

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI ticks up to 43.6 in October

October 2018 Key findings:

- New export orders rise, but total new business continues to ease
- Output moderates, but to lesser extent
- Inflation of both input costs and output prices much weaker than in September

Summary

Although business conditions in the Istanbul manufacturing sector continued to moderate in October, the latest easing was weaker than seen in September amid less marked slowdowns of output and new orders. In fact, new export business returned to growth during the month. A stabilisation of exchange rates led inflation of both input costs and output prices to ease sharply.

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 43.6 in October, the headline PMI posted below the 50.0 no-change mark for the third successive month. That said, the reading was up fractionally from 43.5 in September to signal a slightly weaker moderation of the health of the sector.

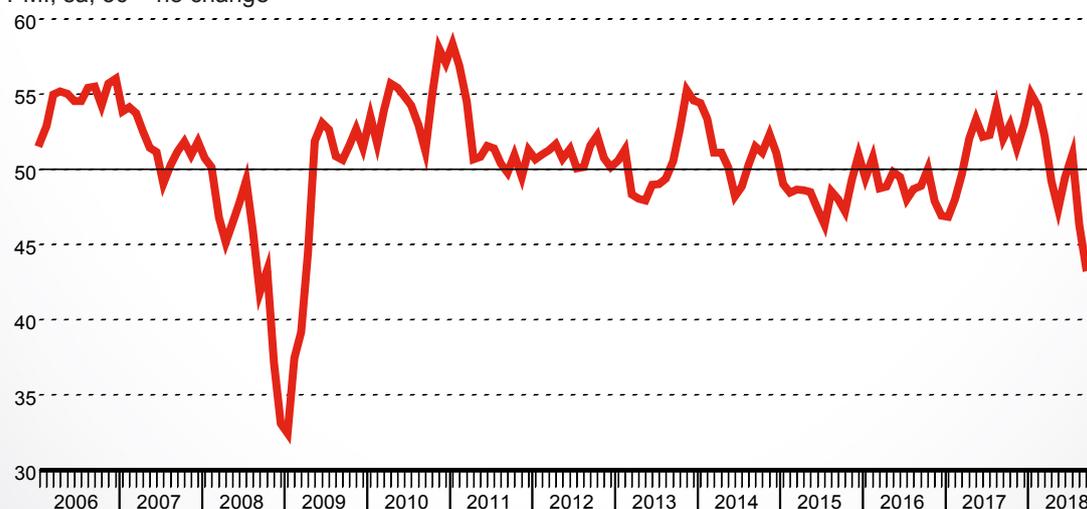
Further steep moderations in output and new orders were recorded in October as market conditions remained challenging. In both cases, however, the slowdowns were less pronounced than in the previous month. Moreover, new export orders returned to growth, rising for the third time in the past four months.

A stabilisation of the lira exchange rate versus the US dollar resulted in a marked easing of inflationary pressures. Although input costs continued to rise

continued...

Historical overview

PMI, sa, 50 = no change



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) November 1 2018

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

sharply, the latest increase was the weakest since April. Output price inflation was also much slower than in September.

While rates of moderation in output and new orders eased, Istanbul manufacturers scaled back their purchases and employment to greater extents in October. The slowdown in input buying was the most marked since March 2009.

Suppliers' delivery times lengthened again amid difficulties in supply chains caused by challenging market conditions. The deterioration in vendor performance was sharp, albeit the weakest in three months.

Comment

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

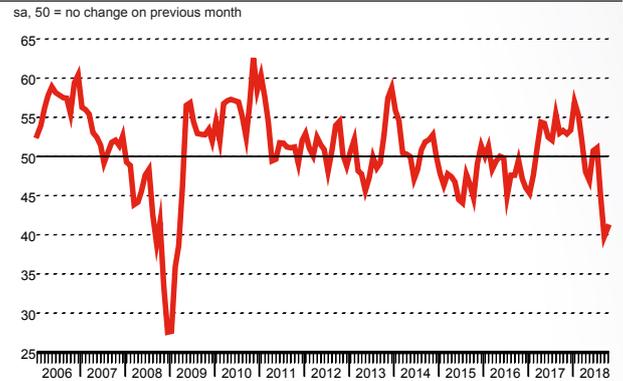
"There were signs that the current slowdown in the Istanbul manufacturing sector weakened in October, with both output and new orders moderating to lesser extents than in September. Central to this improved situation was a marked easing of inflationary pressures amid exchange rate stabilisation. That said, conditions for local manufacturers remained challenging at the start of the fourth quarter."

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Output

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

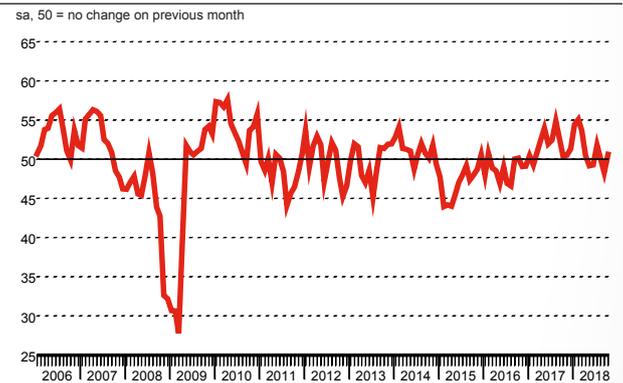
Manufacturing firms in Istanbul continued to see output moderate during October, the third successive month in which a slowdown has been recorded. Panellists reported ongoing challenging economic conditions. That said, the extent to which production was scaled back eased slightly from September.



New Export Orders Index

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

October data signalled a return to growth of new export orders among Istanbul manufacturing firms. New business from abroad has now increased in three of the past four months. Respondents indicated that the weakness of the Turkish lira against the US dollar helped the competitiveness of exporters.



For further information, please contact:

Istanbul Chamber of Industry

Nesrin Akçay, Economic Research Department Mng.
Telephone +90 212 252 29 00 Ext: 180
Email: nakcay@iso.org.tr

IHS Markit

Andrew Harker, Associate Director
Telephone +44 1491 461 016
Email: andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email: joanna.vickers@ihsmarkit.com

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

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.

The intellectual property rights to the Istanbul Chamber of Industry Istanbul Manufacturing PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Istanbul Chamber of Industry uses the above marks under license. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.