

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Business conditions continue to improve

October 2017 Key findings:

- PMI registers at 52.8 indicating improving business conditions
- Output, new orders and exports all exhibit growth
- Backlogs of work decline at the fastest rate for over a year amid further rise in employment

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled the eighth successive month of improvement in manufacturing operating conditions in Turkey in October. The overall improvement was driven in part by solid growth in new orders. Furthermore, firms scaled up output, purchasing and employment. Meanwhile, growing workforce numbers eased the pressure on manufacturers' capacity and enabled companies to work through their outstanding business. The latest survey data also revealed a strengthening of inflationary pressures in the sector.

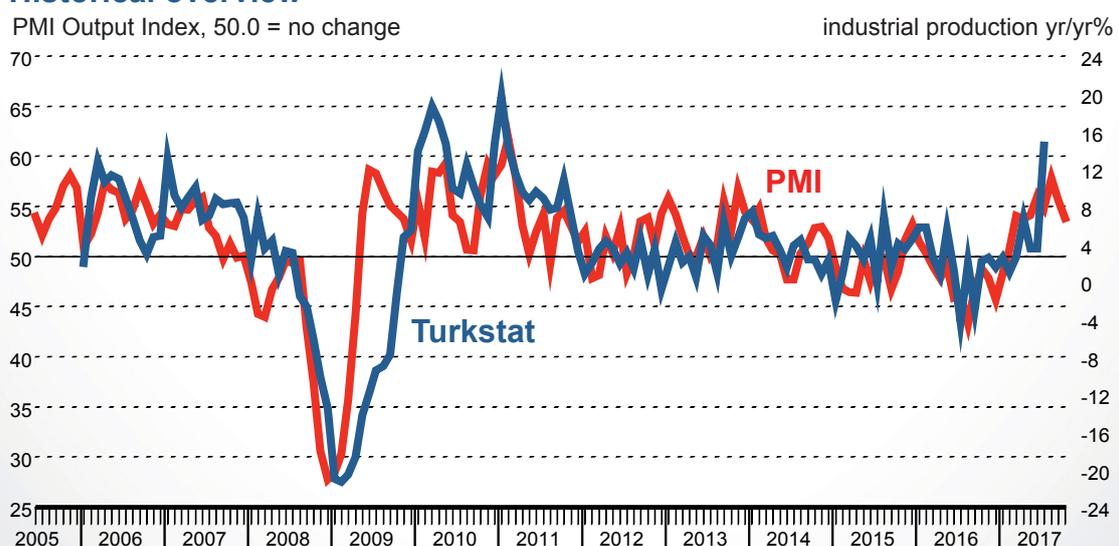
The headline Istanbul Chamber of Industry Turkey Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall

improvement of the sector.

The PMI registered 52.8 in October, down from 53.5 in September. Although the headline figure eased slightly from the previous month, the figure signalled a solid overall improvement in business conditions in the Turkish manufacturing sector. The latest reading marked the eighth consecutive month of improving business conditions, the longest period of consecutive growth since 2014. Furthermore, the headline PMI remained well above its long-run trend level of 50.8.

A further rise in output was supported by robust demand for Turkish-manufactured goods. Businesses benefited from robust inflows of new work which was the result of favourable economic conditions and greater underlying demand. New export business also rose, though at a slightly

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) November 1 2017

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

slower rate than that for total new orders.

Firms reacted to higher demand by increasing their capacity. Notably, employment growth was observed for the ninth month in a row, and purchasing activity increased at a solid rate. As a result, outstanding business fell at the quickest pace since September last year. Furthermore, pre-production inventories at Turkish manufacturers rose, after having declined slightly in September.

Inflationary pressures increased at Turkish manufacturing firms in October. Increasing input costs were partially absorbed by firms, although output prices did rise sharply in line with cost burdens.

Comment

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

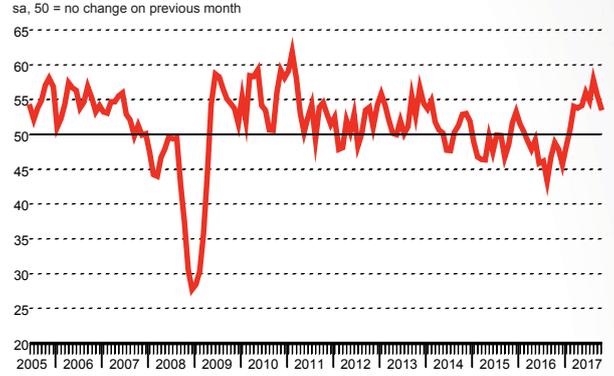
“Solid improvements were noted in the Turkish manufacturing sector again in October, as output and new business from both domestic and foreign channels grew. Buoyed by this, firms by increased their capacity through higher employment and purchasing activity.”

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Output Index

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

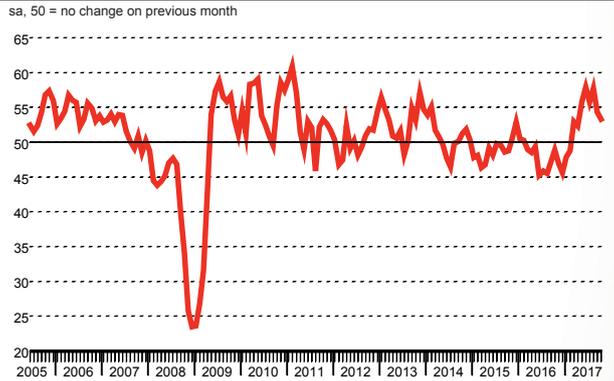
Manufacturing production in Turkey rose for the ninth consecutive month in October. Moreover, the rate of growth remained solid and was above its long-run average since mid-2005. Respondents commonly associated the increase in output with higher underlying demand and favourable economic conditions.



New Orders Index

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

Volumes of new business received by Turkish goods producers expanded further in October. This extended the current growth sequence to eight months. Companies that reported a rise in new orders often commented on an increase in demand from both domestic and foreign customers.



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.