

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI at six-month high in December

December 2022 Key findings:

- Softer moderations in output and new orders
- Job creation at ten-month high
- Supplier lead times shorten to near-record extent

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global pointed to some tentative signs of improvement in the Turkish manufacturing sector at the end of the year. December saw softer moderations in output and new orders, while employment increased at the fastest pace since February 2022. Meanwhile, inflationary pressures remained much more muted than earlier in the year.

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 48.1 in December from 45.7 in November. Although still signalling a moderation in business conditions over the month, the latest reading was the highest since June and signalled a modest softening in the health of the manufacturing sector.

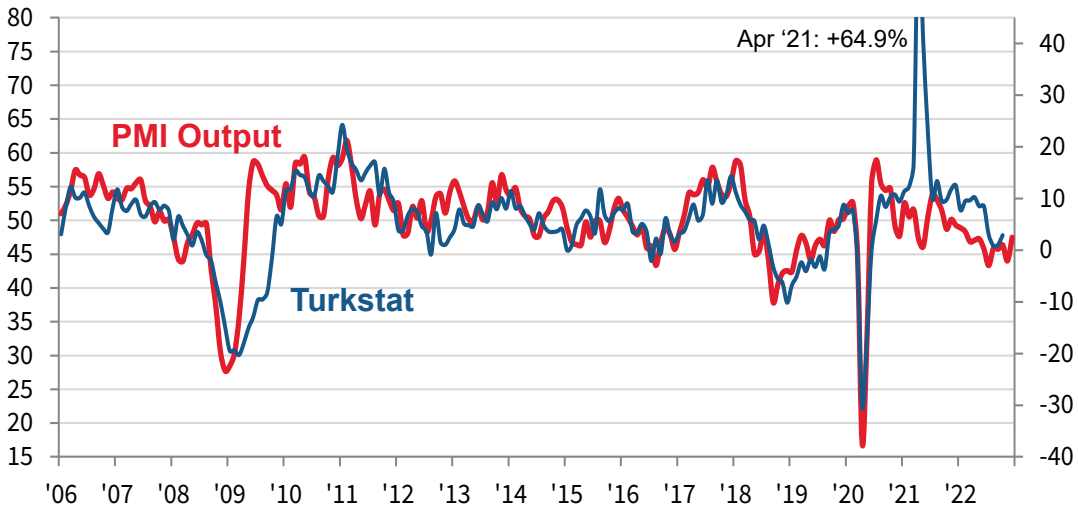
Signs of improvement were evident in terms of demand, with total new orders slowing to the joint-least extent in almost a year. That said, there were some reports that inflationary pressures continued to weigh on demand, while global market weakness meant that new export orders moderated to a greater extent than total new business.

Meanwhile, manufacturing production also eased to a lesser extent in December, with the latest

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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slowdown the weakest since February 2022.

Similarly, input buying moderated to a much softer extent than in November. Meanwhile, these signs of improvement supported a second successive month of employment growth. In fact, the rise in staffing levels was the sharpest in ten months.

After having slowed to a three-year low in November, the rate of input cost inflation remained relatively muted in December. In turn, output prices rose at the same pace as in the previous survey period, with the rate of inflation much softer than seen earlier in the year.

As was the case in November, suppliers' delivery times shortened to one of the greatest extents on record amid reports of weak demand for inputs and reduced port disruption.

Finally, an eighth successive rise in stocks of finished goods extended the longest sequence of accumulation in the survey's history, but was only fractional.

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 some tentative signs of improvement in the latest PMI survey, which if continued into the new year could see the Turkish manufacturing sector gaining some ground. While demand remains fragile, particularly internationally, cost pressures are not as extreme as earlier in 2022 and supply-chain conditions are improving, hopefully providing a tailwind to the sector heading into 2023."

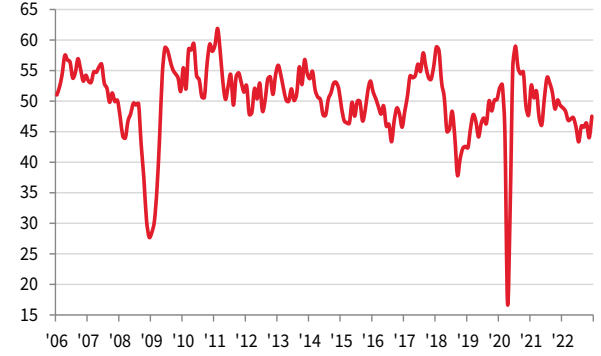
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Output Index

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

Although manufacturing production continued to slow in December, the pace of moderation softened markedly from that seen in November and was the weakest since February 2022. Panellists linked the easing of output to a combination of price pressures and soft demand. However, other respondents noted some signs of improvement.

sa, 50 = no change on previous month

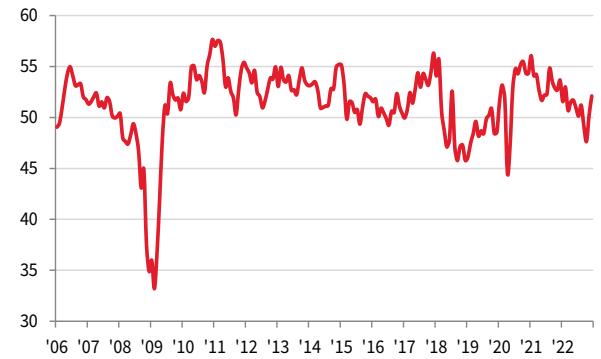


Employment Index

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

Tentative signs of improvement in output and new orders encouraged manufacturers to expand their staffing levels in December, the second month running in which a rise has been signalled. Moreover, the rate of job creation quickened from that seen in November and was the fastest since February 2022.

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:

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

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@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.

December data were collected 06-16 December 2022.

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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