

Macro: The weakening in industrial production became evident in Q3

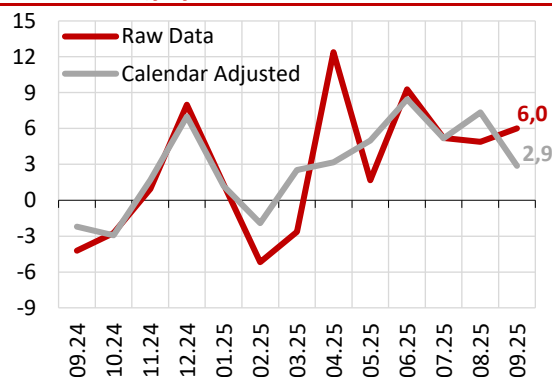
The Industrial Production Index (IPI) contracted by 2.2% month-on-month (mom) in September in seasonal and calendar adjusted (s.a.) terms, while growing by 6.0% year-on-year (yoy). Thus, annual growth in the third quarter was 5.4% (calendar adjusted: 5.1%), while the quarter-on-quarter (qoq) contraction was 0.6%. Despite the more negative trend in September, the contribution of capital goods to industrial production, led by other transportation vehicles, continued in the third quarter. Excluding capital goods, the quarterly contraction was even stronger at 1.3%.

Clothing, food, and textiles led the quarterly decline, while fabricated metal, electricity, other transportation vehicles, and production of basic metals and mineral products contributed positively. This outlook is consistent with our previous assessments of significant divergence across sectors within industrial production. While sectors related to defense, construction activity and energy diverge positively, labor-intensive sectors negatively affected by the loss of competitiveness experienced a negative divergence. Finally, the 5.4% yoy growth in the IPI indicates that we may see a GDP growth of around 4.5% yoy in Q3.

The Industrial Production Index (IPI) contracted by 2.2% month-over-month (mom) in September in seasonal and calendar adjusted (s.a.) terms. Although the annual increase was strong at 6.0%, it reached its lowest value in the last six months at 2.9% in calendar adjusted terms (Charts 1 and 2).

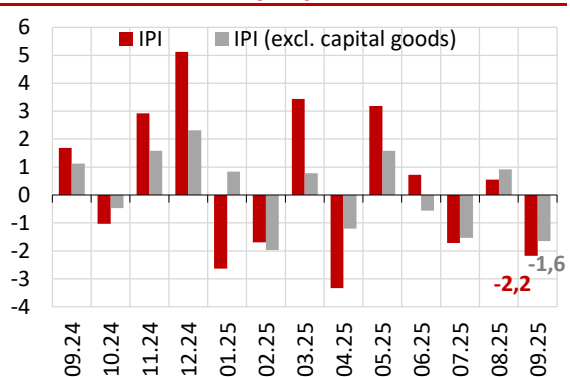
In Q3, after three consecutive quarter of increase, IPI (s.a.) contracted by 0.6% quarter-on-quarter (qoq), while increasing by 5.4% yoy (calendar-adjusted: 5.1%). The contribution of capital goods to the IPI continued in Q3. The IPI excluding capital goods (s.a.) contracted stronger than in the second quarter, at 1.3% qoq (Charts 3 and 4).

Chart 1. IPI (yoy, %)



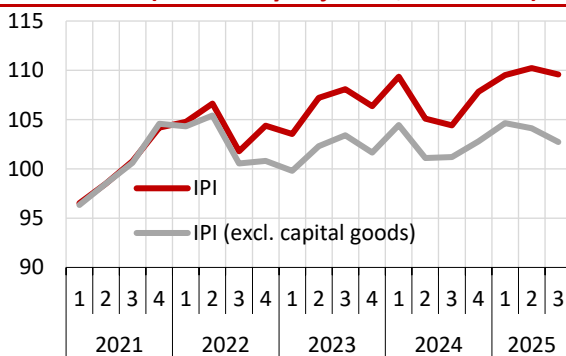
Source: Turkstat

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



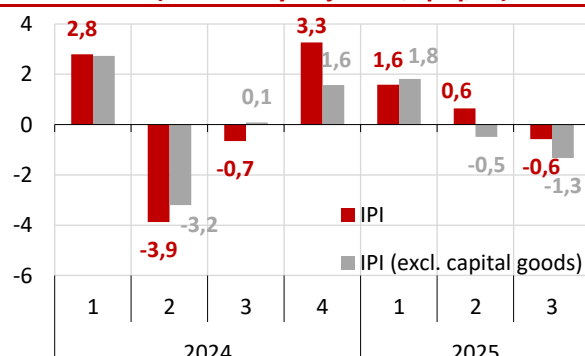
Source: Turkstat, Akbank

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



Source: Turkstat, Akbank

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

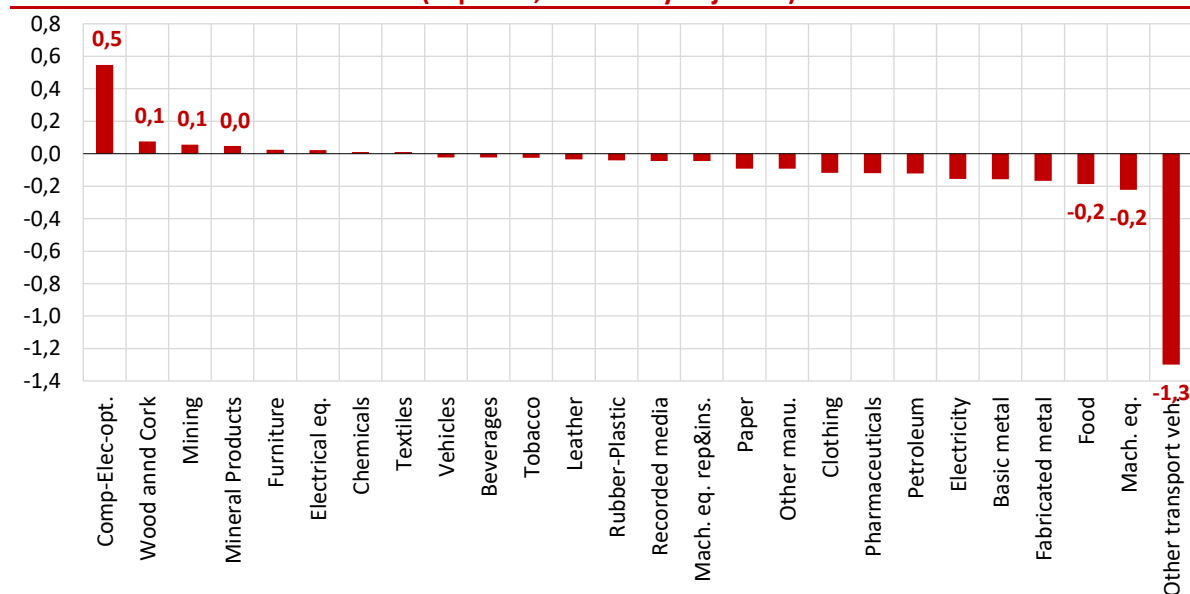


Source: Turkstat, Akbank

Following a limited monthly increase in August, the IPI (s.a.) contracted significantly by 2.2% mom in September (Chart 2). The largest monthly contribution to the decline came from the manufacture of **other transport equipment**, a sector we highlight almost every month and characterized by high volatility, at 1.3 points (Chart 5). Conversely, in the **computer, electronic, and optical equipment manufacturing sector**, another highly volatile sector linked to the defense industry like other transport equipment, production (s.a.) increased significantly by 29.0% mom, contributing 0.55 points to the monthly IPI growth. Excluding these two sectors, which we do not consider as part of the main trend, IPI contracted at a lower rate than the headline figure, at 1.5% mom (1.2% mom increase in August).

As in the Capacity Utilization Rate (CUR) data, a significant weakening in production is evident in the food, apparel, and machinery and equipment manufacturing sectors. While **food** manufacturing took back the increase in August, it has been declining by an average of 0.9% mom over the past six months. The sharp downward trend in the **apparel** sector also continued with a further 3.0% mom contraction. The cumulative decline over the past six months reached 18.3%. Production in the **machinery and equipment** sector also decreased by 5.5% mom. On the other hand, **wood and cork, furniture, and the mineral products, which is** most closely linked to construction activity, contributed positively to the CUR on a monthly basis. These three sectors all exhibited relatively better outlook in CUR data.

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



Source: Turkstat, Akbank

The monthly decline was widespread across main groups. Capital goods production decreased by 3.9% mom due to sharp contraction in other transport vehicles (Chart 8). Non-durable consumer goods and durable consumer goods production decreased by 3.4% and 3.1% mom, respectively (Charts 6 and 7). Finally, intermediate goods production recorded a 1.2% decrease.

In Q3, capital goods production increased by 1.9% qoq (Chart 11), while the contraction in consumer goods gained momentum compared to the second quarter (Charts 9 and 10). Energy remained flat, while intermediate goods production declined by a mere 0.3% qoq (Chart 9).

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

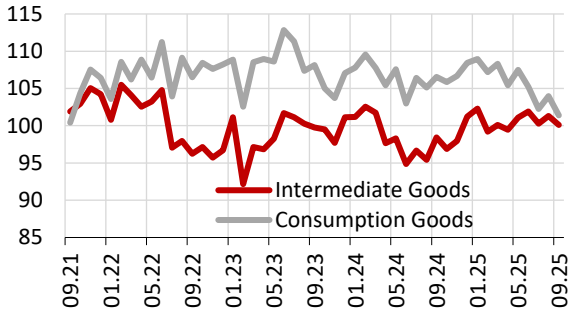


Chart 7. Consumption Goods (seasonally adjusted, 2021=100)

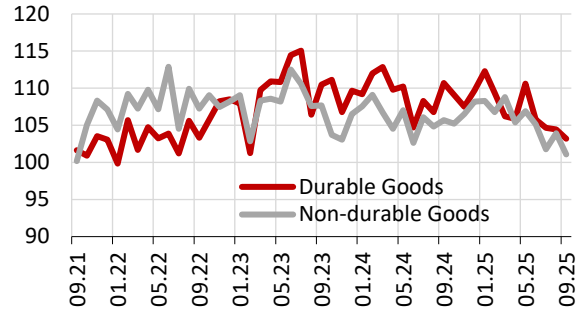
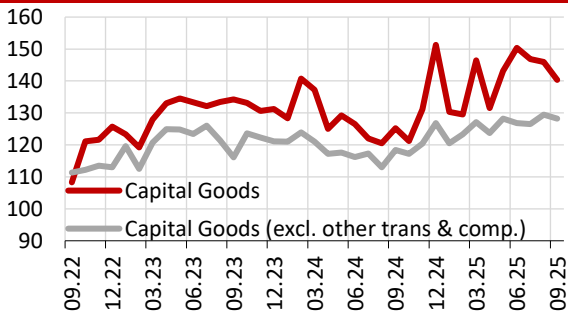
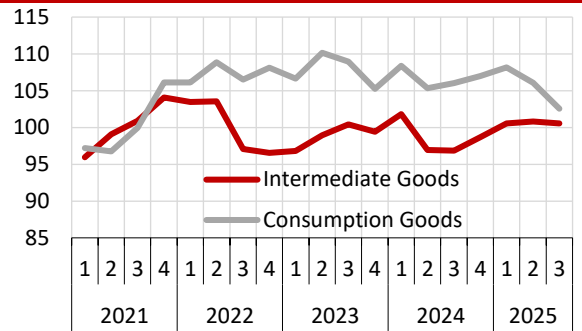


Chart 8. Capital Goods (seasonally adjusted, 2021=100)



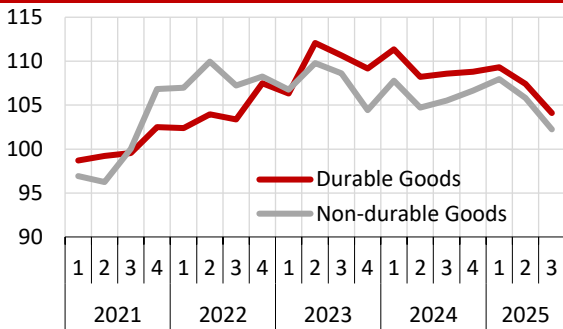
Source: Turkstat, Akbank

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



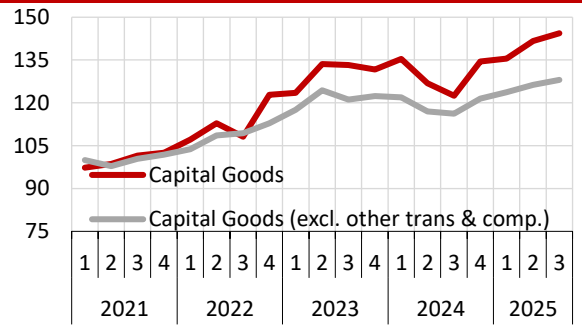
Source: Turkstat, Akbank

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



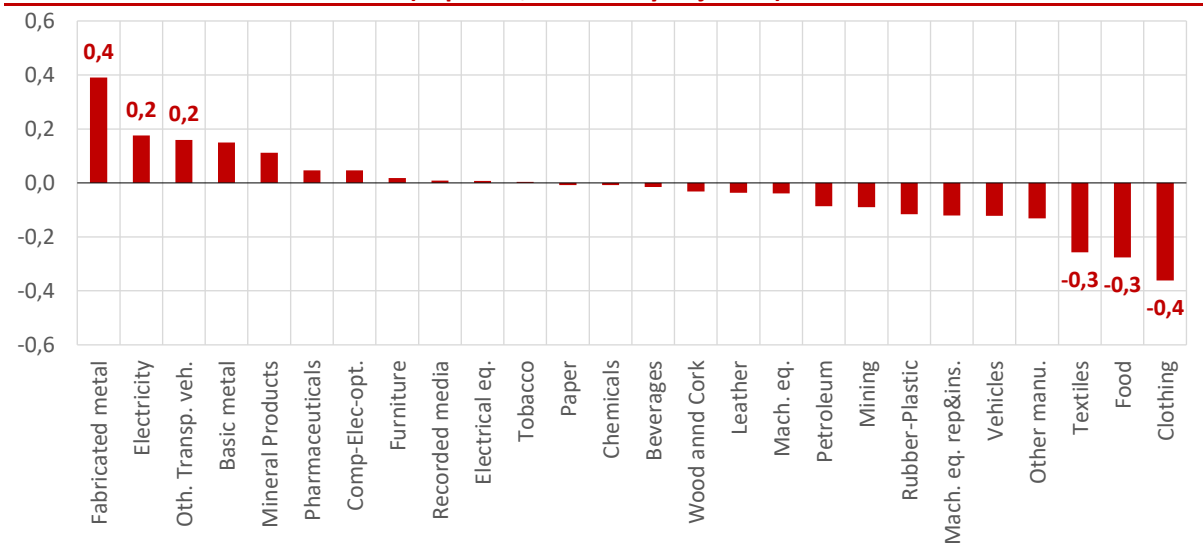
Source: Turkstat

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



Source: Turkstat, Akbank

Chart 12. Contributions to the Quarterly Change of IPI in 2025Q3
 (% points, seasonally adjusted)*



Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Jun.25	Jul.25	Aug.25	Sep.25	2024-Q4	2025-Q1	2025-Q2	2025-Q3	First 9 months
IPI	9.3	5.2	4.9	6.0	2.2	-2.2	7.4	5.4	3.4
Mining and quarrying	3.6	1.1	2.0	5.7	-4.2	-2.1	5.6	2.9	2.1
Mining of coal and lignite	-14.9	-27.6	-16.6	4.5	1.8	-0.6	-2.4	-13.8	-5.9
Extraction of crude petrol. and n. gas	25.3	21.0	14.9	23.5	68.9	42.8	32.3	19.7	30.8
Mining of metal ores	0.9	0.2	2.1	-1.7	-22.0	-8.6	-2.5	0.1	-3.6
Other mining and quarrying	13.0	12.7	5.1	6.8	-8.1	-8.5	10.0	8.2	3.5
Manufacturing	10.6	5.6	5.1	6.1	1.8	-2.7	7.7	5.6	3.4
Food products	15.1	5.9	7.1	4.9	-1.9	0.1	10.9	6.0	5.4
Beverages	2.4	5.2	2.8	1.7	6.2	-3.8	5.6	3.3	2.2
Tobacco products	9.9	12.5	11.1	12.8	3.3	-7.2	14.7	12.1	6.6
Textiles	-0.7	-7.4	-9.1	-4.5	3.4	-4.9	-1.1	-7.0	-4.4
Wearing apparel	-12.6	-17.5	-19.8	-19.5	10.5	-0.4	-6.7	-18.9	-9.2
Leather and related products	-0.6	-6.4	-6.3	-5.4	-4.6	-2.3	-2.6	-6.1	-3.7
Wood and cork products	31.2	11.3	6.1	17.0	-1.5	-1.1	18.1	11.4	9.1
Paper and paper products	12.4	3.9	8.4	3.5	3.0	-3.3	6.7	5.2	2.8
Recorded media	2.3	-11.7	0.0	-0.6	-7.7	-5.6	-2.4	-3.8	-3.9
Coke and refined petroleum prod.	4.5	4.8	9.3	32.9	-10.2	4.4	9.4	14.1	9.3
Chemicals and chemical prod.	7.0	0.8	4.4	8.6	1.5	-3.8	3.8	4.5	1.4
Basic pharmaceutical products	24.6	4.6	18.0	14.0	-8.7	-12.9	8.7	12.4	1.5
Rubber and plastic products	10.8	1.7	-0.6	0.8	-3.1	-8.4	5.4	0.6	-1.0
Other non-metallic mineral prod.	10.0	13.0	9.0	13.6	-2.2	-5.2	10.6	11.9	5.9
Base metals	7.0	5.7	7.0	7.1	3.7	-0.1	6.1	6.6	4.2
Fabricated metal products	15.5	14.5	16.6	15.7	12.3	4.3	15.3	15.6	11.8
Comp., electronic and optical prod.	51.6	51.3	8.6	24.8	-1.3	4.6	27.8	27.5	20.0
Electrical equipment	3.7	-0.2	2.4	6.0	-1.9	-3.3	4.4	2.7	1.2
Machinery and equipment	-3.4	-5.6	-4.8	-5.4	-7.5	-8.8	-3.0	-5.3	-5.7
Motor vehicles	11.0	7.1	14.2	8.4	-10.6	-12.3	8.6	9.4	1.0
Other transport equipment	51.7	59.1	53.7	27.0	29.5	-5.8	23.0	47.4	19.9
Furniture	7.0	2.9	2.4	9.6	4.0	-4.3	5.5	5.0	2.1
Other manufacturing	-1.7	-6.4	-10.2	-11.9	-3.1	-2.4	4.6	-9.6	-2.7
Repair& instl. of mach. and eq.	24.5	6.8	9.3	9.1	9.1	9.0	17.3	8.4	11.5
Electricity, gas, steam	-1.1	5.8	6.1	5.3	10.0	5.0	4.9	5.7	5.3
IPI	9.3	5.2	4.9	6.0	2.2	-2.2	7.4	5.4	3.4
Intermediate Goods	8.5	4.2	3.8	4.8	-0.7	-4.6	6.1	4.3	1.9
Durable Consumer Goods	-1.1	-5.1	-7.3	-3.7	-0.2	-3.5	-0.2	-5.3	-3.1
Non-durable Consumer Goods	6.9	-2.1	-0.2	-0.8	0.2	-2.2	5.0	-1.1	0.4
Energy	0.5	3.7	5.6	11.5	7.6	6.4	6.9	6.7	6.6
Capital Goods	21.5	20.2	18.0	16.1	5.9	-1.4	14.9	18.1	10.3
Low Technology	5.5	-2.0	-1.8	-1.4	1.9	-2.1	4.3	-1.7	0.0
Medium-Low Technology	9.9	6.0	5.9	8.5	0.6	-1.8	8.8	6.8	4.6
Medium-High Technology	3.4	7.0	15.6	8.8	-1.5	-4.0	4.8	10.2	3.6
High Technology	96.9	59.0	7.7	34.3	16.1	-6.9	40.0	32.3	19.2

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Jun.25	Jul.25	Aug.25	Sep.25	2024-Q4	2025-Q1	2025-Q2	2025-Q3
IPI	0.7	-1.7	0.6	-2.2	3.3	1.6	0.6	-0.6
Mining and quarrying	-5.2	-0.5	0.0	1.2	-3.3	6.2	1.4	-1.9
Mining of coal and lignite	-19.7	-12.3	5.7	16.1	-7.1	3.3	2.3	-12.2
Extraction of crude petrol. and n. gas	1.2	0.9	-0.8	4.4	5.3	4.6	6.9	3.0
Mining of metal ores	-0.7	6.3	-6.3	-1.0	-6.9	8.2	-0.3	-0.2
Other mining and quarrying	-3.2	-1.1	3.5	-4.0	-1.1	8.3	0.7	-0.2
Manufacturing	1.0	-2.2	0.8	-2.3	3.7	1.4	0.7	-0.8
Food products	0.0	-2.3	1.5	-1.5	1.3	4.3	-1.5	-2.2
Beverages	-0.6	0.6	0.1	-5.0	7.6	-0.4	1.0	-3.1
Tobacco products	-5.5	2.7	0.0	-5.8	2.0	-2.3	12.2	0.8
Textiles	0.5	-5.1	0.1	0.2	2.4	-2.0	-3.4	-4.1
Wearing apparel	-6.5	-4.5	-0.2	-3.0	0.2	-3.5	-8.4	-8.6
Leather and related products	-9.6	2.0	-2.7	-4.3	0.7	0.5	-4.2	-4.4
Wood and cork products	7.4	-8.2	0.4	6.1	7.5	7.5	-1.0	-2.4
Paper and paper products	2.3	-0.1	0.4	-3.7	3.0	0.6	1.7	-0.3
Recorded media	-2.0	-2.3	8.7	-6.1	-10.4	5.2	-1.3	1.3
Coke and refined petroleum prod.	-2.4	1.7	-0.7	-4.6	3.8	12.3	1.9	-3.2
Chemicals and chemical products	-0.6	-2.7	3.8	0.2	2.7	0.9	-0.1	-0.2
Basic pharmaceutical products	6.5	-7.2	13.5	-6.9	1.2	-2.5	8.5	2.9
Rubber and plastic products	2.3	-4.6	-0.6	-1.1	1.4	1.9	0.4	-3.0
Other non-metallic mineral products	-3.0	1.9	-0.9	0.7	2.2	5.4	2.0	1.7
Base metals	1.2	1.6	2.7	-3.0	3.3	2.0	-1.6	3.0
Fabricated metal products	-0.1	0.3	5.8	-2.2	7.4	0.4	1.4	5.6
Computer. electronic and optical prod.	7.3	-4.5	-19.9	29.0	2.9	19.6	1.2	2.1
Electrical equipment	-1.2	1.3	-1.0	0.5	-0.8	1.9	1.7	0.2
Machinery and equipment	-1.9	-0.3	3.1	-5.5	2.2	-2.9	-3.6	-1.0
Motor vehicles	-0.7	-1.8	0.3	-0.4	0.9	2.8	7.0	-1.9
Other transport equipment	28.7	-7.7	-1.5	-27.1	36.5	-11.4	18.1	3.8
Furniture	-1.5	-0.8	1.3	1.0	3.4	1.4	-0.9	0.7
Other manufacturing	-5.6	-4.2	3.1	-4.7	0.3	-0.3	-2.6	-6.4
Repair and installation of mach. and equip.	4.2	-7.5	0.6	-1.4	4.1	4.0	3.4	-3.6
Electricity, gas, steam	1.7	4.3	-2.5	-2.4	2.5	1.0	-0.6	2.8
IPI	0.7	-1.7	0.6	-2.2	3.3	1.6	0.6	-0.6
Intermediate Goods	0.8	-1.6	1.0	-1.2	1.9	1.9	0.3	-0.3
Durable Consumer Goods	-4.4	-1.1	-0.2	-1.2	0.2	0.5	-1.7	-3.1
Non-durable Consumer Goods	-1.6	-3.2	2.1	-2.7	1.0	1.2	-2.0	-3.4
Energy	-1.3	2.2	-1.4	-1.3	2.1	3.7	0.7	0.0
Capital Goods	5.0	-2.3	-0.6	-3.9	9.8	0.7	4.6	1.9
Low Technology	-1.2	-2.9	0.8	-1.6	1.7	1.0	-2.5	-3.3
Medium-Low Technology	0.1	-1.6	1.3	-2.0	3.0	3.1	1.0	-0.5
Medium-High Technology	-3.4	3.6	4.6	-7.4	3.3	0.9	3.2	2.8
High Technology	38.3	-19.1	-16.3	15.4	22.2	-1.6	9.3	-1.2

Source: Turkstat

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