

Türkiye- Industrial Production

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April 2026 – IP is showing signs of recovery

In April, industrial production (IP) increased by 6.0% yoy on a calendar-adjusted basis. Over the three-month period, IP, which had contracted by 0.3% yoy in March, expanded by 2.3% in April. On a mom basis, IP grew by 3.7% in April. The three-month trend based on mom data accelerated from 0.3% in March to 1.9%, marking its highest level in the past year. Following the contraction recorded in 1Q26 on a yoy basis, the acceleration in IP in April is a positive signal for the sector outlook.

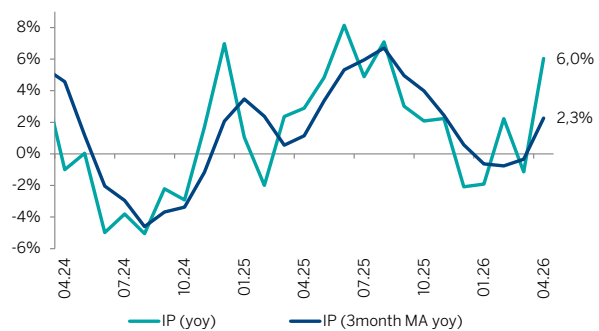
In April, the overall trend in IP improved compared with the previous month. Among the main groups, the energy category weakened, while all other groups showed signs of recovery. As of April, intermediate goods, durable consumer goods, and energy goods remained weaker than the other main categories, whereas capital goods outperformed. Compared with the previous month, the trend deteriorated only in the energy group. Relative to March, the recovery was more pronounced in other non-metallic minerals (such as glass and cement), other transportation vehicles (excluding motor vehicles), and furniture. As of April, machinery and equipment stood out as the weakest-performing sector within IP, while textiles emerged as the strongest-performing sector.

In 1Q26, the Turkish economy grew by 2.5% yoy, below the market expectation of 3.0%. According to seasonally and calendar-adjusted data, the economy expanded by 0.1% qoq in 1Q26, down from 0.4% in the previous quarter. Based on quarterly figures, the four-quarter growth trend slowed from 0.9% to 0.7%. Despite the recovery in IP in April, leading indicators for the second quarter of 2026 suggest that the weak growth trend has persisted. Following recent geopolitical developments, the slowdown in both domestic and external demand has increased downside risks to economic activity in 2026. Going forward, the performance of exports and tourism revenues will be key factors on the external demand side. On the domestic demand side, attention will focus on the negative impact of heightened uncertainty on investment, as well as the extent to which elevated interest rates constrain economic activity. Our growth forecast for 2026 stands at 3.0%.

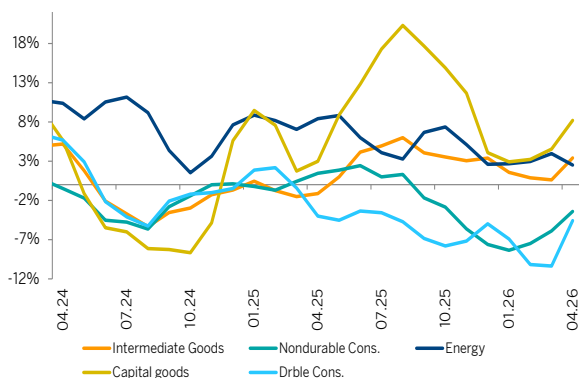
Industrial Production (calendar adjusted)

yoy change (calendar adj.)	Apr.26	1Q25	2Q25	3Q25	4Q25	1Q26
Total Industry	6,0%	0,6%	5,3%	5,0%	0,6%	-0,3%
Intermediate Goods	5,1%	-1,5%	4,2%	4,1%	3,4%	0,6%
Durable Consumer Goods	1,6%	-0,4%	-3,4%	-6,8%	-5,0%	-10,4%
Non-Durable Consumer Goods	-0,6%	0,4%	2,4%	-1,7%	-7,6%	-5,9%
Energy	1,0%	7,0%	6,0%	6,7%	2,6%	4,0%
Capital Goods	19,3%	1,7%	12,8%	17,7%	4,1%	4,5%

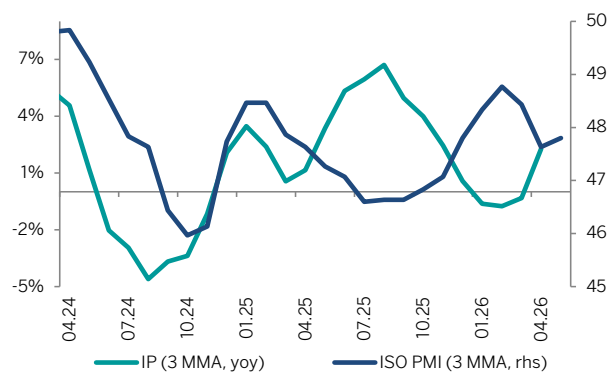
Industrial Production (calendar adjusted)



Main Groups (CA, 3month MA yoy change)



Growth Indicators (3MMA, yoy)



Source: Turkstat, Markit, Garanti BBVA Securities

Leading indicators suggest that geopolitical developments continue to have differing effects across regions

- In May, the global PMI index remained unchanged from the previous month at 51.8. Despite geopolitical developments, the manufacturing PMI continued to stay at its highest level in the past five years, possibly reflecting the impact of front-loaded production. Country-level PMI data indicate that activity slowed on a three-month basis in both the Euro Area and the US, while it accelerated in China. Overall, the data suggest that economic activity has continued to evolve differently across regions following recent geopolitical developments.
- In May, ISO manufacturing industry PMI in Türkiye rose by 0.2 pps to 47.8 on a 3-month basis. The sector showed signs of a modest recovery in May. However, weakness in the manufacturing industry has persisted for 33 consecutive months.
- In Türkiye, exports increased by 1% on a three-month basis in May compared with the previous year, while imports remained unchanged. The trend in the foreign trade deficit shifted from a 6% expansion to a 2% contraction. Recent geopolitical developments and holiday-related effects have increased volatility in trade data, resulting in mixed signals regarding external demand. The number of tourists declined by 9.4% yoy to 3.5 million in April, suggesting that tourism activity was adversely affected by geopolitical developments during the month. The mixed trend in the foreign trade deficit and the prevailing uncertainties make it difficult to form a clear assessment of the contribution of external demand to growth. Alongside rising energy imports, potential risks to exports and tourism have emerged as factors weighing on GDP growth.
- The 4-week avg. of loan interest rates as of early June decreased for auto by 3 points, while increased by 1 points for both general purpose and mortgage. There was no significant change in commercial loan interest rate. On a weighted average basis, loan interest rates were 51% for commercial and 62% for consumer at the beginning of June. Compared to the previous month, the 13-week avg. total credit growth has decelerated.
- In May, confidence indicators pointed to a deterioration across all groups except consumers. On a three-month basis, services recorded the sharpest loss of momentum.
- Contraction in the three-month automobile and light commercial vehicle market became more pronounced in May. The yoy decline in automotive production, which began in February, also accelerated in May.

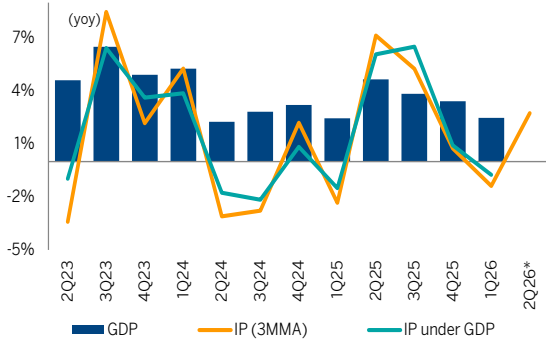
Sectoral Production Evolution*

Months	2025												2026			
	5	6	7	8	9	10	11	12	1	2	3	4				
IP	[Heatmap cells]															
1. Intermediate Goods	[Heatmap cells]															
2. Durable Cons. Goods	[Heatmap cells]															
3. Nondurable Cons. Goods	[Heatmap cells]															
4. Energy Goods	[Heatmap cells]															
5. Capital Goods	[Heatmap cells]															
A. Mining	[Heatmap cells]															
B. Manufacturing	[Heatmap cells]															
Food	[Heatmap cells]															
Textiles	[Heatmap cells]															
Clothing	[Heatmap cells]															
Chemical	[Heatmap cells]															
Plastic	[Heatmap cells]															
Other Minerals	[Heatmap cells]															
Basic Metal	[Heatmap cells]															
Metal Products	[Heatmap cells]															
Electrical Machine	[Heatmap cells]															
Machinery	[Heatmap cells]															
Automotive	[Heatmap cells]															
Other Traspor. Vehicles	[Heatmap cells]															
Furniture	[Heatmap cells]															
C. Energy Production	[Heatmap cells]															

- In the housing sector, the growth trend turned into slight expansion in April. The slowdown in housing price increases continued.
- There are signs of a recovery in the investment trend. While the capacity utilization rate increased slightly compared with the previous month, growth in the trend of capital goods production also gained momentum.

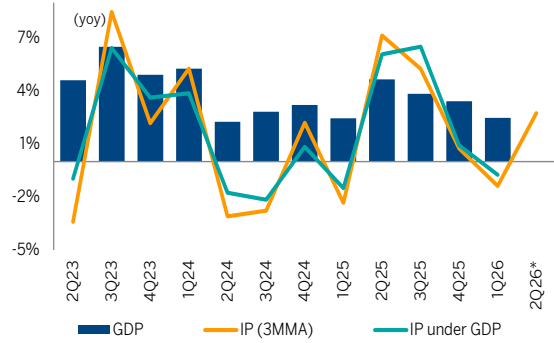
Source: Turkstat, Garanti BBVA Securities* Darker colors point to the worsening in the tendency

Turkish economy grew by 2.5% in 1Q26



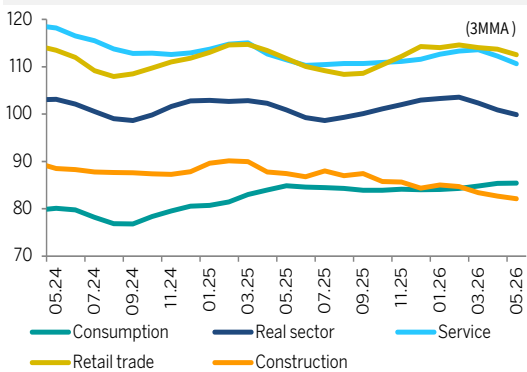
Source: Turkstat, Garanti BBVA Securities *past 3 months

Recovery signals in investment outlook



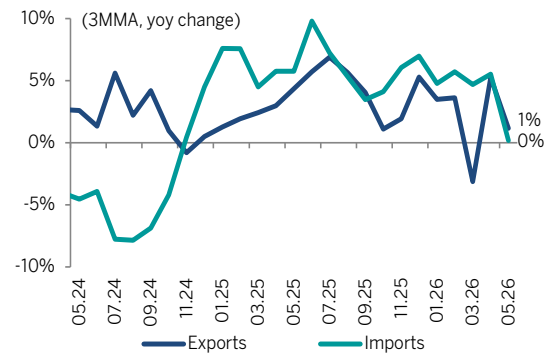
Source: CBRT, Turkstat, Garanti BBVA Securities

The confidence worsens except consumption



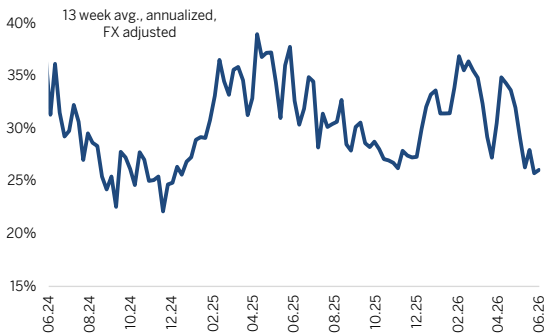
Source: Turkstat, Garanti BBVA Securities

Exports and imports growth slowdown



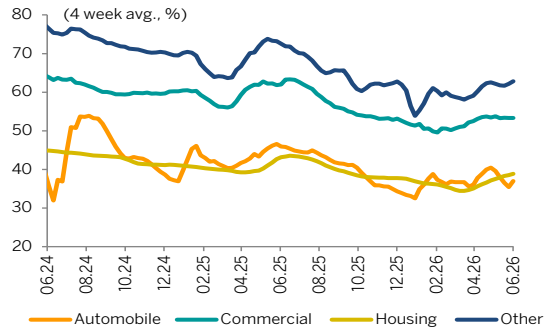
Source: Turkstat, Garanti BBVA Securities

Deceleration in loan growth



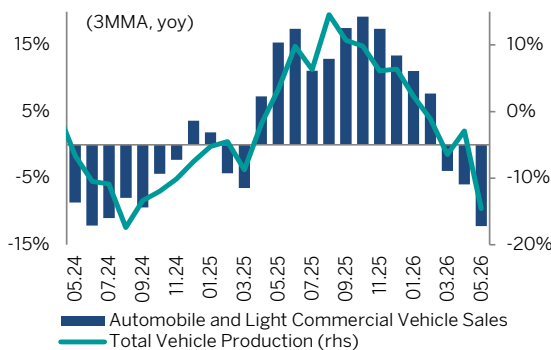
Source: BRSA, Garanti BBVA Securities

Mixed outlook in loan interest rates



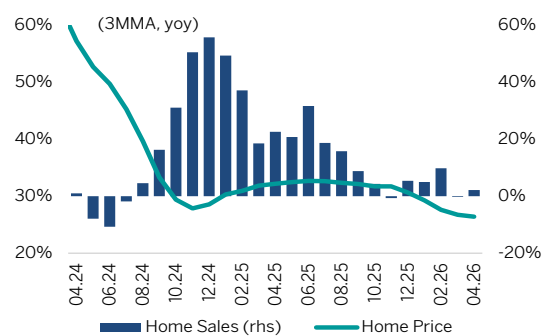
Source: CBRT, Garanti BBVA Securities

More pronounced contraction in auto sector



Source: ODD, OSD, Garanti BBVA Securities

Slight growth in house sales



Source: CBRT, Turkstat, Garanti BBVA Securities

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