

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

April sees PMI at 50.4

April 2021 Key findings:

- Renewed wave of COVID-19 pandemic affects output and new orders
- Employment continues to rise
- Ongoing marked increases in input costs and output prices

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled that a renewed wave of COVID-19 infections had a detrimental impact on the manufacturing sector in April. Output and new orders moderated following increases in March. That said, firms continued to expand their staffing levels.

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 50.4 in April, down from 52.6 in March and signalling only a marginal improvement in overall business conditions. In fact,

the health of the sector strengthened to the least extent in the current 11-month sequence of growth.

Both output and new orders moderated in April, with respondents often linking this to a resurgence of the COVID-19 pandemic in Turkey. The slowdown in output ended a three-month sequence of growth, but was still much weaker than seen during the early part of the pandemic in April and May last year.

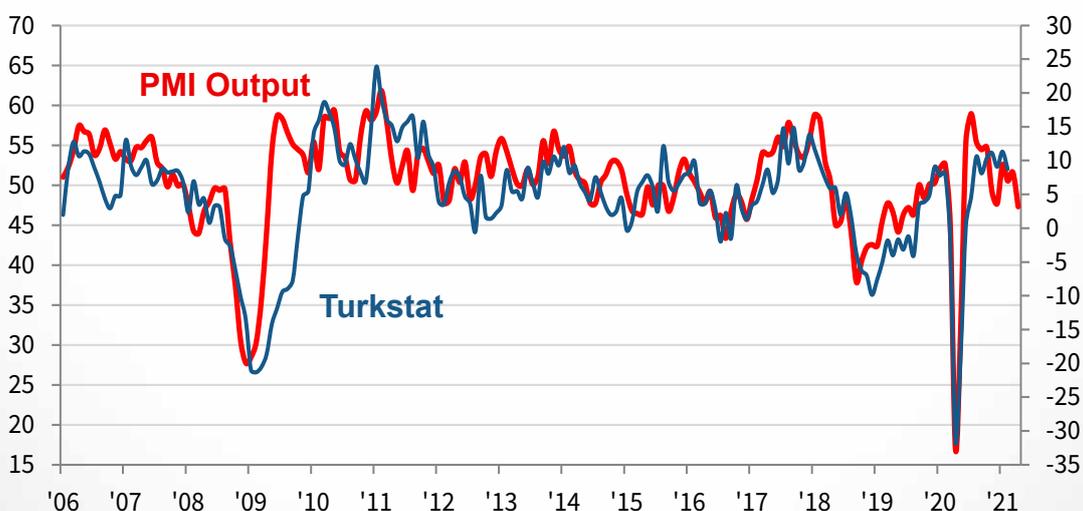
The softening of total new orders was recorded in spite of a rise in new business from abroad, which increased for the fourth month running amid signs of improving demand internationally.

Manufacturers continued to expand their staffing levels in April, thereby extending the current sequence of job creation to 11 months. The latest rise was the softest in this sequence, however.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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A combination of ongoing growth in workforce numbers and softer new business meant that firms were able to work through outstanding orders, with backlogs falling to the greatest extent since May 2020.

Inflationary pressures remained elevated at the start of the second quarter. Input costs rose sharply, with firms reporting exchange rate weakness and higher raw material prices, in some cases linked to supply shortages. Issues with supply were highlighted by a further substantial lengthening of vendor delivery times amid difficulties sourcing materials and worldwide shipping problems. The rate of deterioration was unchanged from March.

Rising input costs were often passed through to customers by way of increased selling prices. Charges increased sharply, and at a much faster pace than the series average.

Comment

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

“The impact of the current wave of COVID-19 infections on the Turkish manufacturing sector in April was clear. Output and new orders softened as customers held off on committing to projects.”

“There were some positive signs, however, as both new export orders and employment continued to rise.”

“Performance in the months to come will likely depend on how quickly infections come down, helping the sector to operate in a more normal environment.”

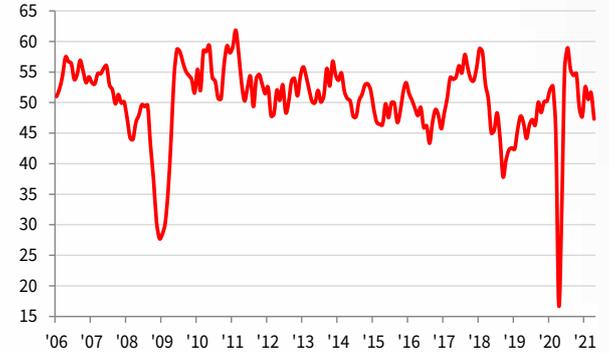
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Output Index

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

Manufacturing output in Turkey softened in April, following a three-month sequence of expansion. Respondents generally attributed the slowdown to a renewed wave of the COVID-19 pandemic in Turkey. Although solid, the pace of moderation was much weaker than seen during the initial pandemic lockdown last year.

sa, 50 = no change on previous month

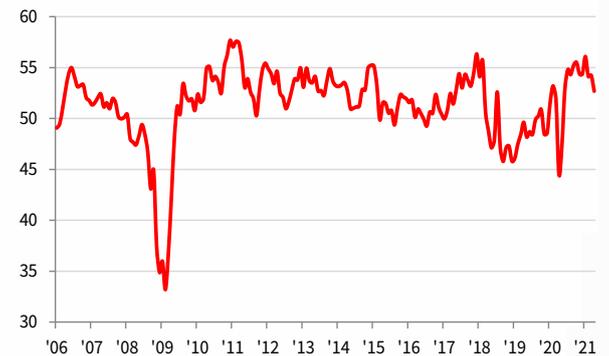


Employment Index

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

Employment continued to increase in April as some firms noted higher output requirements despite a slowdown in new orders. Staffing levels have now risen in each of the past 11 months. Although solid, the pace of job creation eased to the slowest in the current sequence of increasing employment.

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.

April data were collected 12-23 April 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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