

Macro: Widespread increase in industrial production in November

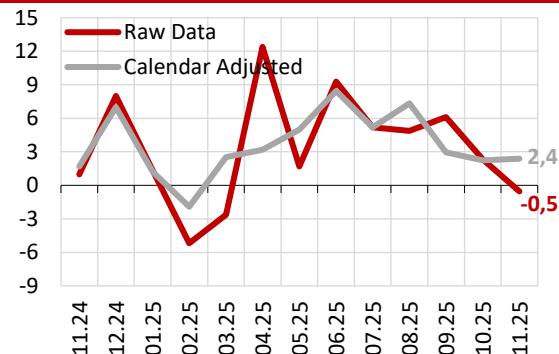
In November, the Industrial Production Index (IPI) recorded a surprisingly high monthly increase of 2.5% in seasonally and calendar adjusted (s.a.) terms. On an annual basis, the IPI declined by 0.5%. Nevertheless, when adjusted for calendar effects, this corresponded to an annual growth rate of 2.4% compared to the previous month.

Volatility in the IPI stemming from capital goods has continued in November. While other transportation equipment and computers, electronics, and optical instruments contributed 1.1 percentage points to the monthly change in IPI, the IPI increased more moderately by 1.4% excluding these two sectors. Despite the monthly increase in November, the quarterly decline continues, which is more limited excluding capital goods.

Survey-based leading indicators for the manufacturing industry have not yet shown any signs of a sustained recovery in the manufacturing sector. However, both the PMI and the Business Tendency Surveys showed some improvement in demand indicators. In addition, we observed a deterioration in cost expectations due to anticipated wage increases at the beginning of the year. The fact that most sectors recorded increases in November may also indicate a production increase brought forward somewhat before the expected cost increases. This effect is likely to strengthen and continue in December. Indeed, PMI data also showed an increase in December. Finally, the clothing sector continues to diverge negatively. Production in the clothing sector has been declining for the last 6 months, and the cumulative decrease over this period has reached 17.3%. Compared to the end of 2024, the production loss is approximately 26%, and the sector's production is at its lowest level since May 2021.

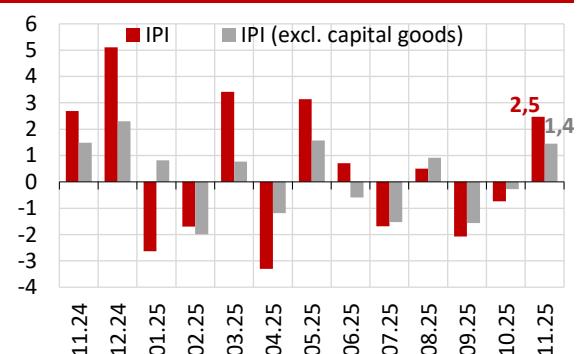
The Industrial Production Index (IPI), adjusted for seasonal and calendar effects (m.a.), increased by 2.5% month-on-month (mom). On an annual basis, the IPI decreased by 0.5%, but when adjusted for calendar effects (one working day less than last year), it recorded an increase of 2.4% year-on-year (yoy), close to the increase in October (Chart 1).

Chart 1. IPI (yoy, %)



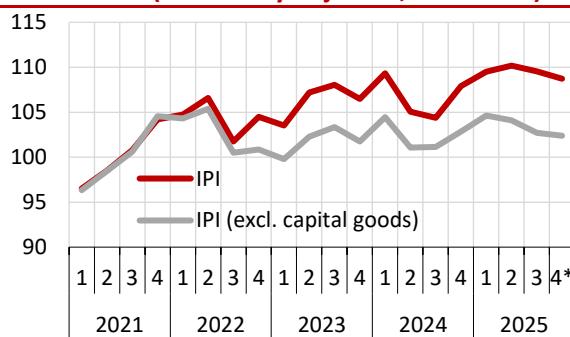
Source: Turkstat

Chart 2. IPI (seasonally adjusted, mom, %)



Source: Turkstat, Akbank

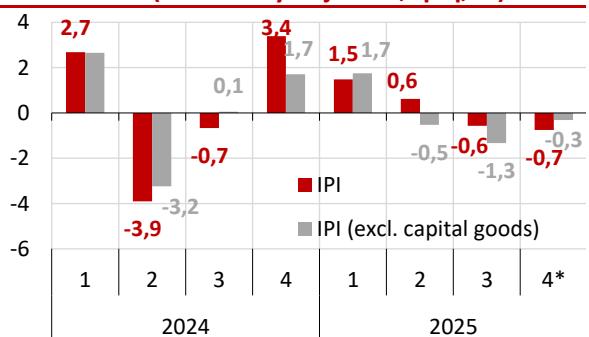
Chart 3. IPI (seasonally adjusted, 2021=100)



*October-November average.

Source: Turkstat, Akbank

Chart 4. IPI (seasonally adjusted, qoq, %)



* October-November average.

Source: Turkstat, Akbank

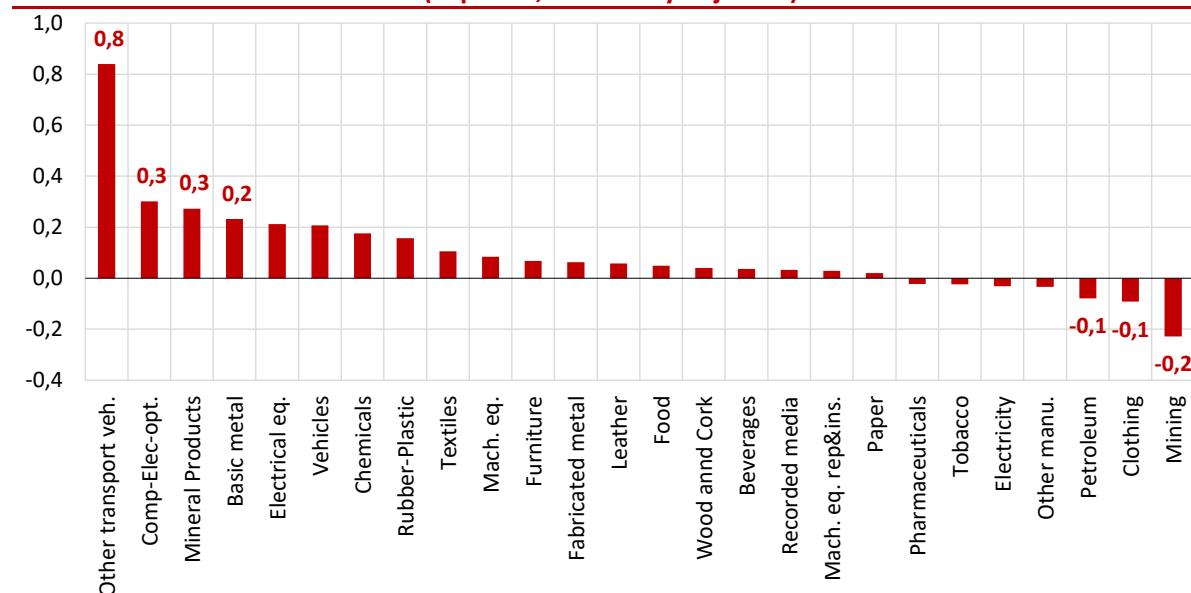
In October-November, the IPI (s.a.) remained 0.7% below the Q3 average, indicating that the weakening in production continued into the last quarter. Capital goods, which had been limiting IPI for the past four months, supported IPI again in November with the contribution of its volatile components (Charts 2 and 3). Despite this increase, capital goods continued to limit IPI in October-November. As of November, IPI excluding capital goods contracted more moderately by 0.3% on a quarterly basis (Chart 4).

In November, the majority of sectors contributed to the monthly increase. The highest positive contributions to the monthly change came from the defense industry linked **other transportation equipment** manufacturing, and the manufacturing of **computers, electronics, and optical instruments** (0.8 and 0.3 points, respectively), which have historically shown high volatility. Therefore, the monthly increase in IPI excluding these two sectors, for a healthier tracking of the main trend in IPI, is more limited at 1.4%. On the other hand, the fact that this core indicator has leveled off on a quarterly basis after contractions in the last two quarters can be considered a partially positive development.

In November, strong growth in **construction-related sectors** (mineral products, base metals, fabricated metals, rubber and plastics) was also noteworthy. Aggregated, production in construction-related sectors increased by 3.1% on a monthly basis, exceeding the average of the IPI. On a quarterly basis, while losing momentum, they recorded a 0.8% increase. This month, we also observed increases in **core capital goods** (vehicles, machinery and equipment, etc.). **Textiles** also recorded an increase (1.7%), exceeding last month's decrease (-1.1%). The **food** sector also continued to increase, albeit at a slower rate.

On the other hand, **clothing** continues to be the worst-performing sector. Production in the clothing sector has been declining for six months. The cumulative decrease over the six months has reached 17.3%. Compared to the end of 2024, the production loss reached 26%. Production is at its lowest level since May 2021.

Chart 5. Contributions to the Monthly Change in IPI in September
(% points, seasonally adjusted)



Source: Turkstat, Akbank

The monthly increase was widespread across product groups, excluding energy. Capital goods manufacturing increased by 5.9% on a monthly basis, driven by sharp movement in computer, electronic, and optical instrument manufacturing and transportation equipment (Chart 8). Monthly

production increases in intermediate goods, durable consumer goods, and non-durable consumer goods (s.a.) were 2.6%, 1.6%, and 0.5%, respectively (Charts 6 and 7). In the energy sector, a decline was recorded, particularly due to mining.

Chart 6. Intermediate and Consumption Goods (seasonally adjusted, 2021=100)

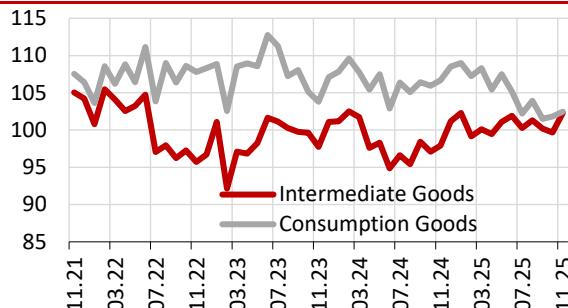


Chart 7. Consumption Goods (seasonally adjusted, 2021=100)

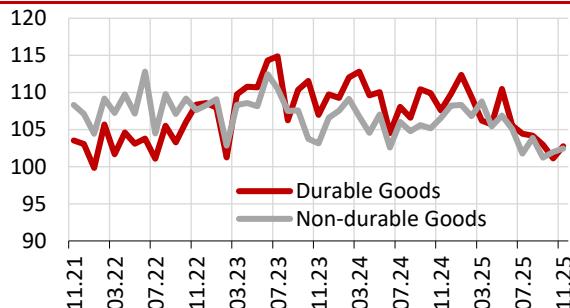


Chart 8. Capital Goods (seasonally adjusted, 2021=100)

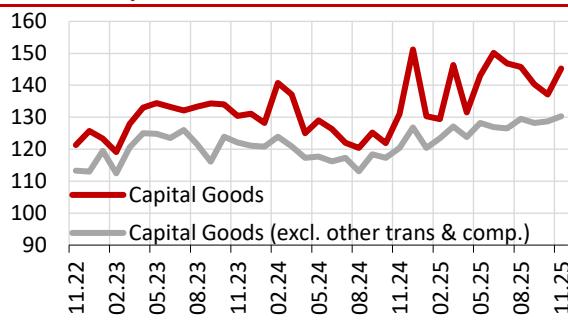


Chart 9. Intermediate and Consumption Goods (seasonally adjusted, 2021=100)

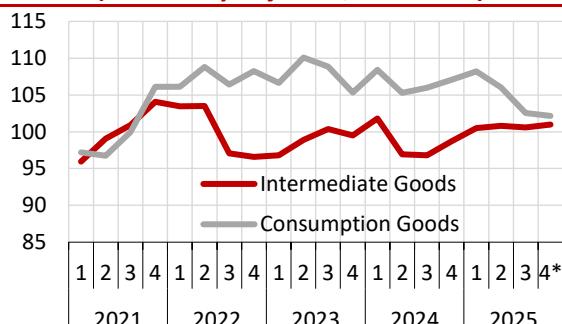
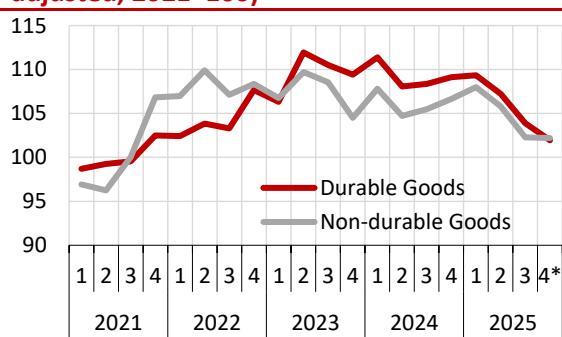
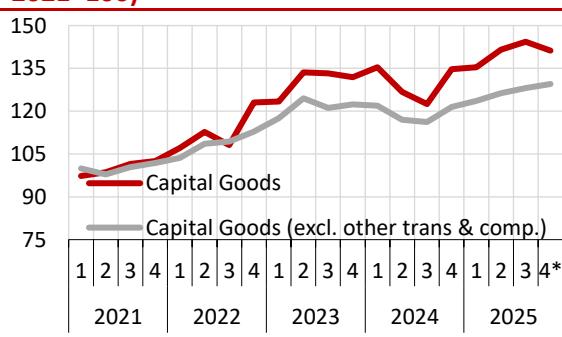


Chart 10. Consumption Goods (seasonally adjusted, 2021=100)



* October-November average.

Chart 11. Capital Goods (seasonally adjusted, 2021=100)



* October-November average.

Table 1. Industrial Production Index (Annual % Change)

	Aug.25	Sep.25	Oct.25	Nov.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4*	First 11 months
IPI	4.9	6.1	2.3	-0.5	-2.2	7.4	5.4	0.9	3.0
Mining and quarrying	2.0	5.6	9.8	-2.1	-2.1	5.6	2.9	3.9	2.5
Mining of coal and lignite	-16.6	4.7	3.0	6.3	-0.6	-2.4	-13.7	4.6	-3.9
Extraction of crude petrol. and n. gas	14.9	23.5	19.7	12.3	42.8	32.3	19.7	15.9	27.8
Mining of metal ores	2.1	-1.9	11.9	-27.7	-8.6	-2.5	0.0	-7.7	-4.4
Other mining and quarrying	5.1	6.6	6.3	8.4	-8.5	10.0	8.1	7.3	4.3
Manufacturing	5.1	6.2	2.0	-0.4	-2.7	7.7	5.7	0.8	2.9
Food products	7.1	4.7	-2.1	-5.4	0.1	10.9	5.9	-3.8	3.4
Beverages	2.8	1.7	-3.6	9.9	-3.8	5.6	3.4	2.6	2.2
Tobacco products	11.1	12.8	14.5	4.2	-7.2	14.7	12.1	9.3	7.2
Textiles	-9.1	-4.1	-7.5	-11.5	-4.9	-1.1	-6.8	-9.5	-5.4
Wearing apparel	-19.8	-19.6	-22.1	-28.5	-0.4	-6.7	-18.9	-25.2	-12.2
Leather and related products	-6.3	-5.0	-10.0	-9.2	-2.3	-2.6	-5.9	-9.6	-4.7
Wood and cork products	6.1	17.1	11.5	9.1	-1.1	18.1	11.5	10.2	9.3
Paper and paper products	8.4	3.7	0.1	-1.6	-3.3	6.7	5.3	-0.8	2.1
Recorded media	0.0	9.4	-7.6	-3.3	-5.6	-2.4	-0.2	-5.6	-3.1
Coke and refined petroleum prod.	9.3	32.9	17.7	-4.1	4.4	9.4	14.1	6.1	8.7
Chemicals and chemical prod.	4.4	8.6	3.9	3.7	-3.8	3.8	4.6	3.8	1.9
Basic pharmaceutical products	18.0	14.1	14.9	7.4	-12.9	8.7	12.4	11.1	3.5
Rubber and plastic products	-0.6	0.9	-1.6	-0.6	-8.4	5.4	0.7	-1.1	-1.0
Other non-metallic mineral prod.	9.0	13.5	8.2	12.0	-5.2	10.6	11.9	10.0	6.7
Base metals	7.0	7.1	4.4	3.5	-0.1	6.1	6.6	3.9	4.1
Fabricated metal products	16.6	16.0	14.4	4.6	4.3	15.3	15.7	9.3	11.3
Comp., electronic and optical prod.	8.6	25.0	11.5	46.0	4.6	27.8	27.6	26.6	21.3
Electrical equipment	2.4	6.1	6.4	7.8	-3.3	4.4	2.8	7.1	2.3
Machinery and equipment	-4.8	-5.4	-9.2	-9.1	-8.8	-3.0	-5.3	-9.2	-6.4
Motor vehicles	14.2	8.4	8.0	11.2	-12.3	8.6	9.4	9.6	2.6
Other transport equipment	53.7	27.0	22.7	2.5	-5.8	23.0	47.4	10.7	18.1
Furniture	2.4	9.4	1.1	1.0	-4.3	5.5	4.9	1.0	1.9
Other manufacturing	-10.2	-12.3	-14.8	-19.8	-2.4	4.6	-9.7	-17.3	-5.8
Repair& instl. of mach. and eq.	9.3	8.5	0.6	-1.1	9.0	17.3	8.2	-0.3	9.1
Electricity, gas, steam	6.1	5.3	0.6	-2.0	5.0	4.9	5.7	-0.7	4.2
IPI	4.9	6.1	2.3	-0.5	-2.2	7.4	5.4	0.9	3.0
Intermediate Goods	3.8	4.9	2.7	1.6	-4.6	6.1	4.3	2.2	1.9
Durable Consumer Goods	-7.3	-3.9	-8.7	-6.9	-3.5	-0.2	-5.4	-7.8	-4.0
Non-durable Consumer Goods	-0.2	-0.5	-5.6	-9.4	-2.2	5.0	-1.0	-7.5	-1.2
Energy	5.6	11.5	5.4	-1.2	6.4	6.9	6.7	2.0	5.8
Capital Goods	18.0	16.1	12.3	7.3	-1.4	14.9	18.1	9.7	10.2
Low Technology	-1.8	-1.1	-6.0	-9.1	-2.1	4.3	-1.6	-7.6	-1.5
Medium-Low Technology	5.9	8.5	3.5	1.7	-1.8	8.8	6.8	2.6	4.2
Medium-High Technology	15.6	8.9	7.9	4.9	-4.0	4.8	10.2	6.3	4.1
High Technology	7.7	34.4	27.8	25.6	-6.9	40.0	32.3	26.7	20.7

* as of November

Source: Turkstat

Table 2. Industrial Production Index (Seasonally and Calendar Adjusted)

	Monthly % Change				Quarterly % Change			
	Aug.25	Sep.25	Oct.25	Nov.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4*
IPI	0.5	-2.1	-0.7	2.5	1.5	0.6	-0.6	-0.7
Mining and quarrying	0.1	1.0	1.2	-4.8	5.8	1.1	-2.4	-0.6
Mining of coal and lignite	5.6	16.6	-1.3	5.7	3.0	2.6	-12.5	14.1
Extraction of crude petrol. and n. gas	-1.1	4.2	0.7	-1.2	4.5	6.3	2.1	2.4
Mining of metal ores	-6.2	-1.7	2.8	-23.6	7.2	-1.3	-1.5	-12.3
Other mining and quarrying	3.5	-4.2	1.2	3.7	8.4	0.6	0.0	1.3
Manufacturing	0.7	-2.2	-0.8	3.1	1.3	0.7	-0.7	-0.5
Food products	1.5	-1.6	2.0	0.4	4.5	-1.6	-2.3	1.6
Beverages	0.0	-5.0	3.5	7.7	-0.6	0.8	-3.1	3.9
Tobacco products	0.0	-6.0	6.8	-5.2	-1.8	12.4	0.8	-0.2
Textiles	0.2	0.5	-1.1	1.7	-2.1	-3.3	-3.9	0.2
Wearing apparel	-0.3	-3.2	-1.5	-2.4	-4.0	-8.6	-8.9	-4.9
Leather and related products	-2.8	-3.9	-1.4	7.5	0.6	-3.9	-4.0	-1.4
Wood and cork products	0.5	6.2	-1.9	3.1	7.5	-0.9	-2.3	3.8
Paper and paper products	0.3	-3.7	-1.1	0.9	0.4	1.6	-0.4	-3.1
Recorded media	8.3	0.5	-12.5	4.9	4.0	-1.6	3.3	-7.7
Coke and refined petroleum prod.	-0.7	-4.6	-0.8	-3.1	12.0	1.8	-3.3	-5.7
Chemicals and chemical products	3.7	0.3	-0.9	4.1	0.9	0.0	0.0	2.6
Basic pharmaceutical products	13.8	-6.8	6.3	-1.2	-1.9	8.9	3.3	5.1
Rubber and plastic products	-0.6	-1.0	-2.0	4.1	1.8	0.4	-2.9	-0.8
Other non-metallic mineral products	-0.9	0.7	-1.4	4.1	5.5	2.1	1.9	0.8
Base metals	2.7	-3.0	0.1	4.4	2.0	-1.6	3.0	1.2
Fabricated metal products	5.8	-2.0	0.4	0.8	0.4	1.3	5.7	1.3
Computer, electronic and optical prod.	-20.0	29.3	-23.4	15.7	19.1	1.1	2.2	-9.6
Electrical equipment	-1.1	0.8	1.2	4.8	2.1	1.9	0.4	3.7
Machinery and equipment	3.1	-5.6	1.0	2.1	-3.0	-3.6	-1.1	-0.8
Motor vehicles	0.4	-0.2	1.1	3.1	2.9	7.2	-1.7	2.6
Other transport equipment	-2.2	-26.5	-0.3	23.4	-11.8	17.8	3.9	-11.0
Furniture	1.3	0.9	-2.1	2.5	1.4	-0.9	0.7	0.2
Other manufacturing	3.0	-5.0	-1.2	-1.8	-1.0	-2.9	-6.8	-4.4
Repair and installation of mach. and equip.	0.3	-1.9	-3.8	0.9	2.9	3.2	-4.2	-4.5
Electricity, gas, steam	-2.5	-2.4	-1.2	-0.5	0.9	-0.7	2.6	-3.8
IPI	0.5	-2.1	-0.7	2.5	1.5	0.6	-0.6	-0.7
Intermediate Goods	1.0	-1.1	-0.5	2.6	1.8	0.3	-0.2	0.4
Durable Consumer Goods	-0.2	-1.2	-1.8	1.6	0.2	-1.9	-3.2	-1.8
Non-durable Consumer Goods	2.1	-2.6	0.7	0.5	1.3	-2.0	-3.3	-0.1
Energy	-1.5	-1.3	-1.0	-0.7	3.6	0.6	-0.1	-2.7
Capital Goods	-0.8	-3.7	-2.3	5.9	0.5	4.6	1.9	-2.1
Low Technology	0.8	-1.5	-0.1	0.8	0.9	-2.5	-3.3	-0.4
Medium-Low Technology	1.3	-2.0	-1.4	2.8	2.9	1.0	-0.5	-0.9
Medium-High Technology	4.4	-7.2	0.7	4.8	0.8	3.3	3.0	-0.5
High Technology	-16.3	15.5	-7.6	10.5	-1.4	9.4	-0.9	0.7

* as of November

Source: Turkstat

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