

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI at 18-month high in September

- September 2019**
- New order growth quickens to fastest since February 2018
- Key findings:**
- Production rises for second time in three months
 - Softest increase in input prices since January 2015

Summary

Business conditions improved in the Istanbul manufacturing sector during September for the first time in 14 months. The rate of new order growth quickened, supporting an increase in production and expansions in employment and purchasing activity. Meanwhile, inflationary pressures continued to wane, with input costs rising at a weaker pace and output prices falling.

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 rose above the 50.0 no-change mark in September, posting 51.9 up from 49.6 in August. The reading pointed to a modest strengthening of business conditions in the sector, the first improvement since July 2018.

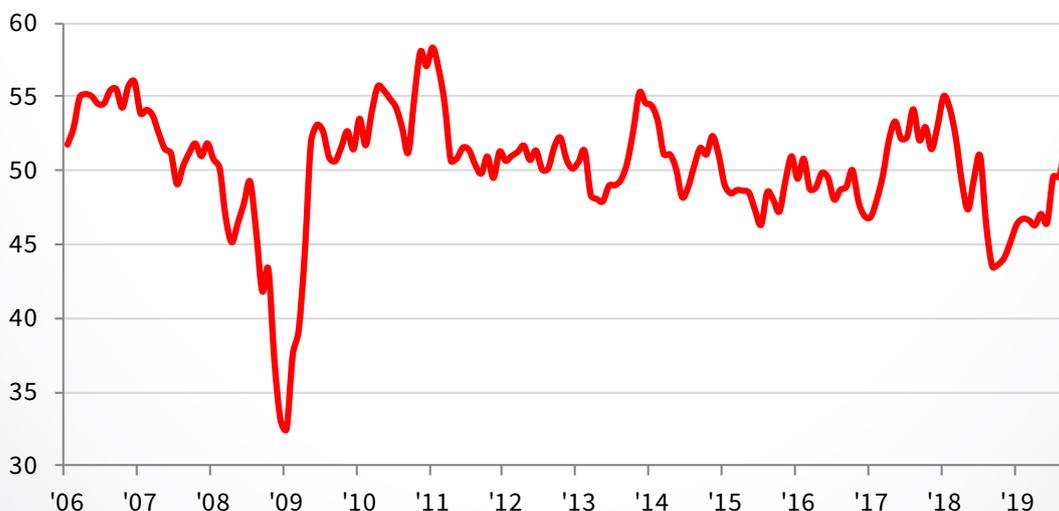
Signs of strengthening customer demand were central to the improvement in business conditions. New orders increased for the second month running, and at a solid pace that was the fastest since February 2018. New export orders also rose, but only marginally.

Production increased for the second time in the past three months as firms in Istanbul responded to greater new orders.

In order to facilitate the expansion of production,

Historical overview

PMI, 50.0 = no change



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manufacturers increased both their employment levels and purchasing activity. The rate of job creation was the fastest since March 2018, while input buying rose for the first time in 15 months.

There was a further slowdown in the rate of input cost inflation in September. The latest increase was the weakest since January 2015 and much slower than the series average.

Softer cost inflation provided some space for manufacturers to lower their output prices. A slight reduction in charges was recorded, thereby ending a six-month sequence of inflation.

Comment

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

“The Istanbul manufacturing sector looks to be on the right track, with growth momentum picking up at the end of the third quarter. Firms were able to build on a slight rise in new orders in August by bringing in a stronger flow of new work in September, helped by softening inflationary pressures. This improvement fed through to all aspects of the industry, from output to employment and purchasing activity.”

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New Orders Index

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

September data pointed to a second successive monthly rise in new orders at Istanbul manufacturing firms. Moreover, the rate of expansion was solid and the sharpest in just over a year-and-a-half. Panellists generally attributed the increase in new work to improved 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.

Strengthening new order growth encouraged manufacturers to take on additional staff again in September. Job creation was recorded throughout the third quarter of 2019, with the latest increase in employment the fastest in a year-and-a-half. More than 14% of panellists raised staffing levels, against 8% that lowered employment.

sa, 50 = no change on previous month



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Istanbul Chamber of Industry Istanbul PMI[®] Manufacturing Index

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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