

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul Manufacturing PMI at 52.3 in July

July 2017

Key findings:

- PMI at second-highest level since November 2014
- Further solid increases in output, new orders and jobs
- Input price inflation remains weaker than recent trend

Summary

The Istanbul Manufacturing PMI® signalled another strong overall improvement in business conditions in the city's manufacturing sector at the start of the second half of 2017. Output, new orders, exports, purchasing and jobs all increased at solid rates, and suppliers' delivery times lengthened to the greatest extent since October 2013. The latest survey data also signalled that inflationary pressures in the goods-producing sector remained weaker than the recent trend.

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.

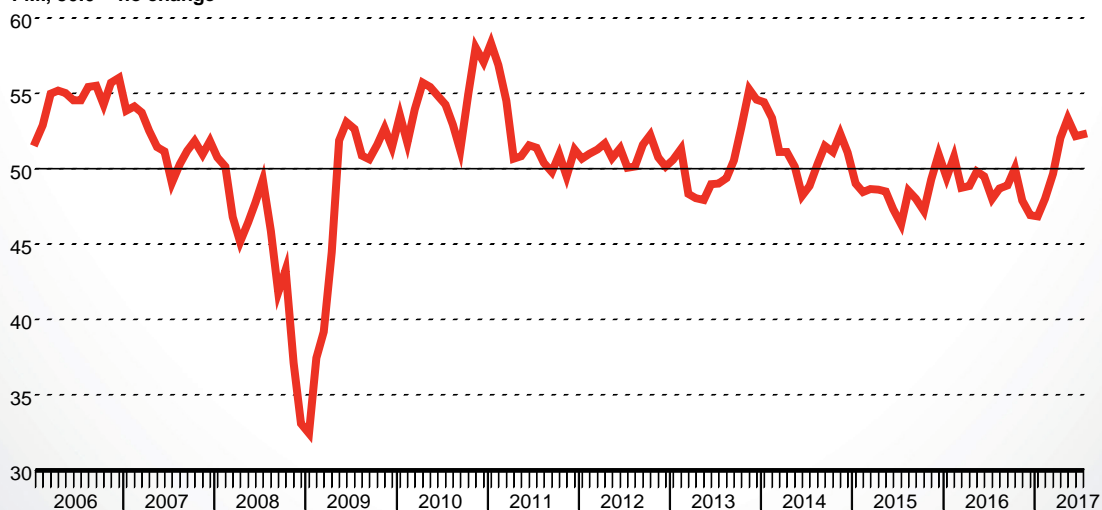
The PMI registered 52.3 in July, up slightly from 52.2 in June. This signalled a further solid overall improvement in business conditions at manufacturers. The headline figure remained above its long-run average (since January 2006) of 50.5 and was the second-highest since November 2014.

Four of the five PMI components provided positive contributions to the headline figure in July, the exception being stocks of purchases. The uptick in the PMI figure since June reflected a faster increase in employment, a slower decline in input stocks and a greater lengthening of suppliers' delivery times.

New order growth was unchanged from June and

Historical overview

PMI, 50.0 = no change



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the joint-second fastest since February 2014. Data indicated that new business increased from both domestic and export markets.

Output rose for the fifth successive month in July, the longest sequence of continuous expansion in just over two-and-a-half years. The rate of expansion was the fourth-fastest since November 2014.

Purchasing activity among manufacturers in Istanbul increased for the fourth month running in July, and at a faster rate. This placed pressure on suppliers, whose delivery times lengthened for the seventh consecutive month and to the greatest extent since October 2013.

Input prices paid by manufacturers continued to rise in July. That said, the rate of inflation was the second-weakest since September 2016. Similarly, output prices charged by manufacturers increased at the second-slowest rate in the past nine months.

Comment

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

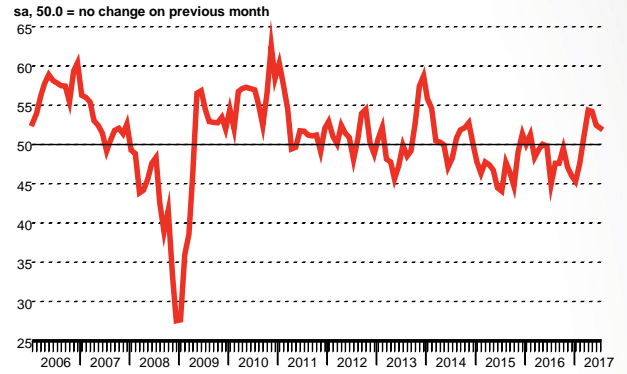
“The PMI for Istanbul indicated a sustained upturn in business conditions at manufacturers in the city moving into the second half of 2017. Notably, the survey data indicated growing pressure on supply chains, although this did not translate into the price pressures seen earlier in the year.”

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Output Index

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

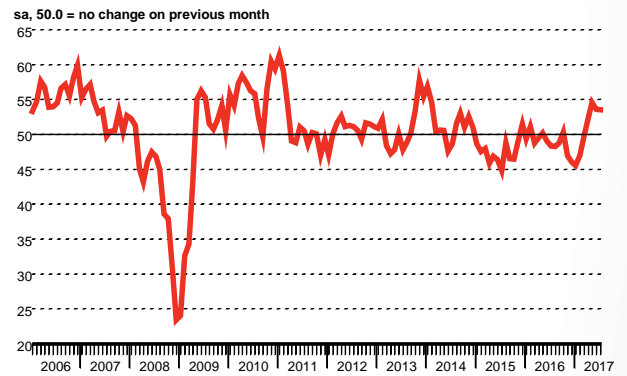
Manufacturing production in Istanbul rose for the fifth successive month in July, mainly linked to new orders. The rate of expansion eased further during the month but remained above the long-run series average.



New Orders Index

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

The volume of new work received by manufacturers based in Istanbul increased for the fourth month running in July. The rate of expansion was unchanged from June's strong pace, and one of the sharpest registered over the past three-and-a-half years.



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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.

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 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.

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