

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI at six-month high of 46.4 in February

February 2019 Key findings:

- Weaker moderation in output
- New export orders return to growth
- Employment scaled back to least extent in seven months

Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit indicated that business conditions moderated to the least extent in six months during February. Less pronounced slowdowns in output and new orders were recorded, while new export business expanded. The pace at which employment was scaled back also softened over the month.

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 rose to a six-month high of 46.4 in February from 44.2 in January. Business conditions

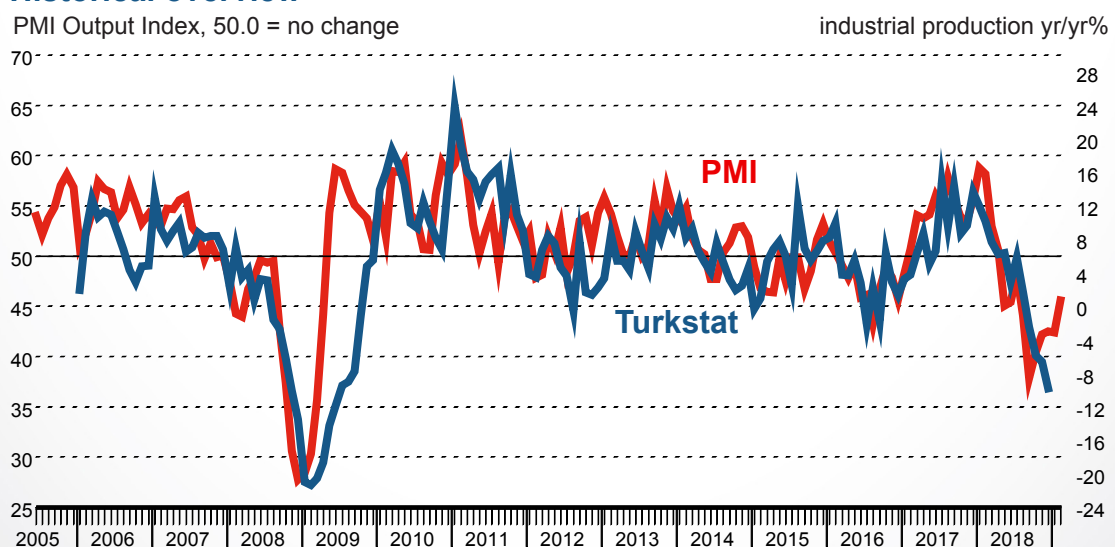
have now moderated in 11 consecutive months, however.

In line with the headline figure, manufacturing production was scaled back to a lesser extent than at the start of the year, while the rate of slowdown in new orders softened for the fifth month running. Total new business inflows were helped by a return to growth of new export orders.

Shortages of new orders led firms to scale back employment again in February. That said, the latest slowdown was the weakest in the current seven-month sequence of moderation.

Currency weakness led to another monthly increase in input costs. The rate of inflation ticked up from the start of the year, but remained much weaker than seen during much of 2018. With cost burdens rising, firms increased their output prices accordingly. That

Historical overview



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TURKEY

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said, relatively weak demand conditions meant that selling price rises were only marginal.

Manufacturers scaled back their purchasing activity again in February, while stocks of both purchases and finished goods also moderated.

Comment

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

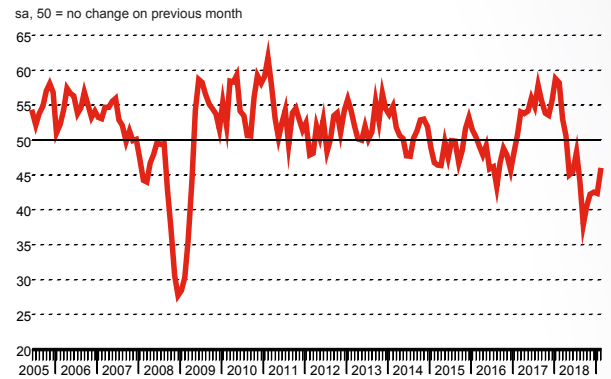
“Ongoing challenges in the Turkish economy led to a further moderation in the manufacturing sector during February. There were some signs of improvement, however, principally a return to growth of new export orders. With the moderation in total new business continuing to soften, the sector appears to be moving closer to recovery.”

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Output Index

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

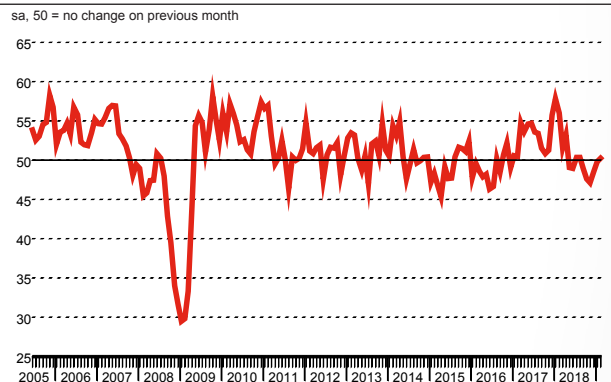
The moderation of Turkish manufacturing output eased in February, with the latest softening of production the weakest in seven months. Output continued to be scaled back due to difficult market conditions and an associated shortage of new work. Close to 29% of panellists noted a slowdown in production, but 17% posted an improvement.



New Export Orders Index

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

Turkish manufacturing firms recorded a rise in new export orders during February, thereby ending a five-month period of easing new business from abroad. That said, the rate of growth was only marginal. Where new export orders increased, panellists mentioned signs of strengthening 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.

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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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