

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI at 43.5 in September

September 2018

Key findings:

- Further slowdowns in output and new orders recorded
- Manufacturers scale back employment
- Strong inflationary pressures signalled

Summary

The weakness of the Turkish lira continued to cause difficulties for manufacturing firms in Istanbul during September. Further slowdowns were seen with regards to output and new orders, with companies responding by moderating their staffing levels. Inflationary pressures were substantial again at the end of the third quarter. The rate of input cost inflation ticked down slightly from August, but output prices increased at a record pace.

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 headline PMI dropped to 43.5 in September from 46.3 in August, thereby signalling a second successive monthly moderation in business conditions for Istanbul manufacturing firms.

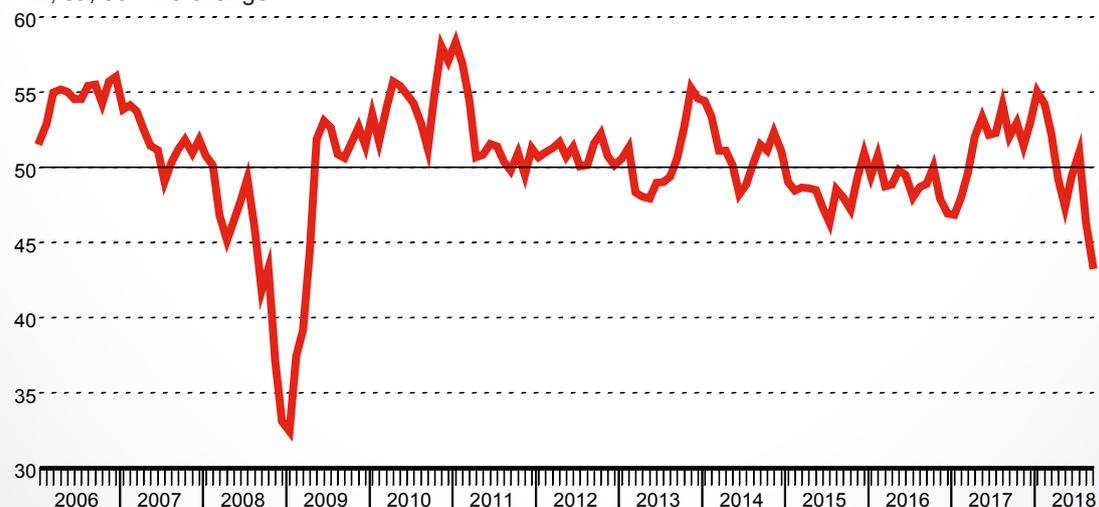
Central to the latest easing in the health of the sector was a marked slowdown in new orders amid challenging market conditions. New export orders also moderated in September, ending a two-month sequence of growth. That said, the rate at which new business from abroad slowed was much weaker than that seen for total new orders as lira weakness supported exports to some extent.

With new orders slowing down again in September, manufacturers opted to scale back production.

continued...

Historical overview

PMI, sa, 50 = no change



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Output eased for the second month running, and at the strongest pace in nine-and-a-half years.

The principal cause of the challenging economic circumstances in September was the weakness of the Turkish lira. This led to another strong rise in input costs, with companies responding by increasing their output prices to the greatest extent since the survey began in January 2006.

Moderating production requirements led manufacturers to ease staffing levels for the second month running at the end of the third quarter. Purchasing activity also slowed during September.

Comment

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Andrew Harker, Associate Director at IHS Markit, said:

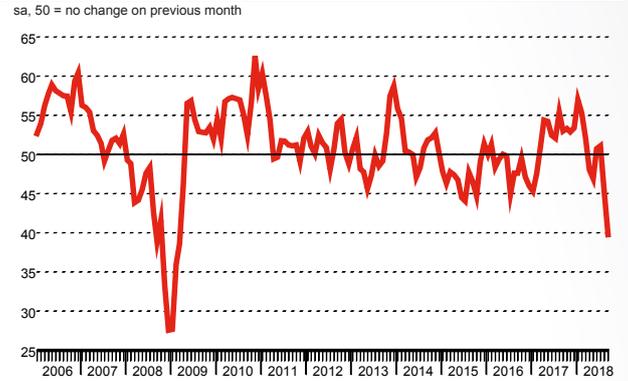
“The picture in the Istanbul manufacturing sector in September was broadly similar to that seen in August, with output, new orders and employment all moderating in line with challenging market conditions. Firms continued to struggle amid strongly rising cost burdens, and felt required to increase their selling prices at a record rate as a result.”

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Output

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

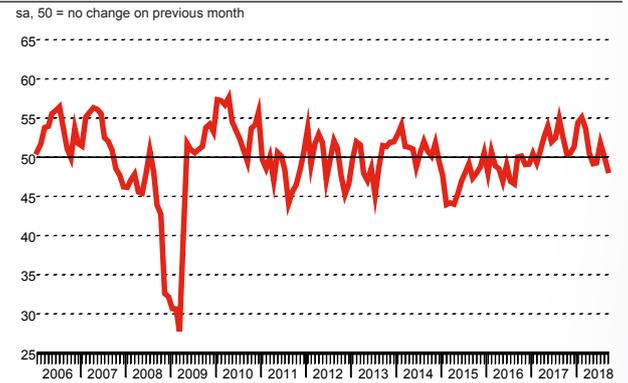
For the second successive month, Istanbul manufacturers scaled back production during September. Moreover, the latest moderation in output was stronger than that seen in August. Respondents suggested that challenging market conditions amid lira weakness had been behind the slowdown.



New Export Orders Index

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

After rising in the previous two months, new export orders moderated in September. That said, the slowdown in new business from abroad was much less pronounced than that seen for total new orders as the weakness of the lira helped firms' competitiveness in international markets.



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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 more than 40% of the total added value propagated by Turkish industry. ICI members actualize approximately 35% of production of Turkish industry. 36% 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 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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 <https://ihsmarkit.com/products/pmi.html>.

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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