

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

May sees PMI post 48.4

May 2024 Key findings:

- Manufacturers scale back output again
- Inflationary pressures ease markedly
- Renewed slowdown in purchasing

Summary

The Turkish manufacturing sector faced a challenging demand environment in May, resulting in further slowdowns in total new orders and exports. In turn, firms scaled back production and also lowered staffing levels. Meanwhile, there were further signs of inflationary pressures easing, with both input costs and output prices increasing at much weaker rates in May.

The headline Istanbul Chamber of Industry Türkiye 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.

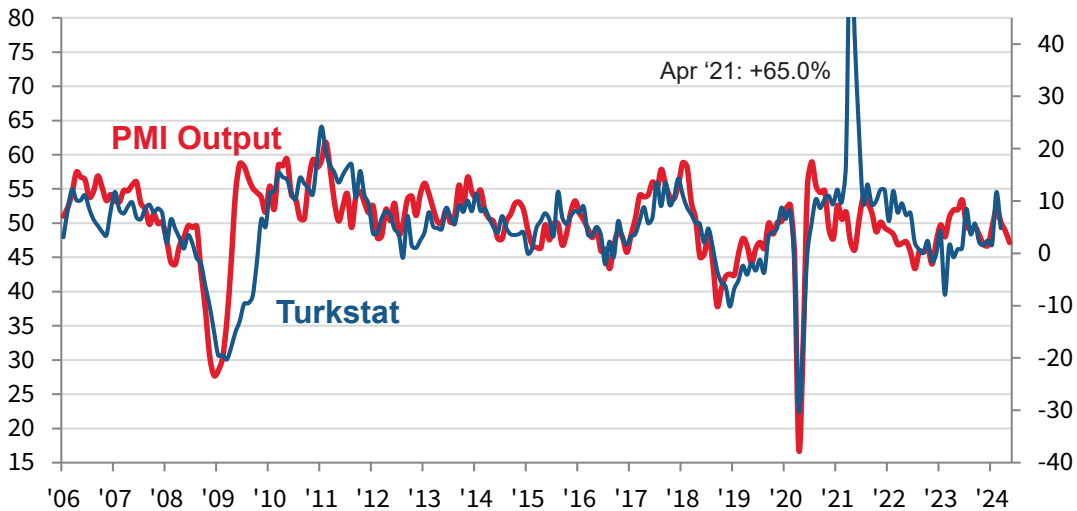
The headline PMI posted below the 50.0 no-change mark for the second consecutive month in May, dropping to 48.4 from 49.3 in April. The latest reading signalled a modest slowdown in business conditions in the sector, but one that was the most pronounced in 2024 so far.

The softening in the health of the sector was reflected in a range of variables from the survey in May. In particular, firms reported a solid moderation of new orders, with the pace of easing the most pronounced since January. The slowdown was often linked by panellists to challenging demand conditions, with some customers deterred by high prices. These factors also contributed to a softening of new export orders, the eleventh in as many months.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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A moderation of new orders led manufacturers to scale back production for the second month running, and to the largest degree in 2024 so far. Some panellists also indicated that capacity limits had restricted their ability to expand output.

Staffing levels were reduced for the fourth consecutive month, as some firms indicated a reluctance to replace departing staff given lower workloads.

Purchasing activity and inventories of both inputs and finished goods were all scaled back in May, in each case following increases in April.

Inflationary pressures continued to wane in May. The rate of input cost inflation eased to a five-month low, while charges increased at the slowest pace for a year. Where prices rose, respondents often linked this to currency weakness and higher raw material costs.

Comment

Commenting on the Istanbul Chamber of Industry Türkiye Manufacturing PMI survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"Latest data suggest that Turkish manufacturers are facing an increasingly challenging operating environment, with new work seemingly harder to come by. One light on the horizon comes in the form of softening inflationary pressures, however. Given the still detrimental impact high prices is having on demand, an easing of these pressures will hopefully help lead to a recovery in the sector over the second half of the year."

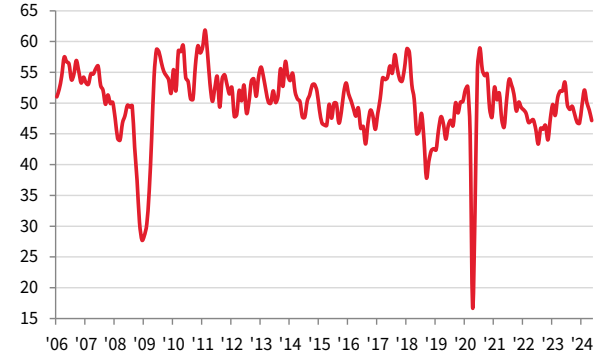
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Output Index

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

Turkish manufacturing firms posted a moderation of output for the second month running in May, with the latest slowdown in production the most marked in 2024 so far. Respondents often linked softer output to demand weakness, but there were also some reports that capacity had been insufficient to expand production.

sa, 50 = no change on previous month

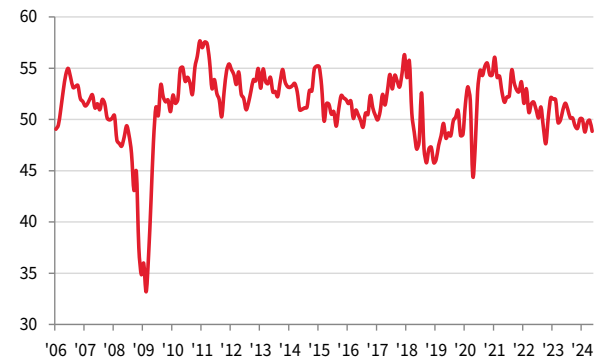


Employment Index

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

A moderation of new orders meant that manufacturers were often reluctant to replace departing staff members, leading to a scaling back of employment during May. The easing of workforce numbers was the most marked in three months, but only modest overall as the vast majority of respondents (87%) kept employment unchanged.

sa, 50 = no change on previous month



For further information, please contact:

Istanbul Chamber of Industry

Nesrin Akçay, Economic Research and Corporate Finance
Department Mng.

Telephone +90 212 252 29 00 Ext: 180

Email: nakcay@iso.org.tr

S&P Global Market Intelligence

Andrew Harker, Economics Director
Telephone +44 1491 461 016

Email: andrew.harker@spglobal.com

Sabrina Mayeen, Corporate Communications

Telephone +44 (0) 7967 447030

Email: sabrina.mayeen@spglobal.com

Istanbul Chamber of Industry Türkiye 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 Türkiye'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 Türkiye'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 S&P Global:

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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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. www.spglobal.com/marketintelligence/en/mi/products/pmi

Notes to Editors:

The Istanbul Chamber Of Industry Türkiye Manufacturing PMI® (Purchasing Managers' Index) is produced by S&P Global. 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.

S&P Global 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 S&P Global. Please contact economics@spglobal.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.

May data were collected 10-23 May 2024.

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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