

Macro: Industrial production growth accelerated in 2025, while sectoral divergence became more pronounced

In December, the Industrial Production Index (IPI), recorded a monthly increase of 1.2% in seasonally and calendar adjusted (s.a.) terms, in line with our expectations based on leading indicators. On an annual basis, the IPI increased only slightly by 0.8%. Thus, in the last quarter of the year, the IPI (s.a.) remained relatively flat, halting the decline of the previous two quarters. Annual growth in the last quarter slowed compared to previous quarters, to 0.8%.

In 2025, while the IPI grew at a stronger rate of 2.6% compared to the previous two years, the divergence between sectors deepened. In a tight financial environment and weak external demand, the growth rates of defense-related sectors (other transport equipment, the manufacturing of computers, electronics, and optical instruments) and construction-related sectors (fabricated metals, non-metallic mineral products, wood and cork, basic metals) diverged positively. Robust domestic demand due to the localization strategy in the defense industry and the reconstruction efforts in the earthquake-stricken region contributed to this trend. On the other hand, labor-intensive sectors and those most affected by competitiveness losses (clothing, textiles, leather, machinery and equipment manufacturing) contracted strongly. We expect the divergence between sectors to continue in 2026.

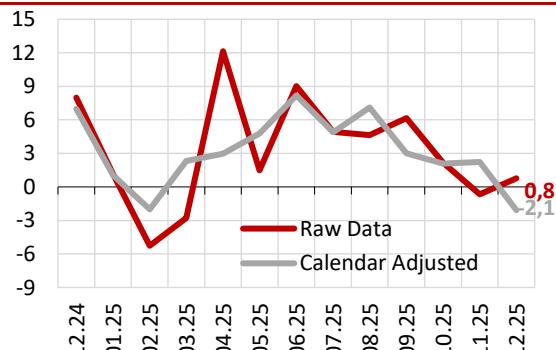
Based on the December IPI data, we maintain our previous assessment that GDP will grow between 2.5% and 3.0% year-on-year in the last quarter of 2025. We estimate that overall growth for 2025 will be 3.5%.

The seasonally and calendar adjusted (s.a.) Industrial Production Index (IPI) increased by 1.2% on a monthly basis. The annual increase was limited to 0.8%. Due to having one working day more than last year, adjusted for calendar effects, industrial production recorded a 2.1% decrease year-on-year (Chart 1).

In the last quarter of 2025, IPI growth (s.a.) remained relatively flat, 0.1% above the third-quarter average. This ended the downward trend of the previous two quarters (Charts 2 and 3). Excluding capital goods, growth was slightly stronger at 0.3% (Chart 4). On an annual basis, growth in the last quarter slowed significantly compared to previous quarters, reaching 0.8% (calendar adjusted 0.6%)

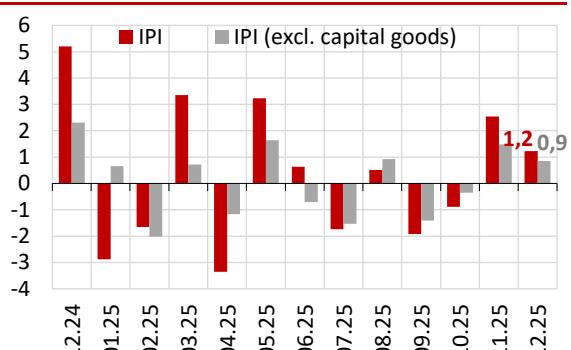
With the release of the December data, the overall outlook for the year has been finalized. The IPI increased by 2.6% in 2025, showing a more positive performance compared to 2023 and 2024 (1.6% and 0.4% respectively) (Table 1).

Chart 1. IPI (yoy, %)



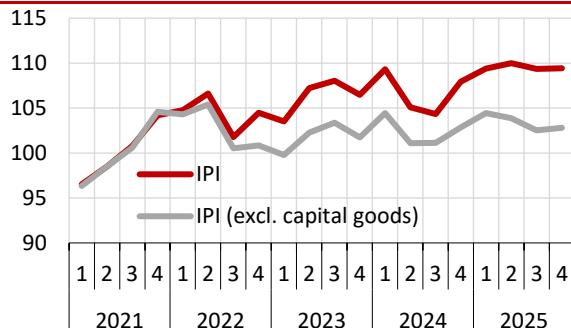
Source: Turkstat

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



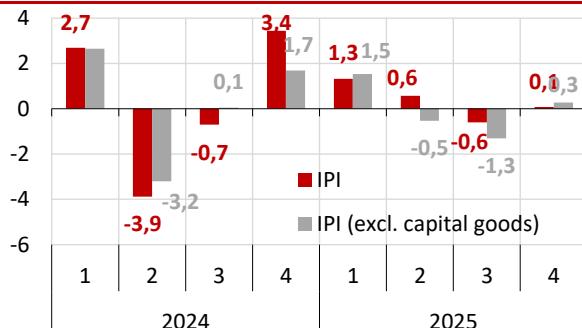
Source: Turkstat, Akbank

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



Source: Turkstat, Akbank

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

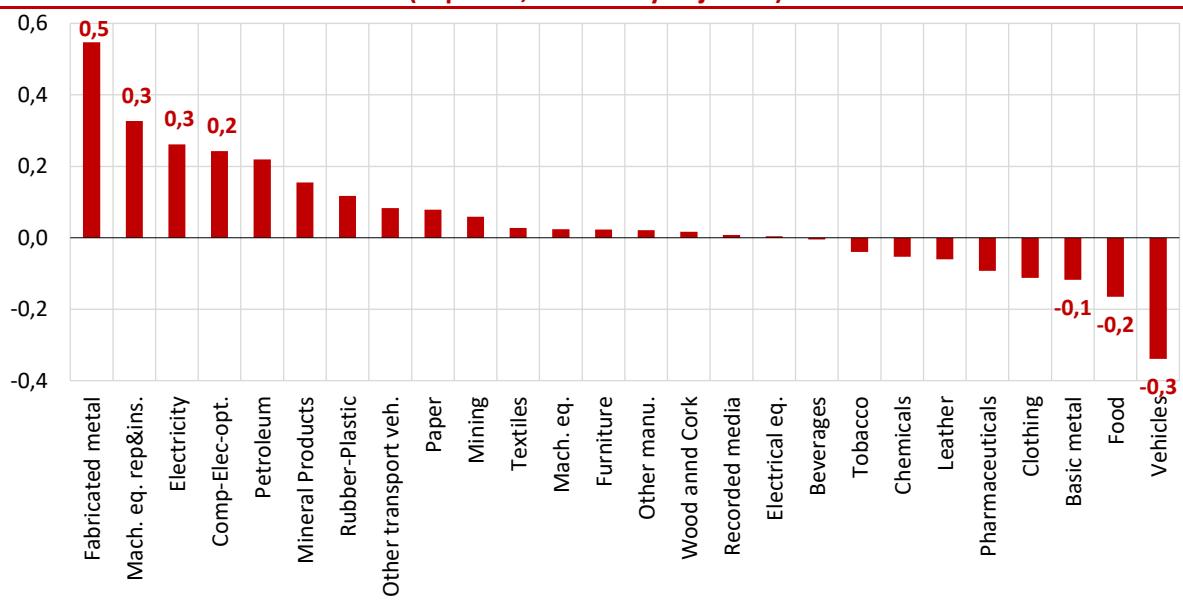


Source: Turkstat, Akbank

As in November, more than half of the sectors contributed to the monthly increase in December (Chart 5). The highest positive contributions to the monthly growth came from **fabricated metals, machinery and equipment repair & installation** and **electricity**. The manufacturing of **other transport equipment** as well as **computers, electronics, and optical instruments**, linked to the defense industry and historically exhibiting high volatility, continued to make positive contributions (0.2 and 0.1 points respectively). Therefore, it seems possible to consider the monthly increase in the IPI as a main trend increase. The sectors that most limited the monthly IPI (s.a.) growth were **vehicles, food, and basic metals**.

Production in construction-related sectors increased by 3.0% on a monthly basis, exceeding the average IPI. A 3.1% increase was also recorded in November. Further, the 1.7% monthly increase in **domestic-oriented sectors**, was also a driver of the monthly increase in IPI. **The downward trend in clothing production continues uninterrupted**. The monthly decrease in December accelerated compared to previous months, reaching 3.1% (Table 2). In the automotive sector, a 5.1% monthly decrease in production limited the monthly increases in capital goods and IPI.

In summary, while **clothing** continued to be the worst-performing sector in December, construction-related sectors supported the IPI in December, following a similar trend in November.

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

Source: Turkstat, Akbank

The monthly increase was widespread across product groups, except for non-durable consumer goods (Charts 6-8, Table 2). The decline in non-durable consumer goods was driven by contractions in the food and clothing sectors (Charts 6 and 7). In the last quarter of 2025, production decreased in all sectors except intermediate goods (Charts 9-11). The main driver of the 1.3% increase in intermediate goods was the strong performance recorded in construction-related sectors in November and December (2.4% quarterly increase).

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

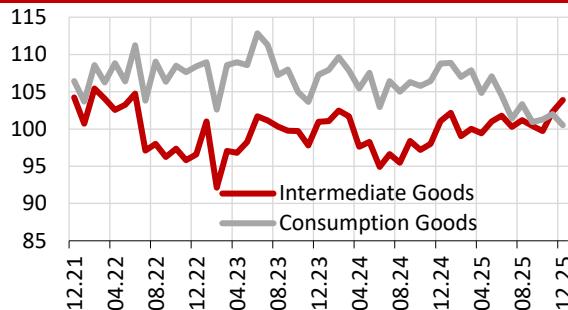
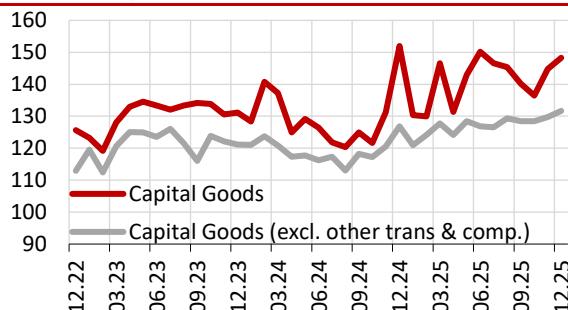
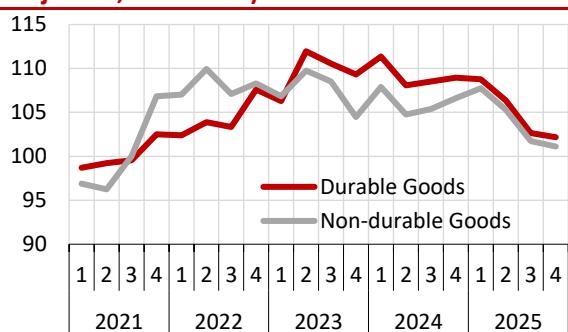


Chart 8. Capital Goods (seasonally adjusted, 2021=100)



Source: Turkstat, Akbank

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



Source: Turkstat

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

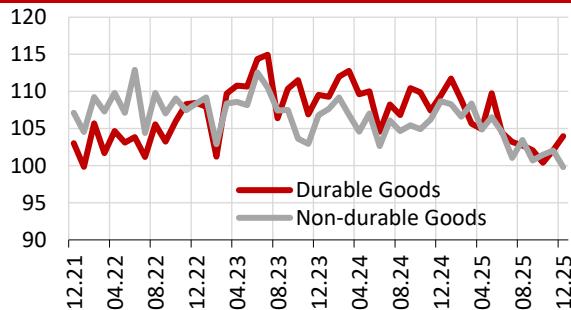
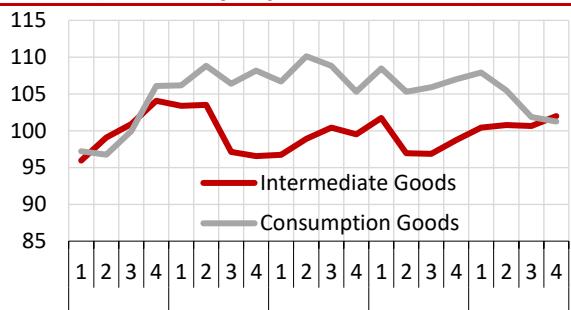
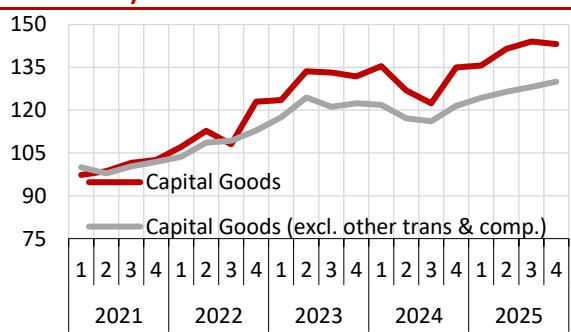


Chart 9. Intermediate and Consumption Goods (seasonally adjusted, 2021=100)



Source: Turkstat, Akbank

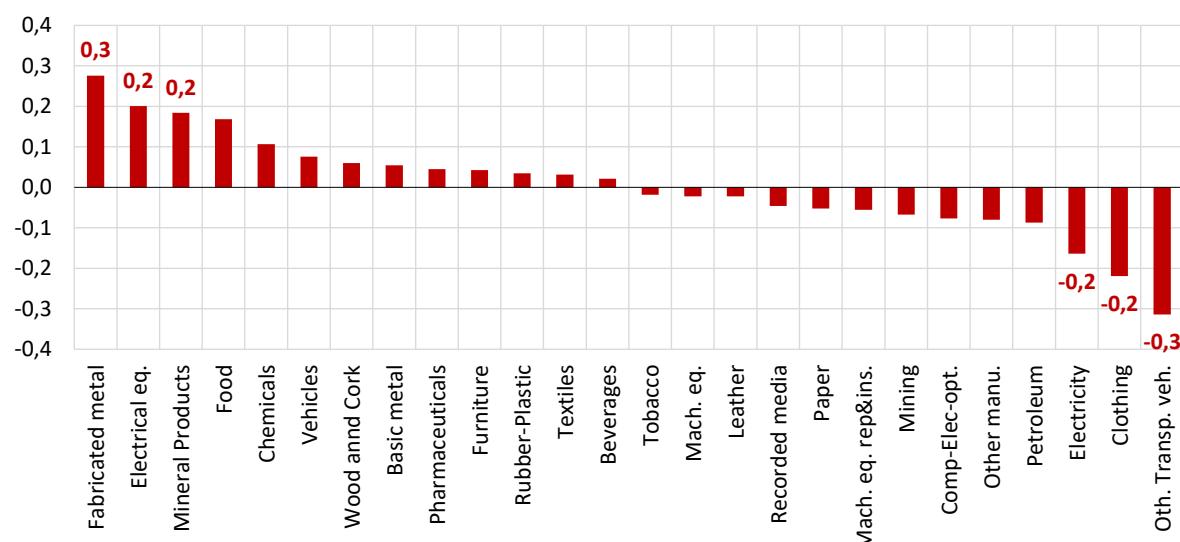
Chart 11. Capital Goods (seasonally adjusted, 2021=100)



Source: Turkstat, Akbank

In the last quarter of 2025, the IPI (s.a.) remained almost flat, with a balanced distribution of positive and negative contributions to the quarterly change (Chart 12). Again, the highest quarterly contribution came from fabricated metals. This was followed by electrical equipment and other non-metallic mineral products, which include cement, ready-mixed concrete, and ceramics. Overall, we can assess that the construction-related sectors (fabricated metals, mineral products, wood and cork, basic metals, rubber and plastics) positively diverged in this quarter. Other transport equipment, which made positive contributions throughout the year but showed volatility, contributed most negatively to the quarterly change. This was followed by clothing and electricity.

Chart 12. Contributions to the Quarterly Change of IPI in 2025Q4
(% points, seasonally adjusted)*

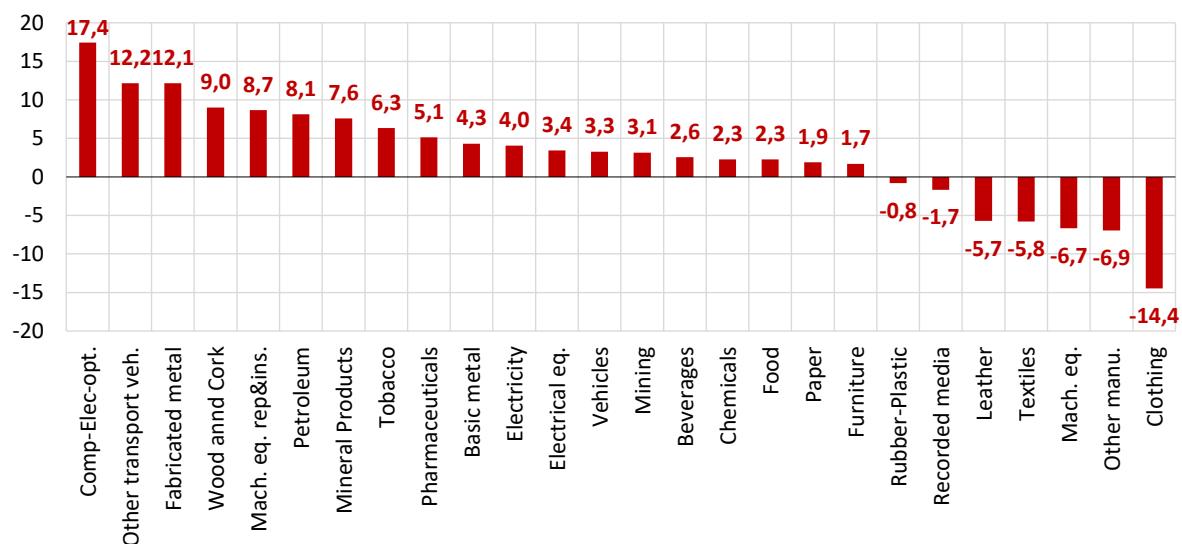


Source: Turkstat, Akbank

Although the IPI grew at a stronger rate of 2.6% in 2025 compared to the previous two years, we see a deepening divergence between sectors (Chart 13, Table 1). As we frequently noted in our notes throughout the year, in a tight financial environment and weak external demand, sectors related to the defense industry (other transport equipment and computers, electronics and optical instruments) and construction-related sectors (fabricated metals, mineral products, wood and cork, basic metals) showed positive divergence in growth rates. The annual growth of construction-related sectors was significantly above average at 6.7%. When we exclude sectors related to the defense industry, the annual growth of the IPI falls to 1.9%. Domestic demand generated by the localization strategy in the defense industry and the reconstruction activities in the earthquake zone were the determining factors in this outlook.

On the other hand, deep contractions were observed in labor-intensive sectors and those most affected by loss of competitiveness. Clothing contracted by 14.4%, textile by 5.8%, and leather by 5.7%. In addition, machinery and equipment and other manufacturing experienced production losses approaching 7%. In clothing, in particular, the year-on-year production loss exceeded 25% as of December, signaling that the contraction trend will continue into 2026. A similar situation, though not to the same severity, applies to other weak-performing sectors as well.

Chart 13. Annual Growth by Sector
(%)



Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Sep.25	Oct.25	Nov.25	Dec.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4	2025
IPI	6.2	2.2	-0.7	0.8	-2.3	7.1	5.2	0.8	2.6
Mining and quarrying	8.0	9.7	-1.9	4.6	-1.9	6.3	3.8	4.2	3.1
Mining of coal and lignite	4.7	3.0	6.3	5.7	-0.5	-2.3	-13.6	5.0	-3.0
Extraction of crude petrol. and n. gas	23.5	19.7	12.3	5.8	42.8	32.3	19.7	12.4	25.6
Mining of metal ores	5.6	11.9	-27.7	-21.7	-8.1	-1.0	2.6	-12.3	-4.6
Other mining and quarrying	6.4	6.2	9.0	22.4	-8.3	10.5	8.2	12.5	6.1
Manufacturing	6.2	1.8	-0.6	0.3	-2.9	7.4	5.4	0.5	2.5
Food products	4.7	-2.2	-5.4	-4.7	-0.1	10.1	5.5	-4.1	2.3
Beverages	1.8	-3.6	8.7	6.6	-3.8	5.8	3.5	3.6	2.6
Tobacco products	12.8	14.5	4.2	-2.4	-7.2	14.7	12.1	5.5	6.3
Textiles	-4.6	-8.2	-12.0	-5.8	-5.2	-1.6	-7.2	-8.6	-5.8
Wearing apparel	-20.6	-22.5	-28.6	-26.0	-2.1	-8.0	-20.1	-25.6	-14.4
Leather and related products	-5.8	-10.1	-10.0	-13.2	-1.8	-2.9	-6.8	-11.2	-5.7
Wood and cork products	17.1	11.4	9.2	6.5	-1.6	18.2	11.7	8.9	9.0
Paper and paper products	3.5	0.0	-1.7	0.4	-3.3	6.5	5.2	-0.4	1.9
Recorded media	8.2	-7.8	-1.3	7.7	-5.6	-2.3	0.9	-0.4	-1.7
Coke and refined petroleum prod.	32.9	17.7	-4.1	7.3	2.4	9.4	14.1	6.5	8.1
Chemicals and chemical prod.	8.3	3.8	3.4	5.2	-3.5	4.1	4.7	4.1	2.3
Basic pharmaceutical products	14.7	15.2	7.5	17.5	-12.5	9.1	12.9	13.4	5.1
Rubber and plastic products	0.8	-1.8	-1.2	3.5	-8.3	5.2	0.4	0.2	-0.8
Other non-metallic mineral prod.	13.5	8.2	12.5	16.7	-5.2	10.7	11.7	12.4	7.6
Base metals	7.6	4.4	3.5	5.6	-0.1	6.1	6.7	4.5	4.3
Fabricated metal products	16.3	14.3	4.4	18.0	4.5	15.3	15.9	12.6	12.1
Comp.. electronic and optical prod.	24.7	11.0	46.1	6.1	3.5	26.9	27.0	14.5	17.4
Electrical equipment	6.2	6.4	7.9	15.0	-3.4	4.3	2.7	9.8	3.4
Machinery and equipment	-5.7	-9.6	-9.8	-5.4	-9.4	-3.3	-5.6	-8.1	-6.7
Motor vehicles	8.4	8.0	11.2	7.2	-11.8	9.1	9.4	8.8	3.3
Other transport equipment	26.2	21.9	2.0	-8.3	-6.8	22.2	46.7	-0.2	12.2
Furniture	8.6	0.8	0.7	5.2	-4.1	4.8	3.4	2.5	1.7
Other manufacturing	-12.8	-15.4	-20.3	-8.5	-3.6	3.5	-10.8	-14.6	-6.9
Repair& instl. of mach. and eq.	11.4	0.7	-2.4	1.3	11.2	17.0	9.2	0.1	8.7
Electricity, gas, steam	5.3	0.6	-2.0	2.4	5.0	4.9	5.7	0.4	4.0
IPI	6.2	2.2	-0.7	0.8	-2.3	7.1	5.2	0.8	2.6
Intermediate Goods	5.1	2.7	1.6	6.2	-4.6	6.0	4.3	3.5	2.3
Durable Consumer Goods	-4.6	-9.2	-7.3	1.8	-4.0	-1.1	-6.7	-4.8	-4.2
Non-durable Consumer Goods	-0.9	-5.8	-9.5	-7.1	-2.5	4.5	-1.4	-7.4	-2.1
Energy	11.5	5.4	-1.2	3.7	5.9	6.9	6.7	2.6	5.5
Capital Goods	16.5	12.1	6.8	-1.6	-1.3	14.7	18.1	4.4	8.5
Low Technology	-1.6	-6.3	-9.3	-5.7	-2.5	3.6	-2.2	-7.1	-2.3
Medium-Low Technology	9.0	3.4	1.6	6.3	-1.7	8.7	6.9	3.8	4.4
Medium-High Technology	8.8	7.8	4.6	16.7	-3.9	4.9	10.2	10.0	5.4
High Technology	34.2	27.4	25.4	-22.0	-7.6	39.3	31.9	-1.1	11.4

Source: Turkstat



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

	Monthly % Change				Quarterly % Change			
	Sep.25	Oct.25	Nov.25	Dec.25	2025-Q1	2025-Q2	2025-Q3	2025-Q4
IPI	-1.9	-0.9	2.5	1.2	1.3	0.6	-0.6	0.1
Mining and quarrying	2.2	-0.4	-4.4	1.3	5.9	1.3	-2.6	-1.5
Mining of coal and lignite	16.6	-1.2	5.6	-2.7	3.0	2.7	-12.4	14.0
Extraction of crude petrol. and n. gas	3.8	0.4	-1.3	0.1	4.5	5.8	1.2	1.5
Mining of metal ores	3.1	-2.5	-23.2	2.2	7.4	-1.1	-1.4	-17.0
Other mining and quarrying	-4.5	1.3	4.3	3.1	8.5	1.1	-0.3	3.3
Manufacturing	-2.1	-0.9	3.1	1.0	1.1	0.6	-0.7	0.3
Food products	-1.7	2.0	0.4	-1.3	4.4	-1.9	-2.2	1.4
Beverages	-5.1	3.4	7.4	-0.9	-0.8	0.8	-3.3	4.4
Tobacco products	-6.1	6.8	-5.3	-9.6	-1.8	11.9	0.7	-4.3
Textiles	0.4	-1.2	1.9	0.5	-2.4	-3.4	-3.9	0.5
Wearing apparel	-3.0	-1.1	-2.2	-3.1	-5.0	-8.7	-9.1	-5.8
Leather and related products	-4.1	-1.1	7.0	-7.5	1.2	-4.9	-4.8	-2.8
Wood and cork products	6.1	-2.0	3.2	1.2	7.0	-0.4	-2.1	4.7
Paper and paper products	-3.0	-0.8	-0.3	3.4	0.4	1.5	-0.1	-2.2
Recorded media	-3.4	-11.9	6.6	1.1	3.9	-1.5	4.0	-6.4
Coke and refined petroleum prod.	-4.6	-0.8	-3.1	9.1	10.1	3.6	-3.2	-3.3
Chemicals and chemical products	0.1	-0.7	4.0	-1.2	1.2	0.0	-0.2	2.6
Basic pharmaceutical products	-6.6	6.1	-1.5	-5.3	-1.6	8.6	3.1	2.7
Rubber and plastic products	-0.8	-1.9	3.8	3.0	1.5	0.4	-2.8	0.9
Other non-metallic mineral products	0.9	-1.3	4.5	2.3	5.3	2.4	1.9	2.8
Base metals	-2.5	-0.3	4.3	-2.2	2.1	-1.7	3.0	1.0
Fabricated metal products	-1.7	0.2	0.7	7.3	0.7	1.3	5.9	3.7
Computer, electronic and optical prod.	30.2	-23.6	16.2	11.1	18.7	1.2	2.5	-3.4
Electrical equipment	1.0	1.1	4.9	0.1	2.0	1.8	0.4	4.7
Machinery and equipment	-5.6	0.9	1.8	0.6	-3.5	-3.4	-1.1	-0.6
Motor vehicles	-0.3	1.0	3.0	-5.1	3.6	6.7	-2.2	1.2
Other transport equipment	-27.2	-1.2	25.9	1.9	-13.3	18.3	3.5	-7.2
Furniture	1.7	-1.7	2.5	0.9	1.4	-1.3	0.3	1.6
Other manufacturing	-4.7	-1.3	-1.7	1.2	-1.7	-2.9	-7.0	-4.2
Repair and installation of mach. and equip.	-0.7	-5.1	0.5	10.8	4.4	1.4	-4.0	-1.7
Electricity, gas, steam	-2.4	-1.2	-0.4	4.1	0.6	-0.5	2.8	-2.5
IPI	-1.9	-0.9	2.5	1.2	1.3	0.6	-0.6	0.1
Intermediate Goods	-0.8	-0.7	2.6	1.5	1.7	0.3	-0.1	1.3
Durable Consumer Goods	-0.6	-1.6	1.7	1.8	-0.2	-2.2	-3.5	-0.5
Non-durable Consumer Goods	-2.7	0.8	0.5	-2.2	1.1	-2.3	-3.4	-0.6
Energy	-1.3	-1.0	-0.7	4.5	3.0	1.1	0.0	-1.3
Capital Goods	-3.6	-2.7	6.1	2.4	0.5	4.4	1.8	-0.6
Low Technology	-1.4	0.0	0.8	-0.5	0.6	-2.7	-3.3	-0.2
Medium-Low Technology	-1.6	-1.7	2.8	3.2	2.9	0.9	-0.5	0.6
Medium-High Technology	-7.3	0.7	4.7	2.3	1.0	3.2	2.8	0.9
High Technology	16.0	-8.3	11.8	-6.8	-2.8	9.6	-1.1	0.1

Source: Turkstat

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