

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI dips to 51.2

October 2021 Key findings:

- Output eases for first time in five months
- New orders soften despite growth of exports
- Sharper increases in both input costs and output prices

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to signs of a slowdown in the Turkish manufacturing sector during October as problems in supply chains limited demand and production. Meanwhile, raw material supply shortages and currency weakness also added to inflationary pressures.

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 remained above the 50.0 no-change mark for a fifth consecutive month in October, but dropped to 51.2 from 52.5 in September.

Signs of a slowdown were evident in the data covering output and new orders, which both moderated at the start of the final quarter of the year. Production was scaled back for the first time in five months, with difficulties securing inputs and unfavourable currency fluctuations constraining output.

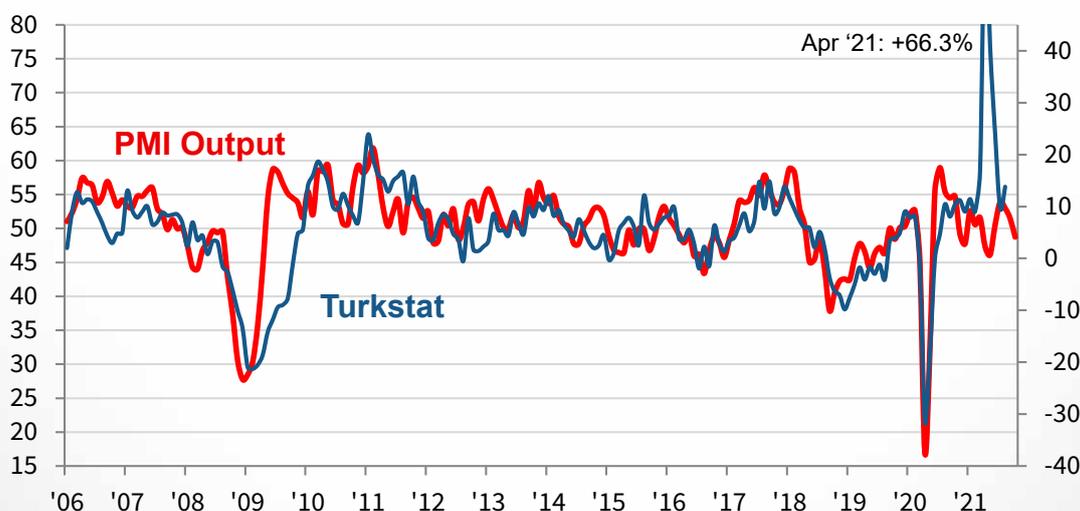
These factors also led new business to slow, albeit marginally. A lack of electronic components was mentioned in particular has having held back new orders. In contrast to the picture for total new business, new export orders continued to expand, and at a solid pace.

Supply-chain delays remained widespread in October, with delivery times lengthening to a greater extent than in September. Suppliers themselves reportedly had difficulties sourcing materials, while transportation problems and issues importing goods

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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also contributed to longer lead times.

As well as restricting demand and production volumes, supply shortages also caused price rises. Input costs increased sharply, and at the fastest pace in three months. Currency weakness was also a key factor in the latest rise in input prices. In turn, firms increased their own selling prices, with the rate of inflation accelerating to the steepest since September 2018.

Efforts to guard against further price rises and a lack of material supply led to a third successive monthly increase in stocks of purchases. The rate of accumulation was only slightly softer than the 45-month high posted in September.

Comment

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

“The supply constraints that we have noted in recent months have really started to bite now and are actively limiting volumes of output and new orders in the Turkish manufacturing sector, with key items such as electronic components often unavailable.

“Where firms can source items, they are having to pay increasingly high prices, with inflationary pressures added to by currency weakness.

“The fourth quarter therefore looks to be one filled with headwinds for firms, although one positive from the latest PMI survey was that new export orders continued to rise.”

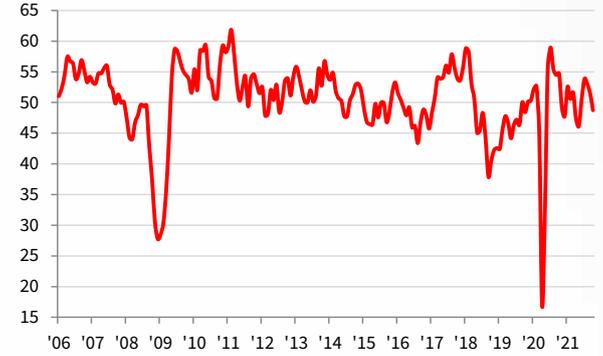
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Output Index

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

After having risen in each of the previous four months, Turkish manufacturing output slowed during October. Although some firms increased production, others reported that difficulties obtaining raw materials and currency fluctuations had led them to moderate their output volumes.

sa, 50 = no change on previous month

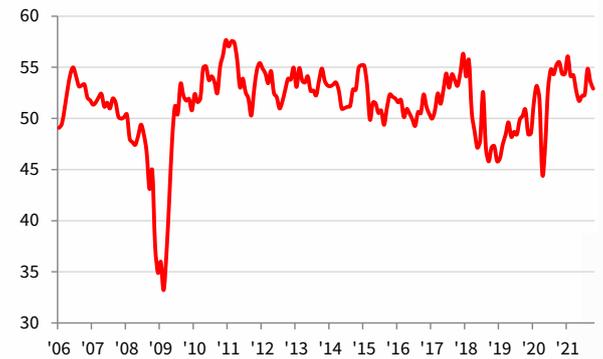


Employment Index

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 17 months, Turkish manufacturers expanded their staffing levels during October. The rate of job creation was solid, despite easing for the second month running to the slowest since July. A number of respondents pointed to efforts to boost 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.

October data were collected 12-22 October 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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