

April's industrial production is on a good start for the second quarter on y/y terms

Industrial production (IP, according to unadjusted data) gained some momentum in April. The annual increase in WDA industrial production was 10.8% in April compared to 9.8% in March which brought down IP to a %10.2 yoy increase 1Q22. On the other hand, May PMI figure continued to stay at the lowest level (49.2) since May 2020. This could put some pressure on the second quarter IP growth for the economy.

Seasonally and calendar adjusted industrial production stood unchanged on monthly basis in April. On a monthly basis, the highest decrease was seen in the energy industry group, followed by food, textile, basic metal and chemical product groups. Abovementioned groups made a negative contribution to the headline index between 0.02 and 0.85 points in April. According to the main industrial groups, the decline originated from all main groups excluding capital goods. The most significant impact in preventing the decline came from capital goods with a monthly increase of 7.6%. On an annual basis, intermediate, capital and non-durable consumer goods were the highest contributors in terms of yoy increase.

Industrial production (swda) remained unchanged on a monthly basis in April. With regard to the main industry groups; the most important groups that decreased on a monthly basis were energy production (-0.22 points), durable consumer goods production (-0.07 points) and intermediate goods production (-0.85 points). Meanwhile, capital goods were the only group making a positive monthly contribution (1.21). Non-durable consumer goods on the other hand, contributed -0.02 points.

On an annual basis, industrial production (wda) rose by 10.8 in April. According to the main industry groups, intermediate goods production, which increased by 8.1% yoy, continued to make a high contribution with 3.9 points. Production of non-durable goods increased by 18.4%, making a contribution of 4.2 points (the highest) to the headline. Durable goods production increased by 5.8% yoy (+0.3 points), capital goods production rose by 13.2% and contributed 2.2 points. The contribution of energy was 0.22 points.

Moreover, leading indicators suggest that the industrial production could loose some momentum in coming month, whereas:

- The PMI index continued to stay at 49.2 in May, which is its lowest level since May 2020
- Real sector confidence index (s.a.) in May decreased to 107 from 107.7
- CUR was 78.1% in May.
- According to leading economic indicators exports and imports rose by 15.2% and 43.8% yoy in May respectively.

Possible sanctions originating from Russia-Ukraine tension, their secondary effects and ongoing Covid-19 restrictions from China on supply chains, and commodity prices will continue to be the main factors to be followed in the remaining 2022.

Alp Nasr

CHART-1: Industrial Production (s.a.,%)

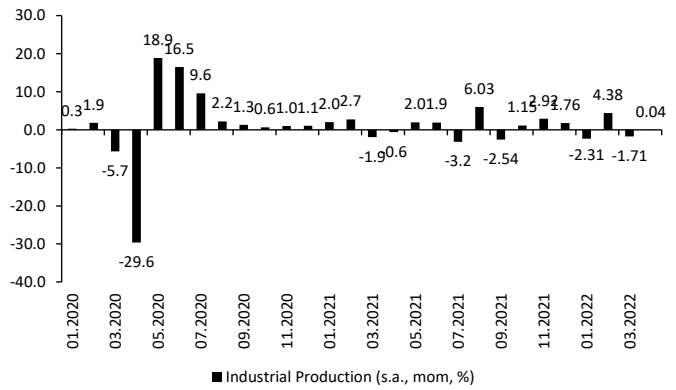
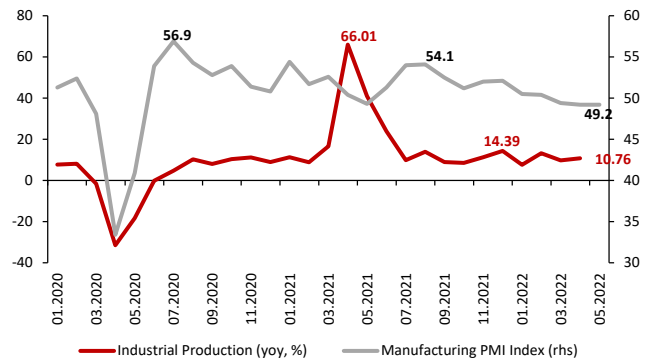


CHART-2: Industrial Production (wda) vs PMI



This report is prepared by Akbank Economic Research

Economic.research@akbank.com

Dr. Fatma Melek – Chief Economist

Fatma.Melek@akbank.com

M. Sibel Yapıcı

Sibel.Yapici@akbank.com

Alp Nasır

Alp.Nasir@akbank.com

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