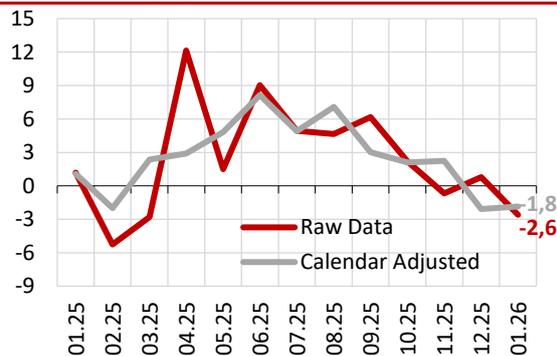


Macro: Industrial production made a weak start to the year

The Industrial Production Index (IPI), seasonally and calendar adjusted (s.a.), fell sharply by 2.8% in January after the monthly increases in November and December (2.5% and 1.2%, respectively) and returned to its September 2025 level. In the last two months of 2025, sectors such as other transport equipment, computers, electronic and optical products continued to be effective in the monthly increases. Although the correction in the other transport equipment category contributed to the sharp decline in January, the overall sectoral outlook indicates that the weakness in January represents the main trend. When we evaluate the last three months together, it gives the impression that the stronger-than-expected increase trend in November and December may have been a production push brought forward ahead of the expected cost increases. Leading indicators for February point to the possibility of seeing an increase again. The uncertainty regarding how long the recently rising geopolitical tensions will last constitutes an important downside risk for industrial production for March and the period thereafter.

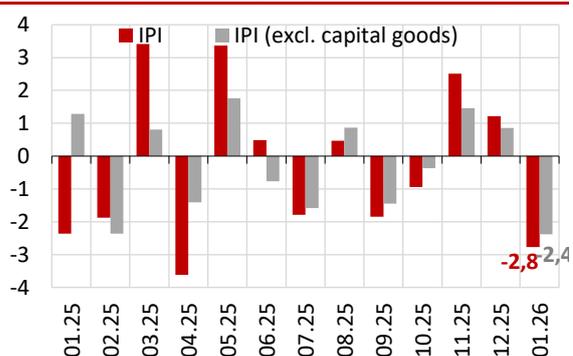
In January, the IPI seasonally and calendar adjusted (s.a.) declined 2.8% on a monthly basis and 2.6% on an annual basis (Charts 1, 2 and 3). On a calendar-adjusted basis, the annual change remained more limited at -1.8%. The seasonally adjusted January level of the IPI remained 1.2% below the fourth quarter of 2025 (Charts 3 and 4).

Chart 1. IPI (yoy, %)



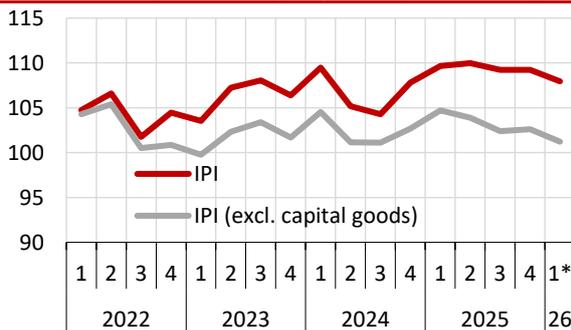
Source: Turkstat

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



Source: Turkstat, Akbank

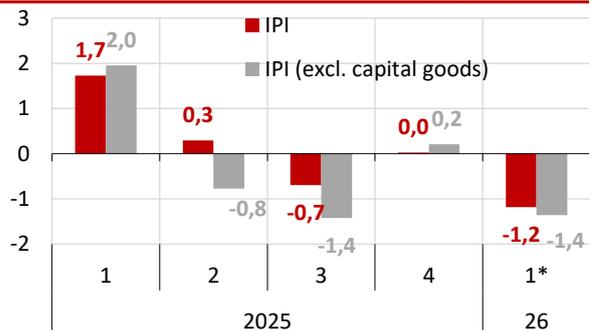
Chart 3. IPI (seasonally adjusted, 2021=100)



*As of January

Source: Turkstat, Akbank

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



*As of January

Source: Turkstat, Akbank

The monthly decline in manufacturing industry (s.a.) was 3.4%, exceeding the decline in the IPI (Table 1). By sub-sectors, the largest contribution to the decline came from **other transport equipment**, which is within the defense industry and shows volatility on a monthly basis. In this sector, a sharp monthly decline of 25.8% was observed in January (November: +25.4%, December: +1.6%). **Other non-metallic mineral products**, which are related to the construction sector and had contributed positively by showing strong increases in the previous two months, declined by 12.4% month-on-month (s.a.). The decline in **vehicle** manufacturing was 1.0%.

In the **clothing** sector, production has been declining on a monthly basis since January 2025 (excluding March and May); although an increase was seen in the first month of the year (1.4%), the weak outlook in the sector continues. Manufacturing of **computers, electronic and optical products, machinery-equipment installation and repair, and electricity production** are among the sectors that contributed positively to the IPI.

When examined by main industrial groupings, declines were observed in all groups. **Capital goods** production recorded a 3.9% monthly decline (Charts 5–6). The decline in the other transport equipment manufacturing sector, which is included within capital goods, was effective in this development. IPI excluding capital goods (s.a.) declined 2.4% in January after two months of increases. The monthly declines in **durable consumer goods** and **intermediate goods** were 6.9% and 4.2%, respectively, while the decline in **non-durable goods** remained limited.

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

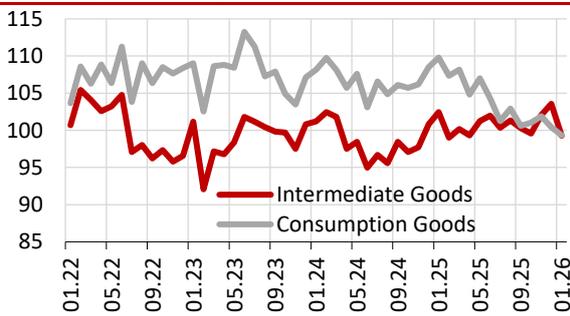


Chart 7. Consumption Goods (seasonally adjusted, 2021=100)

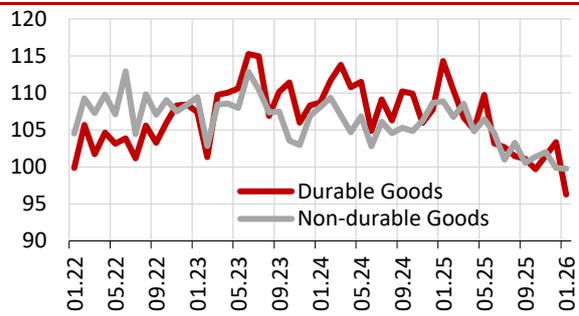


Chart 8. Capital Goods (seasonally adjusted, 2021=100)

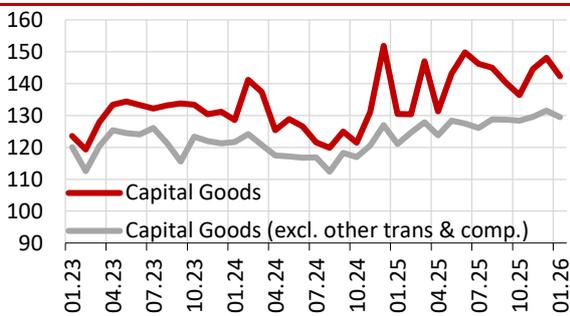
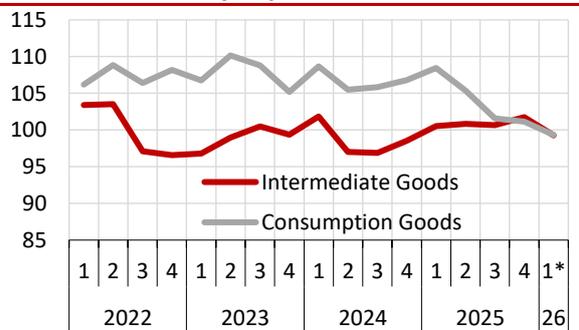


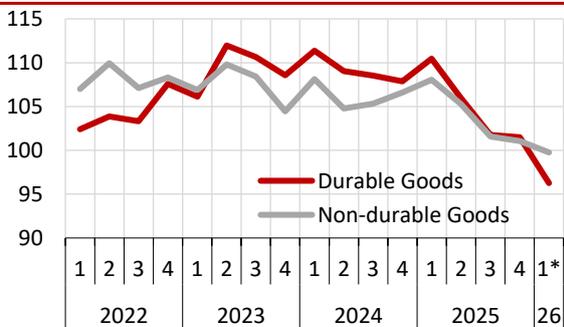
Chart 9. Intermediate and Consumption Goods (seasonally adjusted, 2021=100)



Source: Turkstat, Akbank

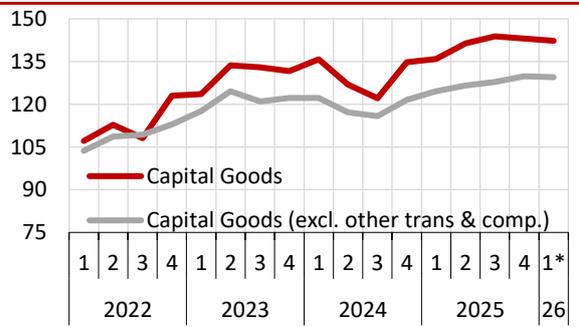
Source: Turkstat, Akbank

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



*As of January
Source: Turkstat

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



*As of January
Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Oct.25	Nov.25	Dec.25	Jan.26	2025-Q2	2025-Q3	2025-Q4	2026-Q1*
IPI	2.2	-0.7	0.8	-2.6	7.1	5.2	0.8	-2.6
Mining and quarrying	9.7	-1.9	4.6	-4.5	6.3	3.8	4.2	-4.5
Mining of coal and lignite	3.0	6.3	5.7	1.4	-2.3	-13.6	5.0	1.4
Extraction of crude petrol. and n. gas	19.7	12.3	5.8	-2.2	32.3	19.7	12.4	-2.2
Mining of metal ores	11.9	-27.7	-21.7	-12.6	-1.0	2.6	-12.3	-12.6
Other mining and quarrying	6.2	9.0	22.4	-2.5	10.5	8.2	12.5	-2.5
Manufacturing	1.8	-0.6	0.3	-3.2	7.4	5.4	0.5	-3.2
Food products	-2.2	-5.4	-4.7	-3.6	10.1	5.5	-4.1	-3.6
Beverages	-3.6	8.7	6.6	-8.6	5.8	3.5	3.6	-8.6
Tobacco products	14.5	4.2	-2.4	18.1	14.7	12.1	5.5	18.1
Textiles	-8.2	-12.0	-5.8	-6.0	-1.6	-7.2	-8.6	-6.0
Wearing apparel	-22.5	-28.6	-26.0	-25.6	-8.0	-20.1	-25.6	-25.6
Leather and related products	-10.1	-10.0	-13.2	-23.4	-2.9	-6.8	-11.2	-23.4
Wood and cork products	11.4	9.2	6.5	-1.5	18.2	11.7	8.9	-1.5
Paper and paper products	0.0	-1.7	0.4	-5.6	6.5	5.2	-0.4	-5.6
Recorded media	-7.8	-1.3	7.7	-15.9	-2.3	0.9	-0.4	-15.9
Coke and refined petroleum prod.	17.7	-4.1	7.3	5.2	9.4	14.1	6.5	5.2
Chemicals and chemical prod.	3.8	3.4	5.2	-2.6	4.1	4.7	4.1	-2.6
Basic pharmaceutical products	15.2	7.5	17.5	4.3	9.1	12.9	13.4	4.3
Rubber and plastic products	-1.8	-1.2	3.5	-5.9	5.2	0.4	0.2	-5.9
Other non-metallic mineral prod.	8.2	12.5	16.7	-10.2	10.7	11.7	12.4	-10.2
Base metals	4.4	3.5	5.6	-0.2	6.1	6.7	4.5	-0.2
Fabricated metal products	14.3	4.4	18.0	11.0	15.3	15.9	12.6	11.0
Comp.. electronic and optical prod.	11.0	46.1	6.1	36.3	26.9	27.0	14.5	36.3
Electrical equipment	6.4	7.9	15.0	-0.3	4.3	2.7	9.8	-0.3
Machinery and equipment	-9.6	-9.8	-5.4	-10.0	-3.3	-5.6	-8.1	-10.0
Motor vehicles	8.0	11.2	7.2	3.9	9.1	9.4	8.8	3.9
Other transport equipment	21.9	2.0	-8.3	-4.6	22.2	46.7	-0.2	-4.6
Furniture	0.8	0.7	5.2	-7.8	4.8	3.4	2.5	-7.8
Other manufacturing	-15.4	-20.3	-8.5	-23.9	3.5	-10.8	-14.6	-23.9
Repair& instl. of mach. and eq.	0.7	-2.4	1.3	5.9	17.0	9.2	0.1	5.9
Electricity. gas. steam	0.6	-2.0	2.4	5.6	4.9	5.7	0.4	5.6
IPI	2.2	-0.7	0.8	-2.6	7.1	5.2	0.8	-2.6
Intermediate Goods	2.7	1.6	6.2	-3.6	6.0	4.3	3.5	-3.6
Durable Consumer Goods	-9.2	-7.3	1.8	-17.0	-1.1	-6.7	-4.8	-17.0
Non-durable Consumer Goods	-5.8	-9.5	-7.1	-9.3	4.5	-1.4	-7.4	-9.3
Energy	5.4	-1.2	3.7	5.2	6.9	6.7	2.6	5.2
Capital Goods	12.1	6.8	-1.6	7.2	14.7	18.1	4.4	7.2
Low Technology	-6.3	-9.3	-5.7	-9.6	3.6	-2.2	-7.1	-9.6
Medium-Low Technology	3.4	1.6	6.3	-2.9	8.7	6.9	3.8	-2.9
Medium-High Technology	7.8	4.6	16.7	2.4	4.9	10.2	10.0	2.4
High Technology	27.4	25.4	-22.0	17.2	39.3	31.9	-1.1	17.2

* As of January
Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Oct.25	Nov.25	Dec.25	Jan.26	2025-Q2	2025-Q3	2025-Q4	2026-Q1*
IPI	-0.9	2.5	1.2	-2.8	0.3	-0.7	0.0	-1.2
Mining and quarrying	-0.2	-6.9	1.9	2.1	1.8	-2.3	-2.5	0.9
Mining of coal and lignite	-1.3	5.5	-2.6	3.4	2.5	-12.6	13.8	3.4
Extraction of crude petrol. and n. gas	-0.5	-2.7	0.6	-3.8	2.4	-1.0	1.4	-4.2
Mining of metal ores	-1.6	-29.6	3.4	18.3	2.5	1.3	-19.5	6.3
Other mining and quarrying	1.6	4.5	3.5	-4.6	0.7	-0.7	3.2	-1.0
Manufacturing	-1.0	3.2	1.0	-3.4	0.3	-0.9	0.3	-1.7
Food products	2.1	0.5	-1.1	0.2	-2.3	-2.2	1.5	-0.3
Beverages	3.2	7.4	-0.9	-5.3	-0.7	-3.6	4.0	-3.7
Tobacco products	6.8	-5.1	-9.6	16.2	12.6	1.0	-4.0	6.6
Textiles	-1.6	2.0	0.4	0.6	-3.0	-4.0	0.3	1.6
Wearing apparel	-1.1	-1.9	-3.1	1.4	-8.6	-9.5	-5.8	-1.4
Leather and related products	-1.3	6.3	-8.0	-1.0	-6.2	-4.4	-2.3	-4.5
Wood and cork products	-2.0	3.3	1.3	-4.5	-0.8	-2.3	4.7	-2.6
Paper and paper products	-1.6	1.9	2.2	-4.1	1.4	-0.9	-2.2	-2.1
Recorded media	-12.1	6.6	1.1	-7.1	-2.1	3.7	-6.6	-4.4
Coke and refined petroleum prod.	-0.8	-3.1	9.1	3.6	3.7	-3.2	-3.3	8.6
Chemicals and chemical products	-0.6	3.9	-1.1	-2.1	-0.4	-0.2	2.6	-1.6
Basic pharmaceutical products	6.0	-1.5	-5.3	0.2	8.2	2.9	2.6	-3.9
Rubber and plastic products	-2.0	3.8	3.1	-4.9	0.1	-3.0	0.8	-1.8
Other non-metallic mineral products	-1.4	4.5	2.5	-12.4	1.2	1.6	2.7	-9.7
Base metals	-0.2	4.1	-1.8	-1.5	-1.3	3.0	1.1	-1.4
Fabricated metal products	0.1	1.1	7.2	-5.8	1.5	5.7	3.7	-1.0
Computer. electronic and optical prod.	-23.6	16.6	11.1	20.0	2.5	1.9	-3.3	34.7
Electrical equipment	1.3	5.5	-1.2	-4.1	-0.3	1.0	4.6	-3.2
Machinery and equipment	1.0	2.2	1.3	-4.1	-4.1	-1.2	0.2	-2.6
Motor vehicles	1.0	3.0	-5.1	-1.0	6.5	-2.4	1.0	-3.5
Other transport equipment	-1.1	25.4	1.6	-25.8	15.9	4.5	-7.4	-19.6
Furniture	-1.8	2.4	0.9	-5.3	-1.5	0.0	1.4	-4.0
Other manufacturing	-0.8	-2.0	1.2	-5.8	-3.9	-7.9	-4.3	-5.7
Repair and installation of mach. and equip.	-6.2	-0.6	10.0	2.7	2.5	-4.9	-1.9	9.1
Electricity, gas, steam	-1.1	-0.4	4.1	1.8	-0.5	2.8	-2.3	4.5
IPI	-0.9	2.5	1.2	-2.8	0.3	-0.7	0.0	-1.2
Intermediate Goods	-0.7	2.5	1.5	-4.2	0.3	-0.2	1.1	-2.4
Durable Consumer Goods	-1.4	1.9	1.8	-6.9	-4.1	-4.0	-0.2	-5.2
Non-durable Consumer Goods	0.8	0.6	-2.1	-0.1	-2.6	-3.5	-0.5	-1.3
Energy	-1.0	-0.7	4.5	2.1	1.0	-0.2	-1.2	4.9
Capital Goods	-2.8	6.0	2.4	-3.9	4.0	1.7	-0.6	-0.5
Low Technology	-0.1	1.1	-0.5	-1.2	-2.9	-3.6	-0.3	-1.2
Medium-Low Technology	-1.8	2.7	3.2	-4.2	0.9	-0.7	0.5	-1.3
Medium-High Technology	0.8	4.9	2.2	-6.6	2.5	2.8	0.9	-3.7
High Technology	-8.3	11.8	-6.9	5.8	8.6	-0.5	0.0	4.5

* As of January
Source: Turkstat

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