



Istanbul Chamber of Industry Istanbul PMI™ Manufacturing Index

Manufacturing conditions in Istanbul stabilise in May

Key findings:

- Istanbul PMI signals broadly no change in operating conditions since April
- Output stable as new orders rise fractionally
- Employment increases for first time in three months

Summary:

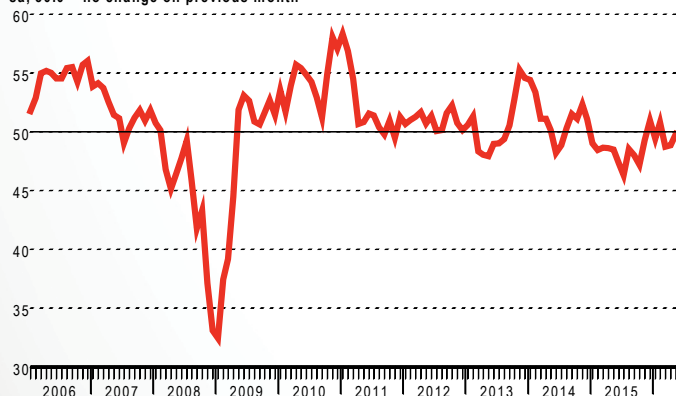
Istanbul's goods-producing sector showed a broad stabilisation in business conditions in May, according to April PMI™ survey data from Istanbul Chamber of Industry and Markit. Output was unchanged following a two-month period of decline, while new orders and employment both rose slightly for the first time in three months. The latest survey also signalled an intensification of inflationary pressures, as input prices rose at the fastest rate in four months and output charges were hiked for the first time since February.

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 registered 49.9 in May, only fractionally below the no-change mark of 50.0 and signalling a broad stabilisation in manufacturing business conditions in Istanbul. The index rose from April's 48.9, but remained below the long-run series average of 50.6 (since January 2006). A further sharp fall in input stocks continued to weigh on the headline figure in the latest period, while output and suppliers' delivery times were neutral and new orders and employment slightly positive.

Historical overview

sa, 50.0 = no change on previous month



The level of new business received by Istanbul-based manufacturers rose slightly in May. This was only the third increase during the past 17 months. That said, the rate of expansion was weaker than those registered in February and last December. Weak international demand weighed on total inflows of new work, as new export business declined for the third month running and at the fastest rate since June 2015.

The slight rise in new work in May was sufficient to halt the recent decline in output. Production was unchanged following a two-month sequence of contraction. A sharp drop in backlogs also contributed to the stable trend in overall workloads.

In line with the trend in new business inflows, manufacturing employment in Istanbul rose for the first time in three months in May. That said, the rate of job creation was only marginal.

Input price inflation accelerated for the first time since January, to a four-month high. The latest anecdotal evidence from survey respondents linked greater cost pressures to the weak lira. In response to increased costs, manufacturers raised their output prices for the first time in three months.

Purchasing activity continued to fall in May despite the rise in new orders, as manufacturers continued to reduce their stocks of inputs. Post-production inventories also contracted further, albeit only slightly.

Comment:

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Trevor Balchin, Senior Economist at Markit, said:

"The main positive from May's survey was that the main activity indicators – output, new orders and jobs – all moved out of negative territory. That said, production was flat and growth in the other two measures was negligible. The weak lira continued to push up input prices during the month, but has yet to stimulate exports which fell at the strongest rate in nearly a year in May."

Embargoed until 10:00 (Istanbul) / 0700 (UTC) June 1 2016

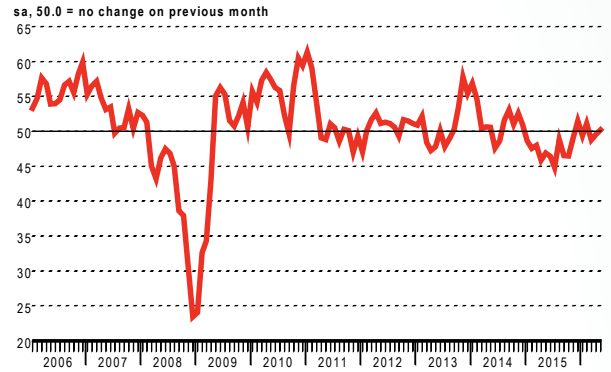


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New Orders Index

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

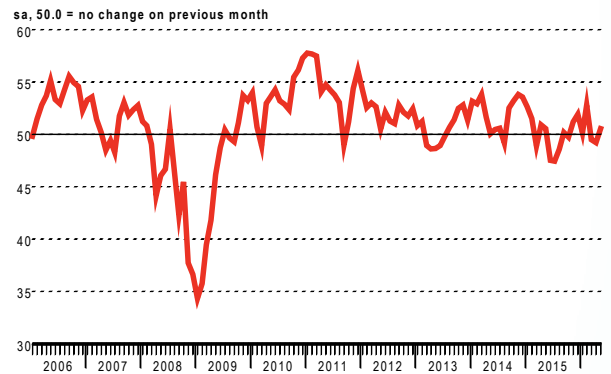
The volume of new business received by goods producers based in Turkey's largest city rose for the first time in three months in May. Anecdotal evidence linked higher new business to stronger demand. That said, the pace of growth was only fractional, and weaker than the recent expansions registered in February and December.



Employment Index

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

Manufacturing employment in Istanbul rose for the first time in three months in May. Firms either linked recruitment to current workloads or preparation for new orders. That said, the rate of job creation was only fractional. The seasonally adjusted Employment Index was slightly below its long-run trend level of 50.9 during the month.



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Istanbul Chamber of Industry Istanbul 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 Markit:

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About PMI:

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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/economics.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index®) is produced by 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 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.

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 Markit. Please contact economics@markit.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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