

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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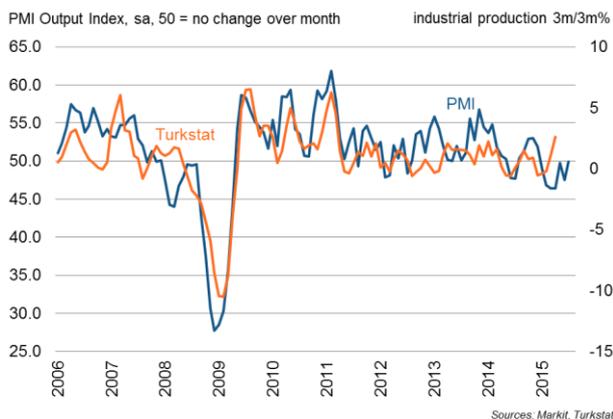
Markit Turkey Manufacturing PMI™

Manufacturing stabilises in July despite further drop in exports

Key points:

- Headline PMI indicative of broad stabilisation in business conditions
- Output broadly unchanged, but new export orders fall further
- Slower rate of input price inflation

Historical overview:



Summary:

Latest PMI™ survey data from Markit signalled a broad stabilisation of Turkish manufacturing business conditions at the start of the third quarter. Production was broadly unchanged from one month previously while new orders registered only a fractional decline, mainly reflecting a further drop in new export business. Employment and purchasing activity both rose slightly but backlogs fell sharply, and firms generally reported weak underlying market conditions linked to ongoing political uncertainty. Meanwhile, input prices continued to rise, albeit at a slower pace.

The headline Markit 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 PMI recovered to 50.1 in July, from 49.0 in June, signalling a broad stabilisation in business conditions at Turkish manufacturers at the start of the third quarter. This marked only the second time in 2015 so far the PMI has not signalled contraction of the sector, although it remained below its long-run trend level of 50.9. The rise in the PMI in July was mainly driven by the output and new orders components, and weighed on by stocks of purchases.

Turkish manufacturing output was broadly flat in July compared with one month previously, following a six-month sequence of contraction. Output levels were partly supported by a further sharp drop in backlogs of work, which have fallen every month since last December.

Weighing on output was a further drop in new orders received, which in turn reflected a fall in new export business. Total new orders declined for the seventh month running, partly linked by firms to ongoing political uncertainty. That said, the rate of contraction in the latest period was the weakest registered over this sequence.

Manufacturers added jobs in July, extending the current period of workforce growth to four months. That said, the rate of expansion was only marginal and well below the trend shown over the past six years.

Purchasing activity by Turkish goods producers rose in July, following June's decline. The rate of growth was weak, however, and firms' input inventories fell for the third time in four months. Stocks of finished goods declined at the fastest rate since September 2013.

Manufacturing input prices continued to rise in July, linked to foreign exchange pressures. The rate of

inflation slowed sharply, however, to the weakest since February. Output prices also rose at a slower pace as a result.

Comment:

Commenting on the Turkey Manufacturing PMI survey data, Trevor Balchin, senior economist at Markit and author of the report, said:

“The Turkish manufacturing sector showed signs of stabilizing in July, but underlying conditions remained weak. Exports continued to weigh on overall new business volumes, which have declined every month so far this year, while output was merely unchanged in the latest period. Job creation and purchasing were bright spots, but even here the rates of growth were marginal. More encouragingly, input price inflation slowed sharply to the weakest since February.”

-Ends-

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Notes to Editors:

The Turkey Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit Economics. 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 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.

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 Markit. Please contact economics@markit.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.

About Markit

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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/economics.

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