

## Manufacturing PMI index exceeded the growth threshold and reached 53.9 in June

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The manufacturing PMI index, which rose to 40.9 in May after falling to 33.4 in April due to the lockdown measures taken, increased strongly in June with the quarantine measures being lifted. In June, the PMI index reached 53.9, exceeding the 50 threshold level and signaling growth in economic activity. Production, new orders and employment increased. On the other hand, the improvement in foreign demand conditions will be decisive in the recovery.

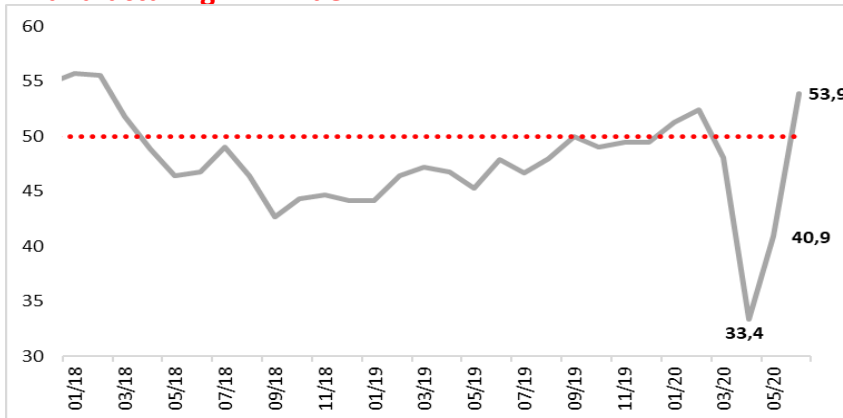
### When we look at the details of PMI data;

- As the restrictions lifted in June, production and new orders increased as well as the capacity utilization rate (m.a.) rose to 65.8%. On the other hand, the weakness in foreign demand continues with the continued lockdown measures being taken abroad. Along with the increase in production, recovery in employment and purchasing activities are also observed. It is seen that the demands are met from stocks.
- Inflationary pressures continued due to depreciation in TRY. Input costs continued to increase, while final product prices increased at the highest in the last 3 months.

### Other leading indicators also recovered:

- The real sector confidence index (m.a.), which had seen the lowest level since April 2009 with 62.3 in April, rose to 89.8 in June. The recovery was broad-based; all sub-item indices rose.
- Capacity utilization rate (s.a.) increased from 62.7% to 65.8%; it dropped to 61.9% in April.
- The consumer confidence index, which fell to the lowest level of the series with 54.9 in April, rose to 59.5 in May and 62.6 in June.
- On a sectoral basis;
  - The retail trade sector confidence index (s.a.), which fell from 101.7 in March to 75.2 in April, rose to 79 in May and 86.4 in June.
  - The construction sector confidence index (s.a.), which declined from 77.2 in March to 44.7 in April, rose to 58.5 in May and 78 in June. With the campaign on housing loan rates, housing loans, which had increased by TRY 10.1 billion in the whole of 2019, increased by TRY 11.5 billion between May 29 and June 19.
  - The service sector confidence index (s.a.), which declined from 92.5 in March to 46.1 in April, rose to 51.1 in May and 55.5 in June. The weakness in the services sector continues although there is some recovery. The fact that we are not among the 14 countries that the EU opened to tourism is posing a risk on the tourism sector activity. However, negotiations continue with Russia for tourism.

### Manufacturing PMI Index



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