

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

April PMI reading of 46.8

April 2019 Key findings:

- Output and new orders ease further
- Employment broadly stable
- Currency weakness leads to stronger price pressures

Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit indicated that market conditions remained challenging for Turkish manufacturers in April. New orders continued to moderate, leading to slower output and purchasing activity. On a more positive note, employment was broadly stable.

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 46.8 in April, down from 47.2 in March and signalling a further moderation in business conditions in the Turkish manufacturing

sector. The slowdown was the thirteenth in as many months, albeit less marked than the average over this period.

Production was scaled back in response to a lack of new orders. Both total new business and new export orders eased in April as demand conditions remained challenging, but the slowdown in new business from abroad was much less pronounced by comparison.

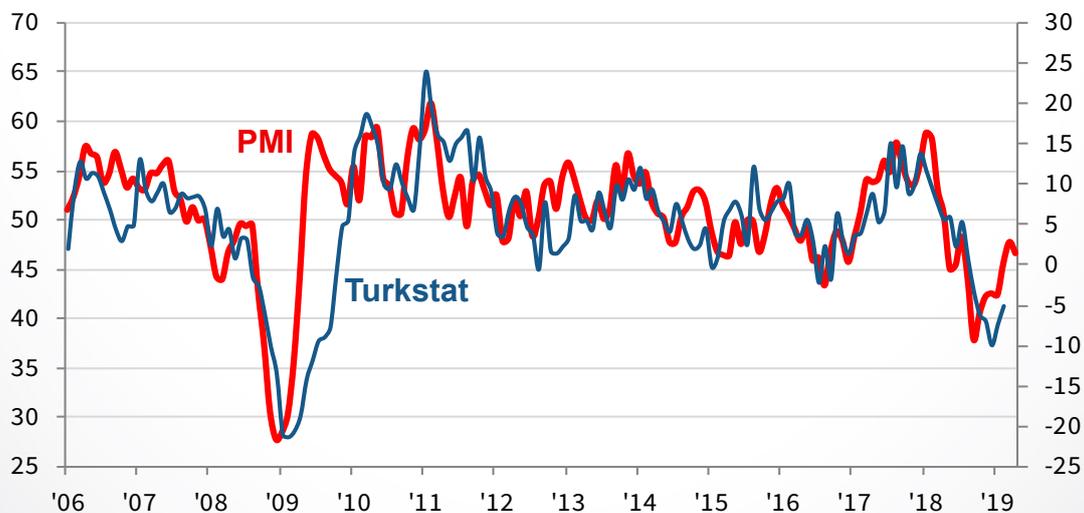
While current output requirements softened, manufacturers left their staffing levels broadly unchanged amid reports by some firms of positive expectations and work on new product development.

Weakness of the Turkish lira was again a feature of the latest survey, particularly in relation to the US dollar. Firms linked this to an increase in input costs that was the sharpest since October last year. In

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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turn, the rate of output price inflation also quickened to a six-month high.

Destocking was signalled again in April as manufacturers responded to new order shortages. In fact, both pre- and post-production inventories were scaled back to greater extents than seen in the previous month.

Despite a lack of demand for inputs, suppliers' delivery times continued to lengthen amid reports of payment difficulties.

Comment

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

“Demand shortages were again evident in the Turkish manufacturing sector in April, while currency weakness led to inflationary pressures building again. More positive was the labour market situation, with employment broadly stable amid signs that firms are looking to the future and working on new products in anticipation of an improvement in business conditions later in the year.”

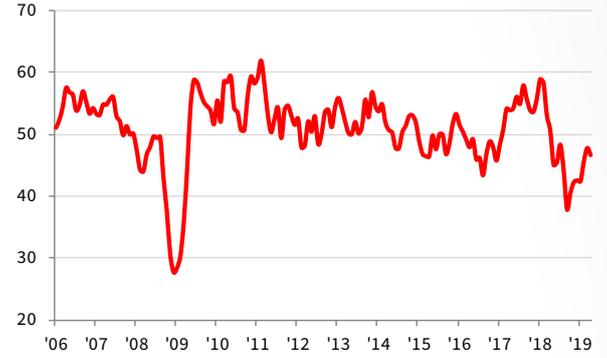
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Output Index

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

Manufacturing production in Turkey continued to ease at the start of the second quarter of 2019, extending the current sequence to one year. Panellists linked the latest slowdown in output to challenging economic conditions in Turkey and associated shortages of new orders.

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.

Staffing levels were broadly stable in April as the seasonally adjusted Employment Index rose to a nine-month high, posting only just below the 50.0 no-change mark. While some respondents lowered employment in response to softer output requirements, others took on additional staff in anticipation of higher production in coming months and to work on new product development.

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.

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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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