

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul manufacturers see new orders increase in August

August 2019

Key findings:

- Total new business and new export orders rise
- Second successive increase in employment
- Softest pace of input cost inflation since November 2015

Summary

New orders received by manufacturers in Istanbul rose for the first time in just over a year in August as demand showed signs of picking up. New export orders also increased, with firms responding to greater new business by taking on additional staff for the second month running. Meanwhile, the rate of input cost inflation slowed sharply again, with output prices also increasing at a softer pace.

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 was unchanged at 49.6 in August, again signalling only a fractional moderation of the health of the Istanbul manufacturing sector. The reading was the joint-highest in 13 months.

There was positive news on the order front in August, with both total new business and new export orders rising. Growth of total new work was the first in just over a year, with panellists citing improving customer demand.

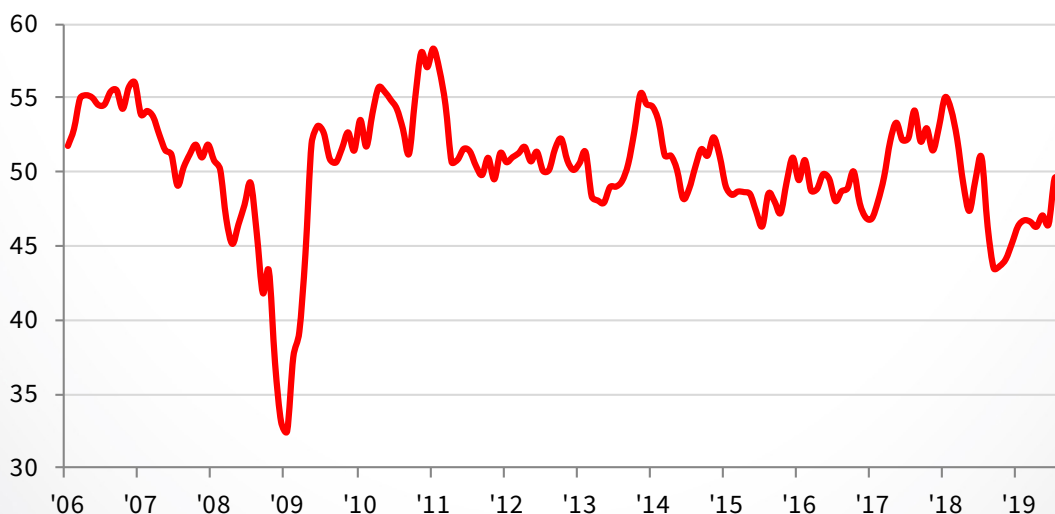
After having returned to growth in July, manufacturing production slowed slightly in August as market conditions remained challenging.

Rising new orders encouraged manufacturers to take on extra staff, the second month running in which employment has increased. Purchasing

continued...

Historical overview

PMI, 50.0 = no change



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) September 2 2019

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

activity, meanwhile, was broadly stable as some firms required new inputs to support production. Some manufacturers opted to use existing inventories, resulting in a further scaling back of stocks of purchases, albeit at a weaker pace.

The rate of input cost inflation continued to slow sharply, with a modest improvement in the lira exchange rate helping to reduce inflationary pressures. The latest rise in input prices was the weakest in 45 months.

In line with slower cost inflation, output prices also increased at a softer pace, the weakest in six months.

Comment

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

“A first expansion of total new orders in just over a year will provide a welcome boost to Istanbul manufacturers, who will hope that the rise in August will be consolidated in coming months. There was also further positive news for the labour market as back-to-back increases in employment have now been recorded.”

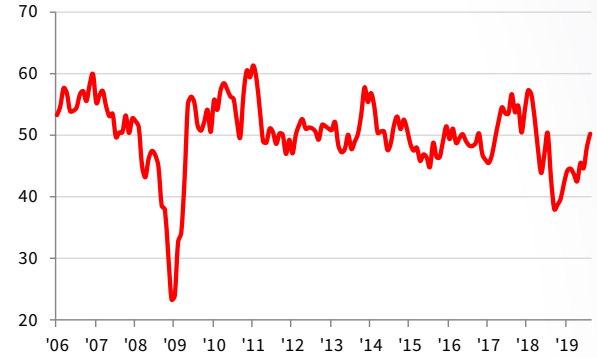
Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

New Orders Index

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

August data pointed to a marginal increase in new orders at Istanbul manufacturers, the first expansion in just over a year. According to respondents, growth of new business largely reflected improving customer demand.

sa, 50 = no change on previous month

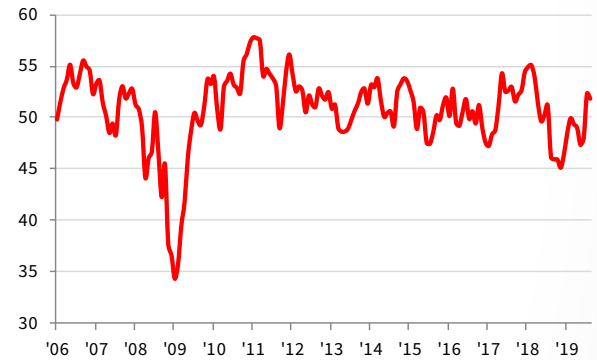


Employment Index

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

Job creation was sustained in the Istanbul manufacturing sector during August as firms responded to improving new orders. More than one-in-ten firms increased their staffing levels. That said, the rate of jobs growth softened slightly from that seen in July.

sa, 50 = no change on previous month



For further information, please contact:

Istanbul Chamber of Industry

Nesrin Akçay, Economic Research and Corporate Finance
Department Mng.
Telephone +90 212 252 29 00 Ext: 180
Email: nakcay@iso.org.tr

IHS Markit

Andrew Harker, Associate Director
Telephone +44 1491 461 016
Email: andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email: joanna.vickers@ihsmarkit.com

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.

The intellectual property rights to the Istanbul Chamber of Industry Istanbul Manufacturing PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Istanbul Chamber of Industry uses the above marks under license. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.