

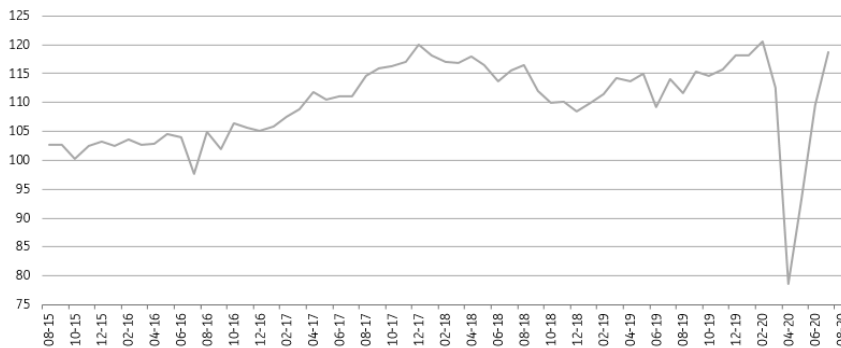
# Turkey: Industrial production returns to pre-pandemic levels

Industrial production continued to recover in July, though the breakdown of manufacturing hints at an uneven performance



Source: shutterstock

## IP Index (the seasonal and calendar adjusted)



Source: TurkStat, ING

After large declines in March and April, industrial production (seasonally and calendar-adjusted,

SA) recovered swiftly, with the easing of lockdown measures. In July, production grew 8.4% month-on-month, returning to pre-pandemic levels. This performance is mainly attributable to unprecedented credit stimulus, which provided liquidity to the private sector and helped to counter adverse effects.

The sectoral breakdown shows that the impact across sectors varied. There are: 1) outperformers which exceeded production levels before Covid-19 by a significant margin i.e. computers, electronic and optical products, tobacco products, printing and reproduction of recorded media, other non-metallic mineral products, other manufacturing 2) outperformers achieving low growth rates compared to their pre-pandemic levels, including wood products, paper products, chemicals, plastics etc. 3) underperformers with relatively lower production falls including foods, textiles, apparel, pharmaceuticals, basic metals, pharmaceuticals etc and 4) those still facing marked production losses i.e. automotive, other transport equipment, leather, beverages.

In year-on-year terms, industrial production (calendar-adjusted) was up 4.4% and, not adjusting for working days, it was slightly negative at -0.9%.

Overall, industrial production continued to recover in July, though the breakdown of manufacturing suggests an uneven performance, with some sectors still struggling after a stronger and swifter than expected recovery since the reopening of the economy. Recent moves by the Banking Regulation and Supervision Authority and the Central Bank of Turkey have helped to improve momentum but how the laggards perform through the rest of the year will be important for the recovery process.

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