

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul Manufacturing PMI at 46.5 in June

June 2019

Key findings:

- New export orders stabilise
- Rates of inflation soften

Summary

Challenging business conditions were seen in the Istanbul manufacturing sector during June, with output and new orders softening. There were some signs of positivity with regards to external demand as new export orders stabilised. Meanwhile, rates of inflation of both input costs and output prices eased during the month.

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.

At 46.5 in June, down from 47.1 in May, the headline

PMI signalled a moderation of business conditions in the Istanbul manufacturing sector. The latest slowdown was less marked than seen towards the end of 2018.

Total new orders softened in June amid reports from panellists of challenging market conditions. That said, new export business was unchanged, stabilising after a seven-month period of moderation.

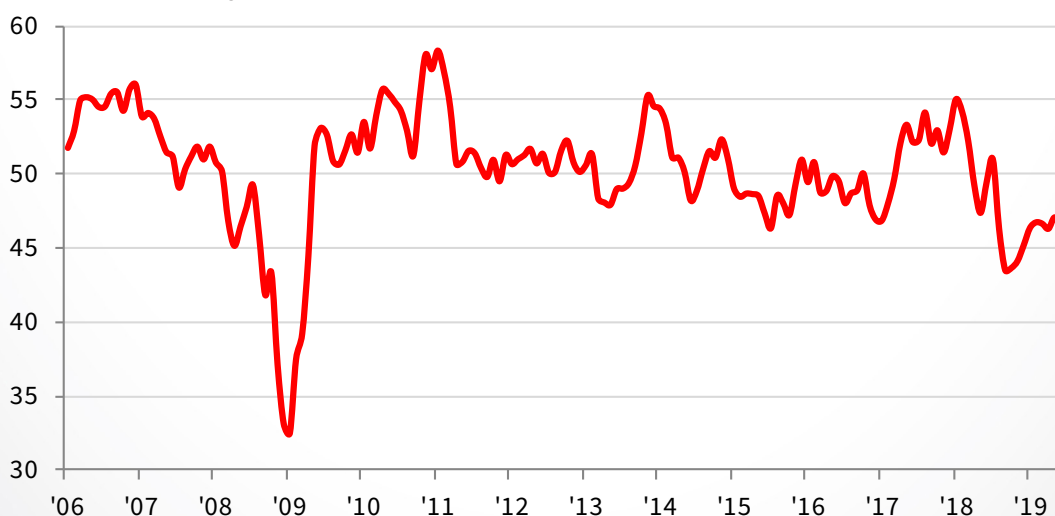
Firms responded by scaling back their output, employment and purchasing activity at the end of the second quarter. That said, both staffing levels and input buying moderated to lesser extents than seen in May.

There were signs of inflationary pressures softening. Although input costs rose on the back of currency

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Historical overview

PMI, 50.0 = no change



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weakness, the rate of inflation eased markedly over the month. The pace at which output prices increased also eased and was the weakest in three months.

With market conditions remaining challenging, Istanbul manufacturers were again cautious regarding inventory holdings. Both stocks of purchases and finished goods were depleted in June.

Comment

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

“June was a challenging month for firms in Istanbul, although there were some bright spots as new export orders stabilised and inflationary pressures softened. Manufacturers will be hoping to see business conditions return to normal over the coming months.”

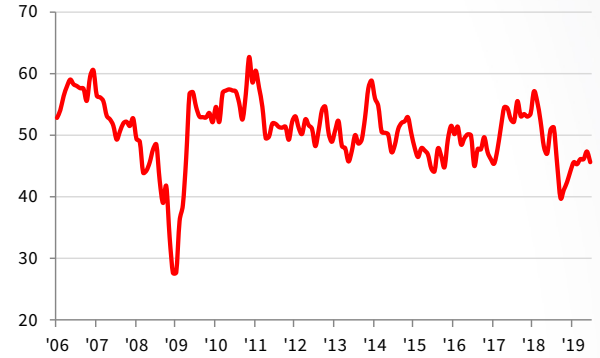
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Output

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

June data pointed to an eleventh successive monthly moderation of output at Istanbul manufacturers. The latest slowdown was weaker than those seen towards the end of 2018. Where production eased, panellists referred to challenging market conditions.

sa, 50 = no change on previous month

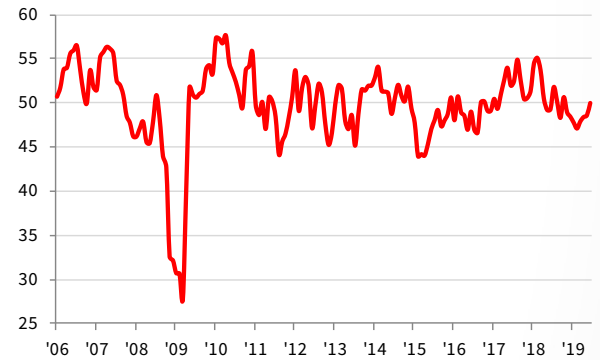


New Export Orders Index

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

The slowdown in total new business was recorded in spite of a stabilisation of new export orders during June. New business from abroad was unchanged, ending a seven-month period of moderation. Some panellists reported signs of improving foreign demand.

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 (Nasdaq: 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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