

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# September sees PMI reading of 42.7

### September 2018 Key findings:

- Output and new orders continue to ease
- Record increases in input costs and selling prices
- Employment slows for second month running

### Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a further easing of business conditions in the Turkish manufacturing sector. Both output and new orders continued to slow, with companies scaling back employment and purchasing activity accordingly. Lira weakness again contributed to inflationary pressures, while difficulties in sourcing materials were reported.

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.

September saw a PMI reading of 42.7, down from 46.4 in August and below the 50.0 no-change

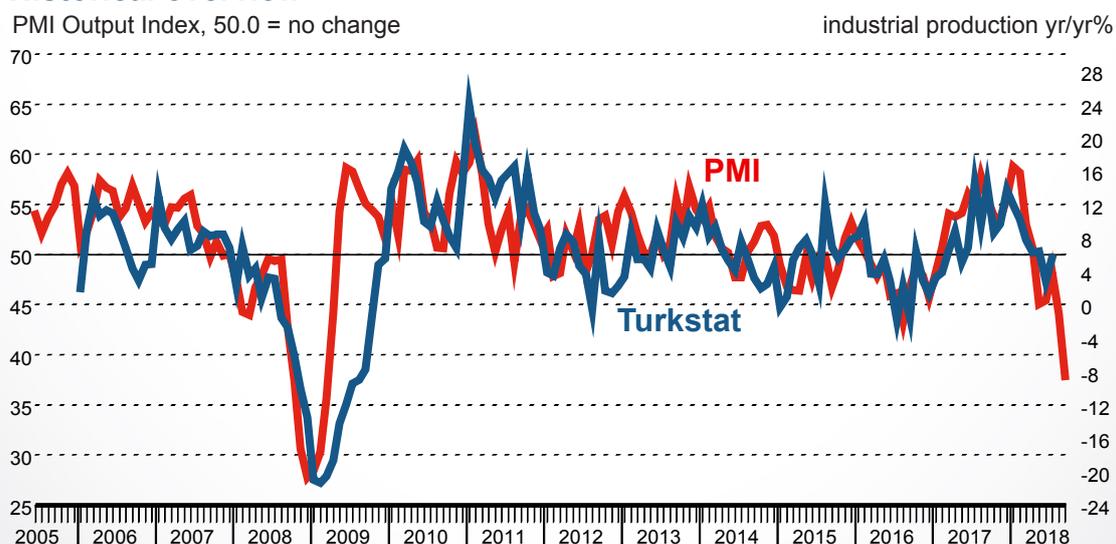
mark for the sixth month running. In fact, business conditions eased to the greatest extent since March 2009.

Current challenging economic conditions were behind the latest reading, with both output and new orders slowing again in September. Although new export business moderated for the first time in three months, the rate at which it slowed was much weaker than seen for total new business as currency weakness supported exports to some extent.

Moderating production requirements led firms to scale back employment and purchasing activity. Staffing levels moderated for the second month running.

For the second straight month, record increases were seen for both input costs and output prices amid weakness of the Turkish lira.

### Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) October 1 2018

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Meanwhile, current difficulties meant that suppliers were sometimes unable to source materials, leading to delays in the receipt of purchases. Supplier lead times lengthened to the greatest extent since the survey began in June 2005.

### Comment

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

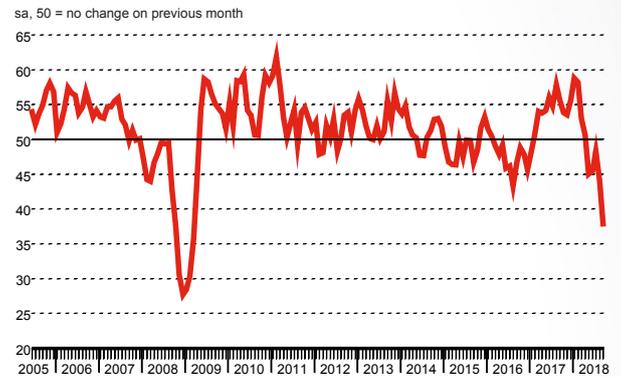
*“There was little respite for Turkish manufacturers in September as business conditions remained challenging to say the least. Strong inflationary pressures were again in evidence, with clients deterred from committing to new orders and the supply chain impacted.”*

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### Output Index

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

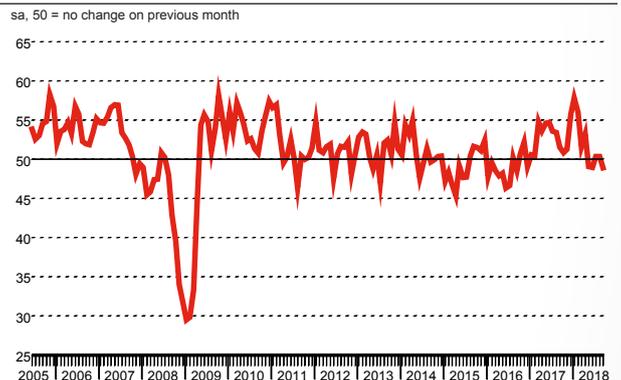
As has been the case in each month since May, Turkish manufacturing output slowed during September. The latest moderation in production volumes was the most marked since March 2009, with panellists generally reporting challenging business conditions amid lira weakness.



### New Export Orders Index

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

Although new export orders slowed for the first time in three months during September, the rate at which they moderated was much weaker than seen for total new business as the weakness of the Turkish lira supported international demand.



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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.

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## 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](http://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](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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