

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# December sees manufacturing PMI at 50.8

### December 2020 Key findings:

- Output softens amid COVID-19 restrictions
- Firms continue to expand staffing levels
- Suppliers' delivery times lengthen to second-largest degree on record

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit indicated that the second wave of the coronavirus disease 2019 (COVID-19) pandemic and restrictions to prevent its spread led to slowdowns in Turkish manufacturing output and new orders at the end of 2020. That said, firms continued to expand employment and also raised purchasing activity.

Meanwhile, manufacturers experienced difficulties securing raw materials, with suppliers' delivery times lengthening to the second-largest degree on record. This was a factor in input costs rising at the fastest pace since September 2018.

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.

At 50.8 in December, the headline PMI was down from 51.4 in November. Although continuing to signal an improvement in business conditions, the latest reading pointed to the least marked strengthening of the health of the sector in seven months.

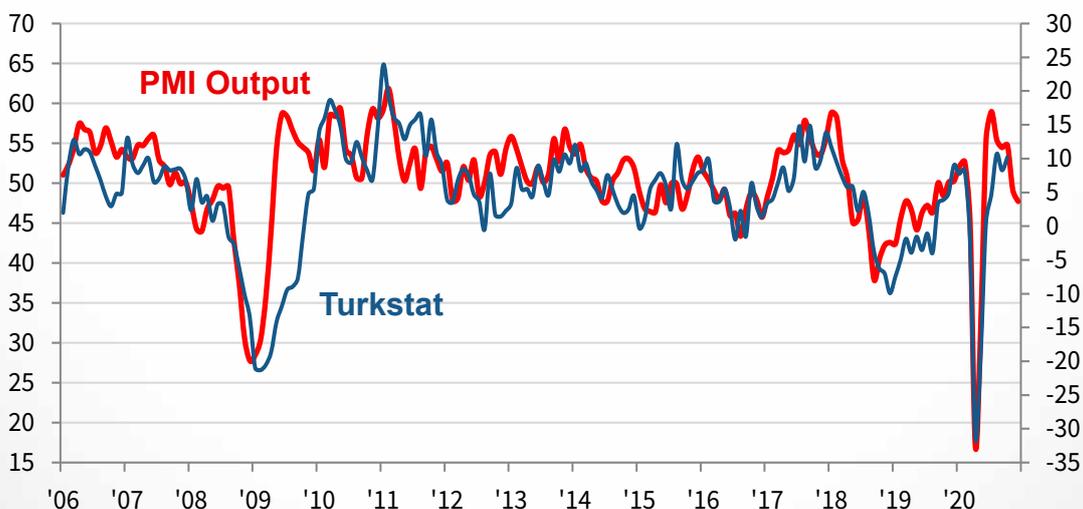
The COVID-19 pandemic and restrictions to prevent its spread led to slowdowns in both output and new orders during December. Both softened to greater extents than in November, but to much lesser degrees than during the first wave of the pandemic. New export orders also eased amid a second wave of infections across a number of export markets.

In spite of slowdowns in output and new orders, Turkish manufacturers expanded both their staffing

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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levels and purchasing activity in order to support production.

Employment increased for the seventh successive month, and at a solid pace that was unchanged from that seen in November. Meanwhile, growth of input buying followed a moderation in the previous month.

While purchasing activity rose, difficulties obtaining raw materials meant that stocks of purchases continued to fall. These supply issues were highlighted by delivery times lengthening to the second-strongest degree since the survey began in June 2005, second only to the record at the height of the pandemic in April.

Supply shortages, combined with currency weakness, led to a sharp and accelerated increase in input costs. The rate of inflation was the fastest since September 2018. In turn, output prices also rose sharply, albeit at a slightly slower pace than in November.

### Comment

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

*“The Turkish manufacturing sector ended 2020 facing twin headwinds. First, the COVID-19 pandemic which has blighted so much of the year led output and new orders to soften. Second, severe supply-chain disruption hampered the ability of firms to secure the materials they need and added to already sharply rising cost burdens.*

*“Despite these challenges, firms were keen to expand capacity, taking on extra staff and purchasing more inputs. This suggests that manufacturers will be ready as and when the aforementioned constraints on operations ease.”*

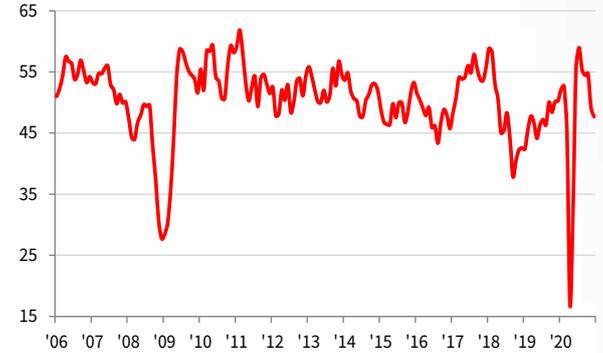
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### Output Index

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

The COVID-19 pandemic and associated restrictions had a negative impact on Turkish manufacturing production during December. Output softened for the second month running. The slowdown was more marked than in November, albeit much weaker than was seen during the first wave of the pandemic.

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.

Despite recent slowdowns in output and new orders, Turkish manufacturers continued to expand their staffing levels during December. Employment rose for the seventh month running, and at a solid pace that was unchanged from that seen in the previous month. Respondents suggested that hiring reflected the need for more workers to support production.

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](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.

December data were collected 04-16 December 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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