

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# PMI posts 49.3 in May

### May 2021 Key findings:

- COVID-19 lockdown restrictions lead to slower output and new orders
- Firms continue to raise staffing levels
- Inflationary pressures strengthen

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit showed that the manufacturing sector was negatively impacted by the COVID-19 lockdown that was in place for much of May. Output and new orders slowed, while the rate of job creation softened to a one-year low. There were further reports of difficulties securing raw materials, meanwhile, which contributed to sharper increases in input costs and selling prices.

The headline Istanbul Chamber of Industry Turkey 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 registered 49.3 in May, down from

50.4 in April and below the 50.0 no-change mark for the first time in a year. That said, the moderation in business conditions signalled by the PMI was only marginal.

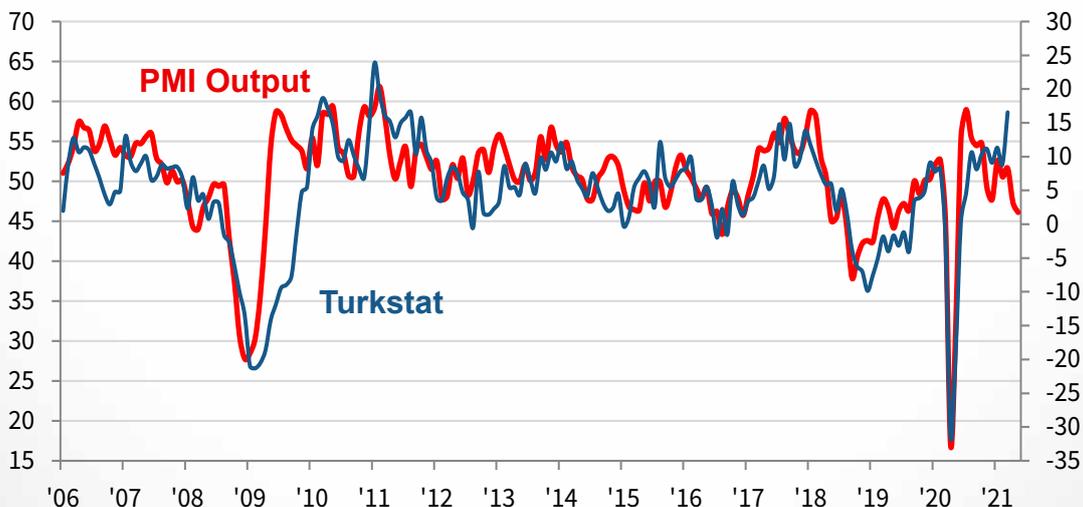
The COVID-19 lockdown, and associated softening of client demand, led to moderations in both output and new orders during May. Although more marked than in April, the respective rates of easing were much less pronounced than during the first wave of the pandemic last year. New export orders also slowed, ending a four-month sequence of growth.

Manufacturers continued to raise their workforce numbers midway through the second quarter, but hiring was also impacted by COVID-19 restrictions. As a result, the rate of job creation eased to the weakest in the current 12-month sequence of rising employment.

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Supply-chain disruption was again a feature of the latest survey, as highlighted by a marked lengthening of vendor delivery times.

Difficulties securing raw materials often led to increases in their prices. Input costs rose sharply again in May, and at a slightly faster pace than in the previous month. Currency weakness was also reportedly a factor behind higher input costs.

In turn, firms raised their own selling prices, and at a steep pace that was the strongest in the year-to-date.

Purchasing activity was scaled back marginally, and stocks of purchases also moderated, in part due to difficulties securing materials.

### Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Andrew Harker, Economics Director at IHS Markit, said:

*“It is of little surprise that the COVID-19 lockdown restrictions that were in place for much of May had a detrimental effect on the Turkish manufacturing sector over the course of the month. Firms will be hoping that the lockdown had the desired effect in bringing infections under control, and that a swift return to growth will be seen now that measures have started to ease.”*

*“Less transitory seem to be the problems in supply chains, which remained widespread in May and contributed to strong inflationary pressures.”*

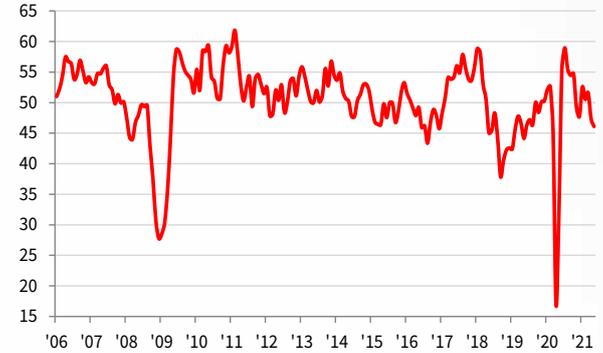
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### Output Index

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

Restrictions put in place to combat the spread of the COVID-19 pandemic led to a slowdown in Turkish manufacturing output during May. The moderation was the second in as many months and most marked for a year, but still much softer than those seen during the first wave of the pandemic in 2020.

sa, 50 = no change on previous month

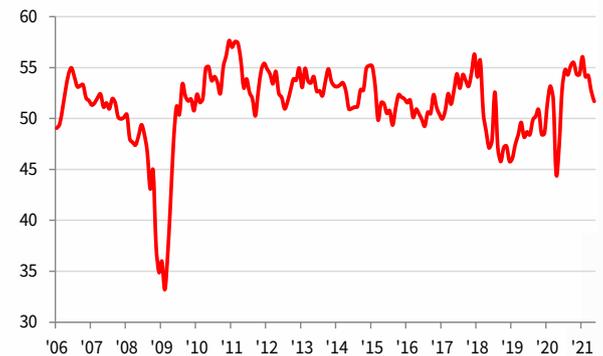


### Employment Index

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

Staffing levels continued to rise in May, thereby extending the current sequence of job creation to 12 months. That said, the pace of increase softened to the weakest in this sequence due to the effects of the COVID-19 pandemic and associated lockdown. The majority of respondents (86%) opted to keep workforce numbers unchanged.

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 Turkey'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 Turkey'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 IHS Markit:

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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](https://ihsmarkit.com/products/pmi.html)

## Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI® (Purchasing Managers' Index) is produced by IHS Markit. 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.

IHS Markit 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto: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.

May data were collected 05-21 May 2021.

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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