

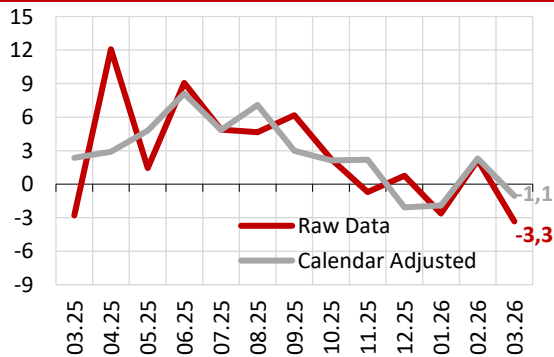
Macro: Geopolitical developments have not yet weakened industrial production

The Industrial Production Index (IPI), adjusted for seasonal and calendar effects (s.a), declined by 0.8% month-on-month in March. However, the monthly contraction was not due to a decline in orders caused by geopolitical developments, as suggested by survey indicators, but rather due to the correction in the “other transport equipment” and “computer, optical and electronic products” sectors, which had contributed the most to the strong recovery in the previous month and which we have consistently noted as historically volatile sectors. Excluding the -1.4 percentage point contribution from these two sectors, we calculate that the IPI (s.a.) actually increased by 0.6% month-on-month. Therefore, as of March, it is not possible to speak of a weakening in the underlying trend driven by geopolitical developments. Moreover, the underlying trend appears to have compensated for the decline in January through the cumulative performance in February and March. On a quarterly basis, activity has remained broadly flat over the past two quarters. The flat trend is also preserved when excluding capital goods, which had caused volatility in previous quarters. Survey indicators for April suggest that the weakening in orders has slowed and that production indicators did not react to the decline in orders during March and April with the same intensity. In this regard, we believe the likelihood of a sharp month-on-month contraction in the underlying trend in April is low.

In March, IPI declined by 0.8% month-on-month in seasonally and calendar adjusted (s.a.) terms and by 3.3% year-on-year (Charts 1, 2 and 3). When adjusted only for calendar effects, the annual contraction was more limited at 1.1%.

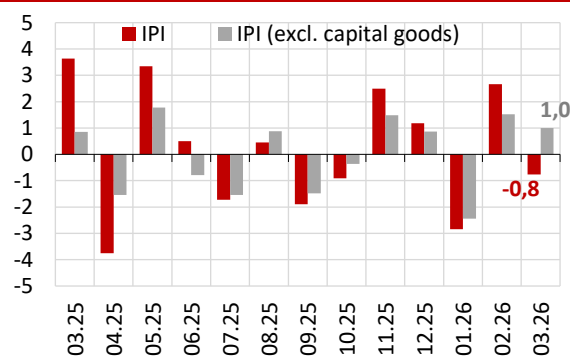
In the first quarter, IPI (s.a.) increased by 0.2% compared to the previous quarter, while contracting by 1.4% year-on-year (calendar-adjusted: -0.3%). On a quarterly basis, IPI (s.a.) followed a broadly flat trend over the last two quarters (Charts 3 and 4). This flat trend also remained intact when excluding capital goods, which had caused volatility in earlier quarters.

Chart 1. IPI (yoy, %)



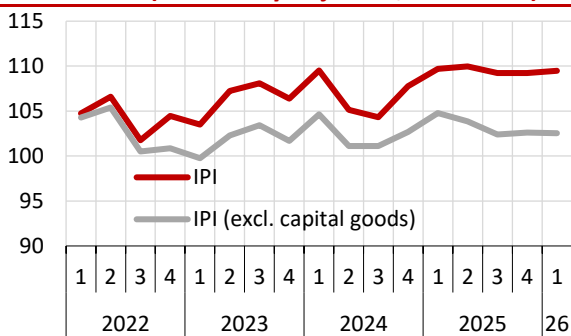
Source: Turkstat

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



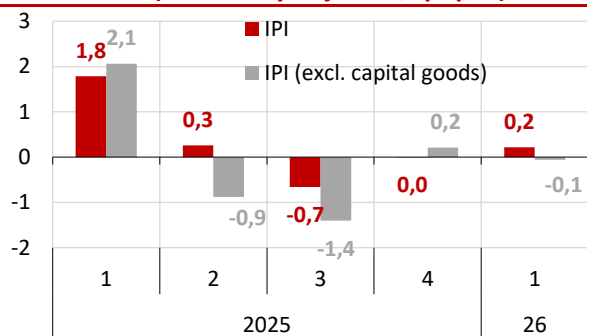
Source: Turkstat, Akbank

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



Source: Turkstat, Akbank

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



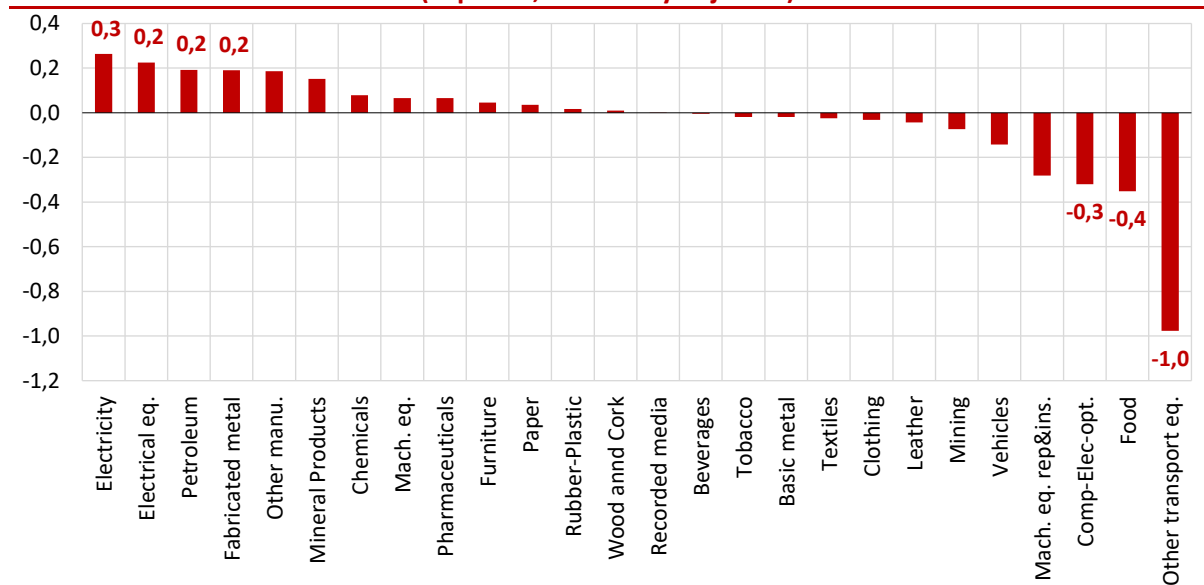
Source: Turkstat, Akbank

The recovery in February (2.7% increase) was largely driven by strong growth in capital goods, particularly other transport equipment (6.5%). In March, however, a strong decline in capital goods,

again primarily other transport equipment (6.4%), was the determining factor in the monthly decrease in IPI. Excluding this volatility and attempting to create a clearer picture of the main trend, we calculate that the IPI excluding capital goods (s.a.) increased by 1.0% in March, following a 1.5% monthly increase in February. Therefore, it appears that the monthly decrease in IPI did not spread across all sectors. Nevertheless, the increases in the last two months only managed to compensate for the decline in January.

By sub-sectors, the largest contributions to the monthly increase came from the **electricity, gas and steam, electrical equipment, petroleum products, and fabricated metals** sectors (Chart 5). The decline in capital goods appears to be widespread across all sectors except machinery and equipment manufacturing. The negative contribution of **other transport equipment** and **the manufacturing of computers, electronic and optical products**, which produce goods related to the defense industry, to the monthly IPI is quite high at 1.4 points. The **food** sector, which has shown an increase in the last two months, is the second sector contributing to the decline. **Construction-related sectors** also saw an increase in March after February, but the cumulative increase over the two months is still far from compensating for the strong decline in January.

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



Source: Turkstat, Akbank

By main industrial groupings, the sharp decline in capital goods, as mentioned earlier, is noteworthy (Charts 6-8, Table 2). On the other hand, there was a strong increase in durable consumer goods, driven by furniture and electrical equipment. Despite a monthly decrease in non-durable consumer goods, there has been a cumulative increase over the last two months. Intermediate goods also saw a second consecutive month of growth, driven by construction-related sectors. However, it has not yet been able to compensate for the increase seen in January.

On a quarterly basis, the positive impact of increases in energy and capital goods (4.4% and 1.2% respectively) was largely offset by the negative contribution of declines in other main groups (Charts 9-11, Table 2). Looking at sectoral developments according to the NACE classification, a picture emerges where the decline in the clothing sector, which has been strongly decreasing for the last 4 quarters, has paused, there has been a moderate increase in textiles, and construction-related sectors have declined due to the decrease in January.

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

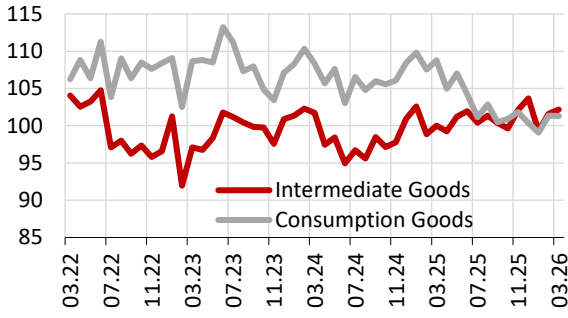


Chart 7. Consumption Goods (seasonally adjusted, 2021=100)

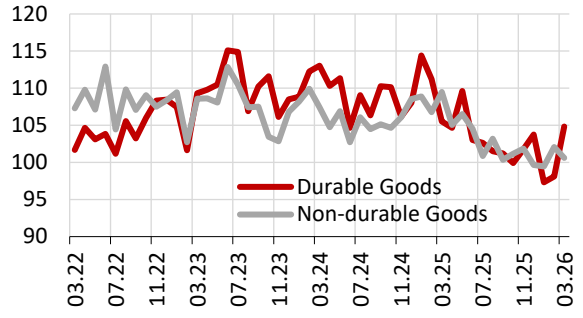
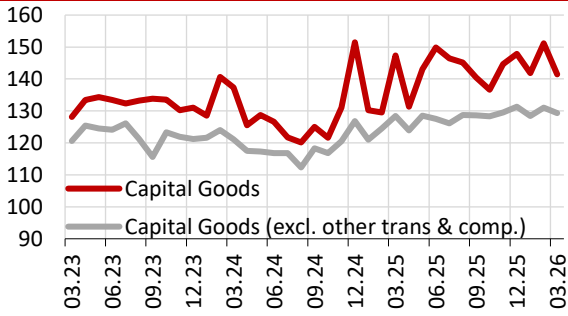
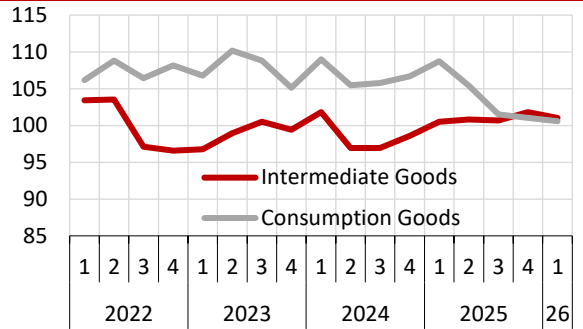


Chart 8. Capital Goods (seasonally adjusted, 2021=100)



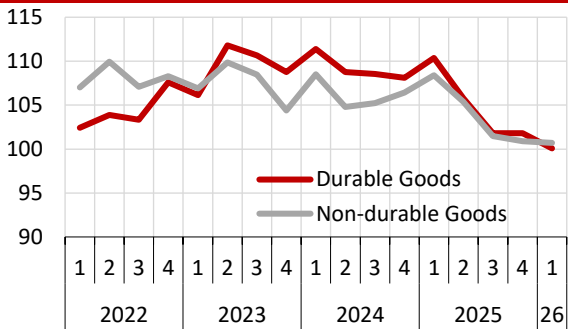
Source: Turkstat, Akbank

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



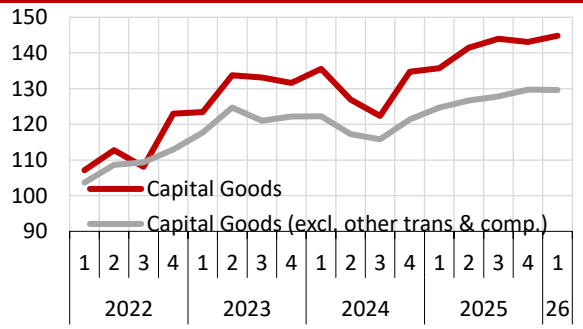
Source: Turkstat, Akbank

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



Source: Turkstat

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



Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Dec.25	Jan.26	Feb.26	Mar.26	2025-Q2	2025-Q3	2025-Q4	2026-Q1
IPI	0.8	-2.6	2.1	-3.3	7.1	5.2	0.8	-1.4
Mining and quarrying	4.6	-4.2	4.4	-5.8	6.3	3.8	4.2	-2.3
Mining of coal and lignite	5.7	1.5	-4.8	-1.1	-2.2	-13.6	5.0	-1.3
Extraction of crude petrol. and n. gas	5.8	-2.2	0.3	-1.8	32.2	19.8	12.4	-1.3
Mining of metal ores	-21.7	-12.6	2.8	-21.8	-1.1	2.7	-12.3	-11.6
Other mining and quarrying	22.4	-1.5	12.7	6.4	10.5	8.2	12.5	5.5
Manufacturing	0.3	-3.3	2.4	-3.8	7.4	5.4	0.5	-1.6
Food products	-4.7	-3.3	-0.2	-5.0	10.2	5.5	-4.1	-2.9
Beverages	6.6	-8.7	-2.9	-6.4	5.8	3.5	3.7	-6.1
Tobacco products	-2.4	18.0	5.7	3.1	14.7	12.1	5.4	9.0
Textiles	-5.7	-8.0	-3.1	-6.5	-1.6	-7.2	-8.6	-5.9
Wearing apparel	-25.9	-26.8	-17.9	-24.6	-8.0	-20.1	-25.6	-23.3
Leather and related products	-13.2	-22.9	-10.4	-13.8	-2.9	-6.8	-11.2	-15.8
Wood and cork products	6.5	-2.9	-2.0	-1.4	18.2	11.7	8.9	-2.1
Paper and paper products	0.4	-4.9	3.2	0.3	6.5	5.2	-0.4	-0.6
Recorded media	7.7	-15.8	-6.8	-3.2	-2.2	0.9	-0.4	-8.6
Coke and refined petroleum prod.	7.3	5.3	6.3	14.8	9.4	14.1	6.5	9.0
Chemicals and chemical prod.	5.2	-3.2	1.8	2.7	4.0	4.7	4.1	0.4
Basic pharmaceutical products	17.5	5.1	23.1	20.6	9.1	12.9	13.3	16.2
Rubber and plastic products	3.4	-5.6	0.7	-2.8	5.2	0.5	0.2	-2.6
Other non-metallic mineral prod.	16.7	-10.0	7.3	-0.2	10.6	11.7	12.4	-1.3
Base metals	5.6	-0.5	3.1	0.0	6.1	6.7	4.5	0.8
Fabricated metal products	18.0	11.8	10.4	8.6	15.3	16.0	12.6	10.2
Comp., electronic and optical prod.	6.1	37.2	27.4	10.0	26.9	27.0	14.5	23.4
Electrical equipment	15.0	0.4	-3.2	3.2	4.3	2.8	9.8	0.2
Machinery and equipment	-5.4	-12.0	-7.4	-9.0	-3.3	-5.6	-8.1	-9.5
Motor vehicles	7.2	4.8	5.3	-4.6	9.1	9.4	8.8	1.6
Other transport equipment	-8.3	-3.4	57.7	-25.7	22.2	46.7	-0.2	-1.8
Furniture	5.3	-7.2	2.6	1.0	4.9	3.4	2.5	-1.2
Other manufacturing	-8.5	-23.5	-19.0	-5.8	3.5	-10.7	-14.6	-16.3
Repair& instl. of mach. and eq.	1.3	4.8	0.6	-9.9	17.0	9.2	0.1	-2.0
Electricity, gas, steam	2.4	5.6	-2.2	4.5	4.9	5.7	0.4	2.7
IPI	0.8	-2.6	2.1	-3.3	7.1	5.2	0.8	-1.4
Intermediate Goods	6.1	-3.8	2.7	-0.7	6.0	4.4	3.5	-0.7
Durable Consumer Goods	1.8	-16.3	-13.7	-5.1	-1.1	-6.7	-4.7	-11.6
Non-durable Consumer Goods	-7.2	-9.5	-3.3	-7.7	4.5	-1.4	-7.5	-6.9
Energy	3.8	5.2	-0.3	5.6	6.9	6.7	2.6	3.6
Capital Goods	-1.6	7.2	13.0	-6.3	14.7	18.1	4.4	3.7
Low Technology	-5.7	-10.0	-4.7	-7.5	3.6	-2.1	-7.1	-7.4
Medium-Low Technology	6.3	-2.7	3.4	-0.7	8.7	6.9	3.8	-0.1
Medium-High Technology	16.7	2.4	6.9	-0.2	4.9	10.2	10.0	2.9
High Technology	-22.0	17.9	29.9	-10.0	39.4	31.8	-1.1	9.0

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Dec.25	Jan.26	Feb.26	Mar.26	2025-Q2	2025-Q3	2025-Q4	2026-Q1
IPI	1.2	-2.8	2.7	-0.8	0.3	-0.7	0.0	0.2
Mining and quarrying	1.7	2.5	0.5	-1.6	1.9	-2.0	-2.6	1.1
Mining of coal and lignite	-3.2	3.5	-12.0	15.5	1.5	-11.8	13.1	-0.2
Extraction of crude petrol. and n. gas	0.6	-3.8	0.2	2.1	2.3	-1.1	1.3	-3.5
Mining of metal ores	3.3	19.0	1.7	-10.8	2.9	1.6	-19.3	4.2
Other mining and quarrying	3.5	-4.1	5.9	-2.4	1.1	-0.5	3.3	2.7
Manufacturing	0.9	-3.5	3.3	-1.1	0.2	-0.9	0.3	-0.1
Food products	-1.2	0.3	1.4	-2.6	-2.8	-2.7	1.4	-0.3
Beverages	-1.1	-5.7	2.2	-0.9	-0.9	-4.1	3.6	-3.1
Tobacco products	-9.6	16.2	-5.4	-5.1	12.4	0.6	-4.2	1.0
Textiles	0.4	-0.8	3.3	-0.4	-3.0	-4.0	0.3	2.2
Wearing apparel	-2.9	0.0	4.6	-0.8	-8.6	-9.4	-5.7	0.2
Leather and related products	-8.0	-0.5	2.8	-4.2	-6.2	-4.4	-2.3	-3.6
Wood and cork products	1.4	-5.8	3.0	0.6	-0.9	-2.3	4.7	-1.8
Paper and paper products	2.3	-3.5	4.3	1.6	1.5	-0.6	-2.1	2.0
Recorded media	1.1	-7.1	2.8	0.0	-2.2	3.7	-6.7	-2.7
Coke and refined petroleum prod.	9.1	3.6	-0.5	8.8	3.6	-3.0	-3.2	11.4
Chemicals and chemical products	-1.1	-2.6	1.0	1.9	-0.4	-0.2	2.6	-0.8
Basic pharmaceutical products	-5.2	0.9	5.0	4.0	8.6	3.2	2.9	1.4
Rubber and plastic products	3.2	-4.7	3.5	0.4	0.1	-2.9	0.9	1.0
Other non-metallic mineral products	2.5	-12.2	5.4	2.6	1.2	1.7	2.8	-5.3
Base metals	-1.8	-1.7	0.9	-0.4	-1.3	3.0	1.1	-1.2
Fabricated metal products	7.2	-5.2	1.4	2.6	1.5	5.7	3.7	1.4
Computer, electronic and optical prod.	8.9	19.6	-3.2	-13.8	5.4	3.2	-3.8	23.4
Electrical equipment	-1.1	-3.9	-2.1	5.4	-0.6	1.0	4.6	-2.6
Machinery and equipment	1.3	-5.8	2.2	1.6	-4.2	-1.3	0.1	-2.4
Motor vehicles	-5.2	-0.3	2.4	-2.2	6.7	-2.5	1.0	-2.1
Other transport equipment	2.0	-25.3	45.1	-25.7	15.6	4.6	-7.4	-4.7
Furniture	1.0	-4.8	3.9	1.6	-1.3	0.3	1.7	-0.3
Other manufacturing	1.3	-5.0	4.6	9.1	-4.0	-7.9	-4.2	1.1
Repair and installation of mach. and equip.	9.7	1.9	-0.9	-8.6	2.2	-4.9	-2.1	4.5
Electricity, gas, steam	4.2	1.9	-3.6	3.9	-0.7	2.9	-2.5	3.3
IPI	1.2	-2.8	2.7	-0.8	0.3	-0.7	0.0	0.2
Intermediate Goods	1.5	-4.3	2.4	0.5	0.3	-0.1	1.1	-0.8
Durable Consumer Goods	1.9	-6.2	0.8	6.8	-4.2	-3.7	0.0	-1.7
Non-durable Consumer Goods	-2.1	-0.2	2.6	-1.4	-2.8	-3.7	-0.6	-0.2
Energy	4.5	2.1	-3.5	5.7	0.7	0.0	-1.4	4.4
Capital Goods	2.2	-4.0	6.5	-6.4	4.2	1.8	-0.7	1.2
Low Technology	-0.5	-1.5	2.5	-0.6	-3.1	-3.7	-0.3	-0.1
Medium-Low Technology	3.2	-4.1	2.1	0.5	0.9	-0.6	0.6	0.4
Medium-High Technology	2.2	-6.7	6.5	-3.0	2.4	2.8	0.9	-0.7
High Technology	-7.6	6.0	-0.4	-3.2	9.9	-0.1	-0.2	2.7

Source: Turkstat

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