

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# PMI rises to 44.3 in October

### October 2018 Key findings:

- Production moderates to lesser extent
- Rates of input cost and output price inflation much weaker than in September
- Employment continues to slow

### Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled that while the health of the sector eased again in October, the latest slowdown was less marked than that seen in September. A more stable exchange rate scenario led rates of inflation for both input costs and output prices to slow markedly over the month. Output, new orders and employment all moderated to lesser extents in October.

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 PMI rose for the first time since July, with

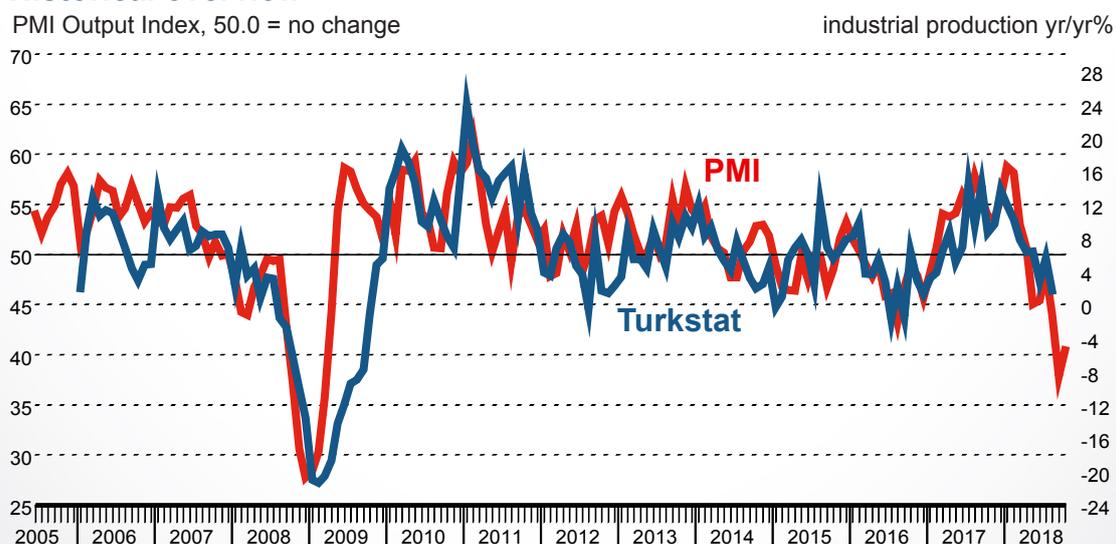
October's reading of 44.3 higher than 42.7 in September. Business conditions have now moderated in each of the past seven months.

A stabilisation of the lira exchange rate helped lead to a marked slowdown in the rate of input cost inflation in October. This was also the case with output prices, which increased at the weakest pace since March.

Output and new orders continued to slow in October amid challenging market conditions, but in both cases the rate of moderation was less marked than in September. New export orders eased for the second month running, and to a greater extent.

Manufacturers responded to slower demand conditions by scaling back their employment and purchasing activity. That said, in line with the trends in output and new orders, rates of moderation were

### Historical overview



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weaker at the start of the fourth quarter.

Further difficulties in supply chains were signalled in October, with vendor delivery times lengthening to the greatest extent since the survey began in June 2005.

### Comment

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

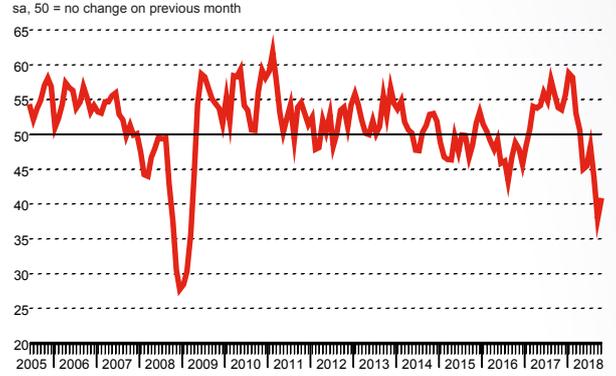
*“Latest PMI data suggest that the worst of the current difficulties may have been seen in September, with key indicators such as output, new orders and employment all moderating at weaker rates in October amid a slowdown in inflation. That said, market conditions remained challenging for firms and further improvements will be needed in coming months if we are to see a return to growth.”*

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### Output Index

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

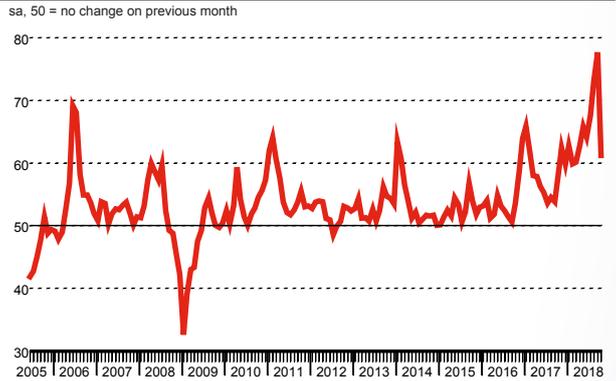
Turkish manufacturing firms continued to scale back production during October, extending the current period of moderation to six months. That said, the latest slowdown was less marked than that recorded in September. Where output eased, panellists generally linked this to challenging market conditions.



### Output Prices Index

Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.

October data pointed to a marked slowdown in the rate of output price inflation among Turkish manufacturing firms. In fact, the latest increase in selling prices was the weakest since March. The moderation in the pace of charge inflation was in line with that seen for input costs, although output prices continued to rise sharply.



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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 (Nasdaq: 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](http://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](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.

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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