

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI rises to 45.2 in December

December 2018 Key findings:

- Rates of moderation in output and new orders soften further
- First reduction in output prices since September 2016
- Staffing levels ease again at end of 2018

Summary

Although business conditions in the Istanbul manufacturing sector continued to moderate in December, there were further signs that the difficulties caused by challenging market conditions were becoming less pronounced. Both output and new orders slowed to lesser extents than in November.

On the price front, the rate of input cost inflation continued to soften. This, combined with discounts offered to encourage sales, led to a first reduction in output prices since September 2016.

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.

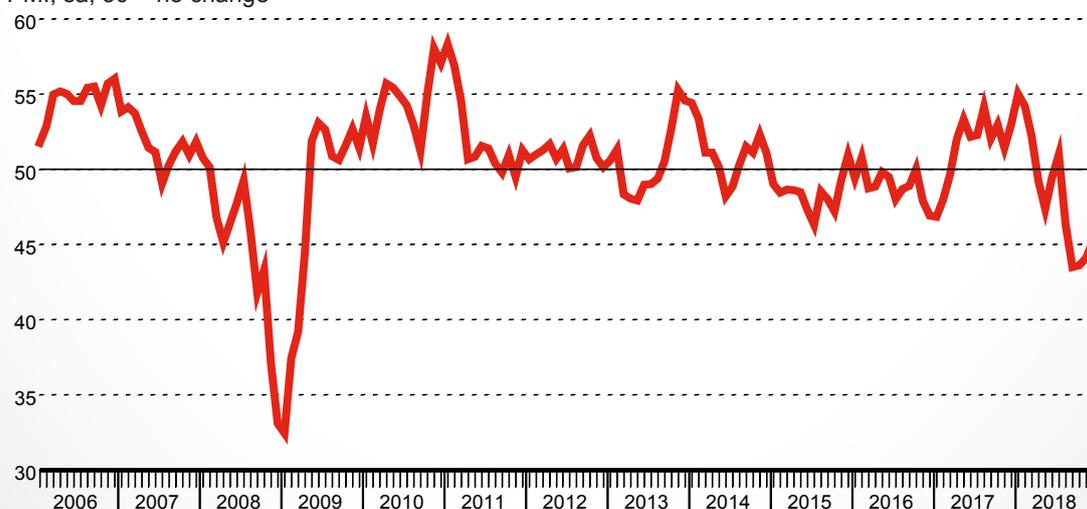
At 45.2 in December, the PMI was up from 44.1 in November and pointed to the weakest moderation in sector business conditions for four months.

The rise in the headline index was supported by weaker slowdowns in output, new orders and employment. Production was scaled back to the least extent since August at the end of 2018.

While the pace at which total new orders slowed continued to soften, it remained much stronger than that seen for new export orders which eased only modestly again in December.

Historical overview

PMI, sa, 50 = no change



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

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Slower demand led firms to scale back employment and purchasing activity, although the pace at which staffing levels moderated was the weakest in the current five-month sequence.

A further softening of the rate of input cost inflation was seen at the end of 2018, with the latest rise in input prices the weakest for three years.

Slower cost inflation and efforts to attract customers by offering discounts resulted in the first fall in output prices since September 2016, and the most marked in almost a decade.

Comment

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

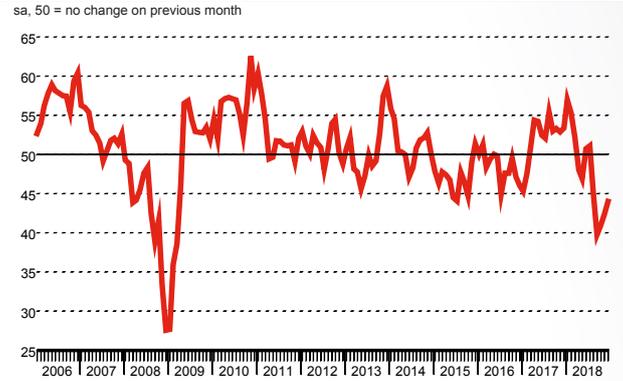
“While business conditions remain challenging for manufacturers in Istanbul, there appears to be some light at the end of the tunnel as rates of moderation in output, new orders and employment all softened at the end of 2018. Firms will therefore be hopeful that the health of sector can improve during 2019.”

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Output

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

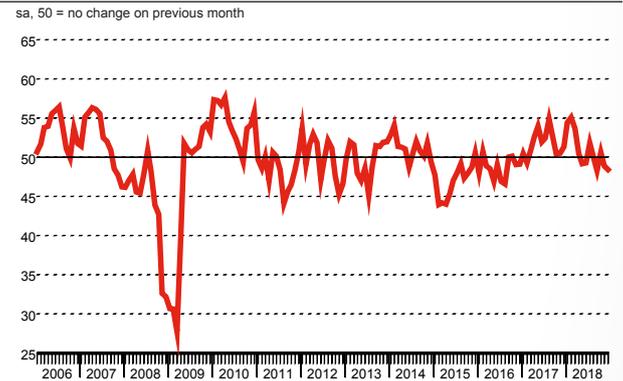
Manufacturing production in Istanbul moderated for the fifth successive month in December. That said, the latest slowdown in output was the weakest since August. While a number of firms reported that market conditions remained challenging, there were signs of improvement among some panellists.



New Export Orders Index

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

December data pointed to a second successive monthly moderation of new export orders. That said, the pace at which new business from abroad eased remained modest and was much weaker than that seen for total new orders. Some panellists reported a lack of demand in international markets.



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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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