

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkish manufacturing growth accelerates

December 2017 Key findings:

- At 54.9, the PMI signals strongest improvement in business conditions in four months
- Growth of new export orders fastest since February 2011
- Job creation at 81-month high

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a stronger improvement in the health of the Turkish manufacturing sector at the end of 2017. Panellists reported higher demand from both home and abroad, with growth of new export orders at a near seven-year high. This in turn supported stronger increases in output, employment and purchasing activity. A sharp rise in input buying helped lead to an increase in stocks of purchases, following a fall in November. On the price front, unfavourable exchange rates led to a rise in input costs, which firms often passed on to panellists through higher output prices.

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.

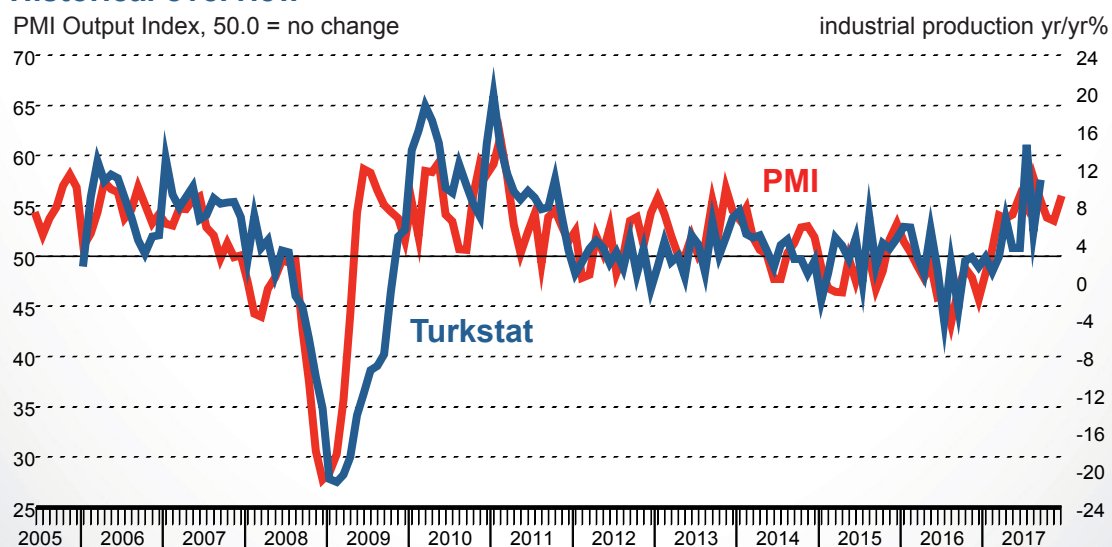
Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose to 54.9 in December from 52.9 in November. The headline figure pointed to a marked monthly improvement in business conditions in the sector, and the strongest since August. The health of the sector has now improved in ten consecutive months. Moreover, the headline PMI remained well above its long-run average.

New order growth quickened in December, helped by the strongest rise in new export orders since February 2011. Rising new orders fed through to an eleventh successive monthly rise in manufacturing production, and one that was the fastest in three months.

Strong production growth was supported by a further rise in employment during the month, with staffing

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) January 2 2018

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

levels increasing at the quickest pace since March 2011. This expanded capacity enabled firms to work through outstanding business.

Rising new orders also encouraged manufacturers to increase their purchasing activity in December. Moreover, the rate of growth was sharp, having accelerated from November. This rise in input buying contributed to a modest accumulation of stocks of purchases.

Finally, input prices increased sharply again during December amid unfavourable exchange rate movements. In response to higher cost burdens, manufacturers raised their output prices. That said, the rate of inflation eased from that seen in November.

Comment

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

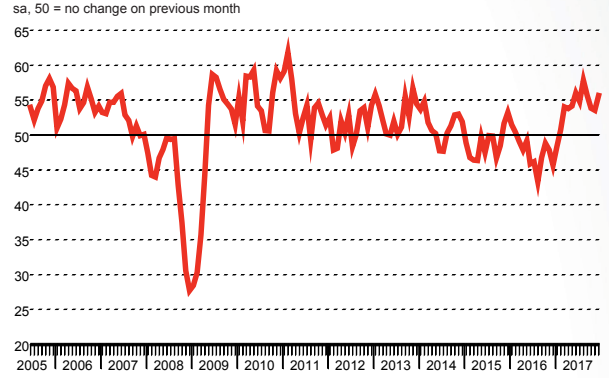
“The Turkish manufacturing sector saw growth accelerate at the end of 2017, with output and new orders each rising at sharper rates. Notably, new export orders increased at the fastest pace since February 2011. Higher new orders encouraged firms to increase employment sharply.”

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Output Index

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

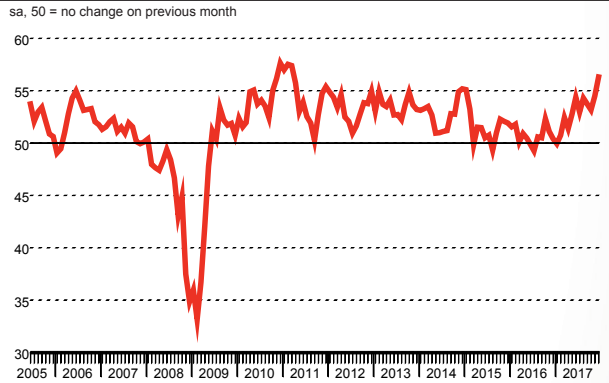
Turkish manufacturing production rose for the eleventh successive month in December. Output growth was linked by panellists to higher new orders from both domestic and export clients. Furthermore, the rate of expansion was sharp, having accelerated to a three-month high.



Employment Index

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

December data pointed to a sharp and accelerated rise in employment in the Turkish manufacturing sector. Moreover, the rate of job creation quickened to an 81-month high. Survey respondents mainly linked higher staffing levels to increased volumes of new orders.



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

Gabriella Dickens, Economist

Telephone +44 1491 461 008

Email: gabriella.dickens@ihsmarkit.com

Joanna Vickers, Corporate Communications

Telephone +44 207 260 2234

Email: joanna.vickers@ihsmarkit.com

Istanbul Chamber of Industry Turkey 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 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.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

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.

The intellectual property rights to the Istanbul Chamber of Industry Turkey 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.