

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkish manufacturing growth remains strong

July 2017

Key findings:

- PMI at second-highest level in over three-and-a-half years at 53.6
- Further sharp increases in output and new orders
- Inflationary pressures ease further

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a further strong improvement in manufacturing operating conditions in Turkey in July. The overall improvement in business conditions in the goods-producing sector was one of the best seen over the past six years. Growth rates for output, new orders, purchasing and employment all remained strong despite easing from June's recent highs. This helped firms to cut backlogs further. The latest survey data also revealed a further 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

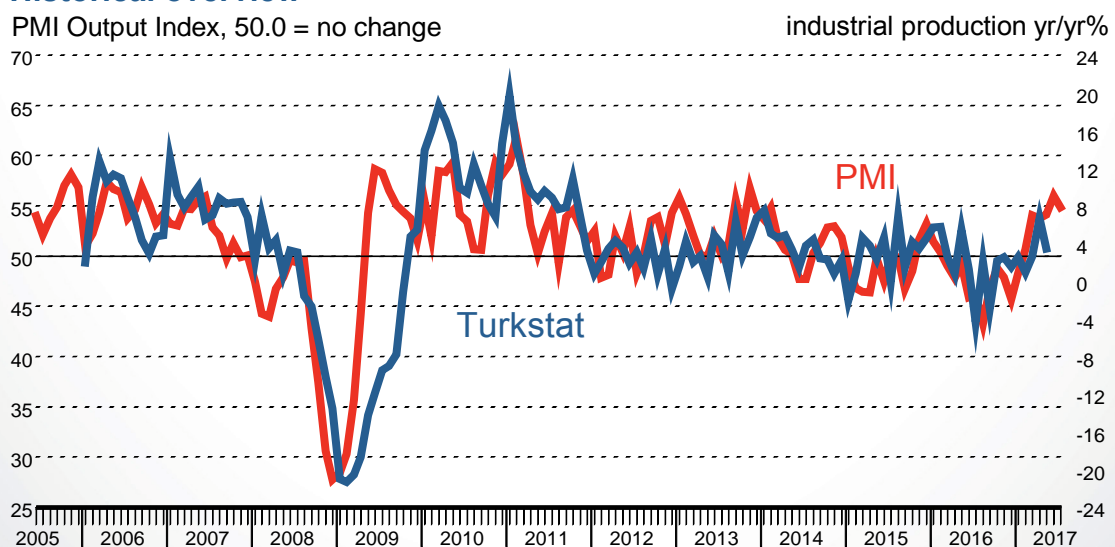
improvement of the sector.

The PMI registered 53.6 in July, down from 54.7 in June, indicating a strong overall improvement in business conditions in the Turkish manufacturing sector. The latest figure was the second-highest since November 2013, and the fifth-highest in over six years. The PMI has registered above its long-run trend level for the past five months.

Manufacturing new orders in Turkey rose for the fifth successive month in July, and at one of the fastest rates in the past six years. Survey data signalled that domestic new business continued to increase more sharply than new export orders.

Manufacturing capacity in Turkey continued to expand in July. Output and employment both increased for the sixth successive month, and the rates of growth remained strong despite easing

Historical overview



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TURKEY

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from their June highs. Backlogs of work fell for the second month running.

Purchasing activity increased for the fifth consecutive month in July, leading to a further lengthening of suppliers' delivery times.

Input price inflation slowed for the seventh successive month in July to the weakest since September 2016. Similarly, output price inflation moderated further to a nine-month low.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Trevor Balchin, Senior Economist at IHS Markit, said:

“The Turkish manufacturing sector started the third quarter on a solid footing, with further strong gains in output, new orders and jobs recorded in July. The PMI posted its fifth-highest level in over six years. Price pressures also eased further during the month.”

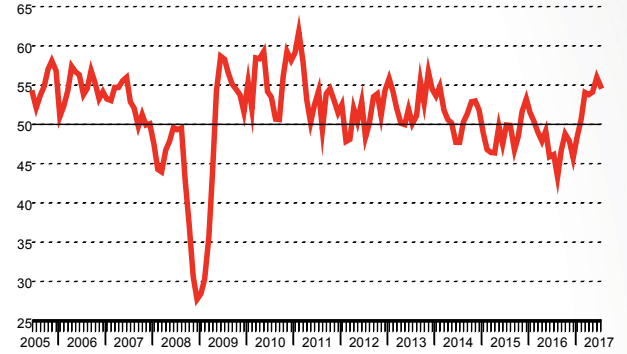
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Output Index

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

Manufacturing production in Turkey rose for the sixth successive month in July. Firms mainly attributed higher output to improving demand. The rate of growth eased since June, but was nonetheless the second-strongest since November 2013.

sa, 50.0 = no change on previous month

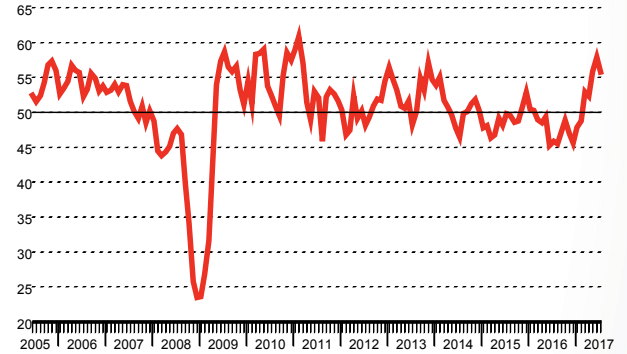


New Orders Index

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 July, extending the current growth sequence to five months. The rate of expansion eased from June's 76-month high, but remained among the sharpest registered over the past six years.

sa, 50.0 = 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 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 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/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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