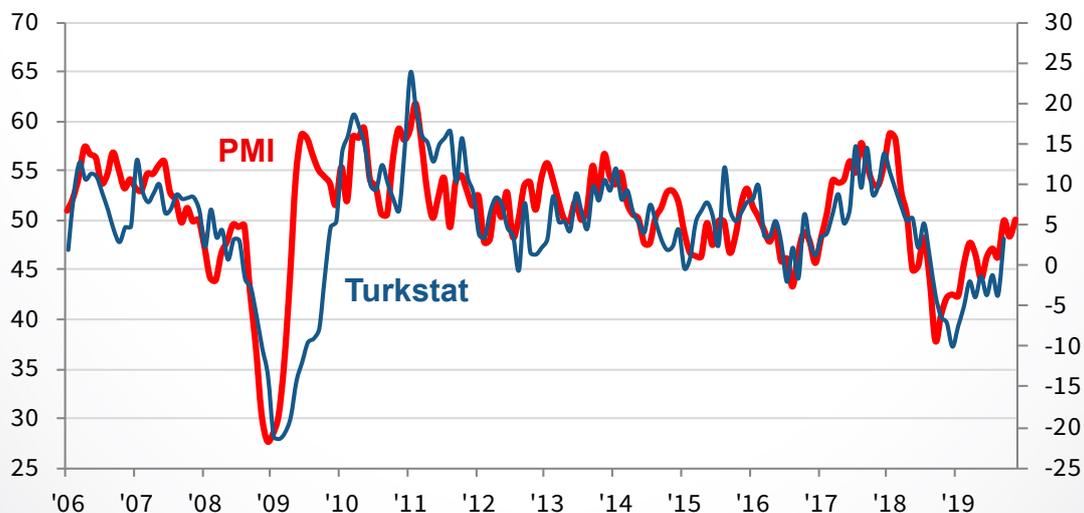
On the other hand, new orders continued to soften as client demand remained fragile. That said, the pace of moderation eased from October and was only marginal. This was also the case with new export business.

A further easing of backlogs of work was recorded in November. Meanwhile, firms scaled back their workforce numbers following expansions in each of the previous two months.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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The rate of input cost inflation slowed to a 58-month low midway through the final quarter of the year, with some reports of lower raw material costs. A number of panellists continued to report upwards price pressures as a result of currency weakness, but this was much less of an issue than this time last year.

A combination of softer cost inflation and competitive pressures led manufacturers to lower their output prices for the third month running, with the pace of reduction broadly similar to that seen in October.

Finally, purchasing activity stabilised in line with production requirements, thereby ending a 19-month sequence of moderation.

Comment

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

“The key highlight from the latest PMI survey was a return to growth of production for the first time in over a year-and-a-half. Although only fractional, the rise demonstrates improved confidence among firms that market conditions are on an upward trajectory. Based on the relationship between the PMI and official industrial production data, we should be looking at year-on-year growth in production when November figures are released.”

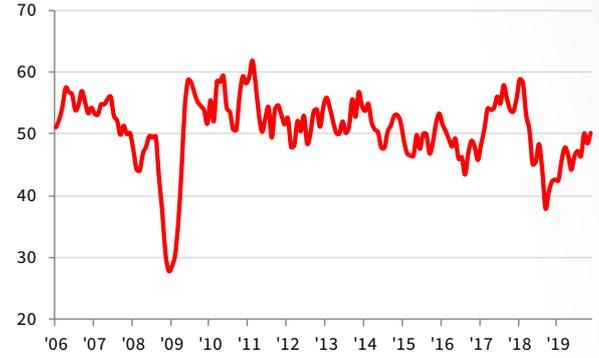
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Output Index

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

Turkish manufacturing production ticked higher during November, posting the first increase in output for over a year-and-a-half. That said, the rate of growth was only fractional. A number of respondents indicated that market conditions had become more favourable during the month.

sa, 50 = no change on previous month

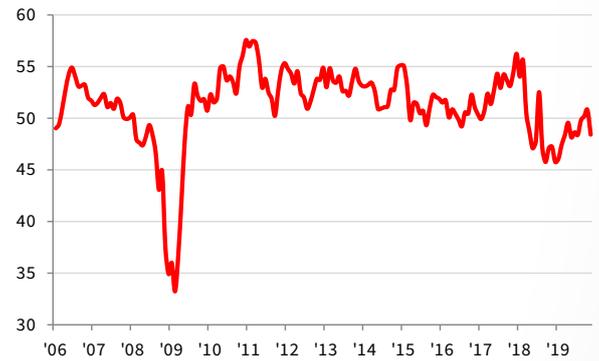


Employment Index

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

After having posted back-to-back rises in employment in the previous two months, the Turkish manufacturing sector saw a slight moderation of staffing levels during November. Some of those respondents that lowered employment linked this to a lack of growth in new orders.

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. To learn more go to www.markit.com/product/pmi.

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.

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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