

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Growth continues in manufacturing sector

March 2018

- Despite some easing over the previous month, PMI posts 52.2, signalling sustained improvement in business conditions
- Further increases in output, new orders and employment

Key findings:

- Inflationary pressures remain strong

Summary

The Istanbul Manufacturing PMI® indicated a further improvement in the health of the city's manufacturing sector during March. Despite easing from the previous survey period, the rate of growth was solid and above the series average. A sustained increase in new orders from both domestic and foreign channels spurred businesses to further expand production. Consequently, job creation continued, albeit at a slower pace compared to February. Stocks of pre-production inventories fell for the second consecutive month as higher volumes of sales offset a sustained rise in buying. Inflationary pressures meanwhile remained strong. Cost burdens rose at a broadly similar pace to February, further influencing average selling prices which increased for the eighteenth month running.

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.

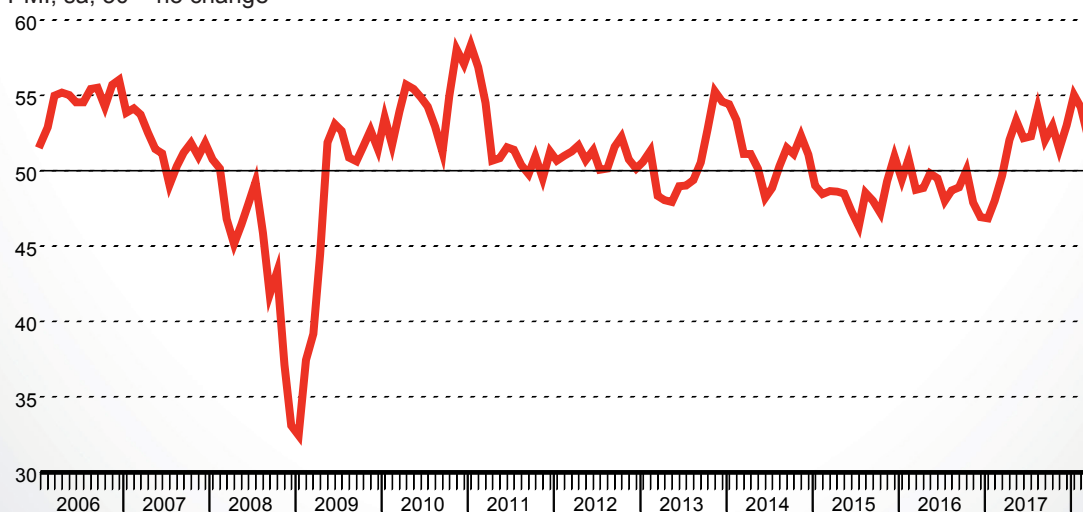
The latest PMI registered a reading of 52.2 in March from 54.2 in February. The headline figure signalled further overall growth in the city's manufacturing sector, despite easing from the prior survey period. Indeed, the rate of improvement remained above the historical trend.

Firms continued to win new business during March, with panel members attributing the rise to stronger

continued...

Historical overview

PMI, sa, 50 = no change



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client demand. As a result, businesses increased production for a thirteenth straight month.

The rise in new business also spurred firms to further expand their workforce numbers during March. Though job creation eased from February, it remained strong and above the series average (since January 2006).

Higher volumes of new orders meanwhile contributed to longer supplier delivery times as firms continued to scale up their purchasing activity. That said, stocks of purchases declined for the fourth time in the past five months.

On the price front, cost inflationary pressures remained elevated. Underpinning the sustained increase were unfavourable exchange rates and higher raw material prices. Average selling prices continued to increase at a broadly similar pace to that observed in February.

Comment

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

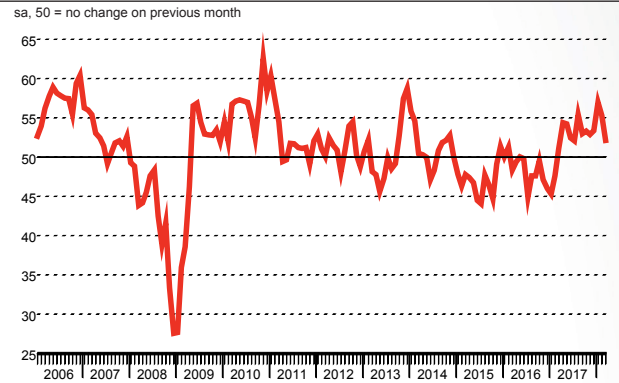
“Istanbul’s manufacturing sector experienced a solid and sustained improvement during March, although the extent to which the sector grew lessened from February. Meanwhile, strong inflationary pressures continued at the end of the first quarter, with higher raw material prices feeding into average selling prices.”

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Output Index

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

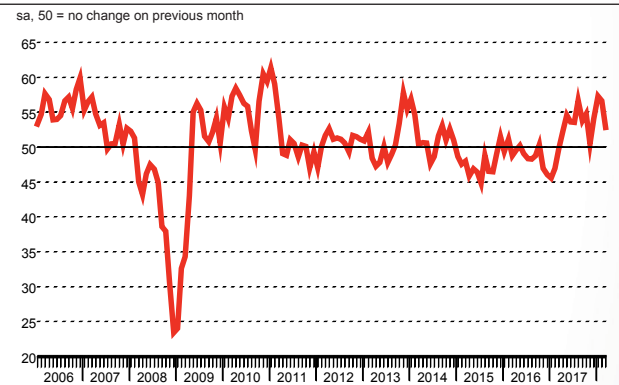
Output continued to increase in Istanbul's manufacturing sector in March, thus extending the current sequence of growth to 13 months. Panellists generally linked the rise to higher volumes of new orders amid strong client demand. Despite softening from February, the rate of expansion remained solid.



New Orders Index

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

March saw a further increase in new business in the city's manufacturing sector. According to respondents, higher underlying demand was the main influence behind higher volumes of new orders. The rate of growth was solid and remained above the series average, despite easing from the prior survey period.



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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 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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