

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkish manufacturing sector returns to growth

June 2020 Key findings:

- Marked increase in manufacturing production
- New orders and employment also rise
- Output price inflation quickens

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a renewed expansion of the Turkish manufacturing sector at the end of the second quarter of the year amid an easing of restrictions related to the coronavirus disease 2019 (COVID-19). Output, new orders and employment were all higher in June. Meanwhile, further marked increases in both input costs and output prices were registered.

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 back above the 50.0 no-

change mark for the first time since February during June, posting 53.9 up from 40.9 in May.

A return to near-normality amid the lifting of COVID-19 restrictions enabled manufacturers to expand their production volumes at a marked pace during June, thereby ending a three-month period of moderation.

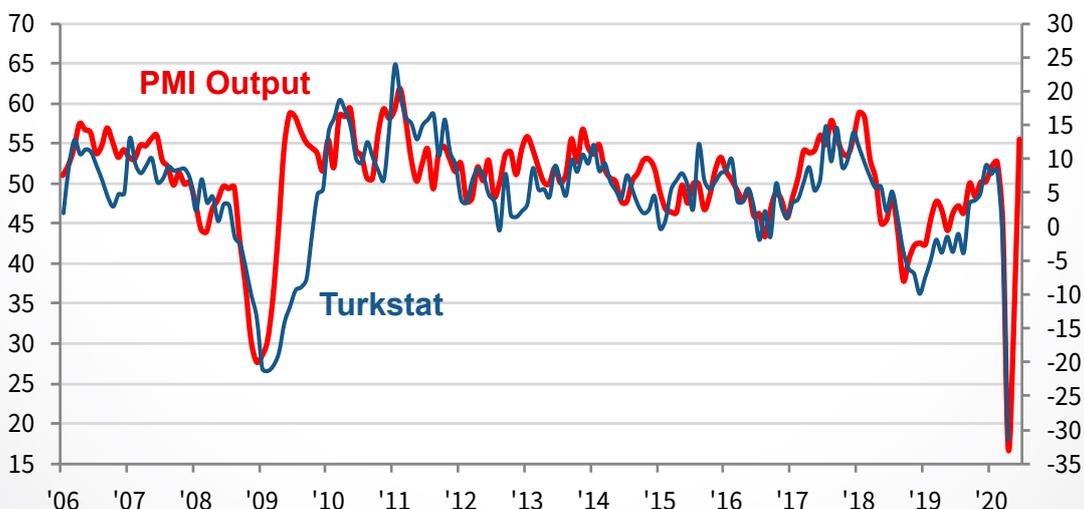
New orders also returned to growth as customers reopened. The rise in new business from abroad was softer than that seen for total new orders, however, as some foreign clients remained closed.

Higher output requirements led to expansions in both employment and purchasing activity over the month. Stocks of purchases fell, meanwhile, as inventories were used to help support increases in production.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Ongoing supply-chain disruption was evident, with delivery times lengthening to one of the greatest extents in the survey's history. Transportation issues were widely mentioned by respondents.

Currency weakness contributed to a further sharp monthly rise in input costs at Turkish manufacturers. The rate of inflation was softer than that seen in May, but remained above the series average.

Higher input costs were often passed on to customers in the form of increased selling prices. Output charges were up sharply, and at the fastest pace in three months.

Comment

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

“The recovery in the Turkish manufacturing sector gathered momentum in June, with a number of the variables from the survey back in expansion mode. The severity of the COVID-19 downturn was such, however, that much more will be needed in coming months to recover the output lost during the worst of the pandemic. We would hope therefore to see growth strengthen further in the months ahead.”

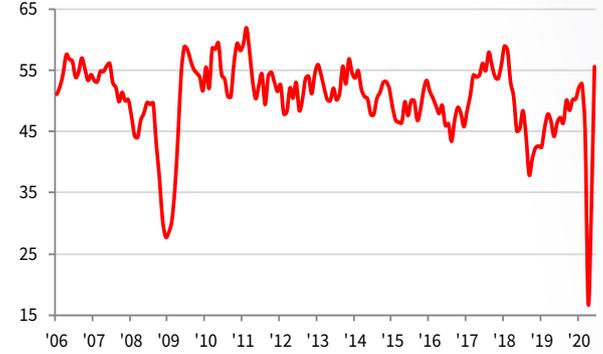
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Output Index

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

The Turkish manufacturing sector saw a renewed expansion of output during June, ending a three-month slowdown caused by the COVID-19 pandemic. Respondents indicated that an easing of restrictions and return closer to normality had enabled them to expand production, with higher new orders also reported.

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.

Expanded production requirements led Turkish manufacturers to take on additional staff during June, thereby ending a two-month sequence in which employment had been scaled back. Around 13% of respondents increased their workforce numbers, against 5% that posted a decrease.

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 12-23 June 2020.

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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