

Industrial production contracted annually by 31.4% in April due to te lockdown measures

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In April, when the economic lockdown measures caused by the corona virus are heavily implemented, industrial production fell sharply. IP contracted by 30.4% on a monthly basis (seasonally and calendar-adjusted) and 31.4% on an annual basis (calendar-adjusted) in April. While the contraction was widespread, the most severe contraction occurred in the production of intermediate goods. There are also sharp declines in the production of capital and non-durable consumer goods. On sectoral basis, the sharpest declines are observed in the sectors which are highly dependent on export demand.

While the **capacity utilization rate (s.a.)** fell to the **lowest level with 61.9%** (April 2009: 62%) in April, **IP (s.a.) also contracted with 30.4% on a monthly basis**. Intermediate goods production contracted by 30% and made the highest negative contribution to industrial production with 13.5 points. Capital goods, non durable goods, durable goods and energy production fell by 40.2%, 28.3%, 41.7% and 13.5% respectively. Their contribution to the overall contraction was 7.0 ppt, 6.9 ppt, 1.8 ppt and 1.2 ppt. Monthly contractions in sectoral basis production was 58% in textile products (contribution: -5.7 ppt), 53.2% in clothing (contribution: -3.1 ppt), 73.8% in motor vehicles (contribution: -3.7 ppt), 25% in basic metal industry (contribution: -2.3 ppt).

Calendar-adjusted industrial production also contracted by a rapid pace 31.4% on an annual basis. Capacity utilization rate in April was 61.6%, the lowest since March 2009 (61.2%).

Leading data for May indicates some recovery from the bottom as lockdown measures are loosened somewhat, especially in Europe. Normalization process which started in the beginning of June in Turkey and fall in new cases in Europe may support demand conditions and support recovery process.

When we look at the latest data:

- The manufacturing industry PMI index which fell to lowest level in April with 33.4, rose to 40.9 in May
- Capacity utilization (s.a.) rate rose to 62.7% in May.
- Consumer and real sector confidence indices also recovered from the bottom. The consumer confidence index (s.a.) rose to 59.5 from 54.9 (the lowest level), and real sector confidence index (s.a.), which saw its lowest level since January 2009 in May with 62.3, rose to 73.5.
- On the other hand, according to May leading foreign trade data of the Ministry of Trade; exports decreased by 40.1% and imports decreased by 27.7%.

CHART-1: Monthly&Quarterly IP Trends (s.a.)

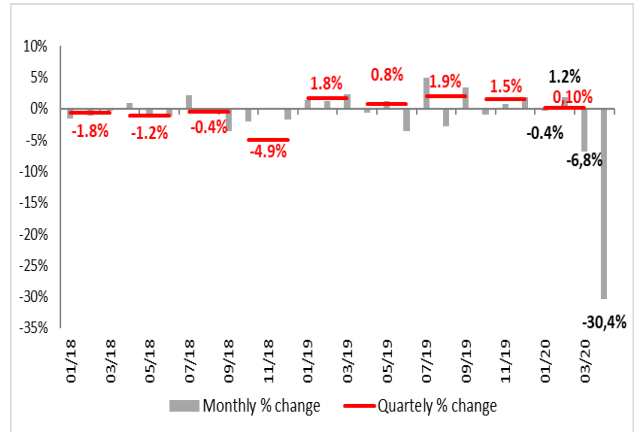
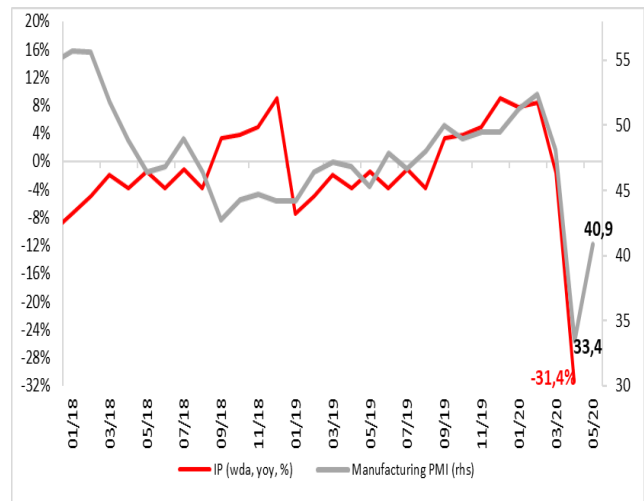


CHART-2: Industrial Production (wda) vs PMI



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