Macro: Industrial production contracted in Q3 as sectoral divergences persist

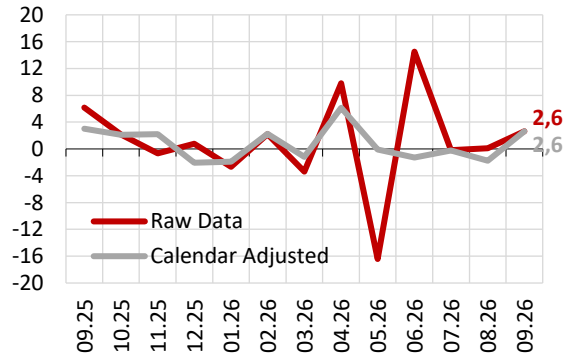
In September, industrial production (IPI) increased by 2.1% on a monthly basis in seasonally and calendar-adjusted (s.a.) terms and by 2.6% year-on-year. Still, the overall outlook for the third quarter remained quite weak. Industrial production (s.a.) contracted by 1.8% quarter-on-quarter, largely losing the gains in the second quarter, while year-on-year production growth for the third quarter was limited to 0.8%.

Heterogeneity across sectoral production persist. Volatility in capital goods led by the manufacturing of other transport equipment as well as computers, electronics, and optical products continues to influence trends of IPI on both monthly and quarterly bases. Temporary factors affecting the automotive and other capital goods sectors are also contributing to this volatility. Excluding the impact of transient factors and the volatility of said sectors, our estimates suggest that the strong monthly growth in September turns to a very modest monthly increase. Meanwhile, the outlook for sectors that have long been in decline, such as textiles and clothing, remains unchanged. Furthermore, as indicated by leading indicators, construction related intermediate goods sectors are also showing similar weakness.

In this regard, there is a broad-based weakening in industrial production excluding capital goods under both local and global conditions. We expect this trend to persist in the short term. Consequently, we do not anticipate any significant contribution from IPI to GDP growth in the third and fourth quarters.

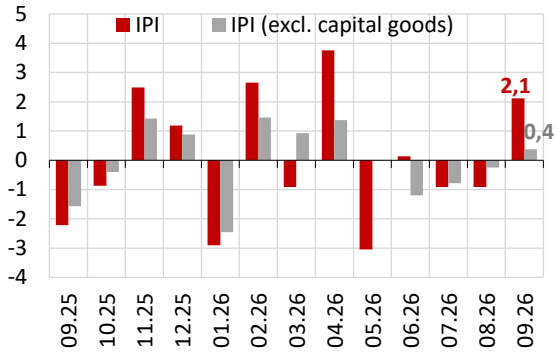
In September, the seasonally and calendar-adjusted (s.a.) Industrial Production Index (IPI) increased by 2.1% on a monthly basis and by 2.6% year-on-year (Charts 1, 2, and 3). Despite the recovery in September, the IPI (s.a.) contracted by 1.8% quarter-on-quarter, driven by both the carry over effects from the second quarter and the downward trend observed in July and August (Chart 4). Consequently, the strong growth in the second quarter proved transitory, and the IPI (s.a.) returned to roughly the same level as in the first quarter (Chart 3). Meanwhile, the year-on-year growth for the third quarter slowed to 0.8%, down from the second quarter (Table 1).

Chart 1. IPI (yoy, %)



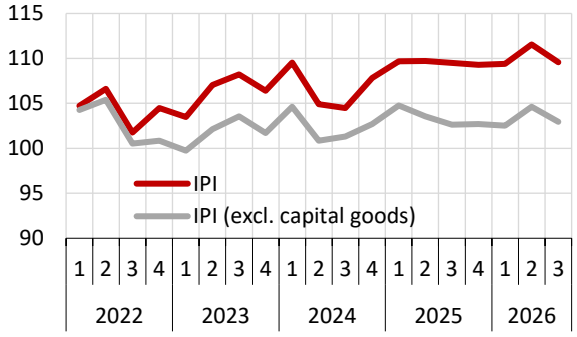
Source: Turkstat

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



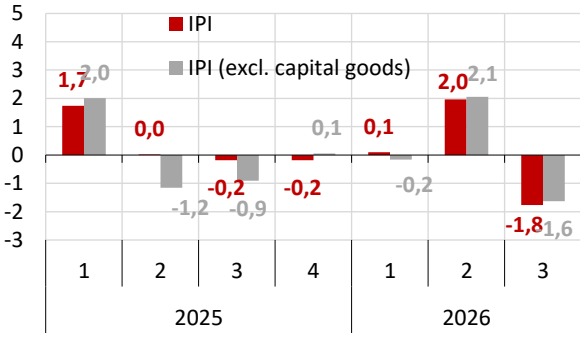
Source: Turkstat, Akbank

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



Source: Turkstat, Akbank

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

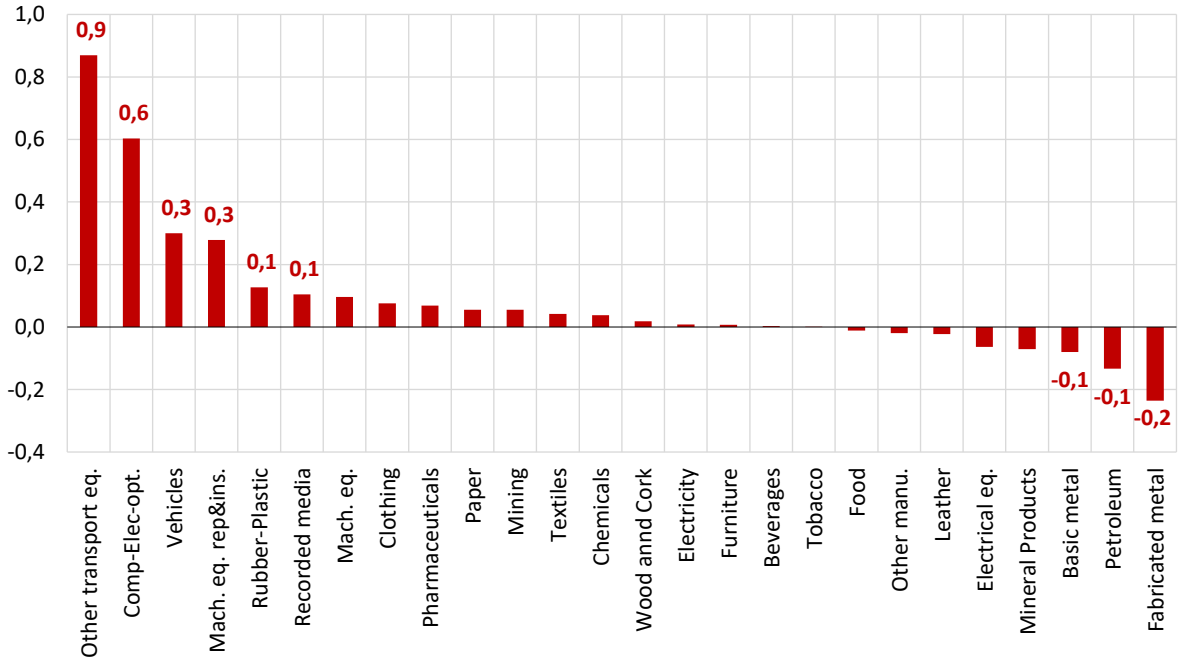


Source: Turkstat, Akbank

Capital goods continued to play a decisive role in the trend of IPI (s.a.) in September (Charts 2 and 4). Monthly increases of 29.4% and 27.3% in the manufacture of **other transport equipment** and **computer, electronic, and optical products** sectors characterized by high volatility contributed 1.47 percentage points to the overall monthly growth of the IPI (s.a.) (Chart 5). Excluding these two sectors, the monthly growth of the index was modest at 0.68%. Furthermore, the increase in the **manufacture of motor vehicles** driven by the conclusion of scheduled maintenance and the rebound in the **installation and repair of machinery and equipmen**t sector (following an 8.7% sharp decline the previous month), each contributing 0.3 percentage points, should not be considered part of the underlying trend. Consequently, we assess that the underlying monthly growth remains quite limited, and there is no new data to alter our previous view that IPI continues to follow a weak trajectory. Among other monthly developments, it is notable that sectors producing **construction-related intermediate goods** (such as other n**on-metallic mineral products, basic metals, and fabricated metal products**) were among those contributing negatively. We had already observed signals of a slowdown in the construction sector through other survey-based leading indicators. Meanwhile, the positive contribution from the **clothing** and **textile** sectors this month appears to be a technical adjustment following recent steep declines, a movement far from sufficient to offset those earlier losses.

Consequently, production increased on a monthly basis across all main **product groups** with the exception of energy and the most robust growth occurred in **capital goods** (8.2%), as previously noted (Table 2). Despite weakness in construction-related sectors, production of **intermediate goods** saw a moderate increase of 0.5% (Chart 7). Gains were also recorded in both **durable and non-durable consumer goods** (Chart 8).

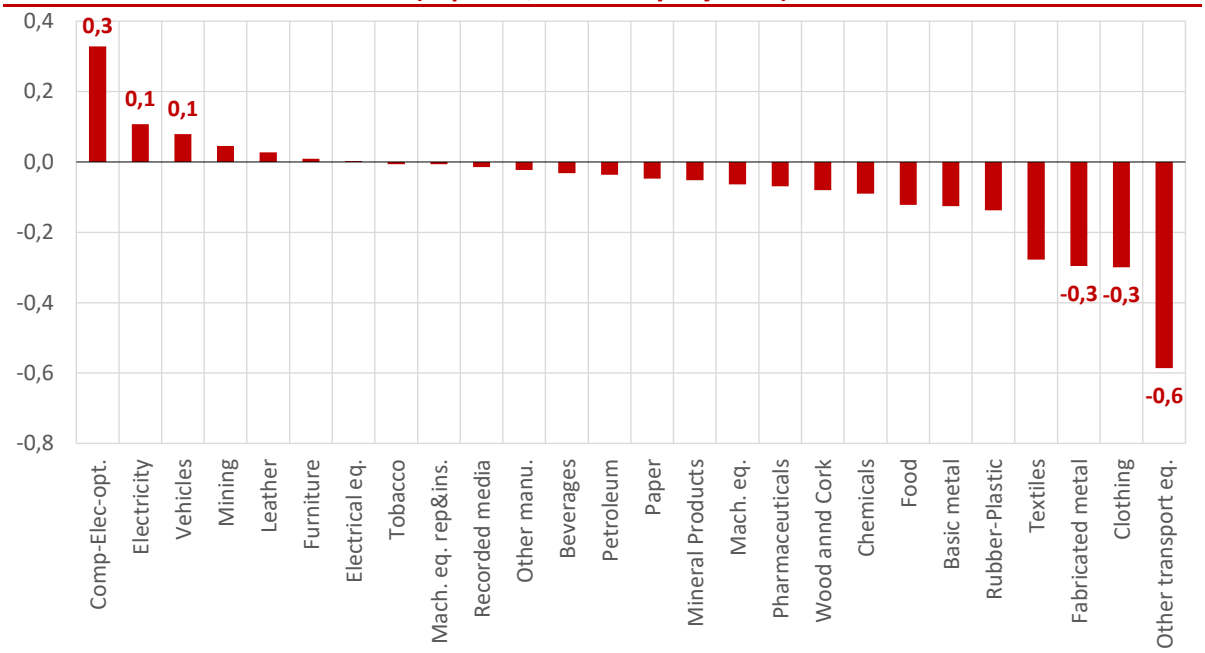
Chart 5. Contributions to the Monthly Change in IPI in September (% points, seasonally adjusted)



Source: Turkstat, Akbank

In the third quarter, the IPI (s.a.) contracted by 1.8%. The largest contributions to this decline came from the manufacture of other transport equipment (0.6 pp), followed by the manufacture of wearing apparel, fabricated metal products, and textiles (0.3 pp each). Positive contributions were fewer in number; the largest, at 0.3 percentage points, came from the manufacture of computer, electronic, and optical products, followed by electricity generation and the manufacture of motor vehicles. Base effects played a significant role in the movements observed in the other transport equipment and computer, electronic, and optical products sectors. In summary, we assess that the underlying trend in the third quarter was weak and broad-based.

Chart 6. Contributions to the Quarterly Change in IPI
(% points, seasonally adjusted)



Source: Turkstat, Akbank

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

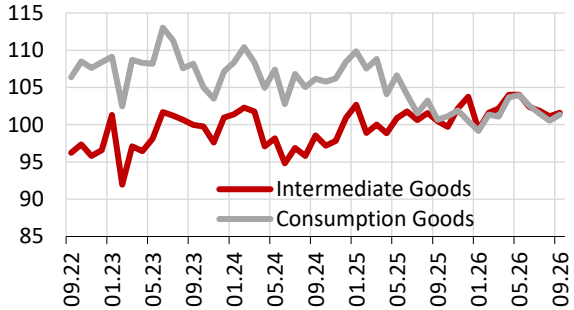


Chart 8. Consumption Goods (seasonally adjusted, 2021=100)

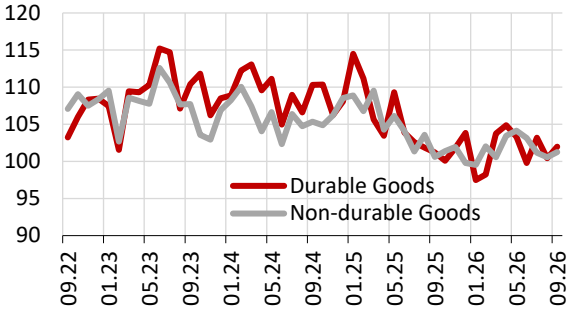
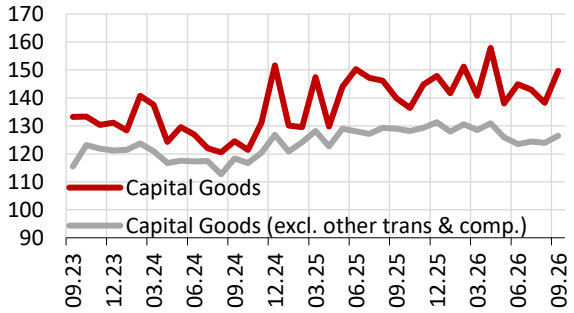
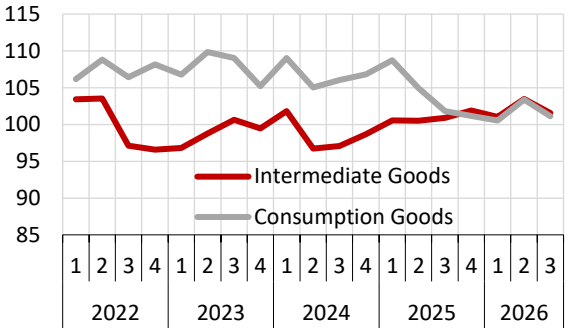


Chart 9. Capital Goods (seasonally adjusted, 2021=100)



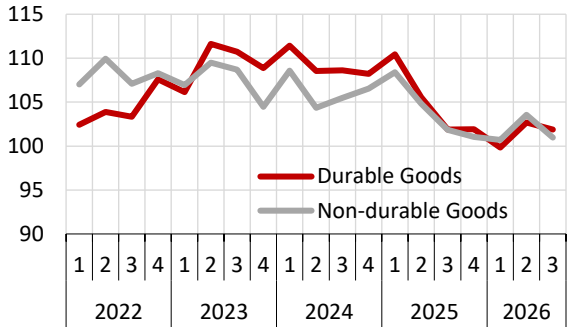
Source: Turkstat, Akbank

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



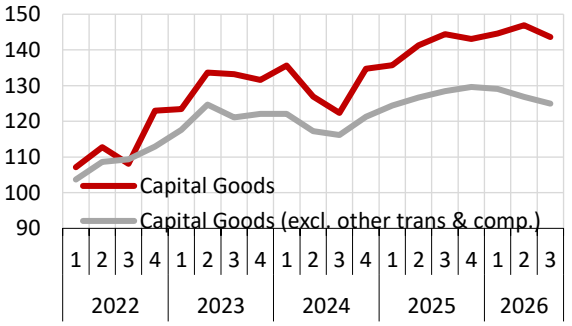
Source: Turkstat, Akbank

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



Source: Turkstat

Chart 12. Capital Goods (seasonally adjusted, 2021=100)



Source: Turkstat, Akbank

Table 1. Industrial Production Index (Annual % Change)

	Jun.26	Jul.26	Aug.26	Sep.26	2025-Q4	2026-Q1	2026-Q2	2026-Q3	First 9 Months
IPI	**14.5**	**-0.2**	**0.1**	**2.6**	**0.8**	**-1.4**	**1.9**	**0.8**	**0.5**
Mining and quarrying	**9.7**	**-4.1**	**2.9**	**1.2**	**4.2**	**-2.5**	**-3.0**	**0.0**	**-1.8**
Mining of coal and lignite	21.5	35.5	27.3	6.2	5.0	-1.3	7.2	21.6	9.0
Extraction of crude petrol. and n. gas	1.6	1.8	6.9	4.0	12.4	-1.3	-0.9	4.2	0.7
Mining of metal ores	-8.6	-32.1	-17.9	-15.9	-12.3	-11.8	-20.4	-22.2	-18.4
Other mining and quarrying	25.1	7.0	11.1	14.1	12.5	5.1	8.4	10.7	8.4
Manufacturing	**15.4**	**0.3**	**-0.3**	**2.6**	**0.5**	**-1.7**	**2.2**	**0.9**	**0.5**
Food products	18.2	1.7	1.1	4.0	-4.1	-2.9	2.4	2.3	0.6
Beverages	24.3	1.6	-3.4	1.5	3.6	-6.0	5.6	-0.1	0.4
Tobacco products	13.3	1.1	-2.2	0.4	5.5	9.0	1.7	-0.2	3.0
Textiles	24.6	4.2	4.2	0.0	-8.6	-5.9	3.8	2.7	0.1
Wearing apparel	3.4	-7.9	-12.7	-11.5	-25.6	-23.3	-13.2	-10.6	-15.9
Leather and related products	13.6	0.3	5.9	5.0	-11.2	-16.2	-3.6	3.7	-5.5
Wood and cork products	8.5	-0.1	-2.5	-9.3	8.9	-2.3	-1.1	-4.0	-2.5
Paper and paper products	21.1	2.3	1.0	7.4	-0.4	-0.5	5.6	3.5	2.9
Recorded media	11.9	-1.1	-23.2	-1.3	-0.4	-8.5	-2.5	-9.1	-7.0
Coke and refined petroleum prod.	4.1	-1.6	4.7	2.9	6.5	9.0	0.7	2.0	3.7
Chemicals and chemical prod.	18.5	4.1	3.3	3.4	4.1	0.5	6.2	3.6	3.4
Basic pharmaceutical products	24.2	3.7	-7.9	4.5	13.4	16.2	10.6	0.1	8.9
Rubber and plastic products	18.6	-1.4	-0.5	0.7	0.2	-2.6	0.2	-0.4	-0.9
Other non-metallic mineral prod.	19.7	3.7	2.9	-0.4	12.4	-1.3	4.8	2.1	2.0
Base metals	20.7	2.1	1.2	-0.6	4.5	0.9	6.6	0.9	2.8
Fabricated metal products	13.6	-3.1	-4.5	-8.2	12.6	10.4	4.1	-5.3	2.6
Comp., electronic and optical prod.	5.2	4.2	35.2	40.9	14.5	23.4	8.0	26.8	19.4
Electrical equipment	20.1	-1.1	10.5	4.8	9.8	0.3	4.8	4.5	3.3
Machinery and equipment	11.8	0.8	-8.1	-3.7	-8.1	-9.7	-4.6	-3.6	-6.0
Motor vehicles	19.8	-2.1	12.3	9.5	8.8	1.6	0.7	6.0	2.7
Other transport equipment	5.0	-3.6	-25.5	34.5	-0.2	-2.0	18.7	-0.9	5.4
Furniture	21.1	9.8	5.7	1.8	2.5	-1.0	5.8	5.7	3.6
Other manufacturing	24.5	4.6	2.5	4.2	-14.6	-17.2	-3.5	3.8	-5.9
Repair& instl. of mach. and eq.	0.5	0.7	-9.0	-2.1	0.1	-2.1	-7.6	-3.4	-4.5
Electricity, gas, steam	**6.9**	**-4.8**	**1.4**	**4.0**	**0.4**	**2.7**	**1.8**	**0.0**	**1.4**
IPI	**14.5**	**-0.2**	**0.1**	**2.6**	**0.8**	**-1.4**	**1.9**	**0.8**	**0.5**
Intermediate Goods	18.2	1.1	1.6	1.2	3.5	-0.6	3.3	1.3	1.3
Durable Consumer Goods	16.0	1.1	1.3	0.5	-4.8	-12.0	-2.7	0.9	-4.6
Non-durable Consumer Goods	16.3	0.5	-2.1	0.7	-7.4	-6.9	-0.4	-0.3	-2.5
Energy	6.7	-0.9	4.5	3.9	2.6	3.6	1.3	2.4	2.5
Capital Goods	10.6	-2.4	-3.1	7.1	4.4	3.7	3.5	0.7	2.6
Low Technology	17.1	1.3	-0.9	0.5	-7.1	-7.5	0.0	0.3	-2.4
Medium-Low Technology	14.9	1.7	-0.1	-0.1	3.8	0.0	1.4	0.5	0.6
Medium-High Technology	21.3	-0.6	-2.7	3.8	10.0	2.9	6.2	0.2	3.1
High Technology	-7.1	-9.0	14.8	31.0	-1.1	8.8	3.9	12.7	8.5

Source: Turkstat

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

	Monthly % Change				Quarterly % Change			
	Jun.26	Jul.26	Aug.26	Sep.26	2025-Q4	2026-Q1	2026-Q2	2026-Q3
IPI	**0.1**	**-0.9**	**-0.9**	**2.1**	**-0.2**	**0.1**	**2.0**	**-1.8**
Mining and quarrying	**-0.3**	**-2.4**	**4.4**	**1.1**	**-3.0**	**1.2**	**0.2**	**1.0**
Mining of coal and lignite	-11.0	9.6	-0.6	-1.4	13.4	0.1	5.0	1.1
Extraction of crude petrol. and n. gas	0.3	-0.5	2.5	2.7	0.6	-3.3	3.1	3.1
Mining of metal ores	6.6	-11.7	10.6	4.9	-20.3	4.4	-6.4	0.2
Other mining and quarrying	0.1	-1.4	3.4	-0.8	3.3	2.9	2.3	0.9
Manufacturing	**0.0**	**-0.8**	**-1.5**	**2.3**	**0.2**	**-0.2**	**2.4**	**-2.2**
Food products	2.9	-3.8	2.5	-0.1	1.1	-0.4	2.5	-0.9
Beverages	5.8	-8.2	-2.9	0.5	2.1	-3.1	6.4	-5.9
Tobacco products	-2.7	5.4	-5.3	0.4	-3.9	1.0	3.2	-1.6
Textiles	-2.6	-1.4	-3.4	0.7	0.3	2.1	3.9	-4.7
Wearing apparel	-7.5	2.2	-8.7	2.0	-5.8	-0.5	1.1	-7.3
Leather and related products	-5.2	4.3	2.1	-2.0	-1.5	-3.1	6.1	2.6
Wood and cork products	-3.8	0.3	-4.6	1.3	4.3	-2.6	-1.4	-5.2
Paper and paper products	0.8	-2.2	-1.1	2.4	-2.1	2.2	5.0	-2.0
Recorded media	-2.8	0.7	-8.5	14.9	-7.5	-2.3	2.7	-2.0
Coke and refined petroleum prod.	2.5	-3.7	5.6	-5.9	-3.4	11.2	-3.4	-1.7
Chemicals and chemical products	-0.8	-1.9	0.5	0.9	2.3	-0.8	3.8	-2.1
Basic pharmaceutical products	-2.1	-5.6	0.4	4.3	1.9	1.0	1.6	-4.2
Rubber and plastic products	-1.1	-1.7	-2.5	3.2	0.6	0.8	0.6	-3.4
Other non-metallic mineral products	-4.0	3.1	-2.5	-1.2	3.0	-5.2	5.1	-0.9
Base metals	-0.1	-1.5	-0.7	-1.7	1.1	-1.2	3.1	-2.7
Fabricated metal products	-9.2	3.3	0.5	-3.4	2.6	0.2	-5.0	-4.3
Computer, electronic and optical prod.	0.2	3.5	6.3	27.3	-1.8	24.5	-12.3	16.6
Electrical equipment	-6.5	3.1	4.7	-1.4	4.4	-2.5	1.6	0.1
Machinery and equipment	-4.8	6.6	-7.9	2.5	-0.1	-2.8	-0.4	-1.6
Motor vehicles	4.9	-4.4	4.9	4.4	0.9	-1.6	3.6	1.2
Other transport equipment	49.9	-11.6	-21.3	29.4	-7.8	-4.7	30.8	-14.7
Furniture	-5.9	6.3	-3.1	0.3	2.1	-0.3	2.9	0.3
Other manufacturing	1.7	-2.5	-0.2	-0.9	-4.1	0.3	8.0	-1.0
Repair and installation of mach. and equip.	3.8	1.4	-8.7	9.6	-2.6	4.4	-4.8	-0.2
Electricity, gas, steam	**1.6**	**-1.4**	**3.3**	**0.1**	**-2.8**	**3.2**	**-1.8**	**1.6**
IPI	**0.1**	**-0.9**	**-0.9**	**2.1**	**-0.2**	**0.1**	**2.0**	**-1.8**
Intermediate Goods	-1.6	-0.5	-0.7	0.5	1.0	-0.8	2.4	-1.9
Durable Consumer Goods	-3.4	3.4	-2.7	1.5	0.0	-2.1	2.8	-0.8
Non-durable Consumer Goods	-1.0	-1.9	-0.6	0.7	-0.8	-0.3	2.8	-2.5
Energy	0.6	-1.0	3.4	-1.1	-1.6	4.3	-1.3	0.9
Capital Goods	5.0	-1.3	-3.2	8.2	-0.9	1.0	1.6	-2.2
Low Technology	-0.9	-1.2	-1.6	0.8	-0.4	-0.3	3.0	-2.6
Medium-Low Technology	-1.3	0.6	-2.0	0.2	0.5	0.3	0.6	-1.5
Medium-High Technology	2.3	-0.8	-2.1	2.1	0.4	-0.9	3.7	-4.2
High Technology	3.3	-5.9	5.5	26.1	0.6	2.9	0.5	7.8

Source: Turkstat

Industrial Production (September 2026) 10 November 2026

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