

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Output growth accelerates to 22-month high

January 2020 Key findings:

- Sharper increase in production
- New orders return to growth
- Employment increases for first time in three months

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a positive start to the year for Turkish manufacturers as new orders returned to growth and the rate of expansion in output quickened. Renewed hiring was also signalled.

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 above the 50.0 no-change mark for the first time in 22 months during January, rising to 51.3 from 49.5 in December. The reading signalled a modest improvement in business

conditions in the sector.

Improving customer demand led new orders to return to expansion in January. The rate of growth was modest, but the most marked since March 2018. New export orders also increased, ending a five-month sequence of moderation.

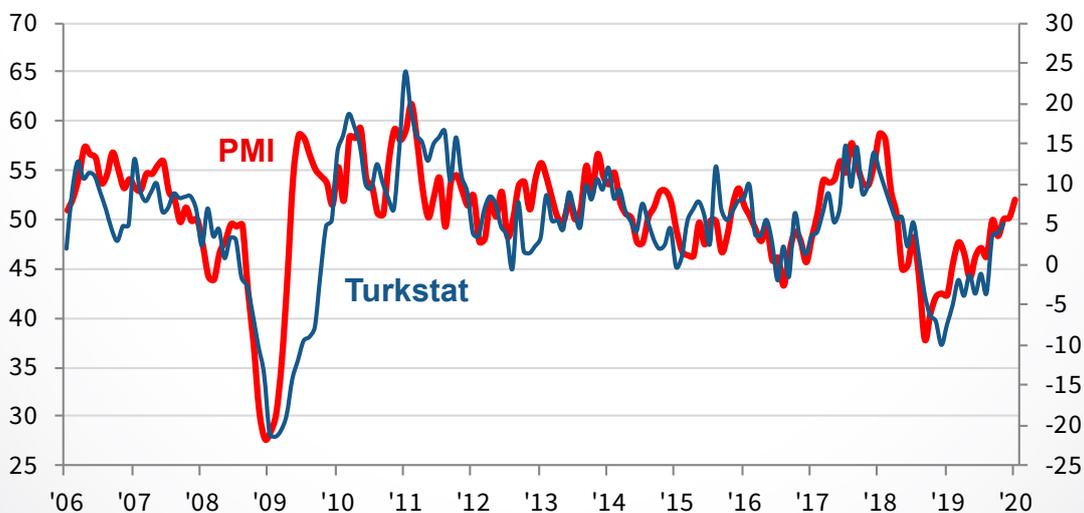
Renewed rises in new orders led manufacturers to expand production for the third month running. As was the case with new business, the increase in output was the fastest in just under two years.

The sharper rise in production meant that firms were able to continue reducing their backlogs of work in spite of the increase in new orders. Some firms used inventories to help meet new business, resulting in the sharpest decrease in stocks of finished goods since July last year.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Meanwhile, employment rose for the first time in three months. Panellists linked hiring to the need for additional resources to work on new projects as well as business expansion plans.

Purchasing activity increased at a solid pace, and one that was the fastest since February 2018. Despite this, stocks of purchases continued to be scaled back as inputs were used in the production process.

Input prices rose at the fastest pace in six months at the start of the year, with respondents mainly linking the increase to ongoing currency weakness. That said, the rate of inflation was still below the series average. A similar picture was evident with regards to output prices, which rose at a modest pace, albeit one that was the fastest since June last year.

Comment

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

“PMI data for January signalled that the Turkish manufacturing sector made a positive start to 2020. Renewed growth of new orders encouraged firms to accelerate the pace of output expansion, resulting in the need for additional staff.”

“The relationship between the PMI data and official figures suggests that industrial production growth is running at above 5% year-on-year at the start of the year.”

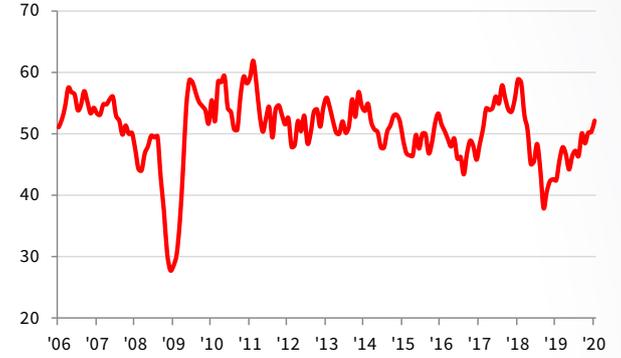
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Output Index

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

Turkish manufacturing output increased for the third month running in January. Furthermore, the rate of expansion quickened to the fastest since March 2018. According to respondents, the rise in production reflected a return to growth of new orders.

sa, 50 = no change on previous month

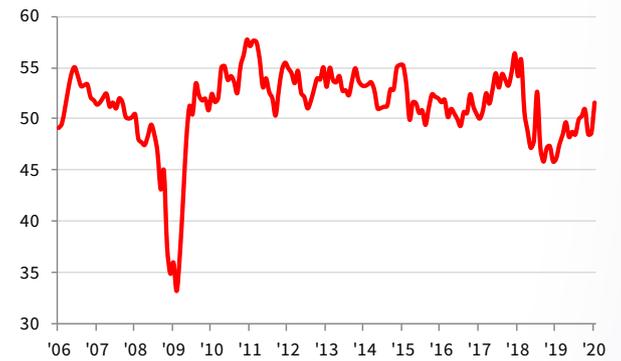


Employment Index

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

Turkish manufacturers raised their staffing levels for the first time in three months during January, and to the greatest extent for a year-and-a-half. The hiring of additional staff to work on new projects was cited by some respondents, while others mentioned company expansion plans.

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. 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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