

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

New orders return to growth in September

September 2019
Key findings:

- First expansion of new orders for a year-and-a-half
- Employment increases
- Slowest rise in input costs for three years

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a return to growth of new orders in September, supporting a stabilisation of production and slight rise in staffing levels. Firms were helped by softening cost inflation, enabling them to reduce their own selling prices.

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 in line with the 50.0 no-change mark in September, up from 48.0 in August. The stabilisation of the health of the sector ended a 17-month sequence of softening business

conditions.

New orders returned to growth in September, the first expansion in new business for a year-and-a-half. Panellists reported signs of improvement in market conditions. That said, the pace of increase was only fractional. Meanwhile, new export orders continued to ease.

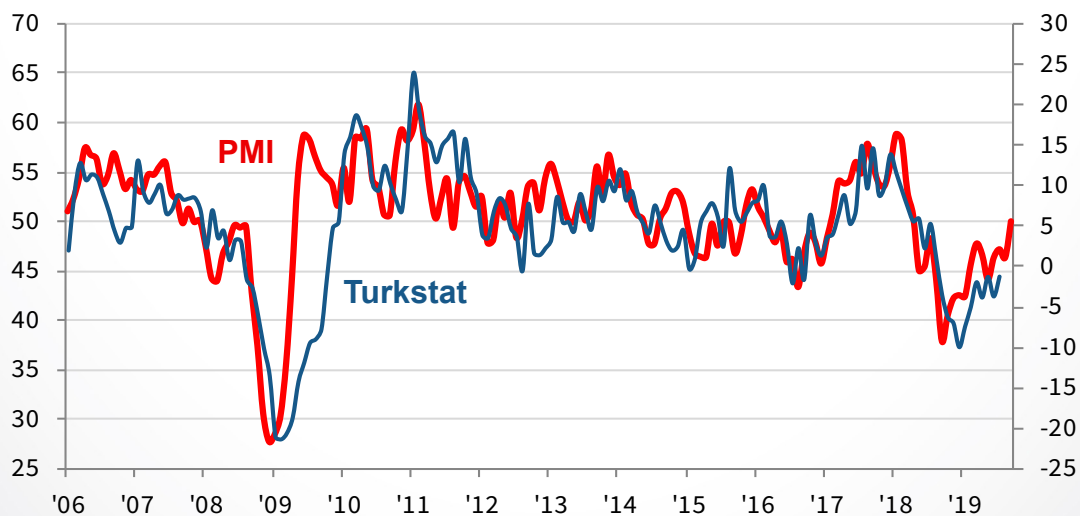
The increase in total new orders encouraged some firms to raise production at the end of the third quarter. On the other hand, respondents indicated that the economic environment remained challenging. Overall, output was unchanged in September.

Employment rose for the first time in 14 months as new orders returned to growth. As was the case with new business, however, the rate of job creation was fractional.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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The rate of input cost inflation softened again in September, easing for the fourth month running to the weakest in three years. Although lira weakness continued to result in higher input costs, a recent period of relative stability in the currency reportedly helped lead to slower price inflation.

Reduced pressure on costs meant that manufacturers were able to lower their output prices in September, the first decrease in eight months.

Despite the return to growth of new orders, manufacturers remained reluctant to build inventories as market conditions remained difficult. As a result, purchasing activity, stocks of purchases and finished goods inventories were all scaled back during the month.

Comment

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

“The key positive from the latest Turkey PMI survey was a return to growth of new orders, in turn helping support job creation and a stabilisation of output. Should the current trajectory continue, the signs are that the final quarter of 2019 could see growth solidify and provide some welcome good news for firms after a challenging period.”

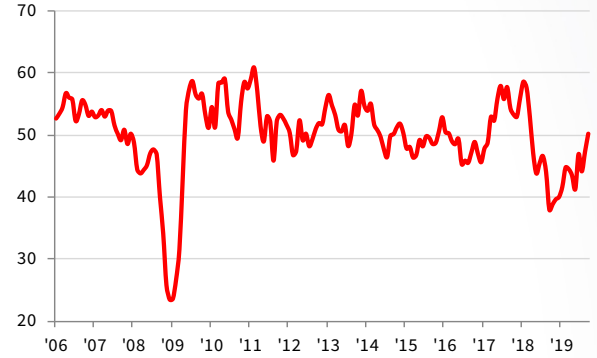
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New Orders Index

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

Turkish manufacturers reported a rise in new orders for the first time in a year-and-a-half during September. That said, the rate of growth was marginal. Where new orders increased, panellists generally attributed this to signs of improvement in market conditions and strengthening customer demand.

sa, 50 = no change on previous month

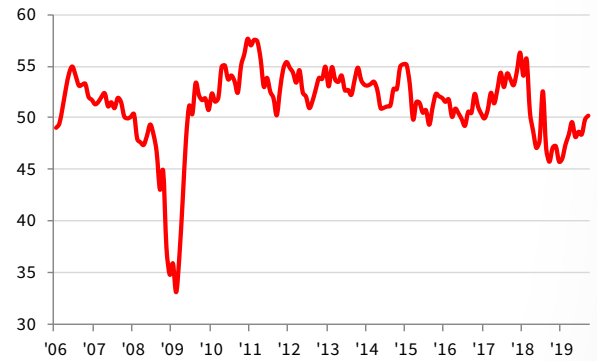


Employment Index

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

Employment ticked up during September, thereby ending a 13-month sequence of moderation. Where staffing levels rose, panellists linked this to a return to growth of new orders and subsequent increase in production requirements.

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. To learn more go to www.markit.com/product/pmi.

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.

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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