

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI rises to 47.9 in June

June 2019 Key findings:

- PMI at 11-month high of 47.9
- New export orders rise for first time in four months
- Much softer moderation of total new business

Summary

According to the latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit, business conditions in the Turkish manufacturing sector moderated to the least extent in almost a year during June. New export orders returned to growth, helping lead to a much weaker slowdown in total new business.

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 heading PMI was at 47.9 in June, up from 45.3 in May and pointing to the softest moderation in the health of the sector since July 2018.

Central to the pick-up in the headline figure was a much softer moderation of new orders, which slowed to the weakest extent in 14 months. In turn, total new business was boosted by a first rise in new export orders since February amid reports of improving customer demand in international markets.

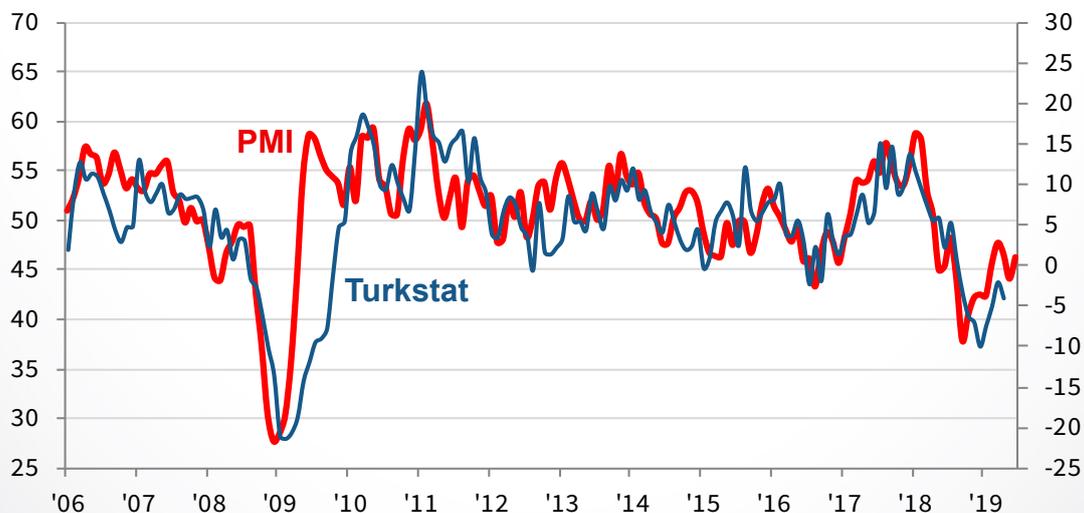
Output and employment were also scaled back to lesser extents at the end of the second quarter, but production continued to moderate at a solid pace amid continued reports from panellists of challenging market conditions.

With the slowdown in new orders moderating, manufacturers responded by reducing the pace at which they scaled back purchasing activity. The latest slowdown was much weaker than in May and the softest since April 2018. As a result, stocks of purchases were reduced to a lesser extent than in

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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the previous month.

Inflation of both input costs and output prices softened slightly in June. That said, panellists indicated that currency weakness continued to lead to sharp rises in cost burdens, which were often passed on to customers through higher output prices.

Comment

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

“The end of the second quarter of the year provided some signs of encouragement for Turkish manufacturers, not least due to a return to growth of new export orders. This contributed to a much softer moderation of total new business. Moreover, the current level of the PMI is consistent with a stabilisation in official industrial production data halfway through 2019.”

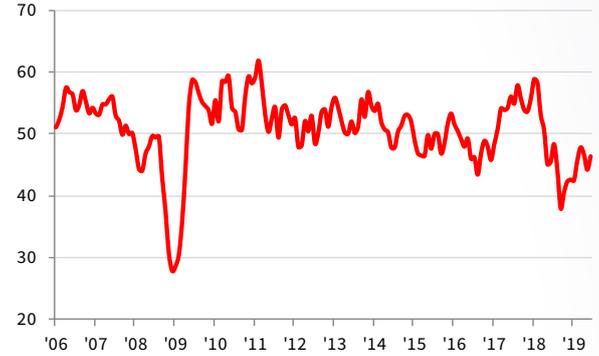
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Output Index

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

Output in the Turkish manufacturing sector moderated in June. That said, the latest scaling back of production was less marked than seen in May amid a rise in new export orders. Panellists indicated that domestic market conditions remained challenging.

sa, 50 = no change on previous month

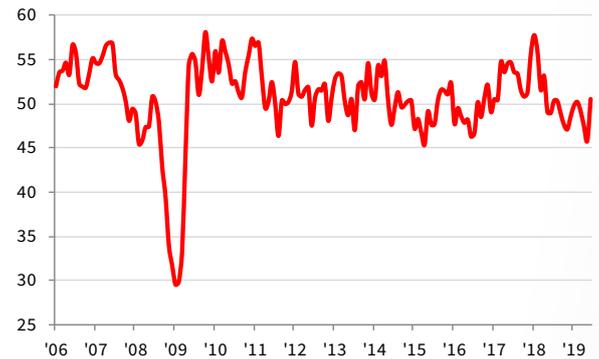


New Export Orders Index

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

June data pointed to an increase in new business from abroad, the first in four months. Although slight, the rate of expansion was the fastest since April 2018. Panellists signalled strengthening demand in export markets.

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 (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.

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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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