

## Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

# PMI at five-month high of 46.3

### January 2019 Key findings:

- Softer moderations of output, new orders and employment
- Cost inflation continues to soften
- Charges reduced for second month running

### Summary

The Istanbul manufacturing sector moved closer to growth territory at the start of 2019 as output, new orders and employment all moderated to lesser degrees than was the case in December. Economic conditions remained challenging, however. The rate of input cost inflation also continued to ease in January, enabling firms to lower their output prices for the second month running in a bid to boost sales.

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.

The headline PMI rose for the fourth successive month to 46.3 in January following a reading of 45.2 in December. The latest figure indicated that operating conditions in the sector continued to moderate, albeit to the least extent since August 2018.

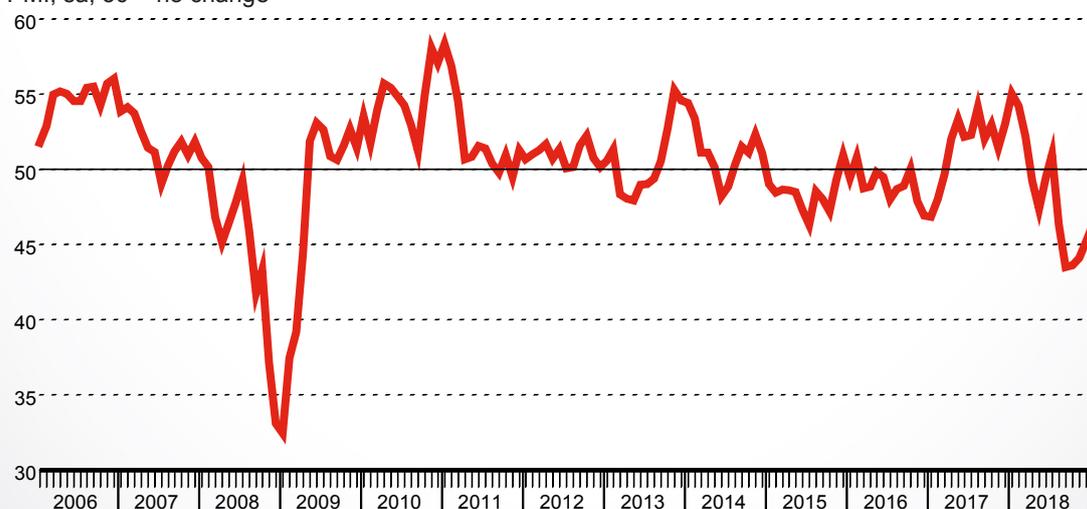
Manufacturers in Istanbul continued to scale back production in response to challenging market conditions. Output has slowed in six successive months, but the latest moderation was the softest in this sequence. A similar pattern was seen with regard to new orders, with the pace at which new business eased softening for the fourth month running.

Manufacturers used price discounting to help

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### Historical overview

PMI, sa, 50 = no change



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support new orders again in January. Output prices were reduced for the second month running, albeit fractionally.

Meanwhile, the rate of input cost inflation moderated and was the weakest since November 2015. The latest rise was also slower than the series average, but a number of panellists reported ongoing inflationary pressures as a result of Turkish lira weakness.

Istanbul manufacturers scaled back employment for the sixth successive month in line with easing output requirements. That said, the latest slowdown was the weakest in the current sequence.

### Comment

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

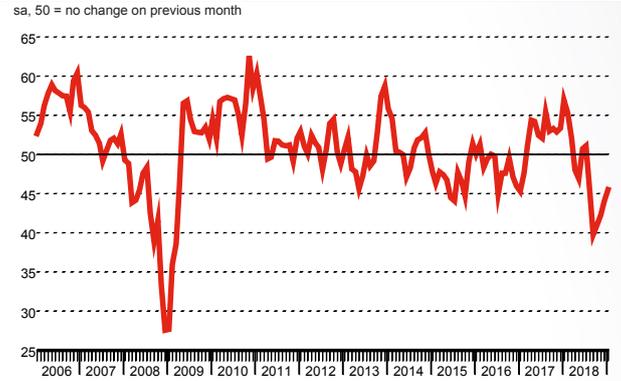
*“PMI data at the start of 2019 added to hopes that the Istanbul manufacturing sector is making its way back to growth. Although firms are still struggling in the face of a challenging economic environment, key indicators such as output, new orders and employment all moved closer to stabilisation in January. Cost inflation also eased, providing further respite to firms on the price front.”*

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### Output

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

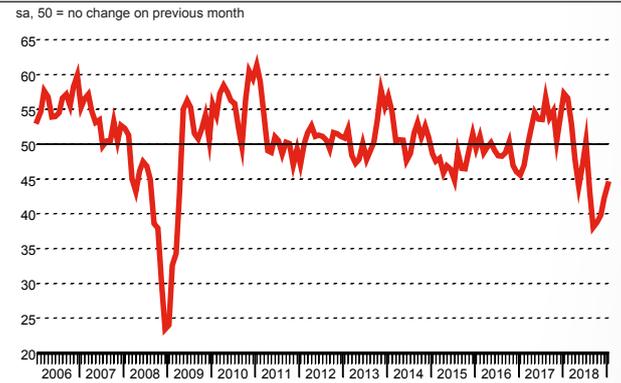
Although challenging business conditions led to another moderation of output among Istanbul manufacturers in January, the latest slowdown was the weakest in the current six-month sequence amid a softer easing of new orders.



### New Orders Index

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

The pace at which new orders moderated softened for the fourth consecutive month in January amid some signs of improving demand. That said, economic conditions generally remained unsupportive, with new orders having slowed in each month since August last year.



### For further information, please contact:

#### Istanbul Chamber of Industry

Nesrin Akçay, Economic Research Department Mng.  
Telephone +90 212 252 29 00 Ext: 180  
Email: nakcay@iso.org.tr

#### IHS Markit

Andrew Harker, Associate Director  
Telephone +44 1491 461 016  
Email: andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications  
Telephone +44 207 260 2234  
Email: joanna.vickers@ihsmarkit.com

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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](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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