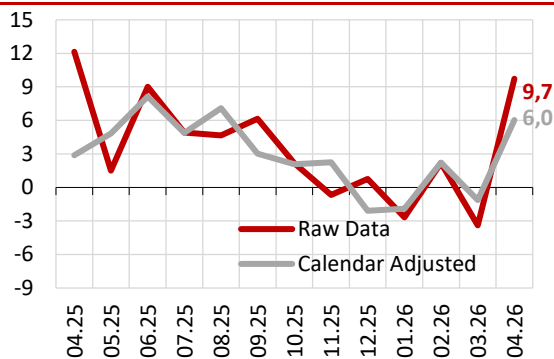


Macro: Sharp increase in industrial production; moderate recovery in main trend

The Industrial Production Index (IPI), adjusted for seasonal and calendar effects (s.a.), increased by 3.7% mom in April, marking a strong start to the second quarter of the year. On the other hand, other transport equipment production, which exhibit high volatility, accounted for approximately two-thirds of the monthly IPI growth. Excluding this effect, IPI (s.a.) increased by 1.3% mom, indicating that despite geopolitical developments, the improvement in the main trend of industrial production continued, supported by double-digit growth in April export volume index. Indeed, among the sectors contributing most to the increase in the headline production index, the automotive, textile, basic metal, and chemical sectors, which have high direct and indirect export intensity, stood out. Leading indicators for May, such as the manufacturing PMI, capacity utilization rate, and the Business Tendency Survey, point to a continued recovery in the main trend of production, while export data also appears to be supporting this. On the other hand, the loss of working days due to the Eid al-Adha holiday falling in May this year (unlike in 2025), the bridge day effects (1.5 days) resulting from the extension of the holiday to 9 days, and the potential correction in other transport equipment will cause us to see strong negative changes in IPI on a monthly and especially annual basis in May. Since the effects of the holiday and bridge day will be reversed in June, it will be a healthier approach to consider May and June together when evaluating the outlook for the next two months.

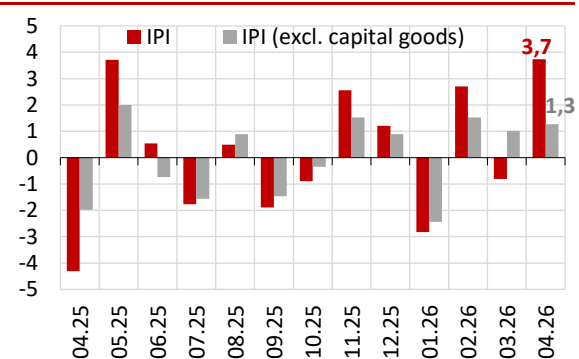
In April, IPI increased by 3.7% mom in seasonally and calendar adjusted (s.a.) terms and by 9.7% yoy (Charts 1, 2 and 3). When adjusted for calendar effects, annual production growth was more limited at 6.0%. Comparing the April data to the first quarter average, the increase was strong at 4.1% qoq (Chart 4).

Chart 1. IPI (yoy, %)



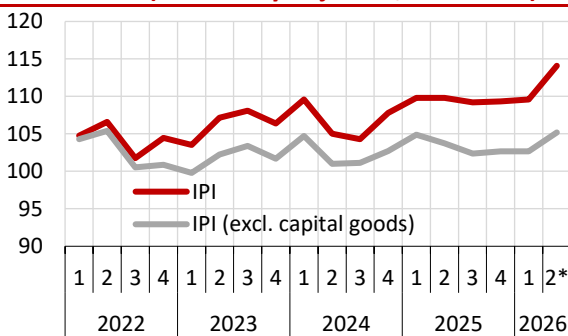
Source: Turkstat

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



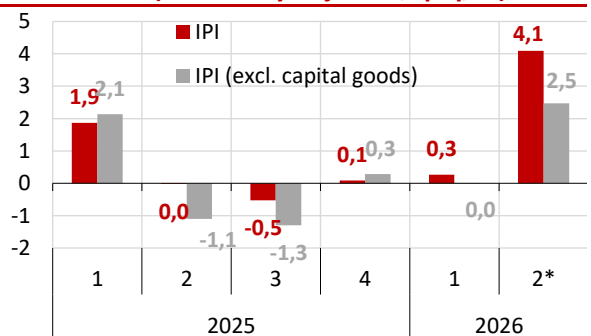
Source: Turkstat, Akbank

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



*April data.
Source: Turkstat, Akbank

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

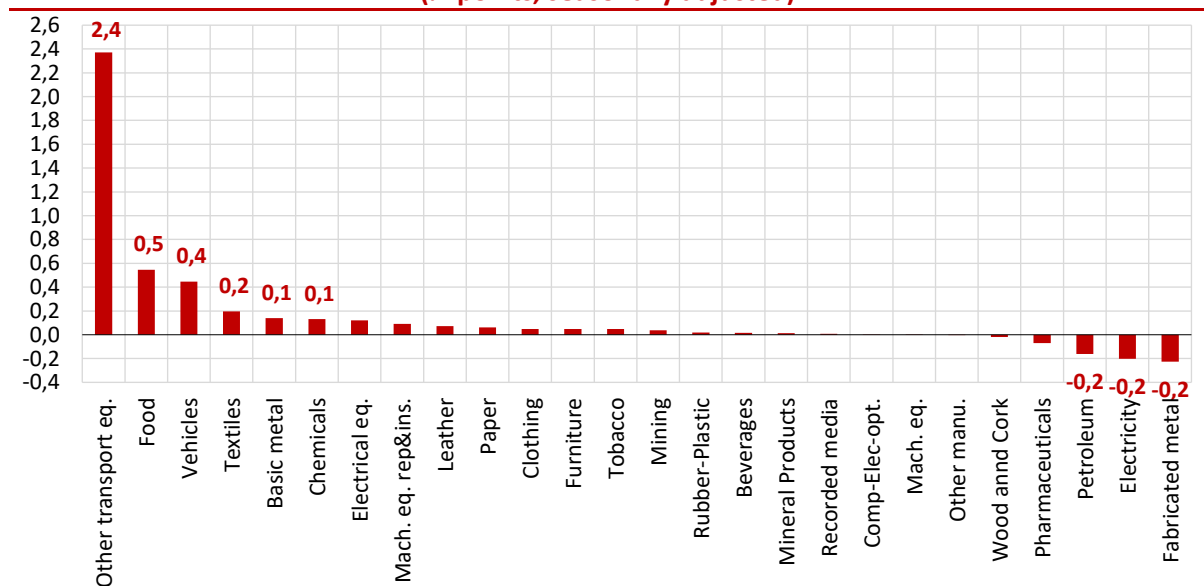


*April data.
Source: Turkstat, Akbank

While the strong increase in April was contributed by most manufacturing sectors, the most significant factor was the strong rise in **other transport equipment**, which, characteristically, exhibit high monthly volatility and have seen a growing share of the main index in recent years. Indeed, the monthly increase in the monthly IPI (excluding other transport equipment) was more limited at 1.4%, allowing us to see the overall trend more clearly. However, considering the trend in the first quarter, this rate also points to a recovery at the beginning of the second quarter and a positive start to the second quarter. Other sub-sectors contributing to the monthly increase were **food**, **vehicles**, and **textiles** (Chart 5).

The contribution of other transport equipment which includes defense industry-related products to the monthly production growth index was quite high at 2.4 points. Food, which had a limited negative contribution to the main index in the previous month, accounted for 0.5 points of the total production growth this month. In sectors that are both direct and indirect exporters, such as vehicles, textiles, basic metals, and chemicals, a strong monthly recovery was recorded in April thanks to double-digit export volume growth in April.

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



Source: Turkstat, Akbank

By main industrial groupings, the monthly increase was widespread except for energy (-3.1%) (Charts 6-8, Table 2). In contrast to the flat performance in the machinery sector, **capital goods manufacturing**, led by other transport equipment and vehicles sectors, saw a monthly production growth of 12.3%, the highest level in the last 13 months. Furthermore, **intermediate goods production**, supported by production increases across manufacturing sectors, compensated the sharp decline at the beginning of the year and reached its highest level since July 2022. **Non-durable consumer goods** production rose by 2.9%, led by food and textiles, while **durable consumer goods** production grew by 1% this month due to moderate production increases in the furniture (Middle East market holds a significant share of exports) and electrical equipment sectors.

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

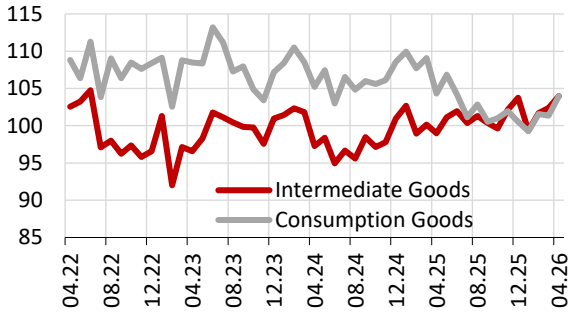


Chart 7. Consumption Goods (seasonally adjusted, 2021=100)

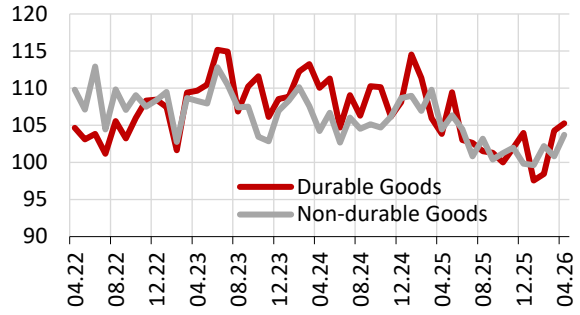
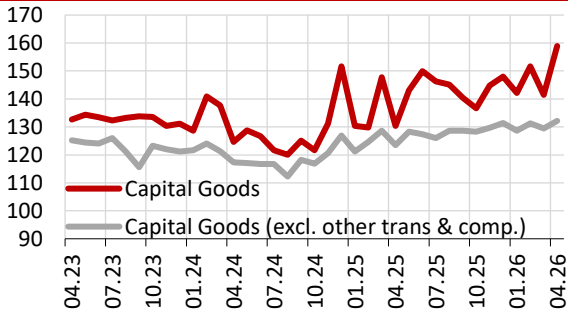
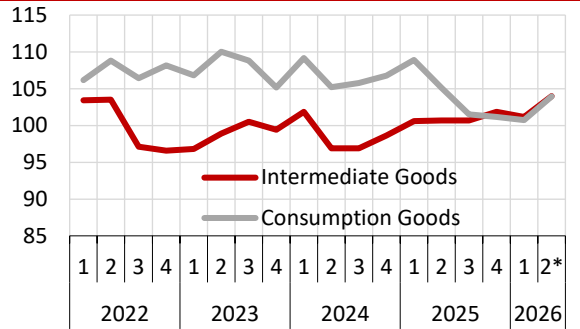


Chart 8. Capital Goods (seasonally adjusted, 2021=100)



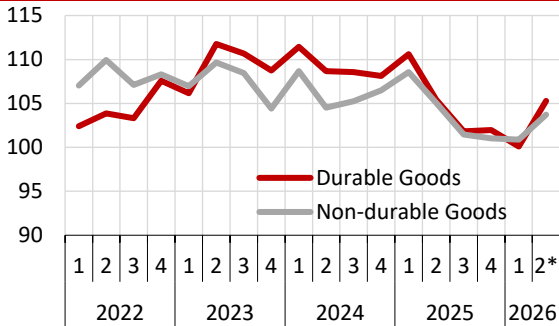
Source: Turkstat, Akbank

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



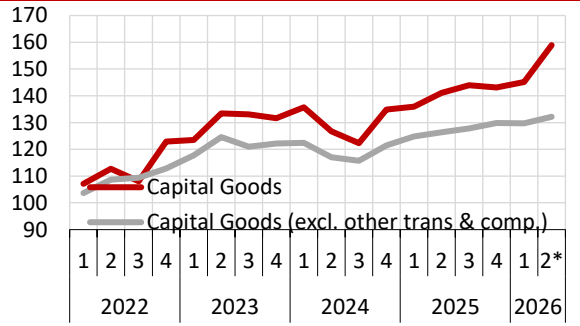
*April data.
Source: Turkstat, Akbank

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



*April data.
Source: Turkstat

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



*April data.
Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Jan.26	Feb.26	Mar.26	Apr.26	2025-Q3	2025-Q4	2026-Q1	2026-Q2*
IPI	-2.7	2.2	-3.4	9.7	5.2	0.8	-1.4	9.7
Mining and quarrying	-4.2	4.3	-6.4	-0.2	3.8	4.2	-2.5	-0.2
Mining of coal and lignite	1.4	-4.7	-1.2	16.0	-13.6	5.0	-1.3	16.0
Extraction of crude petrol. and n. gas	-2.2	0.3	-1.8	-3.7	19.7	12.4	-1.3	-3.7
Mining of metal ores	-12.6	2.7	-22.4	-23.1	2.6	-12.3	-11.8	-23.1
Other mining and quarrying	-1.5	12.7	5.3	17.3	8.2	12.5	5.1	17.3
Manufacturing	-3.3	2.4	-3.8	10.8	5.4	0.5	-1.7	10.8
Food products	-3.4	-0.2	-4.9	4.6	5.5	-4.1	-2.9	4.6
Beverages	-8.6	-2.8	-6.4	0.1	3.5	3.6	-6.0	0.1
Tobacco products	18.1	5.7	3.1	18.9	12.1	5.5	9.0	18.9
Textiles	-7.9	-3.1	-6.6	10.0	-7.2	-8.6	-5.9	10.0
Wearing apparel	-26.9	-17.9	-24.7	-8.0	-20.1	-25.6	-23.3	-8.0
Leather and related products	-22.9	-10.4	-14.8	2.6	-6.8	-11.2	-16.2	2.6
Wood and cork products	-2.9	-2.0	-2.0	4.3	11.7	8.9	-2.3	4.3
Paper and paper products	-5.0	3.2	0.4	9.3	5.2	-0.4	-0.5	9.3
Recorded media	-15.8	-6.8	-2.9	3.4	0.9	-0.4	-8.5	3.4
Coke and refined petroleum prod.	5.3	6.3	14.8	-0.7	14.1	6.5	9.0	-0.7
Chemicals and chemical prod.	-3.2	1.8	2.9	11.8	4.7	4.1	0.5	11.8
Basic pharmaceutical products	5.1	23.1	20.5	14.6	12.9	13.4	16.2	14.6
Rubber and plastic products	-5.6	0.7	-2.8	8.3	0.4	0.2	-2.6	8.3
Other non-metallic mineral prod.	-10.0	7.4	-0.1	11.7	11.7	12.4	-1.3	11.7
Base metals	-0.5	3.1	0.2	9.8	6.7	4.5	0.9	9.8
Fabricated metal products	11.8	10.5	9.0	17.6	15.9	12.6	10.4	17.6
Comp., electronic and optical prod.	37.1	27.5	10.0	40.5	27.0	14.5	23.4	40.5
Electrical equipment	0.4	-3.2	3.8	15.5	2.7	9.8	0.3	15.5
Machinery and equipment	-12.0	-7.4	-9.8	2.2	-5.6	-8.1	-9.7	2.2
Motor vehicles	4.9	5.3	-4.5	8.7	9.4	8.8	1.6	8.7
Other transport equipment	-3.4	57.7	-26.2	93.8	46.7	-0.2	-2.0	93.8
Furniture	-7.1	2.7	1.5	15.5	3.4	2.5	-1.0	15.5
Other manufacturing	-23.6	-18.9	-8.8	-1.8	-10.8	-14.6	-17.2	-1.8
Repair& instl. of mach. and eq.	4.8	0.6	-10.2	1.1	9.2	0.1	-2.1	1.1
Electricity, gas, steam	5.6	-2.2	4.5	3.0	5.7	0.4	2.7	3.0
IPI	-2.7	2.2	-3.4	9.7	5.2	0.8	-1.4	9.7
Intermediate Goods	-3.8	2.7	-0.6	9.1	4.3	3.5	-0.6	9.1
Durable Consumer Goods	-16.2	-13.6	-6.4	6.2	-6.7	-4.8	-12.0	6.2
Non-durable Consumer Goods	-9.4	-3.3	-7.7	3.2	-1.4	-7.4	-6.9	3.2
Energy	5.2	-0.2	5.6	2.0	6.7	2.6	3.6	2.0
Capital Goods	7.2	13.0	-6.5	23.3	18.1	4.4	3.7	23.3
Low Technology	-10.0	-4.7	-7.7	4.2	-2.2	-7.1	-7.5	4.2
Medium-Low Technology	-2.8	3.4	-0.5	6.8	6.9	3.8	0.0	6.8
Medium-High Technology	2.4	7.0	-0.1	19.8	10.2	10.0	2.9	19.8
High Technology	18.0	30.0	-10.4	42.4	31.9	-1.1	8.8	42.4

*April data.

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Jan.26	Feb.26	Mar.26	Apr.26	2025-Q3	2025-Q4	2026-Q1	2026-Q2*
IPI	-2.8	2.7	-0.8	3.7	-0.5	0.1	0.3	4.1
Mining and quarrying	2.5	0.4	-1.8	0.8	-2.1	-2.6	0.9	-0.3
Mining of coal and lignite	3.6	-12.0	15.4	2.5	-11.7	13.1	-0.2	7.9
Extraction of crude petrol. and n. gas	-3.8	0.2	2.1	-0.4	-1.3	1.1	-3.5	1.0
Mining of metal ores	19.1	1.6	-11.3	-0.8	1.1	-19.6	3.9	-8.1
Other mining and quarrying	-4.0	5.8	-2.6	1.5	-0.5	3.4	2.6	1.6
Manufacturing	-3.5	3.3	-1.1	4.4	-0.7	0.4	0.0	4.8
Food products	0.3	1.4	-2.5	4.1	-2.3	1.5	-0.3	2.8
Beverages	-5.6	2.4	-1.0	3.1	-3.9	3.8	-2.8	3.3
Tobacco products	15.8	-5.2	-4.7	13.0	1.4	-3.6	1.2	7.4
Textiles	-0.7	3.4	-0.3	3.4	-3.7	0.5	2.4	4.3
Wearing apparel	0.0	4.6	-0.8	1.2	-9.3	-5.7	0.2	2.2
Leather and related products	-0.4	2.8	-5.0	7.3	-4.2	-2.1	-3.7	4.7
Wood and cork products	-5.9	3.0	0.1	-1.2	-2.3	4.7	-2.1	-0.2
Paper and paper products	-3.4	4.4	1.7	2.7	-0.4	-2.0	2.2	5.3
Recorded media	-7.0	2.8	0.2	1.2	3.8	-6.6	-2.6	2.3
Coke and refined petroleum prod.	3.6	-0.5	8.8	-6.8	-3.2	-3.3	11.4	-1.6
Chemicals and chemical products	-2.5	1.0	2.1	3.1	0.1	2.7	-0.6	4.9
Basic pharmaceutical products	0.8	5.0	3.9	-4.1	3.1	2.9	1.4	-0.1
Rubber and plastic products	-4.6	3.5	0.4	0.4	-2.9	0.9	1.0	1.9
Other non-metallic mineral products	-12.2	5.2	2.9	0.2	1.9	2.8	-5.3	3.9
Base metals	-1.7	0.9	-0.2	3.1	3.0	1.2	-1.1	3.2
Fabricated metal products	-5.2	1.4	2.8	-3.0	5.6	3.6	1.5	-0.7
Computer, electronic and optical prod.	19.8	-3.1	-13.7	0.1	3.3	-3.7	24.1	-10.5
Electrical equipment	-3.8	-2.1	5.9	2.7	1.3	4.7	-2.2	6.0
Machinery and equipment	-5.9	2.2	0.9	0.0	-1.2	0.1	-2.7	1.4
Motor vehicles	-0.2	2.6	-2.0	6.9	-2.0	1.4	-1.7	6.4
Other transport equipment	-25.3	45.9	-26.6	83.8	5.1	-7.2	-4.6	67.2
Furniture	-4.8	4.0	1.9	1.6	0.6	2.0	0.0	4.3
Other manufacturing	-5.1	4.6	6.6	-0.2	-7.9	-4.2	0.2	5.7
Repair and installation of mach. and equip.	1.8	-0.9	-8.9	3.1	-5.1	-2.2	4.3	-3.5
Electricity, gas, steam	1.8	-3.7	3.8	-2.8	2.6	-2.5	3.2	-1.6
IPI	-2.8	2.7	-0.8	3.7	-0.5	0.1	0.3	4.1
Intermediate Goods	-4.3	2.4	0.7	1.6	0.0	1.2	-0.7	2.8
Durable Consumer Goods	-6.2	0.9	5.9	1.0	-3.4	0.2	-1.8	5.2
Non-durable Consumer Goods	-0.2	2.6	-1.4	2.9	-3.4	-0.4	-0.1	2.8
Energy	2.1	-3.5	5.6	-3.1	-0.2	-1.4	4.3	-0.7
Capital Goods	-4.0	6.7	-6.7	12.3	2.0	-0.5	1.4	9.5
Low Technology	-1.5	2.5	-0.8	3.1	-3.4	-0.1	0.0	3.4
Medium-Low Technology	-4.1	2.1	0.6	-0.3	-0.6	0.6	0.4	0.9
Medium-High Technology	-6.7	6.7	-3.0	11.8	3.2	1.1	-0.5	11.9
High Technology	6.1	-0.3	-3.6	3.4	-0.1	-0.1	2.8	0.8

*April data.

Source: Turkstat

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