

## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

# PMI dips to 46.9 in July

### July 2022 Key findings:

- Weak demand leads to slowdowns in output and new orders
- Marginal increase in employment
- Softest rise in output prices for almost a year-and-a-half

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global signalled demand weakness in the Turkish manufacturing sector at the start of the third quarter. Market uncertainty and price pressures added to difficulties for firms, with output and new orders moderating in July. Purchasing activity was scaled back, while employment growth was the softest in 26 months. Meanwhile, rates of both input cost and output price inflation softened.

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 dropped to 46.9 in July from 48.1 in June, posting below the 50.0 no-change mark for the fifth month running and pointing to the most marked slowdown in business conditions since May 2020.

A general lack of demand was behind the latest moderation in the health of the sector, exacerbated by uncertain market conditions and ongoing price pressures.

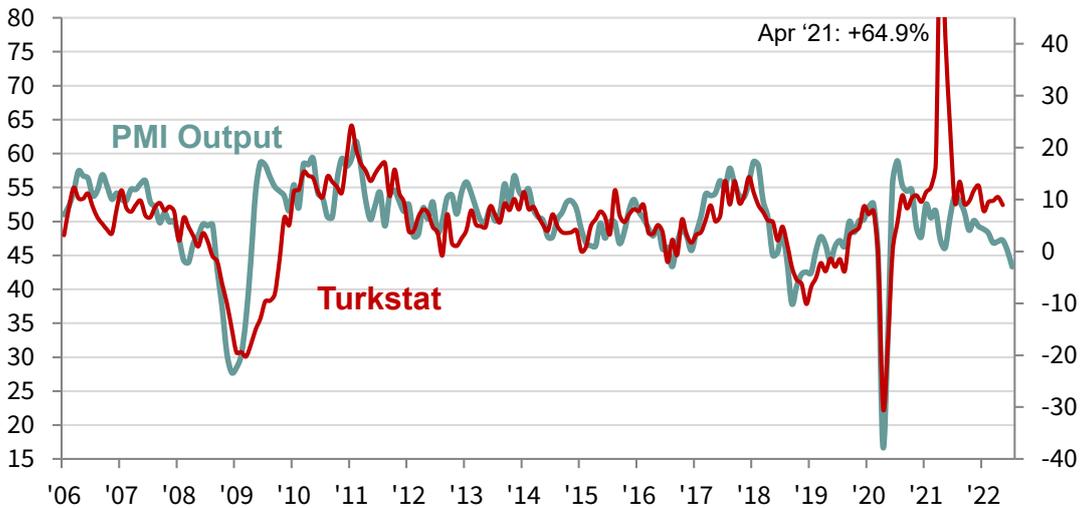
Both output and new orders eased in July, and to the greatest degree since the first wave of the COVID-19 pandemic. One relative bright spot on the demand side was for new export orders, which were broadly unchanged.

Another source of positivity was continued growth

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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of employment as some firms attempted to expand capacity. That said, the rate of job creation was only marginal and the weakest in the current 26-month sequence of rising staffing levels.

Firms scaled back purchasing activity in line with softer new orders, while stocks of inputs decreased for the first time in three months.

There were some signs of inflationary pressures easing. Input costs continued to rise sharply amid currency weakness, but the latest increase was the softest since February 2021. In turn, the rate of output price inflation slowed for the fourth successive month and was the weakest in almost a year-and-a-half.

Suppliers' delivery times continued to lengthen due to difficulties for vendors to source materials and global logistics issues. Although the most marked in three months, the extent of supply-chain disruption was much weaker than earlier in the year.

### Comment

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

*"Market uncertainty, soft demand and price pressures meant for a tricky time for Turkish manufacturers as the second half of the year began, with only new export orders and employment the relatively positive aspects of the latest PMI survey."*

*"There were further signs that the inflationary headwind has peaked, however, with both input costs and output prices rising at the slowest rates for almost a year-and-a-half. Reduced price pressures may provide some opportunities for firms to entice customers back in the months ahead."*

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### Output Index

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

Manufacturers in Türkiye scaled back production in July, the eighth month running in which this has been the case. Moreover, the latest slowdown was the most marked since May 2020. Respondents indicated that fragile demand and market uncertainty had been behind the easing of output.

sa, 50 = no change on previous month

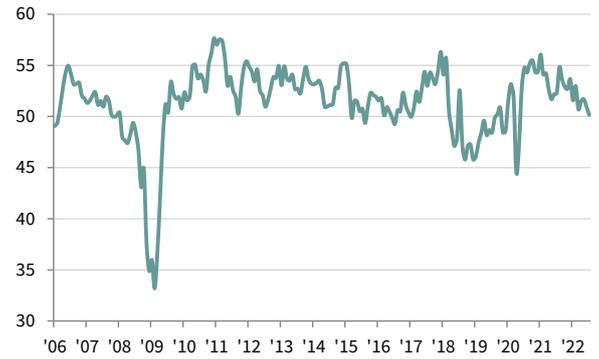


### Employment Index

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

Although Turkish manufacturers continued to expand their staffing levels during July, the rate of job creation slowed to the weakest in the current 26-month sequence of rising employment and was only marginal. While some firms reportedly raised employment as part of efforts to expand capacity, others pointed to resignations and an adjustment to lower new orders.

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](https://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](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.

July data were collected 06-22 July 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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