

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI posts 46.3 in April

April 2019 Key findings:

- Slowdown in new orders leads to further moderation of output
- Employment scaled back slightly
- Inflationary pressures build

Summary

Istanbul manufacturers reported ongoing difficulties in securing new business amid challenging market conditions during April. As a result, production, employment and purchasing were all scaled back. Meanwhile, currency weakness acted to push up input costs, with output price inflation accelerating in response.

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 read 46.3 in April, down slightly

from 46.6 in March and signalling a solid monthly moderation in business conditions in the Istanbul manufacturing sector. A slowdown has now been recorded in each of the past nine months.

Central to the latest moderation in business conditions was a further easing of new orders. A challenging demand environment was reportedly behind the ninth successive monthly slowdown. New business from abroad also softened, but to a much lesser extent than total new orders.

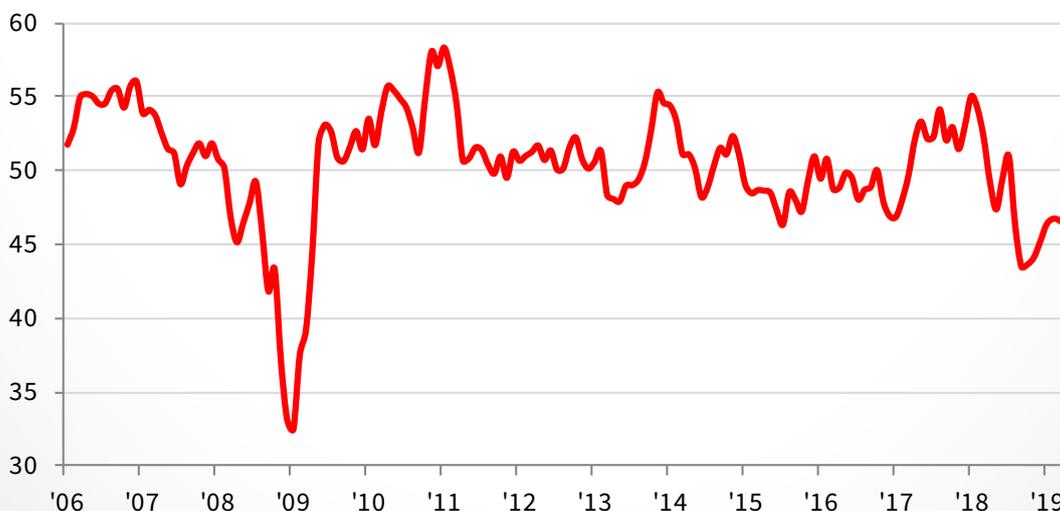
With new orders easing, firms in Istanbul scaled back their production accordingly. The rate of moderation was unchanged from that seen in March, and the joint-weakest in the current nine-month sequence.

Shortages of new work enabled firms to work

continued...

Historical overview

PMI, 50.0 = no change



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through outstanding business, in spite of a further slight moderation of staffing levels.

There were further signs of building inflationary pressures in April amid currency weakness. Both input costs and output prices rose at the sharpest rates in six months, although in each case the increases were still much weaker than the series records posted in 2018.

Istanbul manufacturers scaled back their purchasing activity in response to slower new orders. This, alongside reports of delivery delays, meant that stocks of purchases also moderated.

Comment

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

“Difficulties in securing new orders prevented Istanbul manufacturers from moving closer to a return to growth of output during April, although the latest slowdown in production remained relatively modest. The recent pick-up in inflationary pressures gathered pace. Should this continue in coming months, firms are likely to continue to find new work hard to come by.”

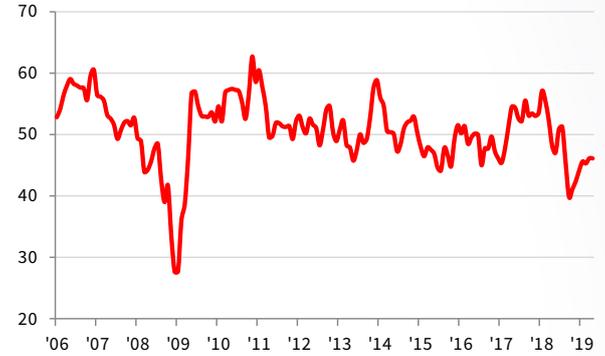
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Output

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

Istanbul manufacturers continued to scale back production in April. Unchanged from the previous month, the rate at which output moderated was the joint-slowest in the current nine-month sequence. Those panellists that recorded a slowdown mentioned difficult market conditions and an easing of new orders.

sa, 50 = no change on previous month



Employment Index

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

Softer production requirements led manufacturers to scale back staffing levels in April, the ninth month running in which this has been the case. The slowdown in employment was only slight, but was the most marked since January.

sa, 50 = no change on previous month



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Istanbul Chamber of Industry

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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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