

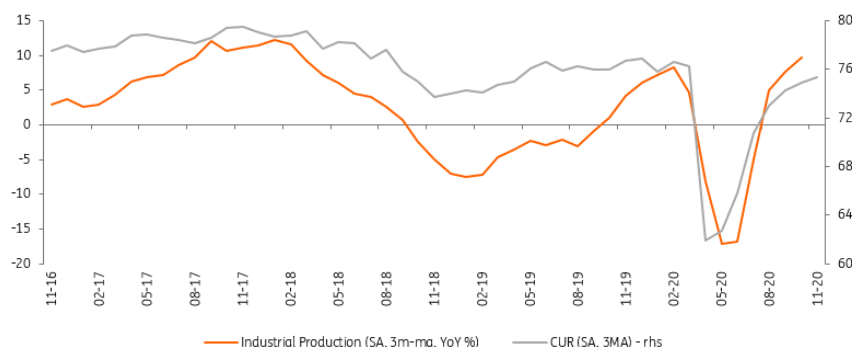
## Turkey: Activity still strong in October

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.

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