

## Macro: Weak industrial production carried over into the last quarter

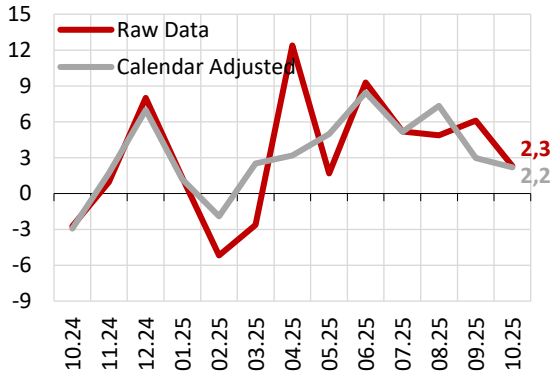
The Industrial Production Index (IPI) decreased by 0.8% in October, and increased by 2.3% yoy, which was below expectations (3.2%). The cumulative contraction in IPI was 2.9% over the last two months, 4.0% over the last four months and 4.6% since the beginning of the year.

The volatile course in IPI due to capital goods continues. The significant positive contribution of capital goods from other transport equipment in the first half turned to negative in the second half on the back of both transport equipment and computer, electronic, and optical equipment. Excluding capital goods, the IPI contracted 0.3% mom and 1.1% qoq. Therefore, weakness in key sectors of manufacturing industry has carried over into the last quarter. Leading indicators of industrial production, such as Business Tendency Survey and capacity utilization rate, suggest that the outlook in October remains in November.

**The Industrial Production Index (IPI), adjusted for seasonal and calendar effects (s.a.), declined by 0.8% month-on-month (mom), indicating that the weak outlook continued in October.** On an annual basis, the increase slowed to 2.3% (Chart 1).

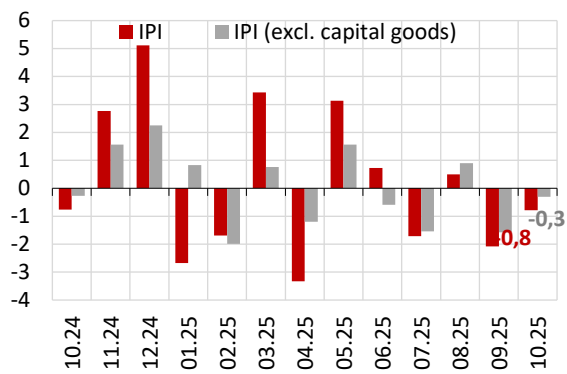
As of October, IPI (s.a.) is 2.0% below the third-quarter average and 4.6% below the end-of-2024. Capital goods, which made a significant positive contribution to IPI in the first half of the year, have been limiting IPI for the past four months (Chart 2 and 3). However, the trend is quite weak even excluding capital goods. As of October, IPI excluding capital goods contracted by 1.1% on a quarterly basis (Chart 3 and 4).

**Chart 1. IPI (yoy, %)**



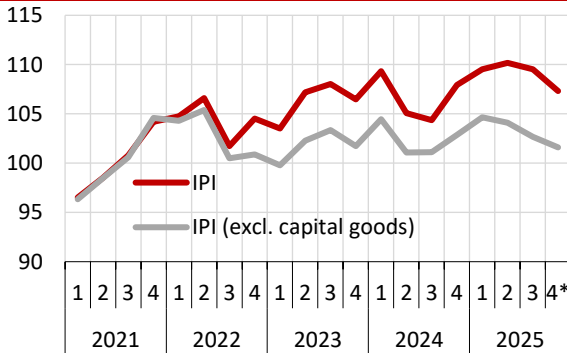
Source: Turkstat

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



Source: Turkstat, Akbank

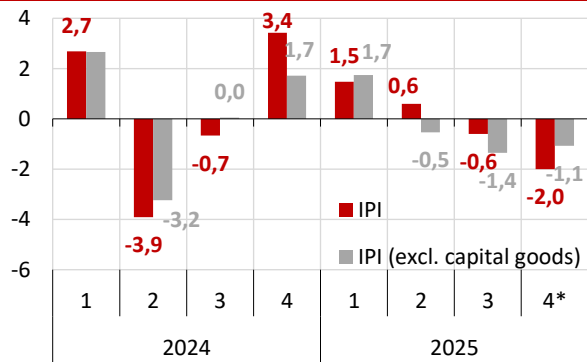
**Chart 3. IPI (seasonally adjusted, 2021=100)**



\*October data.

Source: Turkstat, Akbank

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



\*October data.

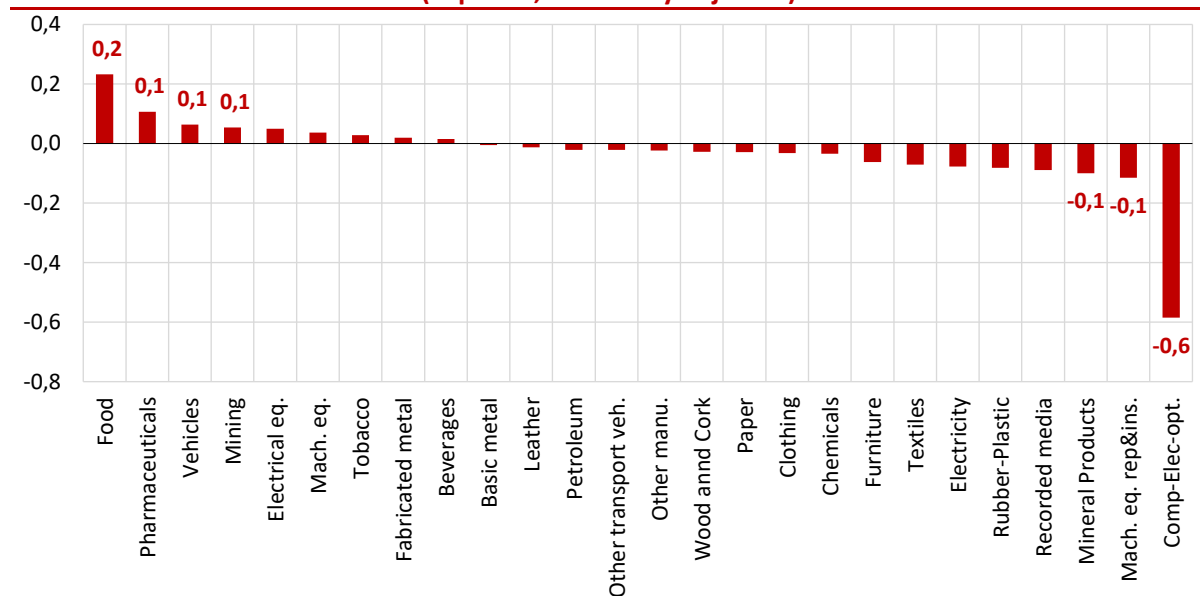
Source: Turkstat, Akbank

In October, the majority of sectors contracted on a monthly basis. Largest negative contribution came from the manufacturing of **computer, electronic, and optical equipment**, with -0.6 points, a sector where the production of intermediate goods for the defense industry has gained prominence in recent years. While double-digit contractions in many sub-product groups contributed to the 23.5% monthly

decline in sectoral production (s.a.), the contractions in defense-related industrial products were more pronounced. Unlike previous months, **other transport equipment** did not register a significant change this month, and did not have a significant impact on the IPI. Therefore, to better track the main trend in IPI, excluding the computer, electronic and optical equipment and other transportation equipment sectors, the monthly contraction in IPI becomes 0.2% and the quarterly contraction becomes 0.8%, which are lower than the headline figures. Monthly declines in core sectors such as construction-related **non-metallic mineral products** (-1.5%), **rubber and plastics** (-2.1%), which has cumulatively contracted by 8.3% over the last 4 months, and **textiles** (-1.2%), which has been operating at a CUR below its historical average for over 3 years, pulled the headline IPI change down by 0.3 points. On the other hand, the **food**, **pharmaceutical**, and **motor vehicles** sectors, which contracted last month, grew positively this month, contributing 0.4 points to the monthly IPI growth.

In the food sector, where production had decreased by an average of 0.9% on a monthly basis over the previous six months, production increased by 1.9% this month. In the pharmaceutical manufacturing sector, where monthly production changes fluctuated, production increased by 6.4% in October, partially offsetting the 6.9% contraction in September. However, the annual change remained in double digits at 14.9%, supported by the base effect created by the sharp contraction in 2024. The motor vehicles sector recorded a 1.0% increase in production, exceeding its average monthly growth for the first nine months of the year.

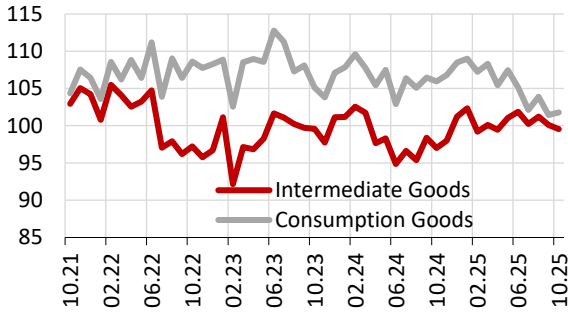
**Chart 5. Contributions to the Monthly Change in IPI in September**  
(% points, seasonally adjusted)



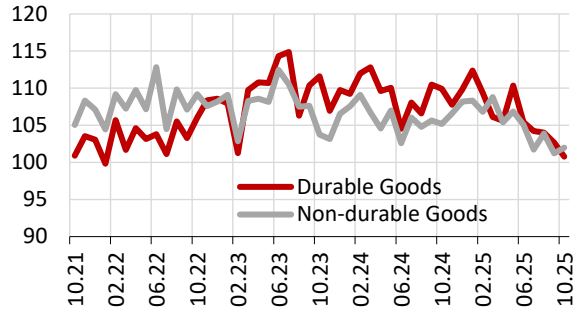
Source: Turkstat, Akbank

**The monthly decline by product groups was widespread, except for non-durable consumer goods. Capital goods** manufacturing decreased by 2.3% mom, driven by sharp decline in computer, electronic, and optical equipment manufacturing (Chart 8). **Durable consumer goods** and **intermediate goods** production (s.a.) decreased by 1.8% and 0.6%, respectively (Chart 6 and 7). Although **non-durable consumer goods** productions increased by 0.8% mom, it could not compensate the 2.6% decrease in September.

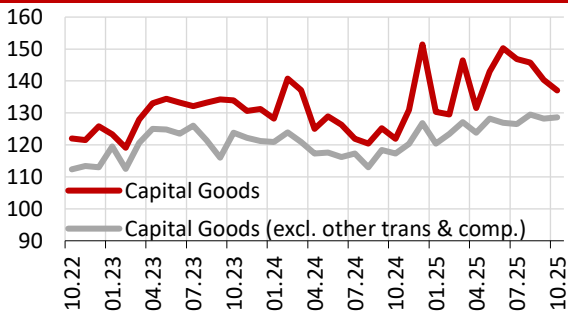
**Chart 6. Intermediate and Consumption Goods (seasonally adjusted, 2021=100)**



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

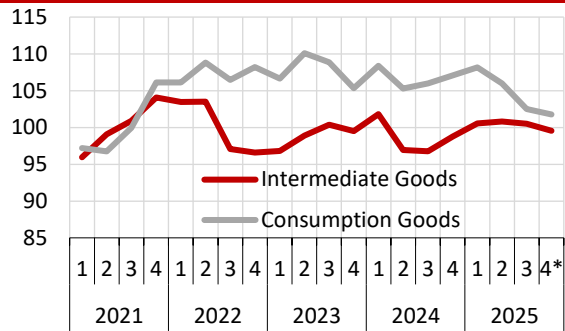


**Chart 8. Capital Goods (seasonally adjusted, 2021=100)**



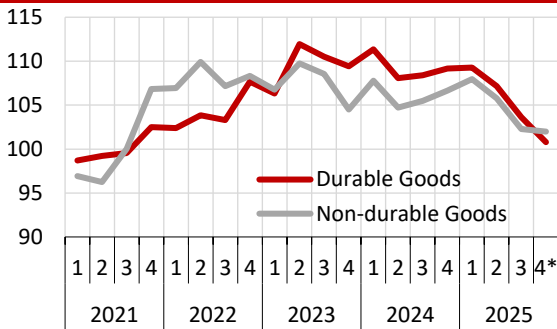
Source: Turkstat, Akbank

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



Source: Turkstat, Akbank

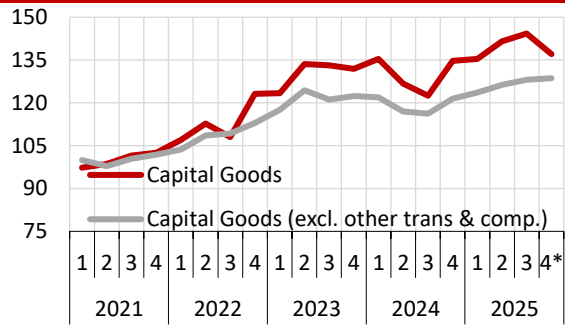
**Chart 10. Consumption Goods (seasonally adjusted, 2021=100)**



\*October data.

Source: Turkstat

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



\*October data.

Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Jul.25	Aug.25	Sep.25	Oct.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4*	First 10 months
<b>IPI</b>	<b>5.2</b>	<b>4.9</b>	<b>6.1</b>	<b>2.3</b>	<b>-2.2</b>	<b>7.4</b>	<b>5.4</b>	<b>2.3</b>	<b>3.3</b>
<b>Mining and quarrying</b>	<b>1.1</b>	<b>2.0</b>	<b>5.6</b>	<b>9.6</b>	<b>-2.1</b>	<b>5.6</b>	<b>2.9</b>	<b>9.6</b>	<b>2.9</b>
Mining of coal and lignite	-27.6	-16.6	4.7	3.0	-0.6	-2.4	-13.7	3.0	-5.0
Extraction of crude petrol. and n. gas	21.0	14.9	23.5	19.7	42.8	32.3	19.7	19.7	29.5
Mining of metal ores	0.2	2.1	-1.9	11.8	-8.6	-2.5	0.0	11.8	-2.2
Other mining and quarrying	12.7	5.1	6.6	6.1	-8.5	10.0	8.1	6.1	3.8
<b>Manufacturing</b>	<b>5.6</b>	<b>5.1</b>	<b>6.2</b>	<b>2.0</b>	<b>-2.7</b>	<b>7.7</b>	<b>5.7</b>	<b>2.0</b>	<b>3.3</b>
Food products	5.9	7.1	4.7	-2.2	0.1	10.9	5.9	-2.2	4.5
Beverages	5.2	2.8	1.7	-3.9	-3.8	5.6	3.4	-3.9	1.6
Tobacco products	12.5	11.1	12.8	14.5	-7.2	14.7	12.1	14.5	7.5
Textiles	-7.4	-9.1	-4.1	-7.6	-4.9	-1.1	-6.8	-7.6	-4.7
Wearing apparel	-17.5	-19.8	-19.6	-21.5	-0.4	-6.7	-18.9	-21.5	-10.5
Leather and related products	-6.4	-6.3	-5.0	-10.1	-2.3	-2.6	-5.9	-10.1	-4.3
Wood and cork products	11.3	6.1	17.1	11.3	-1.1	18.1	11.5	11.3	9.3
Paper and paper products	3.9	8.4	3.7	0.1	-3.3	6.7	5.3	0.1	2.5
Recorded media	-11.7	0.0	9.4	-6.4	-5.6	-2.4	-0.2	-6.4	-3.0
Coke and refined petroleum prod.	4.8	9.3	32.9	17.7	4.4	9.4	14.1	17.7	10.1
Chemicals and chemical prod.	0.8	4.4	8.6	4.0	-3.8	3.8	4.6	4.0	1.7
Basic pharmaceutical products	4.6	18.0	14.1	14.9	-12.9	8.7	12.4	14.9	3.0
Rubber and plastic products	1.7	-0.6	0.9	-1.7	-8.4	5.4	0.7	-1.7	-1.1
Other non-metallic mineral prod.	13.0	9.0	13.5	8.1	-5.2	10.6	11.9	8.1	6.2
Base metals	5.7	7.0	7.1	4.1	-0.1	6.1	6.6	4.1	4.2
Fabricated metal products	14.5	16.6	16.0	14.3	4.3	15.3	15.7	14.3	12.1
Comp., electronic and optical prod.	51.3	8.6	25.0	11.4	4.6	27.8	27.6	11.4	19.0
Electrical equipment	-0.2	2.4	6.1	6.3	-3.3	4.4	2.8	6.3	1.8
Machinery and equipment	-5.6	-4.8	-5.4	-9.3	-8.8	-3.0	-5.3	-9.3	-6.1
Motor vehicles	7.1	14.2	8.4	7.9	-12.3	8.6	9.4	7.9	1.7
Other transport equipment	59.1	53.7	27.0	22.7	-5.8	23.0	47.4	22.7	20.1
Furniture	2.9	2.4	9.4	0.8	-4.3	5.5	4.9	0.8	1.9
Other manufacturing	-6.4	-10.2	-12.3	-14.9	-2.4	4.6	-9.7	-14.9	-4.2
Repair& instl. of mach. and eq.	6.8	9.3	8.5	0.8	9.0	17.3	8.2	0.8	10.2
<b>Electricity, gas, steam</b>	<b>5.8</b>	<b>6.1</b>	<b>5.3</b>	<b>0.6</b>	<b>5.0</b>	<b>4.9</b>	<b>5.7</b>	<b>0.6</b>	<b>4.8</b>
<b>IPI</b>	<b>5.2</b>	<b>4.9</b>	<b>6.1</b>	<b>2.3</b>	<b>-2.2</b>	<b>7.4</b>	<b>5.4</b>	<b>2.3</b>	<b>3.3</b>
Intermediate Goods	4.2	3.8	4.9	2.7	-4.6	6.1	4.3	2.7	2.0
Durable Consumer Goods	-5.1	-7.3	-3.9	-8.8	-3.5	-0.2	-5.4	-8.8	-3.7
Non-durable Consumer Goods	-2.1	-0.2	-0.5	-5.5	-2.2	5.0	-1.0	-5.5	-0.2
Energy	3.7	5.6	11.5	5.4	6.4	6.9	6.7	5.4	6.5
Capital Goods	20.2	18.0	16.1	12.2	-1.4	14.9	18.1	12.2	10.5
Low Technology	-2.0	-1.8	-1.1	-6.0	-2.1	4.3	-1.6	-6.0	-0.6
Medium-Low Technology	6.0	5.9	8.5	3.4	-1.8	8.8	6.8	3.4	4.5
Medium-High Technology	7.0	15.6	8.9	7.8	-4.0	4.8	10.2	7.8	4.0
High Technology	59.0	7.7	34.4	27.8	-6.9	40.0	32.3	27.8	20.2

\* as of October

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Jul.25	Aug.25	Sep.25	Oct.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4*
<b>IPI</b>	<b>-1.7</b>	<b>0.5</b>	<b>-2.1</b>	<b>-0.8</b>	<b>1.5</b>	<b>0.6</b>	<b>-0.6</b>	<b>-2.0</b>
<b>Mining and quarrying</b>	<b>-0.5</b>	<b>0.0</b>	<b>1.1</b>	<b>1.2</b>	<b>6.2</b>	<b>1.4</b>	<b>-2.0</b>	<b>1.9</b>
Mining of coal and lignite	-12.5	5.6	16.4	-1.5	3.0	2.2	-12.5	10.5
Extraction of crude petrol. and n. gas	0.8	-0.8	4.4	0.8	4.6	6.8	2.9	3.4
Mining of metal ores	6.4	-6.3	-1.1	3.0	8.3	-0.3	-0.1	0.0
Other mining and quarrying	-1.1	3.4	-4.2	1.1	8.3	0.6	-0.2	-0.7
<b>Manufacturing</b>	<b>-2.2</b>	<b>0.7</b>	<b>-2.2</b>	<b>-0.9</b>	<b>1.3</b>	<b>0.6</b>	<b>-0.8</b>	<b>-2.1</b>
Food products	-2.4	1.5	-1.6	1.9	4.4	-1.6	-2.3	1.3
Beverages	0.6	0.0	-5.0	3.3	-0.8	0.8	-3.1	-0.2
Tobacco products	2.7	0.0	-5.9	6.8	-1.6	12.5	0.9	2.5
Textiles	-5.1	0.1	0.5	-1.2	-2.0	-3.4	-4.0	-0.8
Wearing apparel	-4.4	-0.3	-3.2	-0.8	-3.9	-8.5	-8.7	-3.1
Leather and related products	2.0	-2.8	-4.0	-1.7	0.3	-4.3	-4.3	-5.3
Wood and cork products	-8.2	0.5	6.2	-2.1	7.5	-1.0	-2.4	2.0
Paper and paper products	-0.1	0.3	-3.7	-1.2	0.5	1.6	-0.4	-3.5
Recorded media	-2.3	8.5	0.4	-11.9	4.3	-1.5	3.4	-9.3
Coke and refined petroleum prod.	1.7	-0.7	-4.6	-0.8	12.1	1.9	-3.3	-4.2
Chemicals and chemical products	-2.7	3.7	0.3	-0.8	0.8	-0.1	-0.2	0.6
Basic pharmaceutical products	-7.1	13.7	-6.9	6.4	-2.0	8.8	3.2	5.7
Rubber and plastic products	-4.6	-0.7	-1.0	-2.1	1.7	0.3	-3.0	-3.0
Other non-metallic mineral products	1.9	-0.9	0.7	-1.5	5.3	2.0	1.7	-1.4
Base metals	1.6	2.7	-3.0	-0.1	2.0	-1.7	2.9	-1.3
Fabricated metal products	0.3	5.8	-2.0	0.3	0.4	1.3	5.7	0.7
Computer. electronic and optical prod.	-4.4	-19.9	29.2	-23.5	19.0	1.0	2.2	-16.2
Electrical equipment	1.3	-1.2	0.6	1.1	1.9	1.6	0.1	1.2
Machinery and equipment	-0.3	3.1	-5.5	0.9	-3.0	-3.6	-1.0	-1.9
Motor vehicles	-1.8	0.3	-0.3	1.0	2.8	7.1	-1.8	0.9
Other transport equipment	-7.6	-2.2	-26.5	-0.6	-11.9	17.7	3.8	-20.5
Furniture	-0.8	1.2	0.9	-2.3	1.3	-1.0	0.6	-1.3
Other manufacturing	-4.3	3.0	-4.9	-1.2	-0.9	-2.8	-6.7	-3.6
Repair and installation of mach. and equip.	-7.5	0.4	-1.9	-3.6	3.4	3.4	-3.9	-4.7
<b>Electricity, gas, steam</b>	<b>4.2</b>	<b>-2.5</b>	<b>-2.4</b>	<b>-1.2</b>	<b>0.9</b>	<b>-0.7</b>	<b>2.7</b>	<b>-3.6</b>
<b>IPI</b>	<b>-1.7</b>	<b>0.5</b>	<b>-2.1</b>	<b>-0.8</b>	<b>1.5</b>	<b>0.6</b>	<b>-0.6</b>	<b>-2.0</b>
Intermediate Goods	-1.6	1.0	-1.1	-0.6	1.8	0.2	-0.3	-1.0
Durable Consumer Goods	-1.1	-0.2	-1.3	-1.8	0.1	-2.0	-3.3	-2.7
Non-durable Consumer Goods	-3.2	2.1	-2.6	0.8	1.2	-2.0	-3.3	-0.3
Energy	2.1	-1.4	-1.3	-1.0	3.6	0.6	0.0	-2.3
Capital Goods	-2.3	-0.8	-3.7	-2.3	0.5	4.6	1.9	-5.0
Low Technology	-2.9	0.8	-1.5	-0.1	0.9	-2.5	-3.4	-0.8
Medium-Low Technology	-1.6	1.3	-2.0	-1.5	2.9	0.9	-0.6	-2.4
Medium-High Technology	3.7	4.4	-7.2	0.6	0.8	3.2	2.9	-2.9
High Technology	-19.1	-16.2	15.5	-7.8	-1.7	9.3	-1.1	-4.6

\* as of October

Source: Turkstat

This report is prepared by Akbank Economic Research

[Economic.research@akbank.com](mailto:Economic.research@akbank.com)

Çağlar Yüncüler, PhD – Vice President

[Caglar.Yunculer@akbank.com](mailto:Caglar.Yunculer@akbank.com)

M. Sibel Yapıcı

[Sibel.Yapici@akbank.com](mailto:Sibel.Yapici@akbank.com)

Sercan Pişkin

[Sercan.Piskin@akbank.com](mailto:Sercan.Piskin@akbank.com)

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