

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI at 46.9 in September

September 2022 Key findings:

- New orders soften for twelfth month running
- Staffing levels scaled back for first time in 28 months
- Fastest rise in stocks of finished goods since February 2012

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global signalled a further slowdown in the Turkish manufacturing sector, with output, new orders and purchasing activity all moderating. Easing workloads meant that firms scaled back employment, ending a period of job creation which began in June 2020. Meanwhile, rates of input cost and output price inflation quickened.

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 seventh month in a row, signalling a further moderation in the health of the manufacturing sector. At 46.9 in September, the latest reading was down from 47.4 in August, thereby pointing to a more marked slowdown at the end of the third quarter.

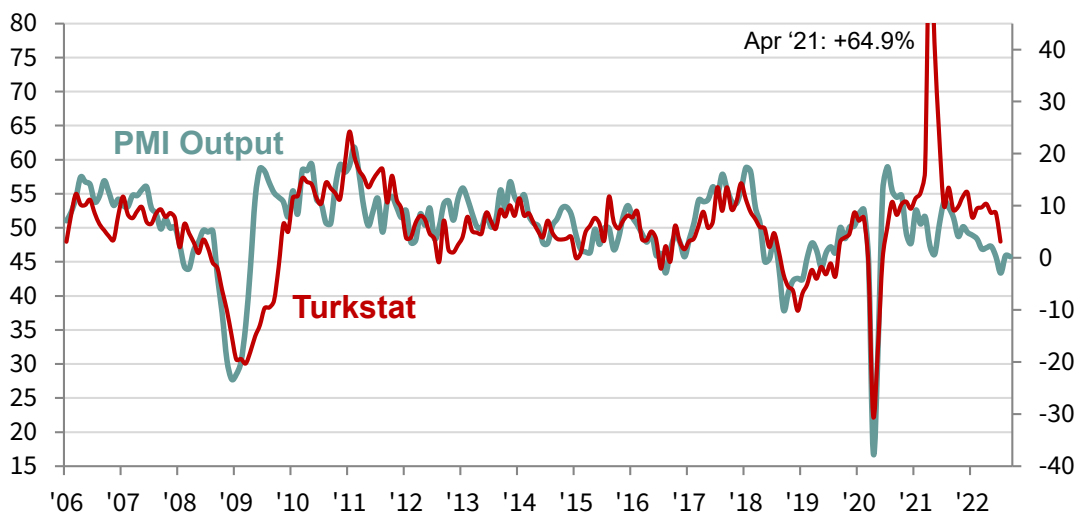
Anecdotal evidence suggested that fragile demand conditions and inflationary pressures were the main factors leading to slowdowns of both output and new orders during September. Total new business has now moderated on a monthly basis throughout the past year, with output slowing for the tenth month running.

New export orders also softened, with Europe cited as a particular source of demand weakness.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Input costs continued to increase sharply, with inflation often linked to higher prices for energy, specifically natural gas and electricity. Rising raw material costs and currency weakness also acted to push up input prices, according to respondents. The rate of inflation quickened from August, but was still the second-weakest since the initial wave of the COVID-19 pandemic. A similar picture was seen with regards to output prices as firms passed higher costs on to customers.

Employment was scaled back for the first time in 28 months during September, both in response to softer workloads and due to voluntary resignations. Input buying and stocks of purchases also moderated amid waning demand and price considerations.

Stocks of finished goods, on the other hand, increased as weakness in new orders left firms with unsold goods. In fact, the fifth consecutive monthly increase in post-production inventories was the sharpest since February 2012.

Comment

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

"The September PMI data provided few reasons for cheer for Turkish manufacturers as demand conditions both at home and abroad (notably in Europe), remained challenging. The sustained slowdown in new work has had an impact on employment, with firms scaling back workforces for the first time since the initial wave of the pandemic. With manufacturers sitting on increasingly large finished goods inventories, the prospects for production over the coming months appear bleak."

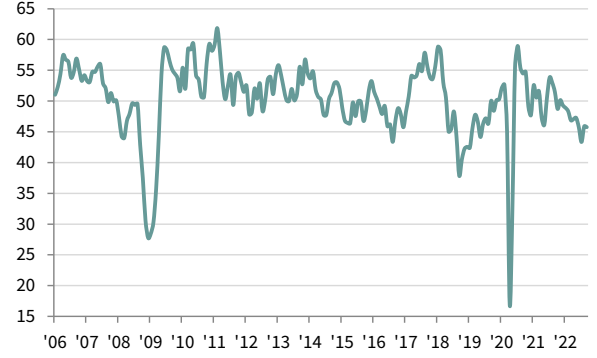
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Output Index

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

As has been the case in each of the past ten months, Turkish manufacturers scaled back production during September. The latest moderation in output was broadly in line with that seen in August. Panellists generally linked the slowdown to softer demand conditions, with higher prices for energy and materials also a factor.

sa, 50 = no change on previous month

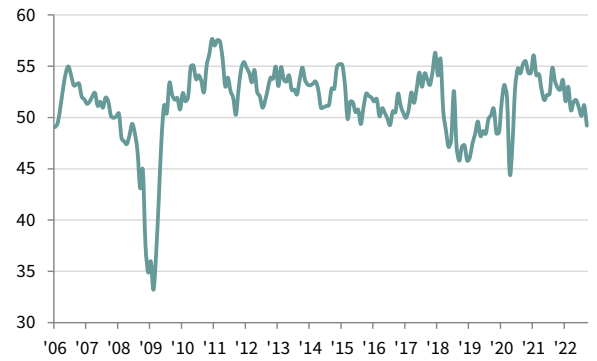


Employment Index

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

Turkish manufacturers scaled back staffing levels in September, thereby ending a period of job creation stretching back to June 2020. Some panellists reported voluntary resignations, while others linked the moderation in employment to softer new orders. That said, the easing was only marginal.

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.

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.

September data were collected 12-23 September 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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