

## Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

# Istanbul manufacturing PMI posts 47.4

**May 2018**

**Key findings:**

- PMI signals challenging business conditions
- Output, new orders and employment slow down
- Cost inflationary pressures fuel higher selling prices

### Summary

The Istanbul Manufacturing PMI® indicated that the city's goods-producing sector faced challenging business conditions during May. Slowdowns in new orders and production were key factors behind this situation. Buying levels also eased in the middle of the second quarter. Firms linked this situation to developments in demand conditions. Meanwhile, as a result of strong cost pressures, output prices increased.

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.

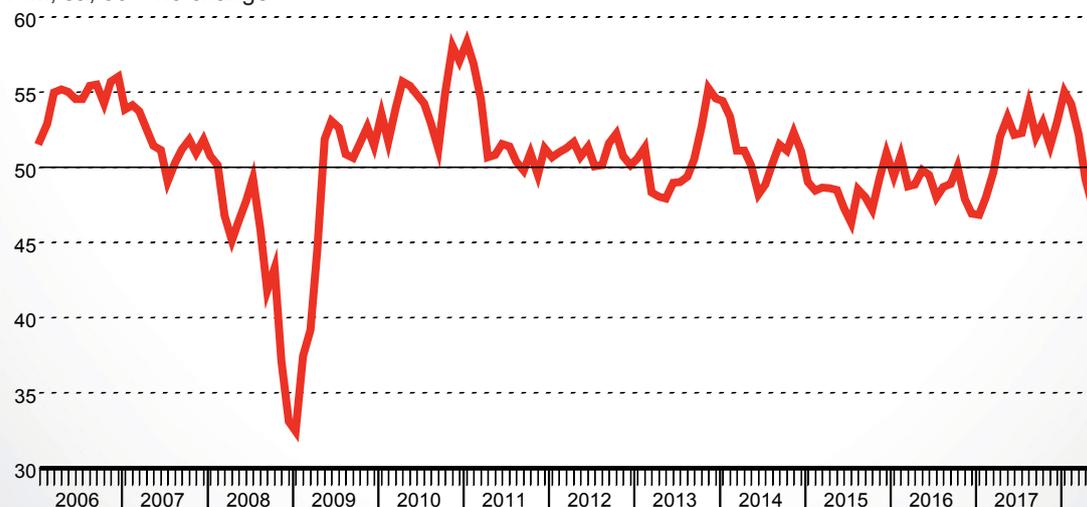
The PMI posted 47.4 in May, down from 49.2 in April. The headline figure signalled more challenging business conditions for the city's manufacturing sector, with panellists frequently mentioning demand and market conditions.

Latest survey data signalled a slowdown in the volume of total new orders and export sales. Accordingly, production eased in the middle of the second quarter as manufacturers adjusted to new demand conditions.

May saw supplier delivery times for inputs lengthen for the seventeenth month in a row. Moreover, the extent to which delivery times increased was the most marked since October 2012.

### Historical overview

PMI, sa, 50 = no change



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Elsewhere, firms were able to reduce their backlogs during May. Panel members reported that a slowdown in the volume of new orders enabled them to focus on outstanding business. Moreover, the pace of depletion accelerated from April.

On the price front, overall input costs increased at a marked pace during May. Panel members overwhelmingly linked the increase in cost burdens to a weaker lira. Consequently, businesses continued to increase their average selling prices.

### Comment

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

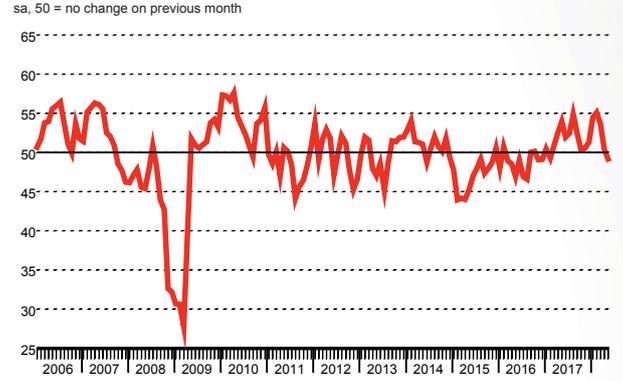
*“May survey data signalled more challenging business conditions across Istanbul’s manufacturing sector. Production eased as higher prices caused demand to slow down. Furthermore, new orders from both domestic and foreign sources were found to have eased. Inflationary pressures meanwhile accelerated in the manufacturing sector in tandem with a weaker lira.”*

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### New Export Orders Index

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

After adjusting for seasonality, the New Export Orders Index indicated that the level of new business from abroad placed with Istanbul goods producers declined during May. The latest data marked the first decrease in 15 months. However, the rate of contraction was only marginal.



### Employment Index

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

The seasonally adjusted Employment Index registered slightly below the 50.0 no-change mark during May. A number of companies mentioned that a slowdown in production was behind this situation.



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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](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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