

## Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

# Manufacturing output in İstanbul returns to growth in July

**July 2019**

**Key findings:**

- Slight rise in production
- Renewed expansion in employment
- Cost inflation at five-month low

### Summary

Manufacturing output in İstanbul rose for the first time in a year during July as new export orders also returned to growth. Total new business continued to moderate, however, as market conditions remained challenging. Higher output requirements encouraged firms to take on additional staff to the greatest extent in 16 months. Meanwhile, rates of both input cost and output price inflation eased.

The headline İstanbul Chamber of Industry İstanbul 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 49.6 in July, signalling a near-stabilisation of business conditions in the İstanbul manufacturing sector. The reading was up from 46.5 in June and the highest since July 2018.

Manufacturing production rose marginally in July, the first expansion for a year. Anecdotal evidence suggested that greater new export orders were central to the return to growth of output.

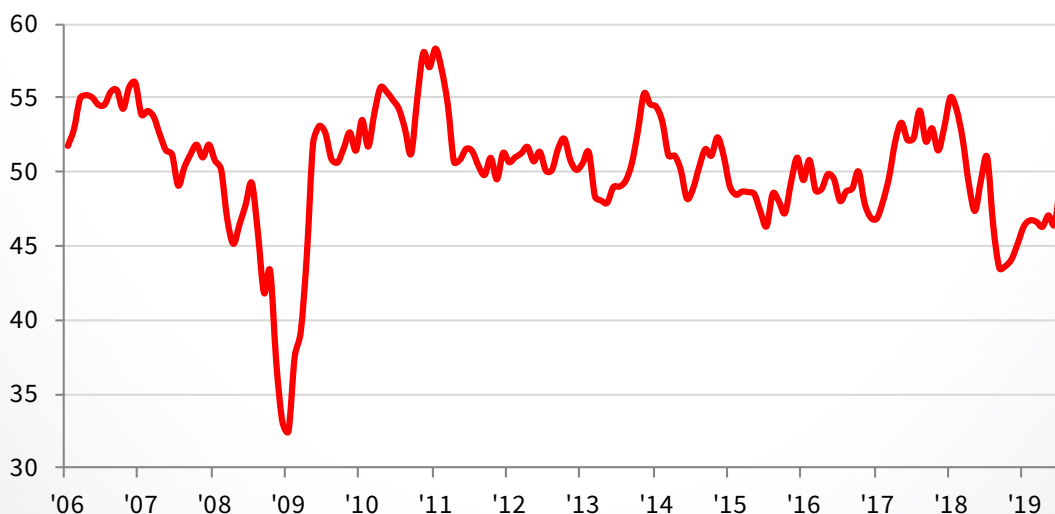
New export orders rose modestly, following a stabilisation in the previous month. Success in export markets contrasted with a further slowdown in total new orders, albeit one that was the least marked for a year.

Manufacturers responded to greater output requirements by increasing workforce numbers

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### Historical overview

PMI, 50.0 = no change



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in July. The rate of job creation was solid, and the sharpest since March 2018.

Firms signalled a softening of inflationary pressures in July. Although input costs continued to rise, the latest increase was the weakest since February and below the series average. Output prices, meanwhile, rose modestly as the rate of inflation eased for the second month running.

Further slowdowns in purchasing activity, stocks of inputs and stocks of finished goods were recorded, but in all cases to lesser extents than in June.

### Comment

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

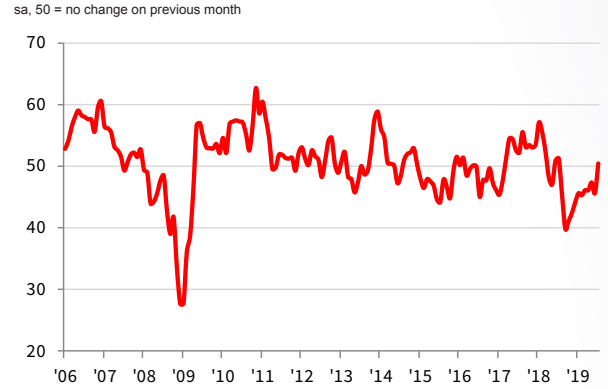
*“Returns to growth of output, new export orders and employment all provide positive signals as to the current trajectory of the Istanbul manufacturing sector. Although conditions are undoubtedly still challenging, if the sector can build on these improvements we could see growth solidify over the second half of 2019.”*

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### Output

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

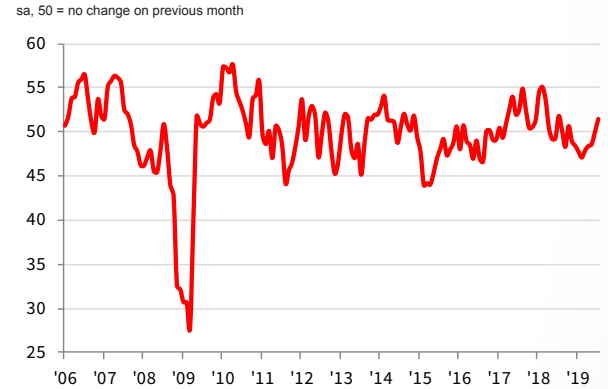
Istanbul manufacturing output increased in July, after having slowed in each of the previous 11 months. The seasonally adjusted Output Index was much higher than in June. That said, the rate of expansion signalled was marginal. Where production increased, panellists generally linked this to rising new export orders.



### New Export Orders Index

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

After having stabilised in the previous month, new export orders returned to growth in July. New business from abroad increased modestly, and to the greatest extent for a year. Around one-in-five respondents saw an expansion of new export orders, against 17% that posted a contraction.



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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](mailto: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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