

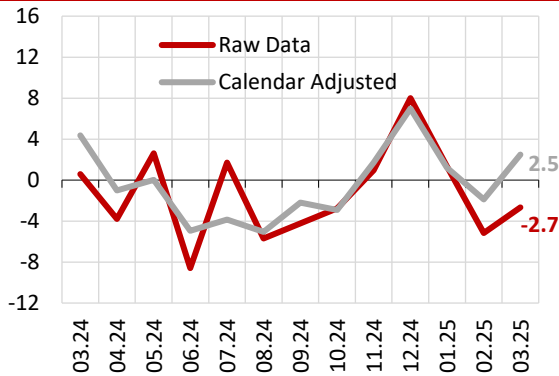
Macro: Monthly rise in industrial production strong but not broad-based

In March, industrial production recorded a strong monthly increase of 3.4%, while it fell by 2.7% yoy due to calendar effects. In the first quarter, the IPI fell by 2.2% yoy, while it rose by 1.8% qoq. The strong monthly increase in March was not broadly based across sectors, and highly volatile items accounted for a significant part of it through exports. On the other hand, although the IPI (s.a.) seems to have maintained its strong quarterly upward trend in the first quarter, it fell by a cumulative 0.84% in the period January-February-March. The base effect caused by the low IPI value in October 2024 was the main driver of the increase in the quarterly average. It is therefore worth noting that the IPI weakened in the first quarter. Tightening financial conditions and heightened domestic and global uncertainties suggest that the weakening trend in the IPI will continue in the second quarter. Preliminary foreign trade data for April also suggest that the export-driven movement in March will be corrected.

In March, seasonally and calendar adjusted (s.a.) Industrial Production Index (IPI) increased by 3.4% mom and decreased by 2.7% yoy (Charts 1, 2 and 3). The negative annual growth was due to the ordinary calendar effects (1.5 fewer working days compared to March last year). Adjusted for this calendar effect, the IPI grew by 2.5% yoy.

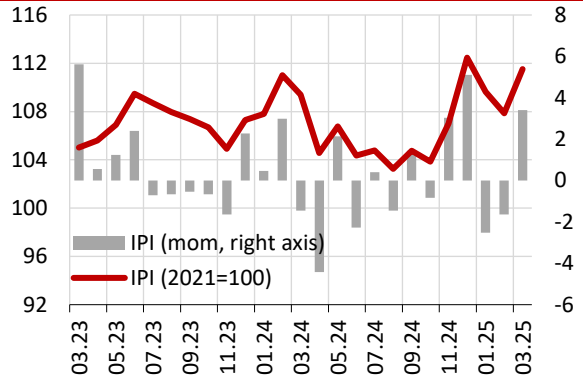
On a quarterly basis, IPI (s.a.) rose by 1.8% qoq (Chart 4), but contracted by 2.2% yoy. As in March, there were fewer working days (2.5 days) in the first quarter of this year than in the first quarter of last year. Therefore, calendar-adjusted annual growth in the first quarter was slightly positive at 0.7%. The quarterly and annual changes in the first quarter suggest that the IPI will make a negative contribution to annual GDP growth and a positive contribution to quarterly GDP growth.

Chart 1. IPI (yoy, %)



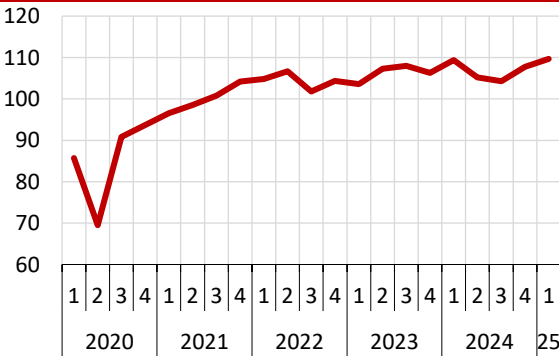
Source: Turkstat

Chart 2. IPI (seasonally adjusted)



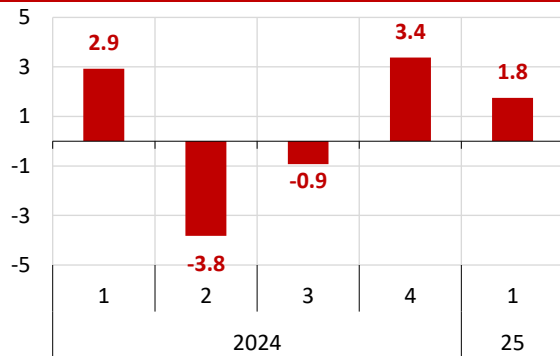
Source: Turkstat

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



Source: Turkstat

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



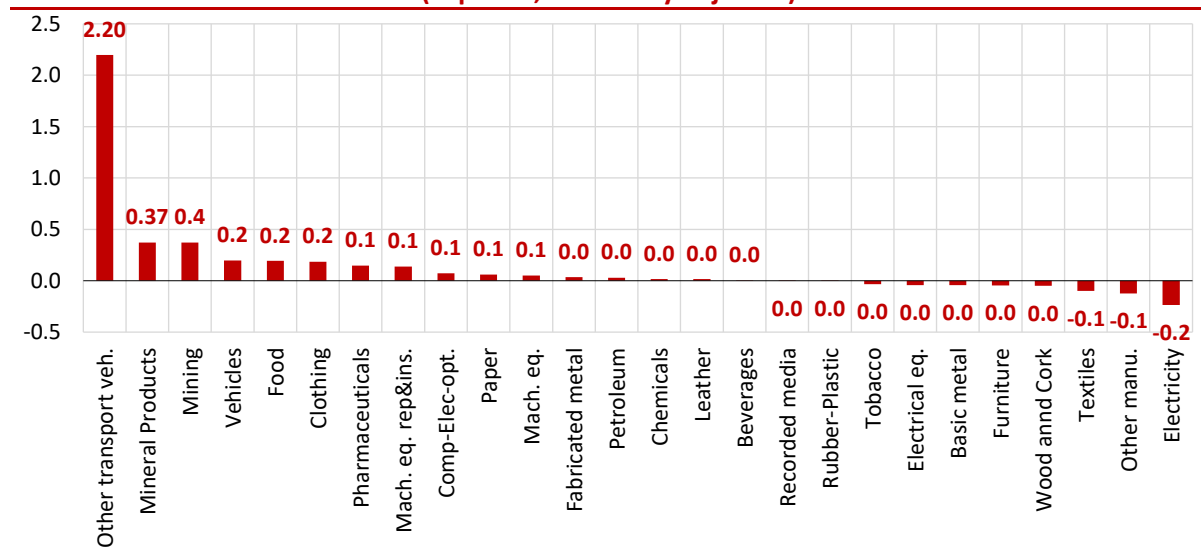
Source: Turkstat

The monthly increase in the IPI was concentrated in a few sectors and that there was no broad-based recovery in the underlying trend. In fact, the largest contribution to the monthly increase in the IPI came from **other transport equipment** with 2.3 points (Chart 5). Foreign trade data for this sector, which includes defense equipment and is highly volatile from month to month, suggested that the rise in exports played a role in this development. According to TEA data on April exports, the increase in defense and aerospace exports in March was largely reversed in April. We therefore expect a correction in the production of other transport equipment in April, which will put a significant damper on the IPI.

The production of **other non-metallic mineral products** (s.a.) increased by 6.1% mom and contributed 0.37 pp to the monthly growth of the IPI. The main contributors to the monthly increase in this index, which also includes the manufacture of glass, ceramics and porcelain, were cement and concrete (+13.4% and +9.8% respectively), which have been highly volatile in recent months.

The third largest contributor to monthly IPI growth was **transport equipment**, driven by exports. Apart from these sectors, clothing and food (s.a.), which account for a large share of total manufacturing and exports, grew by 4% and 1.5% mom respectively. On the other hand, the manufacture of **textiles** (s.a.), which has been contracting for the last three months, fell by 1.5% mom in March, subtracting 0.11 pp from IPI growth.

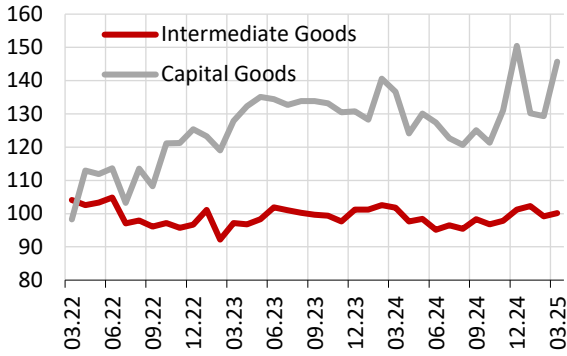
Chart 5. Contributions to the Monthly Change in IPI in March
(% points, seasonally adjusted)



Source: Turkstat. Akbank

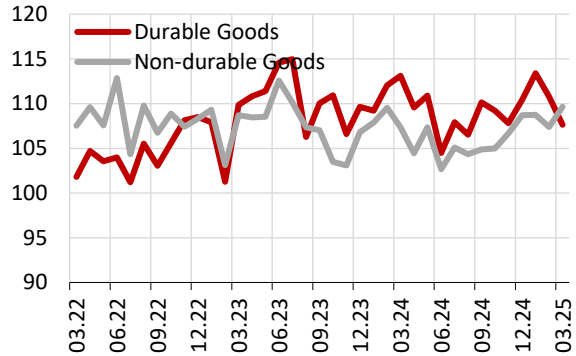
Across goods groups, capital goods posted a strong monthly increase of 12.7% (Chart 6). The high volatility in the manufacture of other transport equipment and of computers, electronic and optical equipment leads to volatility in the production of capital goods. Non-durable consumer goods and intermediate goods grew by 2.1% and 1.0% respectively (Charts 6 and 7). After a decline of 2.3% in February, durable consumer goods fell by a further 2.8% in March. Energy production fell by 0.6%, the first contraction since September 2024. On a quarterly basis, output growth was broadly based across goods groups (Charts 8 and 9).

Chart 6. IPI (seasonally adjusted, 2021=100)



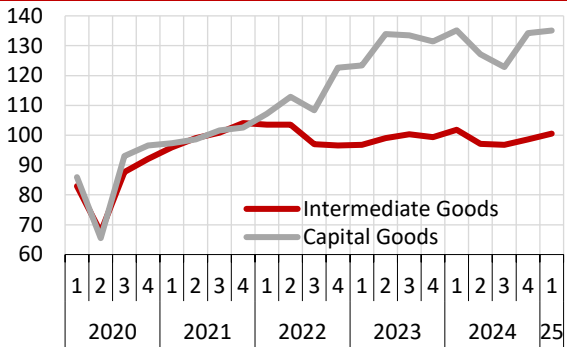
Source: Turkstat

Chart 7. IPI (seasonally adjusted, 2021=100)



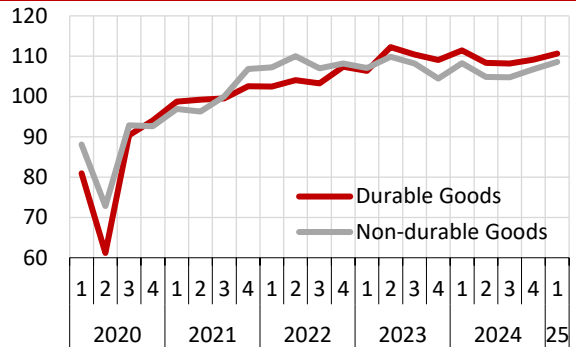
Source: Turkstat

Chart 8. IPI (seasonally adjusted, 2021=100)



Source: Turkstat

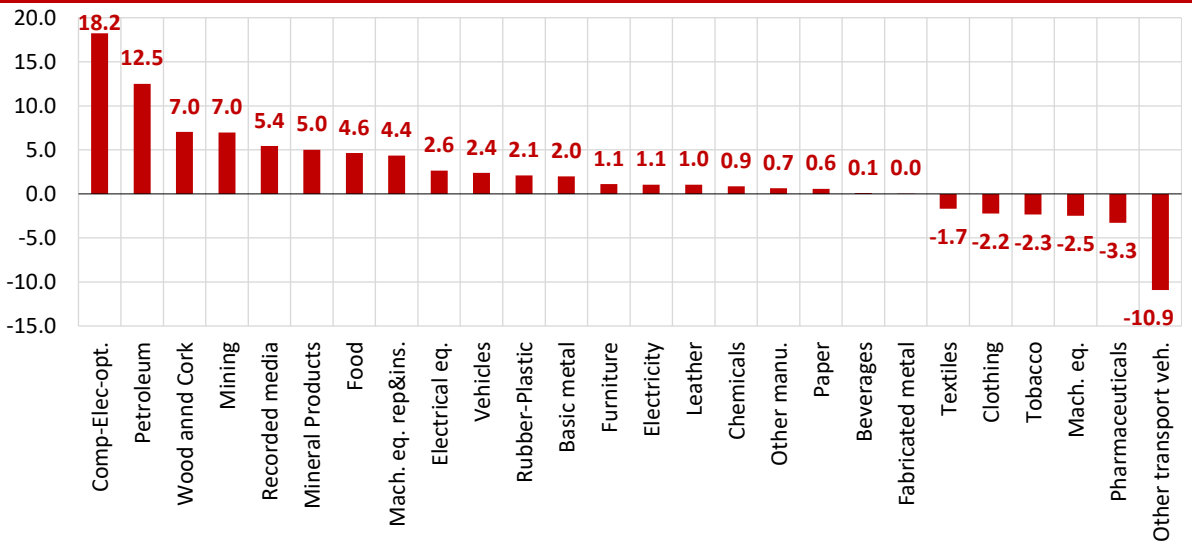
Chart 9. IPI (seasonally adjusted, 2021=100)



Source: Turkstat

IPI increased by 1.8% qoq. In this period, computer, electronic and optical equipment (18.2%), refined coke and petroleum products (12.5%) and wood and cork (7.0%) were the top 3 sectors with the highest quarterly increases. Other transport equipment (-10.9%), basic pharmaceutical products (-3.3%) and machinery and equipment manufacturing (-2.5%) were the 3 sectors that contracted the most (Chart 10).

Chart 10. Quarterly Change by Sectors
(%. seasonally adjusted. Q1)



Source: Turkstat. Akbank

Table 1. Industrial Production Index (Annual % Change)

	Dec.24	Jan.25	Feb.25	Mar.25	2024-Q2	2024-Q3	2024-Q4	2025-Q1
IPI	8.0	1.3	-5.2	-2.7	-3.1	-2.8	2.2	-2.2
Mining and quarrying	3.5	-0.7	-7.6	1.8	9.0	0.9	-4.2	-2.0
Mining of coal and lignite	3.9	-5.7	-5.1	9.8	27.1	16.2	1.8	-0.6
Extraction of crude petrol. and n. gas	120.7	49.6	41.2	38.1	51.2	53.4	68.9	42.8
Mining of metal ores	-17.4	-8.2	-18.0	1.7	1.8	-12.4	-22.0	-8.0
Other mining and quarrying	-4.4	-0.2	-12.2	-13.0	-4.7	-5.8	-8.1	-8.6
Manufacturing	7.8	1.3	-6.0	-3.4	-4.5	-3.3	1.8	-2.8
Food products	-1.4	-3.7	0.5	3.8	1.5	0.1	-1.9	0.1
Beverages	9.7	0.3	-9.8	-1.6	5.3	-2.4	6.2	-3.7
Tobacco products	5.0	1.6	-5.9	-15.9	0.3	-0.7	3.3	-7.2
Textiles	5.4	1.7	-5.7	-10.4	-6.0	-2.4	3.4	-5.0
Wearing apparel	9.6	6.6	-2.7	-4.2	-12.7	4.2	10.5	-0.2
Leather and related products	-0.4	4.6	-5.3	-6.5	-16.4	-9.6	-4.6	-2.6
Wood and cork products	5.8	0.9	1.1	-4.7	-13.8	-10.6	-1.5	-1.0
Paper and paper products	8.0	2.4	-6.3	-5.9	-0.4	-4.0	3.0	-3.4
Recorded media	-2.1	3.0	-7.2	-10.4	-10.2	3.2	-7.7	-5.2
Coke and refined petroleum products	-5.7	4.8	2.3	5.9	6.0	-6.9	-10.2	4.4
Chemicals and chemical products	3.9	1.4	-6.1	-6.8	-1.1	1.8	1.5	-3.9
Basic pharmaceutical products	-15.6	-5.8	-20.3	-11.7	-7.2	-17.7	-8.7	-12.9
Rubber and plastic products	-0.1	-3.1	-9.7	-12.0	-8.4	-5.4	-3.1	-8.4
Other non-metallic mineral products	-2.0	3.4	-12.8	-5.7	-5.0	-4.8	-2.2	-5.2
Base metals	2.7	1.6	0.3	-2.1	2.0	4.7	3.7	-0.1
Fabricated metal products	18.2	5.4	4.7	1.7	-7.3	-0.3	12.3	3.9
Computer. electronic and optical products	19.0	16.8	22.3	-12.4	-9.7	-15.3	-1.3	4.6
Electrical equipment	-4.3	3.0	-3.5	-8.2	0.2	2.9	-1.9	-3.3
Machinery and equipment	-5.9	-5.8	-8.9	-11.4	-11.3	-10.1	-7.5	-8.9
Motor vehicles	-6.0	-11.4	-16.1	-9.5	-8.7	-11.5	-10.6	-12.4
Other transport equipment	65.3	1.6	-46.3	30.4	-1.3	-17.5	29.5	-5.8
Furniture	8.0	5.1	-6.7	-10.3	-12.6	-3.4	4.0	-4.4
Other manufacturing	-6.7	4.3	1.5	-11.8	-7.3	0.9	-3.1	-2.3
Repair and installation of mach. and equip.	25.1	16.2	2.9	10.6	9.7	4.4	9.1	9.5
Electricity, gas, steam	11.4	5.0	7.2	2.9	6.3	4.3	10.0	5.0
IPI	8.0	1.3	-5.2	-2.7	-3.1	-2.8	2.2	-2.2
Intermediate Goods	1.0	0.8	-6.9	-7.4	-3.3	-2.6	-0.7	-4.6
Durable Consumer Goods	1.1	6.3	-3.6	-11.7	-3.1	-0.7	-0.2	-3.6
Non-durable Consumer Goods	0.7	-1.3	-3.3	-2.1	-5.5	-1.9	0.2	-2.2
Energy	11.5	6.2	6.9	6.1	9.9	4.7	7.6	6.4
Capital Goods	22.1	2.4	-10.0	3.3	-6.5	-7.4	5.9	-1.5
Low Technology	3.4	0.8	-2.9	-4.3	-5.3	-1.1	1.9	-2.1
Medium-Low Technology	4.0	3.1	-4.9	-3.3	-2.6	-2.2	0.6	-1.8
Medium-High Technology	1.5	-3.8	-6.4	-2.2	-2.4	-5.2	-1.5	-4.1
High Technology	49.5	15.3	-27.8	-0.5	-17.1	-14.6	16.1	-6.8

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Dec.24	Jan.25	Feb.25	Mar.25	2024-Q2	2024-Q3	2024-Q4	2025-Q1
IPI	5.1	-2.5	-1.6	3.4	-3.8	-0.9	3.4	1.8
Mining and quarrying	1.9	7.4	-7.4	8.2	-3.6	-0.9	-3.1	7.0
Mining of coal and lignite	3.3	0.9	-6.2	15.6	4.6	-3.6	-5.5	4.7
Extraction of crude petrol. and n. gas	2.7	2.1	0.0	3.1	12.5	9.6	5.8	5.4
Mining of metal ores	2.0	11.2	-13.2	15.5	-6.4	-4.3	-7.1	9.7
Other mining and quarrying	0.1	11.9	-5.4	1.2	-12.0	-0.1	-1.5	8.1
Manufacturing	5.7	-3.2	-1.7	3.7	-4.3	-1.1	3.9	1.5
Food products	2.3	1.7	0.3	1.5	-5.3	-0.3	2.7	4.6
Beverages	5.2	-0.4	-2.6	0.8	-4.0	-5.9	9.7	0.1
Tobacco products	2.0	-3.0	3.6	-8.7	-0.8	-0.7	0.0	-2.3
Textiles	3.0	-3.0	-1.3	-1.5	-1.2	-1.0	2.9	-1.7
Wearing apparel	2.4	-2.2	-4.8	4.0	2.0	2.5	1.4	-2.2
Leather and related products	3.7	0.6	-5.8	1.7	-0.1	-2.0	0.9	1.0
Wood and cork products	10.4	-1.7	3.7	-3.5	-12.6	1.1	8.2	7.0
Paper and paper products	4.4	-2.3	-2.0	2.5	-2.6	-0.9	2.9	0.6
Recorded media	2.6	5.4	-1.2	-0.2	1.0	2.7	-10.6	5.4
Coke and refined petroleum products	-1.9	8.2	-1.3	1.1	-2.8	-8.3	3.8	12.5
Chemicals and chemical products	2.0	0.1	-1.9	0.4	-3.2	-1.2	3.0	0.9
Basic pharmaceutical products	-7.7	2.0	-4.6	10.4	-5.9	-1.2	0.3	-3.3
Rubber and plastic products	6.7	-0.7	-2.5	-0.1	-6.6	-1.1	1.5	2.1
Other non-metallic mineral products	1.2	8.5	-8.7	6.1	-6.0	-1.7	1.6	5.0
Base metals	0.7	2.0	-1.9	-0.8	-3.9	1.0	3.3	2.0
Fabricated metal products	5.7	-8.5	4.5	0.5	-2.3	3.2	7.1	0.0
Computer. electronic and optical products	58.9	-10.5	4.6	3.3	-9.9	1.1	0.2	18.2
Electrical equipment	2.3	-0.2	1.4	-1.0	-3.8	1.3	-0.3	2.6
Machinery and equipment	4.7	-4.0	-1.9	1.2	-4.4	-1.0	2.2	-2.5
Motor vehicles	4.0	-1.4	1.7	3.2	-7.9	-5.3	0.6	2.4
Other transport equipment	26.1	-36.5	-19.1	80.5	-10.0	-15.8	36.4	-10.9
Furniture	5.9	0.7	-3.9	-1.7	-4.6	-0.2	3.4	1.1
Other manufacturing	-3.4	4.5	-0.3	-5.7	-3.1	2.1	1.0	0.7
Repair and installation of mach. and equip.	14.7	-6.4	1.6	4.2	1.5	1.7	4.8	4.4
Electricity, gas, steam	0.3	-0.8	3.5	-3.5	2.1	1.8	1.5	1.1
IPI	5.1	-2.5	-1.6	3.4	-3.8	-0.9	3.4	1.8
Intermediate Goods	3.5	1.0	-3.0	1.0	-4.7	-0.3	1.9	1.9
Durable Consumer Goods	2.4	2.7	-2.3	-2.8	-2.8	-0.1	0.9	1.3
Non-durable Consumer Goods	1.9	0.0	-1.3	2.1	-3.2	-0.1	1.9	1.7
Energy	0.2	1.4	1.3	-0.6	1.8	-0.5	1.7	4.0
Capital Goods	14.8	-13.4	-0.7	12.7	-5.9	-3.4	9.3	0.6
Low Technology	2.8	-0.1	-1.4	0.3	-3.1	0.0	2.5	1.4
Medium-Low Technology	3.7	1.2	-2.9	2.0	-3.9	-0.7	3.0	3.1
Medium-High Technology	1.0	-3.1	0.8	3.1	-1.8	-4.3	3.3	0.8
High Technology	52.3	-31.7	-7.6	43.4	-21.1	3.1	20.2	-2.0

Source: Turkstat

This report is prepared by Akbank Economic Research

Economic.research@akbank.com

Çağlar Yüncüler – Vice President

Caglar.Yunculer@akbank.com

M. Sibel Yapıcı

Sibel.Yapici@akbank.com

Sercan Pişkin

Sercan.Piskin@akbank.com

DISCLAIMER STATEMENT: The text, information and graphs in this report and comments has been prepared from the primary accessible systemic sources on a bona fide basis, and without consideration to establishing any guarantee and assurance for establishing a basis for any informed decision under any name or form, in terms of their accuracy, validity and effectiveness, and thus it has only been gathered for information purposes. Akbank TAŞ, Ak Yatırım AŞ and their employees will not be held responsible for any damages resulting from the comments included in this report such as lack of information and/or updates. Akbank TAŞ and Ak Yatırım AŞ may modify and/or remove the above information and recommendations at any time, without having to serve any prior notice and/or warning in any way, manner or form. Since this report and comments, the comprehensive information and recommendations which have been prepared in the form of general investment suggestions for the purpose of providing general information do not include any commitment by Akbank TAŞ and Ak Yatırım AŞ, the consequences of any decisions taken, conclusions reached, transactions made and any risks caused by any private and/or legal person based on such information will therefore rest with such persons. For this reason, Akbank T.A.Ş., Ak Yatırım A.Ş. and their employees shall not by any means or in any manner be liable for any material and moral damages, loss of profits, or any direct and/or indirect damages, whatsoever, incurred by the persons concerned or 3rd parties, as a result of the decisions taken, conclusions reached, or transactions performed by private and/or legal persons due to reliance on the information contained in this report, the comments and recommendations herein, and the persons concerned understand and accept that they are not entitled to claim any indemnity, whatsoever, from Akbank TAŞ, Ak Yatırım AŞ and their employees for any damages suffered/to be suffered. The information given in this report, and the comments and recommendations contained herein do not constitute an "investment consultancy" service and/or activity, but fall within the scope of a general investment consultancy activity, and individuals and entities willing to receive an investment consultancy service must contact entities and institutions that are authorized to provide such service and obtain such service under a service agreement pursuant to the legislations of CMB. Investment consultancy services are offered under an investment consultancy agreement to be signed between brokerage houses, portfolio management companies, banks that do not admit deposits and the clients. The comments and recommendations contained herein depend upon the personal opinions of the persons who make the comments and recommendations. Since such opinions have been arranged in the scope of a general investment consultancy activity they do not contain reports, comments and recommendations specific to a person, and may therefore not suit your financial status, risk and return preferences. Thus, making investment decisions solely based on the information contained herein might not bring an outcome that meets your expectations.

