

GDP Growth Q4-2023

Turkish economy grew by %4,5 in 2023.

According to chain-linked volume index, Turkish economy grew by 4.0% in the last quarter of 2023 compared to the same period of the previous year. The annual growth rate for the third quarter of the year was revised upwards from 5.9% to 6.1%. According to seasonally and calendar adjusted figures, Turkish economy, which grew by 0.3% qoq in the third quarter of the year, gained momentum in the last quarter and expanded by 1.0% qoq. Thus, following 5.5% growth in 2022, the Turkish economy outperformed expectations with 4.5% growth in 2023.

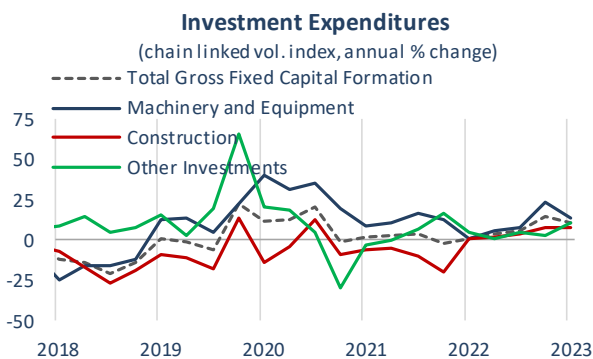
In 2023, GDP in USD terms exceeded USD 1.1 trillion, while GDP per capita hit a historic high of USD 13,110.

Contributions to Growth	(% points)					
	2022	2023				
	Annual	Q1	Q2	Q3	Q4	Annual
Consumption	12.2	12.0	11.3	8.6	7.0	9.6
Private	11.7	11.2	10.5	7.7	6.7	8.9
Public	0.6	0.8	0.8	1.0	0.2	0.7
Investment	0.3	0.9	1.4	3.4	2.6	2.2
Stock Change	-7.7	-5.5	-2.5	-3.4	-5.0	-4.1
Net Exports	0.7	-3.4	-6.3	-2.6	-0.6	-3.1
Exports	2.4	-0.8	-2.5	0.3	0.1	-0.7
Imports	-1.7	-2.6	-3.8	-2.9	-0.6	-2.4
GDP (yoy, %)	5.5	4.0	3.9	6.1	4.0	4.5

Numbers may not add to total due to rounding.

The contribution of private consumption expenditures to annual growth continued to decline.

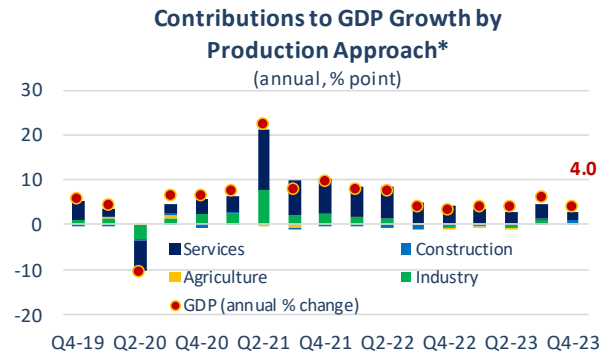
According to the chain-linked volume index, the contribution of private consumption expenditures to growth continued to decline and realized as 6.7 points in the last quarter of the year, the lowest level in the last 9 quarters. The contribution of public expenditures to growth also declined from 1.0 point in the third quarter to 0.2 point in the last quarter. Construction and machinery-equipment investments, which increased after the



earthquake disaster, continued to support growth in the last quarter of the year. Investment expenditures, which rose by 10.7% yoy in this period, contributed 2.6 points to growth. Thus, consumption and investment expenditures made a total contribution of 9.6 points to growth in the fourth quarter of the year. On the other hand, the contractionary effect of net exports on growth decreased to 0.6 points in the last quarter.

Construction sector grew by 10.8% yoy.

Analyzing contributions to growth figures by production approach reveals that the construction sector continued to support economic growth in the last quarter of 2023 thanks to the restructuring activities following the earthquake disaster. In this period, construction sector grew by 10.8% yoy, the fastest since Q3 2017; and contributed 0.5 points to annual growth. The annual growth in industrial production, which was 5.5% in the third quarter, lost momentum and decelerated to 1.9% in the last quarter, while the contribution of the sector to growth was 0.4 percentage points. In this period, the services sector displayed its lowest growth since the 2nd quarter of 2020, when the effects of the pandemic were felt severely, remained the main driver of growth with a contribution of 1.9 points.



(*) Taxes and subsidies excluded.

Expectations...

In 2024, we expect the composition of growth to be similar to that in the second half of 2023, and the contribution of consumption expenditures to decline due to the tightening in monetary policy. In 2024, we anticipate that the contribution of investment expenditures to growth will continue due to the earthquake disaster.

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