

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# Turkish manufacturing growth remains strong

- September 2017** • At 53.5, Turkey PMI shows business conditions still improving  
**Key findings:** • Strong increases in output and new orders  
 • Inflationary pressures ease

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled the seventh successive month of improvement in manufacturing operating conditions in Turkey in September. The upturn was driven in part by solid growth of new orders. In turn, firms scaled up output, purchasing and employment. Additionally, recruitment eased the pressure on manufacturers' capacity and enabled companies to work through their backlogs. The latest survey data also revealed a slight weakening of inflationary pressures in the sector.

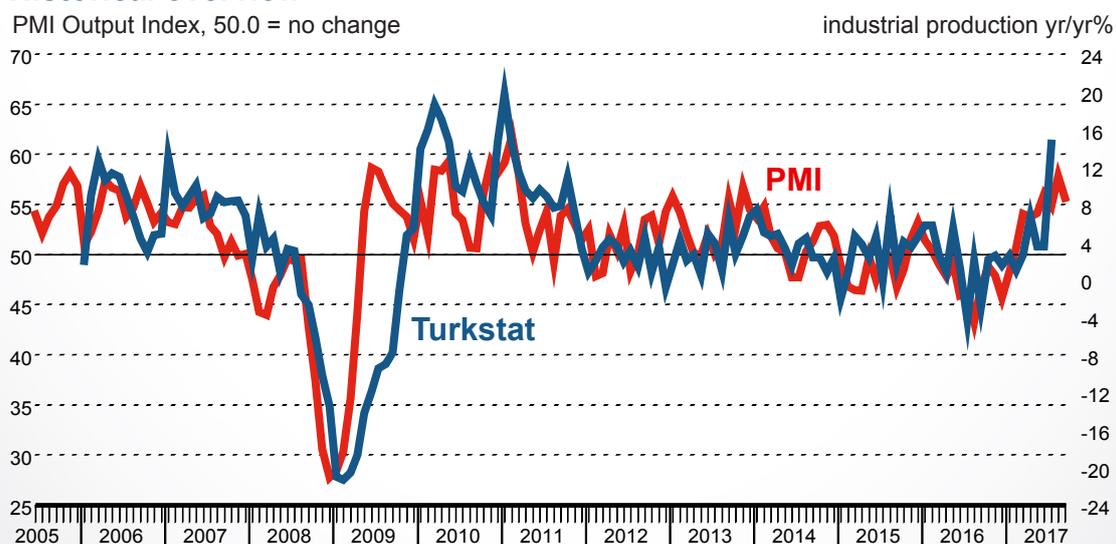
The headline Istanbul Chamber of Industry Turkey Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI registered 53.5 in September. Although falling from 55.3 in August the latest reading still indicated an overall improvement in the health of the Turkish manufacturing sector. The latest figure marked the seventh successive month of improving business conditions, which is the longest period of consecutive growth since 2014. Furthermore, the headline figure remained well above its long-run trend level of 50.8.

The upturn was supported by robust demand for Turkish-manufactured goods. Firms benefited from strong inflows of new work and raised output accordingly. New export business also increased further, though at a slower rate than that for total new orders.

Firms expanded capacity to meet larger output requirements. Employment growth was seen for the

### Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) October 2 2017

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eight straight month at the end of the third quarter, and purchasing activity increased at a sharp rate.

Reflective of additional hiring, backlogs of work decreased during the month. That said, stocks of finished goods continued to fall in September as firms used their inventories to fulfill orders.

Both input and output price inflation eased in September. Moreover, rates of inflation were below their averages for 2017 so far.

### Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Gabriella Dickens, Economist, IHS Markit, said:

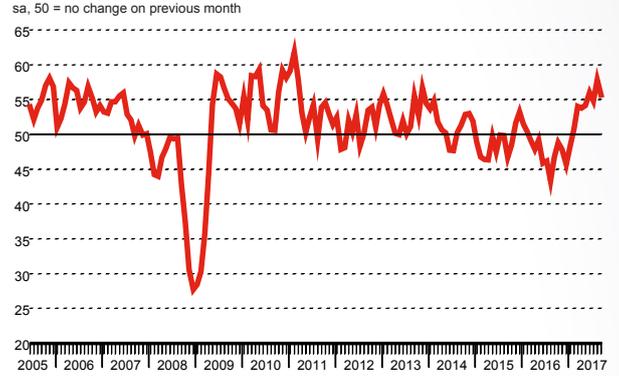
*“The Turkish manufacturing sector reached the end of the third quarter on a strong footing. Improvements in overall business conditions were sustained in September with solid overall expansions in output, employment and purchases.”*

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### Output Index

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

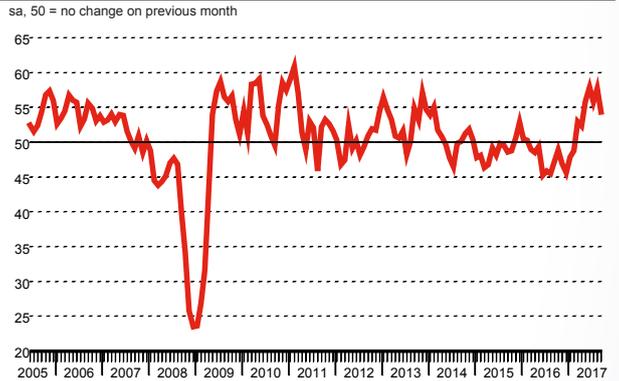
Manufacturing production in Turkey rose for the eighth successive month in September. Firms mainly attributed higher output to improving new orders and market conditions. Moreover, the rate of growth remained strong and was above its long-run average.



### New Orders Index

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

The volume of new orders received by Turkish goods producers expanded further in September. This extended the current growth sequence to seven months. Firms linked higher inflows of new business to increased demand.



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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 about 36% of the total added value propagated by Turkish industry. ICI members actualize approximately 34% of production of Turkish industry. Almost 40% 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 expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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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](http://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](mailto: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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