

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI rises to 49.6 in September

September 2023 Key findings:

- Softer moderations in output and new orders
- Inflationary pressures ease markedly
- Fractional increase in employment

Summary

Business conditions in the Turkish manufacturing sector moved closer to stabilisation at the end of the third quarter of the year amid less pronounced slowdowns in output and new orders during September. Employment continued to rise, albeit fractionally. Meanwhile, rates of both input cost and output price inflation softened sharply over the month.

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 rose to 49.6 in September from 49.0 in August, and signalled only a marginal moderation in the health of the manufacturing sector. In fact, the latest reading was indicative of business conditions moving closer to stabilisation. The health of the sector has now softened in three successive months.

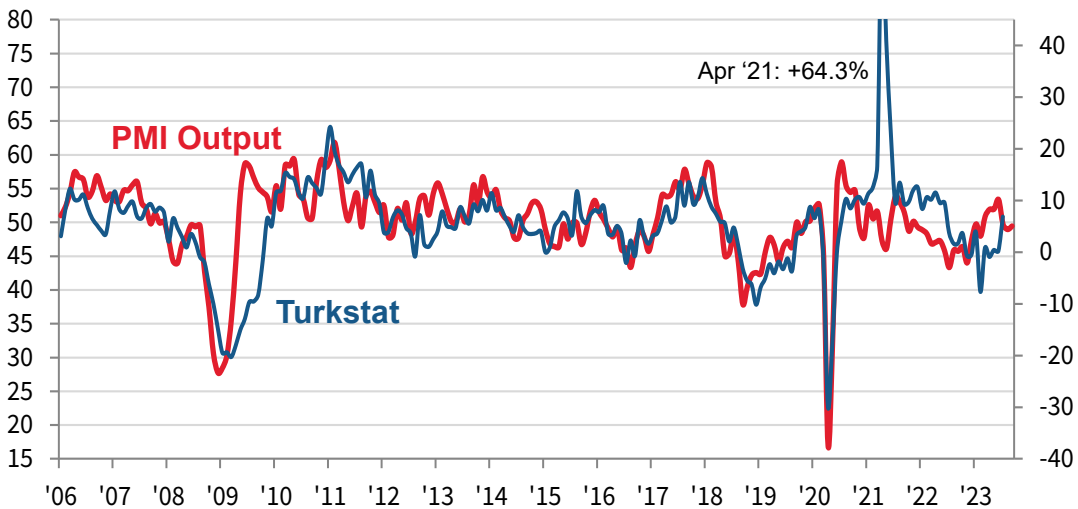
Production eased for the third month running, but only marginally and to a lesser extent than in the previous survey period. Where output moderated, this was generally a reflection of weak market conditions and a slowdown in new orders. On the other hand, some firms saw demand hold up over the month.

Both total new orders and new export business

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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eased further in September, but at a softer pace than in August. A common theme among anecdotal evidence from panellists was that price pressures had restricted customer demand.

Input costs continued to rise sharply at the end of the third quarter amid ongoing currency weakness. The rate of inflation was much slower than in August, however, and the weakest overall since May. In turn, the pace of output price inflation also eased markedly from the previous survey period.

Latest data pointed to a fractional rise in employment, extending the current sequence of job creation to five months. Some firms highlighted the need for additional workers, but others scaled back staffing levels amid softer new order inflows.

Firms continued to moderate their purchasing activity and stocks of inputs amid weakness of new orders, although the respective slowdowns were less pronounced than in August.

Where inputs were purchased, manufacturers were faced with delivery delays, as has been the case throughout 2023 so far. According to respondents, the latest decline in vendor performance was due to high transportation costs and difficulties importing goods.

Comment

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

"There were signs of stabilisation in the Turkish manufacturing sector during September as some firms reported that demand had held up well over the month. Although business conditions remained challenging overall, the latest data provide some hope that a return to growth can be recorded before the end of the year. One help to firms in September was a marked easing of inflationary pressures amid some relative currency stability."

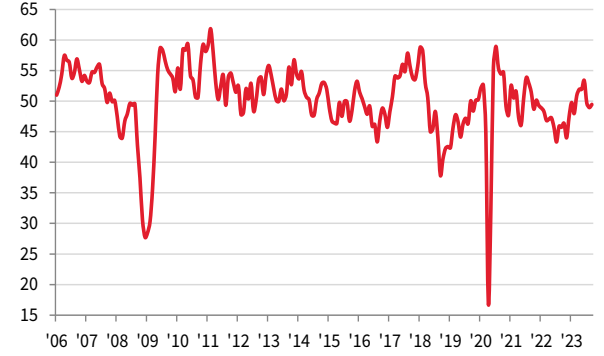
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Output Index

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

Turkish manufacturing production softened for the third consecutive month in September, albeit only marginally and to a lesser extent than was the case in August. While some respondents indicated that demand had held up to some extent over the month, this was outweighed by those that saw market conditions weaken.

sa, 50 = no change on previous month

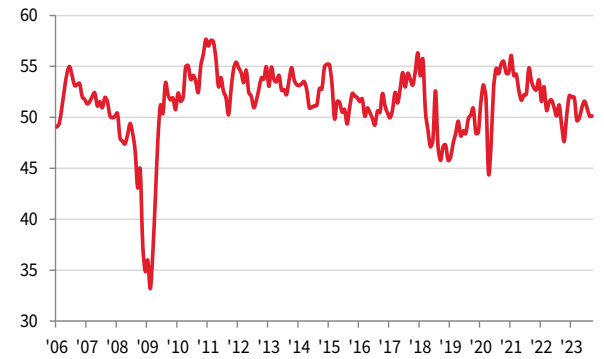


Employment Index

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

September data pointed to a fractional increase in employment, thereby extending the current sequence of job creation to five months. Some panellists reported the need for additional workers and new production lines. On the other hand, slower new orders led other firms to scale back workforce numbers.

sa, 50 = no change on previous month



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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 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. ihsmarkit.com/products/pmi.html.

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.

September data were collected 12-22 September 2023.

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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