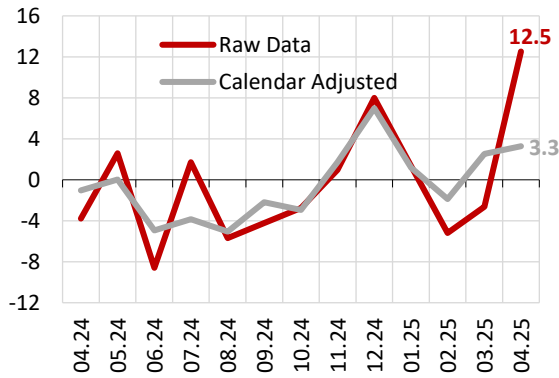


Macro: Industrial production remains volatile due to capital goods

In April, industrial production declined by 3.1% month-on-month (mom) in seasonally adjusted terms, while calendar effects caused it to grow by 12.5% year-on-year (yoy). Calendar-adjusted annual growth was down at 3.3%. The sharp monthly contraction in April was mainly driven by a correction/normalization in the sectors that had caused the strong increase (3.4%) in March. Capital goods, particularly other transport equipment and computer, electronic and optical equipment, significantly contributed to the monthly IPI change by -2.3 pp. Additionally, a widespread contraction was observed across other sectors, led by textiles, clothing, fabricated metals, and mineral products. This was probably driven by tighter financial conditions and heightened local and global uncertainties. The use of bridge days following the Ramadan holiday may also have influenced this development, albeit to a limited extent. We expect the IPI to continue to weaken throughout the second quarter, a view supported by high-frequency data.

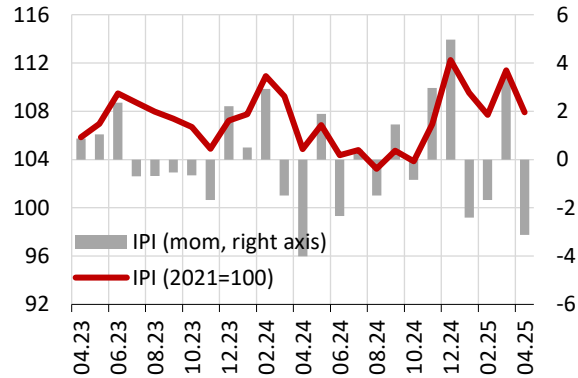
In April, Industrial Production Index (IPI) decreased by 3.1% mom in seasonally and calendar adjusted (s.a.) terms, while increasing by 12.5% yoy (Charts 1, 2 and 3). The high annual growth in raw data stemmed from the regular calendar effects (2.5 days more working days compared to April last year). Adjusted for these calendar effects, IPI increased by 3.3% yoy.

Chart 1. IPI (yoy, %)



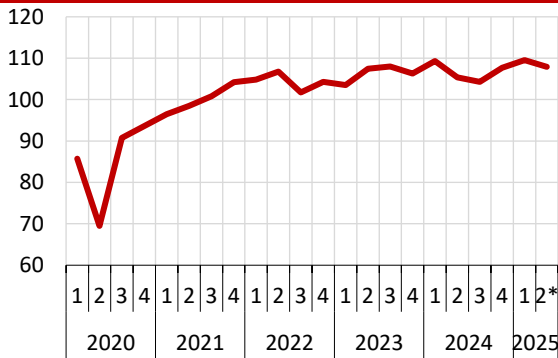
Source: Turkstat

Chart 2. IPI (seasonally adjusted)



Source: Turkstat

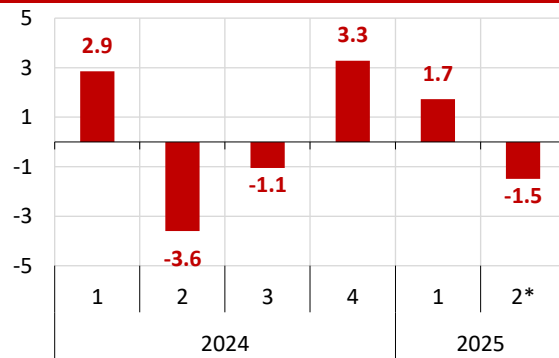
Chart 3. IPI (seasonally adjusted, 2021=100)



* As of April

Source: Turkstat

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



* As of April

Source: Turkstat

Strong fluctuations in the monthly IPI data driven by capital goods continued. Other transport equipment, which we mentioned in our previous note as having driven the strong increase in IPI in March, restricted IPI growth in April.

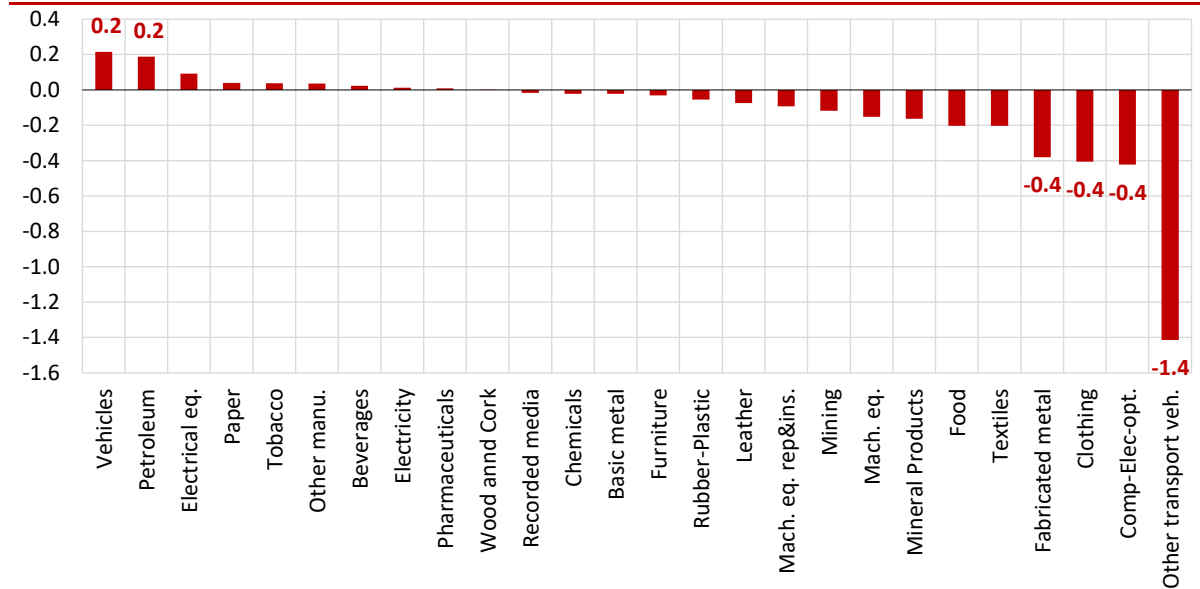
Sectoral data indicated that the slowdown in IPI (seasonally adjusted) was more pronounced in some sectors, with the underlying trend also decelerating. The largest contribution to the decline in IPI came from other transport equipment, at -1.4 percentage points (Chart 5). Production in this sector, which exhibits high monthly volatility and includes defense industry products, was driven by external

demand in April, as in the previous month. According to TEA data on May exports, the decline in defense and aerospace exports in April was largely reversed in May. Therefore, production of other transport equipment may increase in May and contribute significantly to IPI again.

The manufacture of **computers, electronic and optical equipment** declined by 19.4%, pulling the total industrial production growth down by 0.4 pp. We believe that domestic demand was the main driver of the contraction in industrial production during the January–April period. **Clothing production** (s.a.), which accounts for a significant proportion of the total manufacturing industry and exports, contracted by 8.8% mom and was the third sector to pull the total index down the most. **Textile** production (s.a.), the main supplier to the clothing sector, has been contracting for the last four months and declined by 3.2% mom in April. The cumulative decline in textile production over the last four months reached 8.5%.

On the other hand, the sector that contributed the most to the monthly IPI growth was **vehicles** with a monthly production increase of 3.5%, while **refined petroleum** products and **electrical equipment** recorded monthly production growth of 7.2% and 2.2%, respectively.

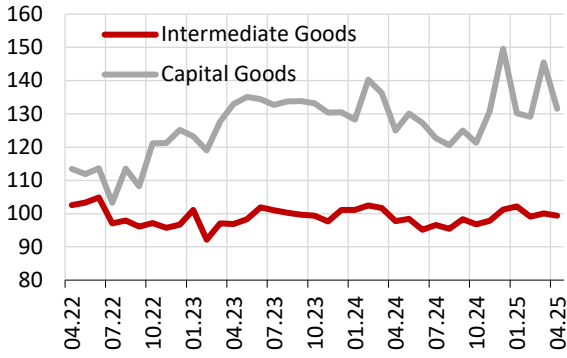
Chart 5. Contributions to the Monthly Change in IPI in March
(% points, seasonally adjusted)



Source: Turkstat. Akbank

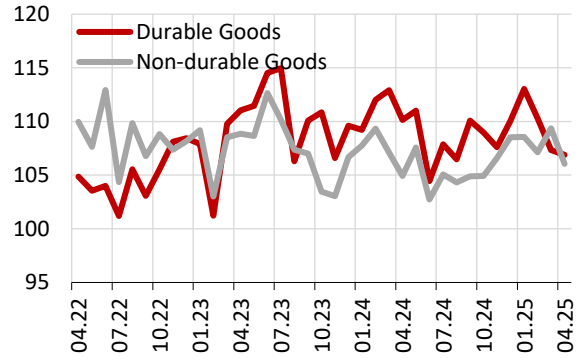
Across goods groups, the production of capital goods contracted by 9.6% mom, partially correcting the high production growth recorded in the previous month (Chart 6). The high volatility in the manufacture of other transportation equipment and computer, electronic and optical equipment, causes the production of capital goods to follow a volatile course. In this month, nondurable goods and intermediate goods contracted by 3% and 0.7%, respectively (Charts 6 and 7). Durable goods, which contracted by 2.5% on average in the February-March period, contracted by 0.4% in April. Energy production, on the other hand, made a positive contribution to IPI growth with 1.3% growth (Charts 8 and 9).

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



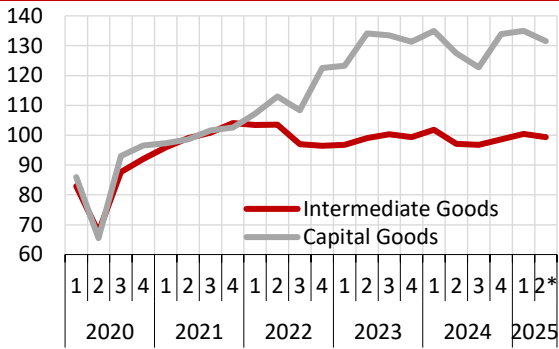
Source: Turkstat

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



Source: Turkstat

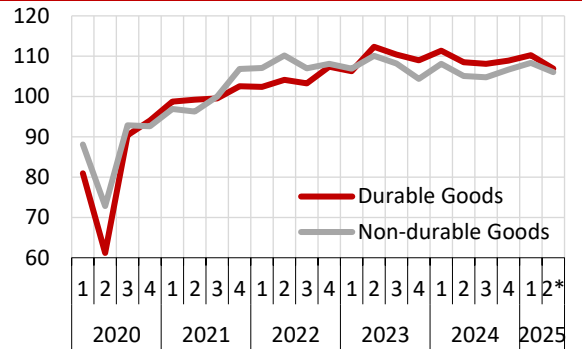
Chart 8. IPI (seasonally adjusted, 2021=100)



* As of April

Source: Turkstat

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



* As of April

Source: Turkstat

Table 1. Industrial Production Index (Annual % Change)

	Jan.25	Feb.25	Mar.25	Apr.25	2024-Q3	2024-Q4	2025-Q1	2025-Q2*
IPI	1.3	-5.2	-2.6	12.5	-2.8	2.2	-2.2	12.5
Mining and quarrying	-0.7	-7.6	1.3	7.2	0.9	-4.2	-2.1	7.2
Mining of coal and lignite	-5.7	-5.1	9.7	-0.3	16.2	1.8	-0.6	-0.3
Extraction of crude petrol. and n. gas	49.6	41.2	38.1	42.1	53.4	68.9	42.8	42.1
Mining of metal ores	-8.2	-18.0	-0.1	-0.6	-12.4	-22.0	-8.6	-0.6
Other mining and quarrying	-0.2	-12.2	-12.7	10.0	-5.8	-8.1	-8.5	10.0
Manufacturing	1.3	-6.0	-3.3	12.8	-3.3	1.8	-2.7	12.8
Food products	-3.7	0.5	3.9	16.8	0.1	-1.9	0.1	16.8
Beverages	0.3	-9.8	-1.8	12.4	-2.4	6.2	-3.8	12.4
Tobacco products	1.6	-5.9	-15.9	19.6	-0.7	3.3	-7.2	19.6
Textiles	1.7	-5.7	-10.1	6.8	-2.4	3.4	-4.9	6.8
Wearing apparel	6.6	-2.7	-4.7	6.9	4.2	10.5	-0.4	6.9
Leather and related products	4.6	-5.3	-5.5	0.4	-9.6	-4.6	-2.3	0.4
Wood and cork products	0.9	1.1	-5.1	23.6	-10.6	-1.5	-1.1	23.6
Paper and paper products	2.4	-6.3	-5.6	11.5	-4.0	3.0	-3.3	11.5
Recorded media	3.0	-7.2	-11.3	3.4	3.2	-7.7	-5.6	3.4
Coke and refined petroleum products	4.8	2.3	5.9	13.7	-6.9	-10.2	4.4	13.7
Chemicals and chemical products	1.4	-6.1	-6.4	7.7	1.8	1.5	-3.8	7.7
Basic pharmaceutical products	-5.8	-20.3	-11.7	11.0	-17.7	-8.7	-12.9	11.0
Rubber and plastic products	-3.1	-9.7	-12.0	10.5	-5.4	-3.1	-8.4	10.5
Other non-metallic mineral products	3.4	-12.8	-5.8	15.2	-4.8	-2.2	-5.2	15.2
Base metals	1.6	0.3	-2.1	11.4	4.7	3.7	-0.1	11.4
Fabricated metal products	5.4	4.7	2.9	19.8	-0.3	12.3	4.3	19.8
Computer. electronic and optical products	16.8	22.3	-12.5	4.9	-15.3	-1.3	4.6	4.9
Electrical equipment	3.0	-3.5	-8.3	16.7	2.9	-1.9	-3.3	16.7
Machinery and equipment	-5.8	-8.9	-11.3	4.9	-10.1	-7.5	-8.8	4.9
Motor vehicles	-11.4	-16.1	-9.4	17.6	-11.5	-10.6	-12.3	17.6
Other transport equipment	1.6	-46.3	30.4	11.6	-17.5	29.5	-5.8	11.6
Furniture	5.1	-6.7	-9.9	11.6	-3.4	4.0	-4.3	11.6
Other manufacturing	4.3	1.5	-11.9	16.1	0.9	-3.1	-2.4	16.1
Repair and installation of mach. and equip.	16.2	2.9	9.1	14.9	4.4	9.1	9.0	14.9
Electricity, gas, steam	5.0	7.2	2.9	12.3	4.3	10.0	5.0	12.3
IPI	1.3	-5.2	-2.6	12.5	-2.8	2.2	-2.2	12.5
Intermediate Goods	0.8	-6.9	-7.4	11.5	-2.6	-0.7	-4.6	11.5
Durable Consumer Goods	6.3	-3.6	-11.6	5.4	-0.7	-0.2	-3.5	5.4
Non-durable Consumer Goods	-1.3	-3.3	-2.1	12.7	-1.9	0.2	-2.2	12.7
Energy	6.2	6.9	6.1	13.3	4.7	7.6	6.4	13.3
Capital Goods	2.4	-10.0	3.5	16.3	-7.4	5.9	-1.4	16.3
Low Technology	0.8	-2.9	-4.2	11.8	-1.1	1.9	-2.1	11.8
Medium-Low Technology	3.1	-4.9	-3.4	13.1	-2.2	0.6	-1.8	13.1
Medium-High Technology	-3.8	-6.4	-1.9	14.4	-5.2	-1.5	-4.0	14.4
High Technology	15.3	-27.8	-0.6	7.1	-14.6	16.1	-6.9	7.1

* as of April

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Jan.25	Feb.25	Mar.25	Apr.25	2024-Q3	2024-Q4	2025-Q1	2025-Q2*
IPI	-2.4	-1.7	3.4	-3.1	-1.1	3.3	1.7	-1.5
Mining and quarrying	7.3	-7.5	7.9	-2.5	-1.0	-3.0	6.7	-0.1
Mining of coal and lignite	0.6	-6.9	16.0	-9.9	-4.2	-5.8	4.0	-3.1
Extraction of crude petrol. and n. gas	1.9	0.1	3.1	4.0	9.8	6.3	5.4	6.1
Mining of metal ores	11.2	-13.2	13.9	-1.1	-4.1	-7.1	9.2	2.7
Other mining and quarrying	11.9	-5.4	1.4	-2.1	-0.3	-1.5	8.1	-3.0
Manufacturing	-3.1	-1.7	3.7	-3.4	-1.3	3.8	1.5	-1.6
Food products	1.6	0.3	1.6	-1.6	-0.5	2.7	4.6	-0.5
Beverages	-0.3	-2.6	0.6	4.8	-5.6	9.8	0.2	4.3
Tobacco products	-3.0	3.7	-8.7	10.7	-0.3	-0.1	-2.2	5.4
Textiles	-3.0	-1.3	-1.3	-3.2	-1.1	2.7	-1.8	-4.5
Wearing apparel	-2.2	-5.0	3.5	-8.8	1.8	1.0	-2.6	-8.3
Leather and related products	0.5	-5.9	2.3	-8.7	-2.5	0.6	0.9	-9.1
Wood and cork products	-1.6	3.7	-3.9	0.2	1.0	8.1	7.0	-1.2
Paper and paper products	-2.2	-2.0	2.7	1.7	-0.8	3.0	0.7	2.8
Recorded media	5.4	-1.2	-0.9	-2.3	2.5	-10.7	5.1	-3.3
Coke and refined petroleum products	8.2	-1.3	1.1	7.2	-8.0	3.9	12.5	7.5
Chemicals and chemical products	0.1	-2.0	0.7	-0.5	-1.2	3.0	0.9	-0.7
Basic pharmaceutical products	2.0	-4.5	10.7	0.6	-0.7	0.4	-3.1	5.9
Rubber and plastic products	-0.7	-2.5	-0.1	-1.4	-1.2	1.5	2.0	-2.4
Other non-metallic mineral products	8.3	-8.6	6.2	-2.6	-1.7	1.6	4.8	-1.7
Base metals	2.0	-1.9	-0.9	-0.4	1.0	3.3	1.9	-1.6
Fabricated metal products	-8.3	4.4	1.3	-5.5	3.1	7.0	0.3	-3.4
Computer, electronic and optical products	-10.6	4.6	3.3	-19.4	0.8	0.4	18.3	-16.4
Electrical equipment	-0.2	1.1	-1.0	2.2	1.2	-0.4	2.4	1.9
Machinery and equipment	-4.1	-1.9	1.3	-3.7	-1.2	2.1	-2.5	-3.5
Motor vehicles	-1.3	1.9	3.4	3.5	-5.0	1.0	2.8	6.5
Other transport equipment	-35.0	-19.6	78.6	-30.0	-16.2	35.0	-10.6	-6.9
Furniture	0.8	-3.9	-1.5	-1.3	-0.5	3.1	1.2	-3.5
Other manufacturing	4.5	-0.3	-5.8	1.8	2.1	1.0	0.6	-2.3
Repair and installation of mach. and equip.	-6.5	1.4	3.6	-2.8	1.1	4.4	3.9	-0.1
Electricity, gas, steam	-0.8	3.5	-3.5	0.2	1.8	1.4	1.1	-1.1
IPI	-2.4	-1.7	3.4	-3.1	-1.1	3.3	1.7	-1.5
Intermediate Goods	1.0	-3.0	1.0	-0.7	-0.3	1.9	1.9	-1.1
Durable Consumer Goods	2.7	-2.4	-2.7	-0.4	-0.4	0.7	1.2	-3.0
Non-durable Consumer Goods	0.0	-1.3	2.1	-3.0	-0.3	1.8	1.6	-2.1
Energy	1.3	1.2	-0.6	1.3	-0.5	1.7	3.9	1.3
Capital Goods	-13.0	-0.8	12.6	-9.6	-3.7	9.1	0.8	-2.5
Low Technology	-0.1	-1.5	0.3	-2.2	-0.3	2.4	1.3	-2.5
Medium-Low Technology	1.2	-2.9	1.9	-0.7	-0.8	3.0	3.0	-0.5
Medium-High Technology	-3.1	0.8	3.5	-0.5	-4.3	3.3	1.0	2.1
High Technology	-30.7	-8.0	42.2	-32.2	2.6	19.4	-1.7	-17.5

* as of April
Source: Turkstat

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