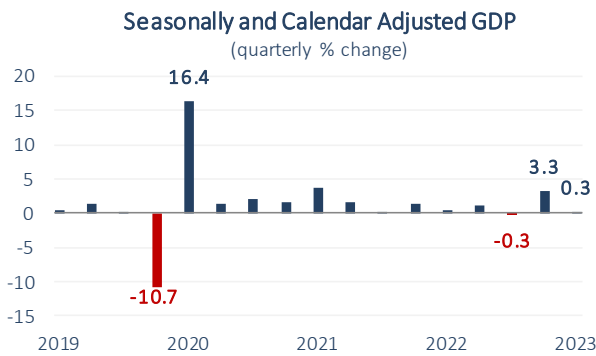


## GDP Growth Q3-2023

### Turkish economy grew by 5.9% yoy in the third quarter.

According to chain linked volume index, Turkish economy grew by 5.9% yoy in the third quarter of 2023, slightly above market expectations. Annual growth rates for the first two quarters of the year were revised upwards from 3.9% to 4.0% and from 3.8% to 3.9%, respectively. Thus, in the first nine months of the year, Turkish economy grew by 4.7% compared to the same period of the previous year. On the other hand, seasonally and calendar adjusted GDP posted a moderate growth of 0.3% on a quarterly basis.

Due to high inflation, Turkish economy expanded by 79.8% yoy at current prices in the third quarter of 2023. Thus, annualized GDP exceeded 22.6 trillion TRY at current prices and reached approximately 1.1 trillion USD.



### The contribution of private consumption expenditures to growth declined in the third quarter.

According to the chain linked volume index, the contribution of private consumption expenditures to growth was 7.7 points in the third quarter, the lowest level of the last two years. In this period, public expenditures contributed 0.7 points to growth. Construction and machinery & equipment investments, that increased after the earthquake disaster, continued to support growth in the third quarter. In this period, investment expenditures recorded the fastest annual growth of the last

Contributions to Growth	(% points)				
	2022	2023			
	Annual	Q1	Q2	Q3	9M
<b>Consumption</b>	<b>12.2</b>	<b>12.1</b>	<b>11.4</b>	<b>8.4</b>	<b>10.5</b>
Private	11.7	11.4	10.6	7.7	9.8
Public	0.6	0.8	0.8	0.7	0.7
<b>Investment</b>	<b>0.3</b>	<b>0.9</b>	<b>1.4</b>	<b>3.4</b>	<b>2.0</b>
<b>Stock Change</b>	<b>-7.7</b>	<b>-5.7</b>	<b>-2.6</b>	<b>-3.2</b>	<b>-3.8</b>
<b>Net Exports</b>	<b>0.7</b>	<b>-3.4</b>	<b>-6.3</b>	<b>-2.6</b>	<b>-4.1</b>
Exports	2.4	-0.8	-2.5	0.3	-1.0
Imports	-1.7	-2.6	-3.8	-2.9	-3.1
<b>GDP (yoy, %)</b>	<b>5.5</b>	<b>4.0</b>	<b>3.9</b>	<b>5.9</b>	<b>4.7</b>

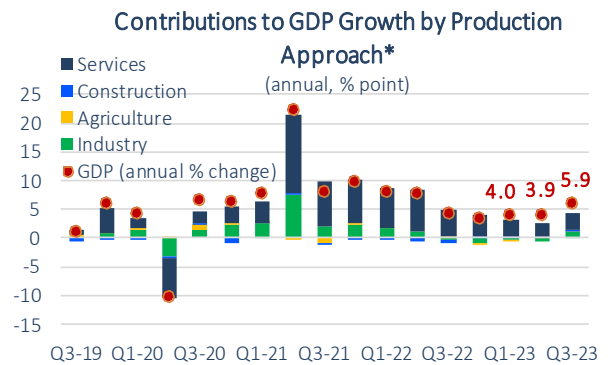
Numbers may not add to total due to rounding.

(\*) Taxes and subsidies excluded.

nine quarters with 14.7%, and contributed 3.4 points to growth. Thus, consumption and investment expenditures contributed a total of 11.8 points to growth in the third quarter of the year. The restraining effect of net exports on growth continued but decreased to 2.6 points in the third quarter, due to the fact that the contribution of exports to growth turned positive by 0.3 points. Moreover, the stock change item, that has been dragging down growth since the last quarter of 2020, limited growth by 3.2 points in the third quarter of the year.

### Industrial production recovered, while growth in the construction sector accelerated.

In the third quarter of the year, industrial production grew (5.7%) on a yearly basis for the first time following 4 quarters of contraction. In this period, industrial production contributed 1.0 point to growth. The construction sector, which gained momentum thanks to the reconstruction efforts following the earthquake disaster, recorded its fastest annual growth (8.1%) since the third quarter of 2017. Construction activities contributed 0.4 percentage points to growth. Expanding by 5.0% yoy in the third quarter, services sector contributed 2.8 points to growth. On the other hand, agricultural sector posted a moderate growth of 0.3% yoy in the third quarter.



### Expectations...

In the third quarter of the year, private consumption expenditures slowed down slightly, while investment expenditures supported growth due to post-earthquake reconstruction activities. The restraining effect of net exports on growth continued, albeit at a slightly reduced pace. On the production side, the recovery in industrial output and the expansion in the construction sector were noteworthy. This suggests that the divergence between consumption and production started to be balanced to some extent in the third quarter. In the last quarter of the year, we expect private consumption expenditures to continue to lose momentum due to the tightening steps taken in monetary policy.

Source: Datastream, Turkstat

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