

Turkstat adopted new standards for national accounts.

Turkstat has started to calculate GDP figures in accordance with the guidelines of the National Accounts System (SNA-2008) and the European Accounting System (ESA-2010). Therefore, growth figures which had previously been expressed at constant prices now started to be calculated according to the chain-linked volume index (2009=100). Turkstat also made methodological and statistical improvements. For example, "R&D" and "Military Weapon Systems", which had been classified as expenditures, are recognized as fixed capital formation. Labor input approach is used in calculating the informal sector. Loss premiums are incorporated into the insurance sector calculations. With the introduction of the new method, annual GDP and quarterly GDP figures will be released separately. Past GDP growth numbers were also revised according to the new standards.

Comparison of Annual GDP Figures

	GDP (%)		GDP Per Capita (USD)	
	Old Method	New Method*	Old Method	New Method
2009	-4.8	-4.7	8,561	8,980
2010	9.2	8.5	10,003	10,560
2011	8.8	11.1	10,428	11,205
2012	2.1	4.8	10,459	11,588
2013	4.2	8.5	10,822	12,480
2014	3.0	5.2	10,395	12,112
2015	4.0	6.1	9,257	11,014

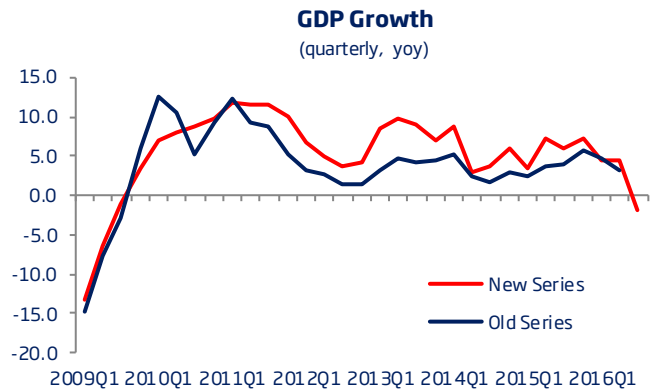
(*) Annual % change according to production approach.

Under the old method, the annual growth rate of Turkish economy, which was in a range of 2.1-4.2% during the last 4 years, has moved within a range of 4.8-8.5% based on new calculation. With this revision, GDP at current prices reached 2.3 trillion TRY in 2015. Also, GDP previously announced as 720 billion USD for 2015 has been revised up to 861 billion USD. Thus, GDP per capita has been 11,014 USD in 2015, higher than the previously released figure of 9,257 USD. As a result of the revisions made to quarterly data, GDP growth for the first quarter of 2016 decreased from 4.7% to 4.5%, while that for the second quarter surged from 3.1% to 4.5%.

In the third quarter of the year, Turkish economy contracted by 1.8%.

According to the chain-linked volume index, GDP in Turkey shrank by 1.8% in the third quarter of the year compared to the same period of the previous year. Hence, the Turkish economy has contracted for the first time after 27 quarters of uninterrupted positive growth. For the first nine months of the year, on the other hand, Turkish economy grew by 2.2% on an annual basis.

While household consumption expenditures decreased in the third quarter compared to the same period of the previous



year, public sector has accelerated consumption expenditures. Investment spending, on the other hand, declined in this period.

Only construction sector expanded in the third quarter.

According to production approach, construction sector was the only main sector that recorded a real increase in the third quarter of 2016 compared to the same period of the previous year. The construction sector, which displayed a positive performance in the first two quarters of 2016, also grew by 1.4% in real terms in the third quarter.

Having contributed significantly to the growth in the third quarter of last year, agricultural sector fell by 7.7% due to the base effect. Leading indicators have already pointed to a weak outlook in this period. Accordingly, industrial and services sectors shrank by 1.4% and 8.4%, respectively. It was noteworthy that the share of the services sector in GDP at current prices declined to all-time record low level with 20.2%.

Saving rate became 24.8%.

Turkstat released official saving data based on the corporate sector accounts that have been published for the first time. Accordingly, Turkey's gross saving ratio is calculated as 24.8% of GDP in 2015. The rate was at 14.3% according to data released by Ministry of Development's based on previous methodology. Separately, according to Turkstat data household's saving ratio became 13.5% of total disposable income in 2015.

Expectations

Economic activity had been under considerable pressure during the third quarter of 2016 mainly stemmed from the failed coup attempt on July 15 as well as the weak performance of the tourism sector. In this period, the steps taken by public sector to support economic activity limited the contraction in GDP. In the last quarter of the year, on the other hand, leading indicators have indicated a partial recovery in economic activity. Public sector continued to support the economic activity in this period.

Source: Datastream, Turkstat

Türkiye İş Bankası A.Ş. - Economic Research Division**İzlem Erdem - Division Head**

izlem.erdem@isbank.com.tr

Alper Gürler - Unit Manager

alper.gurler@isbank.com.tr

Hatice Erkiletlioğlu - Asst. Manager

hatice.erkiletlioglu@isbank.com.tr

İlker Şahin - Economist

ilker.sahin@isbank.com.tr

Eren Demir - Economist

eren.demir@isbank.com.tr

M. Kemal Gündoğdu - Asst.Economist

kemal.gundogdu@isbank.com.tr

Gamze Can - Asst.Economist

gamze.can@isbank.com.tr

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