

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Manufacturing new orders rise solidly again in Istanbul

- December 2019**
- Key findings:**
- Solid growth of new work
 - Further increases in output and employment
 - Cost inflation eases for seventh month running

Summary

The Istanbul manufacturing sector remained well inside growth territory at the end of 2019, with solid increases in output, new orders and employment recorded. Meanwhile, the rate of input cost inflation continued to ease and was the slowest in over ten-and-a-half years. Firms increased their output prices for the first time in four months, albeit marginally.

The headline Istanbul Chamber of Industry Istanbul 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 registered 52.6 in December,

down from 54.2 in November but still signalling a solid monthly improvement in the health of the sector. Business conditions have now strengthened in each of the past four months.

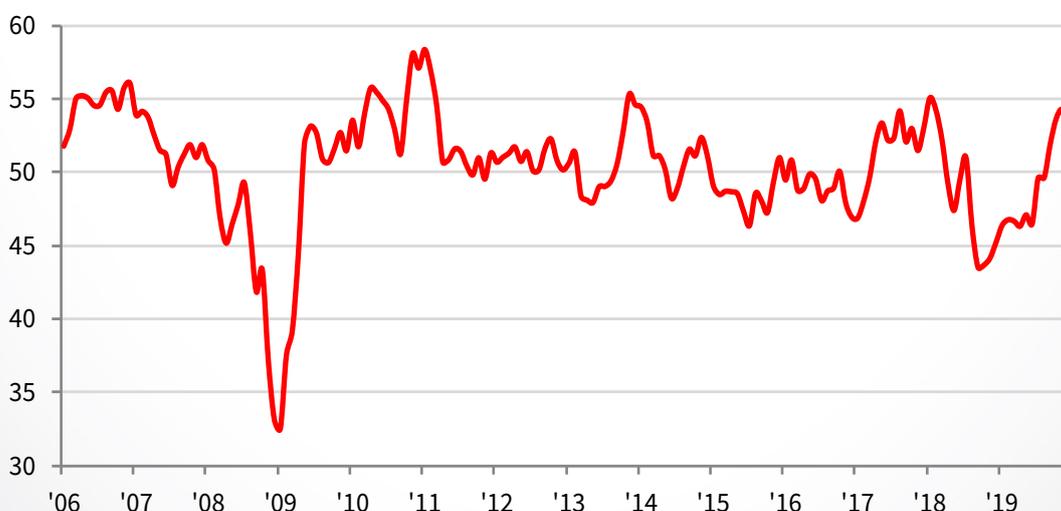
New orders continued to rise in December, extending the current sequence of expansion to five months. The rate of growth was solid, despite easing from that seen in November. Respondents generally linked higher new work to improving market conditions. New export orders also rose, but to a lesser extent than total new business.

Rising new orders encouraged growth in other areas across the sector at the end of 2019. Manufacturing production in Istanbul increased again, supported by a marked pace of job creation. This expansion

continued...

Historical overview

PMI, 50.0 = no change



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of operating capacity helped firms to keep on top of workloads, but the rate of depletion of backlogs was the slowest in 28 months.

Firms also expanded their purchasing activity to support growth of output, with stocks of inputs also up for the second time in the past three months.

The rate of input cost inflation continued to soften in December, slowing for the seventh month running to the weakest in the current period of rising prices which began in May 2009. There were some reports of softening raw material costs.

Firms raised their output prices for the first time in four months, albeit modestly as manufacturers limited price rises in order to help maintain growth of new work.

Comment

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

“The Istanbul manufacturing PMI data for December rounds off the best quarter for the sector since the first three months of 2018. Firms therefore begin 2020 on a solid footing and will hope to see growth continue as the year progresses.”

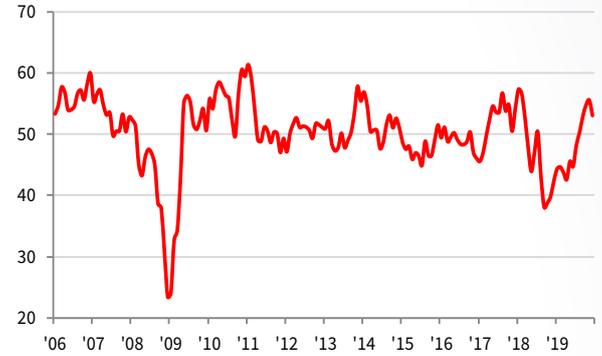
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New Orders Index

Q. Please compare your new orders (in units) this month with the situation one month ago.

New orders increased solidly in the Istanbul manufacturing sector during December, extending the current sequence of growth to five months. That said, the rate of expansion was the softest since September. Where new business rose, panellists reported improving market conditions.

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.

Rising production requirements encouraged manufacturers in Istanbul to expand their workforce numbers again in December. Although slowing from the sharp pace seen in November, the rate of job creation remained marked. Employment has now risen in each of the past six months.

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.

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 <https://ihsmarkit.com/products/pmi.html>.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index™) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 300 companies based in Istanbul's manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, 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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