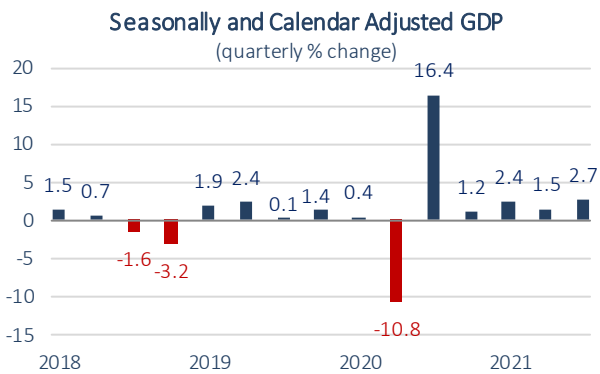


Turkish economy grew by 7.4% yoy in the third quarter.

According to the chained volume index, Turkish economy grew by 7.4% yoy in the third quarter of 2021, in line with market forecasts. Annual growth rates for the first two quarters of the year were revised upwards and were announced as 7.4% and 22%, respectively. Thus, annual GDP growth in the first nine months of the year was realized as 11.7%.

	Contributions to GDP Growth (% points)				
	2020	2021			
	Annual	Q1	Q2	Q3	9M
Consumption	2.2	4.2	14.5	6.6	8.2
Private	1.9	4.2	14.0	5.4	7.6
Public	0.3	0.0	0.5	1.2	0.6
Investment	1.8	3.1	5.4	-0.6	2.3
Change in Stock	3.1	-1.1	-4.9	-5.4	-3.9
Net Export	-5.3	1.2	6.9	6.8	5.1
Exports	-3.8	0.9	11.0	5.0	5.5
Imports	-1.6	0.2	-4.1	1.8	-0.4
GDP	1.8	7.4	22.0	7.4	11.7

Seasonally and calendar adjusted GDP, which had lost some momentum in the second quarter of the year and increased by 1.5% qoq, recorded a 2.7% growth in the third quarter of the year.



As of the third quarter of 2021, Turkey's annual GDP became 6.4 trillion TRY and 795.2 billion USD in USD terms.

The strong contribution of private consumption and exports continued.

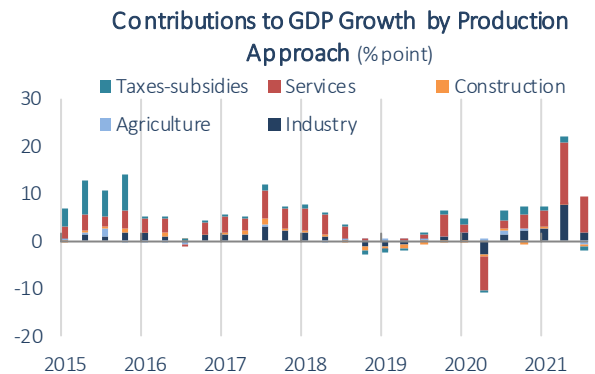
Private consumption and exports, which supported the growth figures in the second quarter of the year thanks to the low base effect, played important role in the growth performance in the third quarter. According to the chained volume index, the contribution of private consumption expenditures to growth was 5.4 pts in this period. In this period, public expenditures made the highest contribution to GDP growth in more than 3 years with 1.2 pts. The positive contribution of the exports to growth continued in the third quarter, albeit at a slower pace. While net exports

contributed 6.8 pts to growth in the third quarter, it was noteworthy that 1.8 pts of the said contribution came from imports.

Investment expenditures, which had positive contribution on growth since the second half of 2020, limited the growth by 0.6 pts in the third quarter of this year, due to the decrease in construction investments. Despite the decline in construction investments, the increase in machinery-equipment investments continued, albeit losing momentum. Change in stocks, which has been suppressing the growth figures since the last quarter of 2020, limited the growth by 5.4 pts.

Agriculture and construction sectors contracted.

While all the main sub-sectors have contributed positively to GDP growth in the first half of the year, the said picture ended as the agriculture and construction sectors contracted in the third quarter of the year. The decrease in the agricultural sector, which contracted annually for the first time in more than 3 years, limited the GDP growth by 0.7 pts in this period. The decline in the construction sector suppressed the growth down by 0.4 pts in the same period. The services sector was decisive in the growth performance of Turkish economy with 7.6 pts contribution to GDP growth in the third quarter of 2021. In the same period, the contribution of the industrial sector decreased to 1.8 pts, the lowest level of the last four quarters.



Expectations...

Turkish economy, which recorded a rapid growth in the first nine months of the year, is expected to lose some momentum due to the fluctuations in the financial markets in the last quarter. However, domestic economic activity is expected to display the strongest growth performance of the last 10 years in the whole year. In the upcoming period, the contribution of the CBRT's monetary policy to growth through investments and net exports will continue to be monitored. In addition, the monetary policies of the major central banks and the new variants of the virus are expected to continue to have impact on economic activity in 2022.

Economic Research Division

izlem Erdem
Chief Economist
izlem.erdem@isbank.com.tr

ilker Şahin
Economist
ilker.sahin@isbank.com.tr

Alper Gürler
Unit Manager
alper.gurler@isbank.com.tr

Gamze Can
Economist
gamze.can@isbank.com.tr

H. Erhan Gül
Asst.Manager
erhan.gul@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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