

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# Sharpest rise in employment since February 2018

### September 2020 Key findings:

- Rate of job creation accelerates amid growing new orders
- Output continues to rise, but at softer pace
- Inflationary pressures strengthen due to currency weakness

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a sustained improvement in business conditions at the end of the third quarter of the year, continuing the recovery from the downturn caused by the coronavirus disease 2019 (COVID-19) pandemic. Further increases in output and new orders encouraged firms to take on extra staff at the fastest pace since February 2018. There were some signs of rates of improvement in demand losing strength, however.

Meanwhile, rates of both input cost and output price inflation accelerated further amid currency weakness.

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 52.8 in September, down from 54.3 in August but still signalling a solid monthly improvement in business conditions in the sector. Operating conditions have now strengthened in each of the past four months.

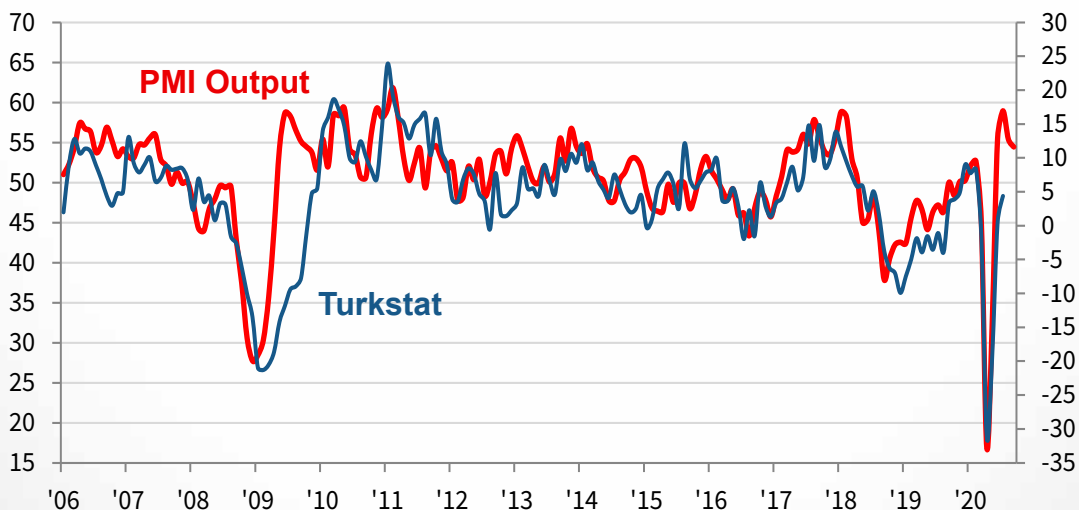
A continued return towards normality following the worst of the COVID-19 pandemic meant that demand improved again in September, thereby resulting in further expansions in output and new orders. In both cases, the increases at the end of the third quarter were the fourth in as many months. That said, rates of growth softened from August.

The rate of job creation, meanwhile, accelerated to the fastest since February 2018 as firms responded

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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to higher new orders. This expansion in capacity, allied with slower new business growth, enabled firms to reduce backlogs of work.

Currency weakness meant that inflationary pressures continued to build in September. The rate of input cost inflation quickened for the second month running and was the fastest since October 2018. Similarly, output prices rose to the greatest extent for two years. On a more positive note, some firms indicated that a weaker currency had aided their competitiveness in export markets.

Meanwhile, purchasing activity rose for the fourth month running in line with higher new orders and production requirements. Stocks of purchases ticked down, however, amid reports of continuing caution around stockbuilding and the use of inputs to support output growth.

### Comment

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

*“The key highlight from the latest PMI survey was strengthening job creation. A sustained period of improving demand means that manufacturers are willing to invest in rebuilding workforces following the COVID-19 downturn. That said, rates of expansion in new orders and output have levelled off and the threat of the pandemic remains. Firms will be hoping that trends remain positive over the final quarter of the year to keep the recovery going.”*

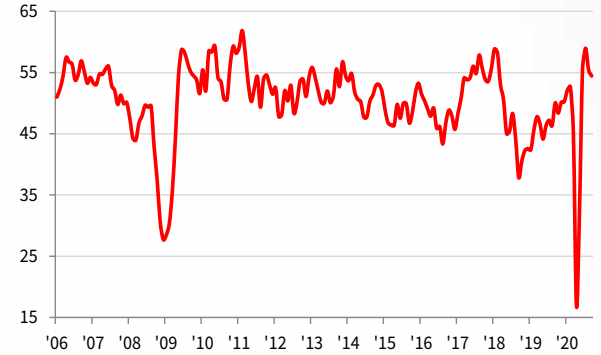
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### Output Index

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

Turkish manufacturers recorded a further increase in production during September, extending the current sequence of expansion to four months. The rate of growth was the softest in this sequence, but remained solid. Panellists generally linked higher output to improving customer demand.

sa, 50 = no change on previous month

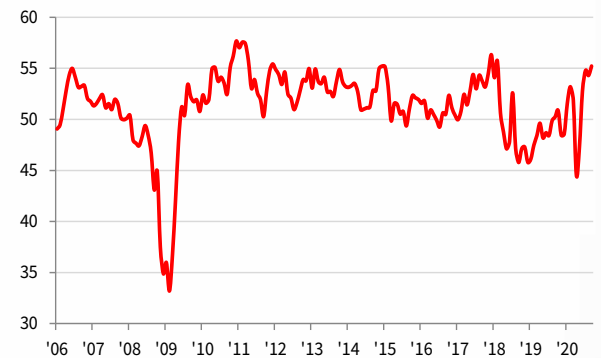


### Employment Index

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

The rate of job creation accelerated in September and was the fastest since February 2018. The marked expansion extended the current sequence of rising employment to four months. Around 15% of panellists reported an increase in staffing levels, which they generally linked to growth of new orders.

sa, 50 = no change on previous month



### For further information, please contact:

#### **Istanbul Chamber of Industry**

Nesrin Akçay, Economic Research and Corporate Finance  
Department Mng.

Telephone +90 212 252 29 00 Ext: 180

Email: [nakcay@iso.org.tr](mailto:nakcay@iso.org.tr)

#### **IHS Markit**

Andrew Harker, Economics Director

Telephone +44 1491 461 016

Email: [andrew.harker@ihsmarkit.com](mailto:andrew.harker@ihsmarkit.com)

Katherine Smith, Public Relations

Telephone +1 781 301 9311

Email: [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

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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](https://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](mailto: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 11-23 September 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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