

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI rises to 51.3 in June

June 2021 Key findings:

- Output and new orders return to growth
- Continued supply disruption reported
- Sharpest increase in selling prices since September 2018

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled that the Turkish manufacturing sector returned to growth during June following the loosening of COVID-19 restrictions. Renewed increases in output and new orders were recorded, while the rate of job creation quickened. Rates of inflation of both input costs and output prices accelerated, with charges increasing at the fastest pace since September 2018.

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 moved back above the 50.0

no-change mark in June, posting 51.3 following a reading of 49.3 in May.

The loosening of restrictions imposed to prevent the spread of the COVID-19 pandemic was central to the return to growth at the end of the second quarter, with both output and new orders increasing during June. New business from abroad also expanded, and at the fastest pace since January.

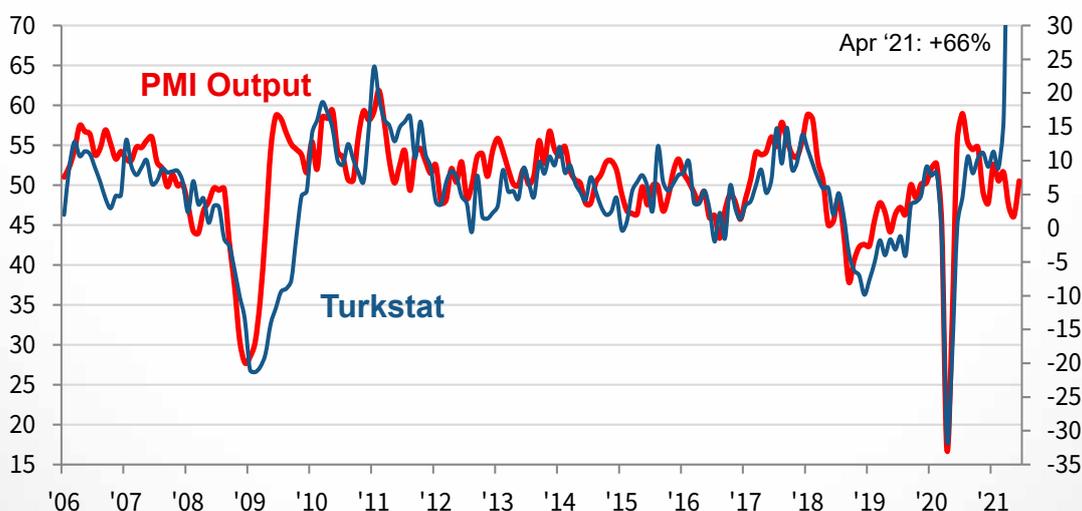
There were some reports from firms that difficulties securing raw materials had prevented a sharper increase in production. Suppliers' delivery times lengthened markedly again in June, albeit to the least extent since last September.

Challenges sourcing materials also meant that stocks of purchases continued to fall, despite a return to growth of input buying. Stocks of finished goods also decreased as manufacturers used

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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inventories to help fulfil new orders amid difficulties finding materials.

Higher output requirements encouraged firms to expand workforce numbers again at the end of the second quarter. Employment increased for the thirteenth successive month, and at a modest pace that was faster than that seen in May.

The rate of input cost inflation quickened to a six-month high in June. Panellists often linked higher input prices to currency weakness, while there were also reports of higher costs for raw materials such as metals. Firms responded to higher cost burdens by raising their own selling prices. Charges increased sharply, and at the fastest pace since September 2018.

Comment

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

“With COVID-19 cases having fallen sharply and restrictions easing, Turkish manufacturers were able to record a return to growth in June, and will be hoping that the upward trends continue in the months to come.”

“There were some suggestions that growth could have been even stronger were it not for the ongoing difficulties in sourcing raw materials, with firms struggling to build input inventories and having to dip into stocks of finished goods to help fulfil new orders.”

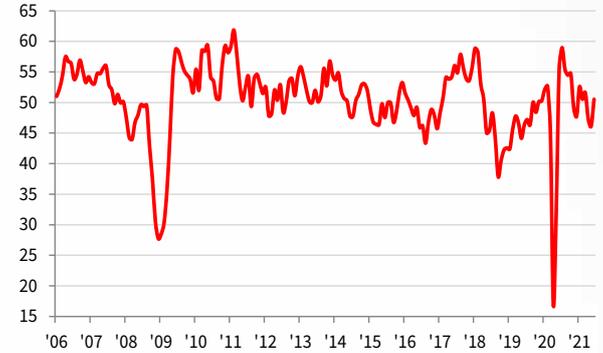
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Output Index

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

Turkish manufacturing output returned to growth in June, following two months in which production was affected by the latest wave of COVID-19 cases. The lifting of restrictions and renewed increase in new orders were behind the rise in output. That said, there were some reports that difficulties securing raw materials had limited the pace of growth.

sa, 50 = no change on previous month

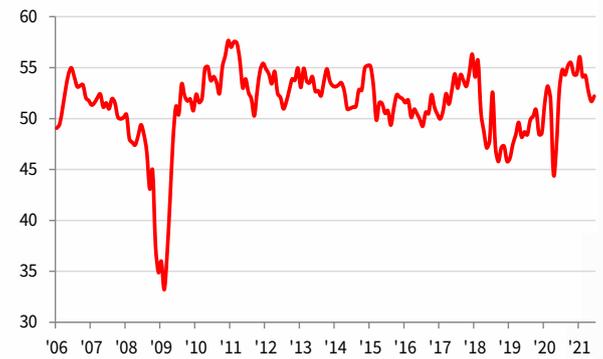


Employment Index

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

The rate of job creation ticked higher in June, with employment in the Turkish manufacturing sector now having risen in each of the past 13 months. Just over 11% of respondents took on extra staff during the month, and largely attributed this to higher output 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.

ihsmarkit.com/products/pmi.html

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.

June data were collected 11-23 June 2021.

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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