

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI posts 46.7 in February

February 2019 Key findings:

- Softest moderation of new orders in seven months
- Employment stabilises
- Output prices continue to decrease

Summary

The moderation of business conditions in the Istanbul manufacturing sector continued to soften in February, reflecting a weaker slowdown in new orders and stabilisation in employment. Firms again used price discounting to attempt to boost new business amid relatively mild cost inflation.

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.

At 46.7 in February, the headline PMI signalled a further moderation of business conditions in the

Istanbul manufacturing sector. That said, the reading was up from 46.3 in January and pointed to a softer easing for the fifth month running.

Challenging market conditions in Turkey led to another slowdown in new orders in Istanbul during February, the seventh in as many months. That said, the pace of moderation continued to soften, and was the weakest in the current slowdown. New export orders also eased, but to a lesser extent than total new business.

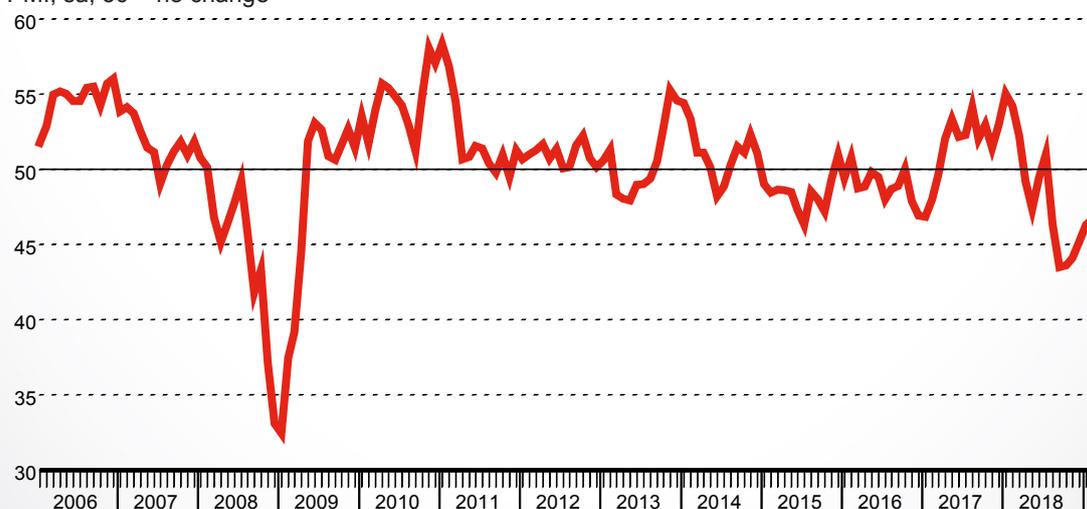
Firms scaled back production again midway through the first quarter of the year, and to a slightly greater extent than was seen in January.

Employment stabilised in February, following a moderation of staffing levels in the previous six

continued...

Historical overview

PMI, sa, 50 = no change



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months. While some firms scaled back workforce numbers in line with production requirements, others reported hiring due to new investment.

Manufacturers again used price discounting to try to stimulate sales, with charges reduced for the third month running. Firms were able to offer discounts due to the rate of input cost inflation remaining much weaker than seen during much of 2018.

Purchasing activity moderated for the eighth successive month, with panellists linking the slowdown to a lack of new orders. The rate at which input buying eased was unchanged from the previous month.

Comment

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

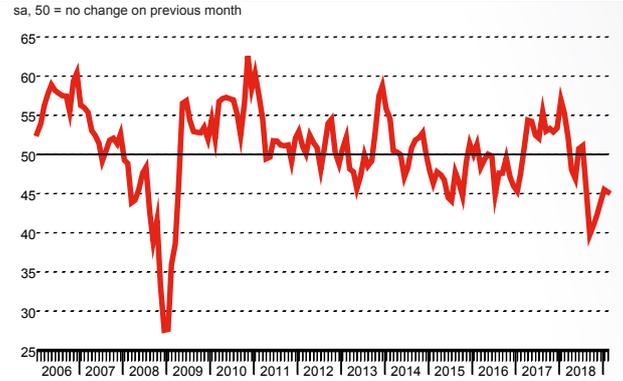
“The moderation in the Istanbul manufacturing sector continued to soften in February. In fact, employment stabilised amid reports of new investment, suggesting firms are becoming more confident of a return to new order growth later in the year. Supporting this, the slowdown in new business has now eased in five successive months.”

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Output

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

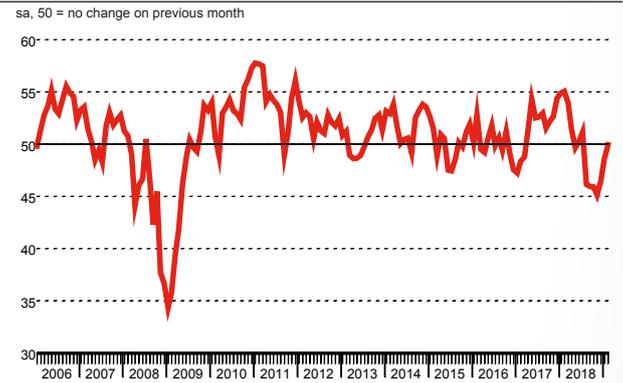
Challenging market conditions led to another slowdown in output at Istanbul manufacturing firms. The latest moderation was the seventh in as many months and slightly more marked than that seen in January. More than 29% of panellists scaled back production, while 17% posted an expansion.



Employment Index

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

Employment broadly stabilised in February, following six successive months in which staffing levels had been scaled back. Some panellists saw employment ease in line with production requirements, but there were other reports that new investment had led to hiring.



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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.

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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