

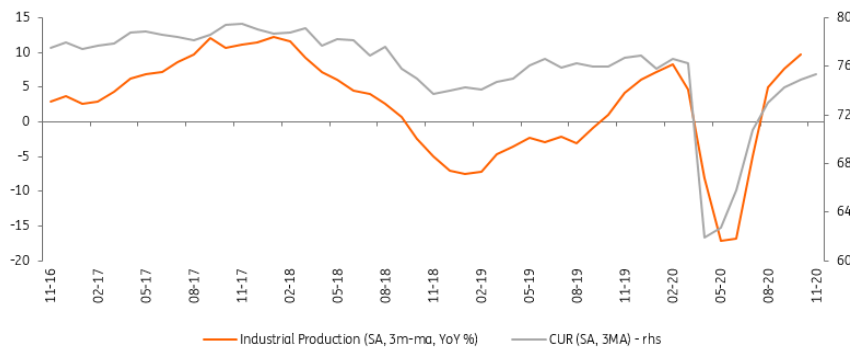
Turkey: Activity still strong in October

Industrial production continued to rebound, with stronger than expected October data confirming still strong activity. However, we will see momentum fade going forward with ongoing financial tightening and rapid credit deceleration



Source: shutterstock

Industrial production vs capacity utilisation rate



Source: TurkStat, Markit, ING

Industrial production (seasonal and calendar adjusted) recorded another strong reading in October with 1.1% month-on-month growth. The data shows a continuation of the strong recovery pattern since May following the easing of lockdowns from the first wave of Covid-19. In year-on-year terms, industrial production (calendar adjusted) was up by 10.2%, pulling the index to a record high.

Regarding the broad economic categories, intermediate goods production was the major driver of the monthly increase, pulling the headline up by 0.7ppt, followed by non-durable consumer goods, at 0.5ppt and durable goods at 0.2ppt. Energy and capital IP were drags in October for the first time since April. Most sectors continued to recover but the manufacturing sector provided the strongest contribution, at 1.3ppt. This was mainly attributable to automotive, textile and electrical equipment while other transport equipment (dominated by defence industry products) deducted 0.5ppt from manufacturing.

Overall, industrial production continued to rebound in October while retail sales also maintained strong momentum with a 4.2% MoM increase, translating into a yearly growth rate of 12% YoY. Both series confirm still strong activity, though we will likely see a deceleration going forward with ongoing financial tightening and rapid credit deceleration.

Author

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.