

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

October sees PMI at 46.4

October 2022 Key findings:

- Further slowdown in new orders
- Output, employment and purchasing scaled back
- Suppliers' delivery times shorten for first time in 34 months

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global indicated a further softening of demand in the Turkish manufacturing sector amid challenging market conditions. New orders and production both slowed, while firms scaled back their purchasing activity and employment accordingly. Meanwhile, suppliers' delivery times shortened amid a lack of demand for inputs.

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 dipped to 46.4 in October from 46.9 in September, thereby posting below the 50.0 no-change mark for the eighth consecutive month and signalling a solid moderation in the health of the sector. In fact, the latest slowdown was the most pronounced since May 2020.

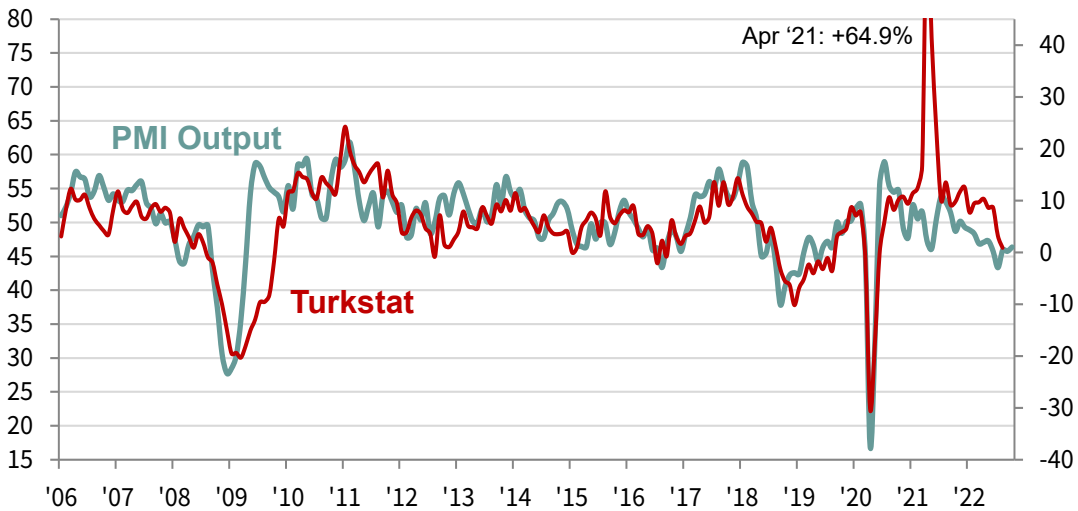
Central to the latest moderation in business conditions was a further softening of new orders, which eased for the thirteenth month running amid a lack of demand. A similarly sharp slowdown in new export orders was recorded. Demand weakness fed through to an easing in output over the month, albeit one that was the least marked since May.

Manufacturers responded to softer new orders by scaling back their purchasing activity and

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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employment in October. In particular, the easing of staffing levels accelerated to the fastest since May 2020.

The slowdown in input buying meant that pressure on supply chains was reduced, helping lead to a shortening of delivery times. The improvement in vendor performance was the first in 34 months and most pronounced since September 2014.

Input costs and output prices continued to increase sharply in October, although in both cases rates of inflation softened from the previous survey period. Higher input costs mainly reflected currency weakness, although there were also reports of rises in prices for energy and raw materials. In turn, charges increased as firms passed on higher input costs to customers.

Comment

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

"Subdued demand conditions kept the Turkish manufacturing sector on the back foot in October, with weakness in international demand increasingly to the fore. With requirements to satisfy new work easing, firms looked to scale back both employment and purchasing activity, the latter providing some respite for suppliers and enabling them to speed up their deliveries to the greatest extent in just over eight years, thus lessening one of the obstacles to growth in the sector."

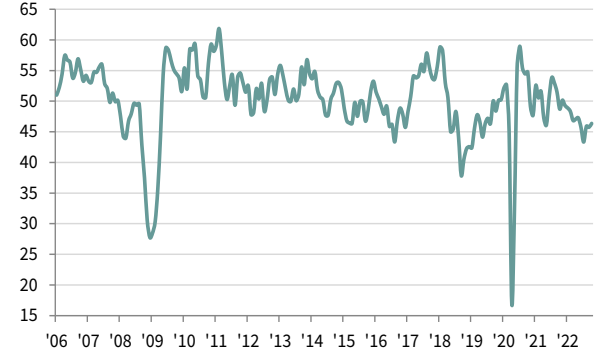
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Output Index

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

October data pointed to an eleventh successive monthly slowdown in Turkish manufacturing production, although the pace of moderation was the least marked since May. Respondents indicated that fragile customer demand and price pressures had been behind the latest softening of output.

sa, 50 = no change on previous month

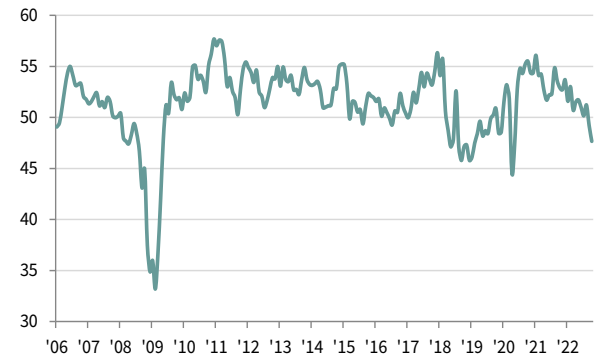


Employment Index

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

After having moderated for the first time in 28 months during September, employment slowed further during October. In fact, the pace at which staffing levels eased was the most marked since May 2020. Respondents indicated that the latest softening of workforce numbers reflected a combination of voluntary redundancies and reductions in line with slower new order inflows.

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.

October data were collected 12-24 October 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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