

## GDP Growth Q2-2024

### The Turkish economy grew by 2.5% in the second quarter of 2024.

According to the chained volume index, the Turkish economy grew by 2.5% yoy in the second quarter of 2024, below market expectations and the weakest performance since the second quarter of 2020, a period of pandemic. In the Reuters poll, GDP was estimated to grow by 3.2% in this period. Turkstat revised the annual growth for 2023 from 4.5% to 5.1% and for the first quarter of 2024 from 5.7% to 5.3%. Thus, the Turkish economy grew by 3.8% yoy in the first half of the year.

In the second quarter of the year, calendar-adjusted annual growth was realized as 2.8% with the impact of the religious holidays more than in the same period of the previous year. Seasonally and calendar-adjusted figures show that the Turkish economy grew by 0.1% in the second quarter of the year. On the other hand, GDP growth revised down from 2.4% to 1.4% in the first quarter of the year as a result of the upward revision to last year's figures.

As of the second quarter of 2024, the annualized GDP of Türkiye reached 35.1 trillion TRY at current prices and approximately 1.2 trillion in USD terms.

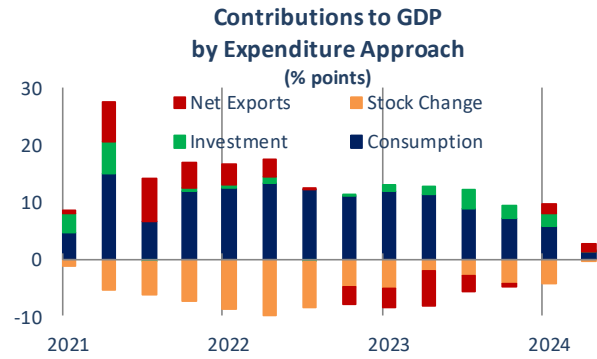
Contributions to Growth	(% points)				
	2022	2023	2024		
	Annual	Annual	Q1	Q2	H1
<b>Consumption</b>	<b>12.2</b>	<b>9.8</b>	<b>5.8</b>	<b>1.3</b>	<b>3.5</b>
Private	11.7	9.5	5.1	1.2	3.1
Public	0.6	0.3	0.7	0.1	0.4
<b>Investment</b>	<b>0.3</b>	<b>2.0</b>	<b>2.3</b>	<b>0.1</b>	<b>1.2</b>
<b>Stock Change</b>	<b>-7.7</b>	<b>-3.6</b>	<b>-4.4</b>	<b>-0.2</b>	<b>-2.2</b>
<b>Net Exports</b>	<b>0.7</b>	<b>-3.1</b>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>
Exports	2.4	-0.7	1.0	0.0	0.5
Imports	-1.7	-2.4	0.6	1.2	0.9
<b>GDP (yoy, %)</b>	<b>5.5</b>	<b>5.1</b>	<b>5.3</b>	<b>2.5</b>	<b>3.8</b>

Note: Numbers may not add to total due to rounding.

### The contribution of consumption expenditures is at its lowest level since the pandemic.

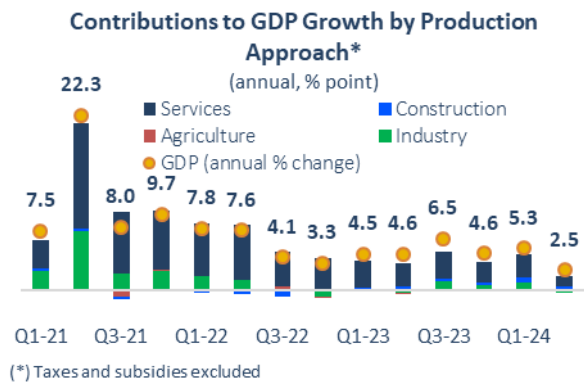
According to the chained volume index, the contribution of private consumption expenditures to annual growth continued to decline in the second quarter of the year and was realized as 1.2 points, the lowest level of the last 4 years. During this period, public expenditures contributed 0.1 points to growth, the lowest since the last quarter of last year. Investment expenditures, which were strong in the first quarter of the year, made the lowest contribution to growth since the third quarter of 2022, with 0.1 points in the second quarter of 2024, due to the contraction in machinery and equipment investments (-5.6%). Thus, as of the second quarter of the year, consumption and investment expenditures contributed 1.4 points to overall

growth. In the same period, net exports made a positive contribution to growth by 1.3 points in the second quarter. This was mainly driven by the decline in imports while exports remained flat.



### The industrial sector contracted on an annual basis.

According to production approach, industrial sector contracted by 1.8% yoy, limiting growth by 0.4 points in the second quarter of the year. Thus, industrial production reduced annual growth for the first time since the second quarter of 2023. In this period, services sector expanded by 2.1% yoy, contributing 1.3 pp points to growth. On the other hand, the lowest contribution of the services sector to growth since the pandemic period signaled that the pressure of monetary tightening on demand became more evident. In the second quarter, the contribution of taxes and subsidies to growth rose to 1.1 points. Agriculture and construction sectors contributed 0.1 and 0.3 points to annual growth, respectively.



### Expectations...

The loss of momentum in domestic demand became more apparent in the second quarter as a result of the lagged effects of the tightening in economic policy. In the upcoming period, we anticipate that the contribution of private consumption expenditures to growth will continue to decline, while the rebalancing in the economy will be maintained with the support of the positive contribution of net exports to growth.

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## Economic Research Division

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Alper Grlr  
Division Head  
alper.gurler@isbank.com.tr

Berkay Arık  
Asst. Economist  
berkay.arik@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Caner Uygur Gndođdu  
Asst. Economist  
uygar.gundogdu@isbank.com.tr

PhD. Mustafa Kemal Gndođdu  
Asst. Manager  
kemal.gundogdu@isbank.com.tr

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