# GDP Growth
Q3-2024

**Turkish economy grew by 2.1% yoy in the third quarter.**

According to chain linked volume index, in the third quarter of 2024, the Turkish economy grew below market expectations by 2.1% yoy, recording the weakest performance since the second quarter of 2020. According to the Reuters poll, GDP was estimated to have grown by 2.6% in this period. Turkstat revised the growth data for the second quarter of 2024 from 2.5% to 2.4%. Thus, Turkish economy grew by 3.2% yoy in the first 9 months of the year.

According to seasonally and calendar adjusted data, the Turkish economy contracted by 0.2% in the third quarter, as it did in the second quarter of the year, and slipped into a technical recession for the first time since 2018.

As of the third quarter of 2024, the size of the Turkish economy on an annualized basis was recorded as 39.2 trillion TRY at current prices and 1.3 trillion in USD terms.

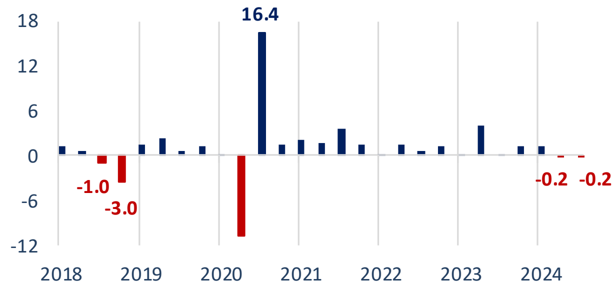
| Contributions to Growth | | | | | (% points) |
|---|---|---|---|---|---|
| | 2023 | 2024 | | | 2024 |
| | Annual | Q1 | Q2 | Q3 | 9M |
| **Consumption** | **9.8** | **5.7** | **1.1** | **2.1** | **2.9** |
| Private | 9.5 | 5.3 | 1.1 | 2.2 | 2.8 |
| Public | 0.3 | 0.4 | 0.0 | -0.1 | 0.1 |
| **Investment** | **2.0** | **2.2** | **0.2** | **-0.2** | **0.7** |
| **Stock Change** | **-3.6** | **-4.5** | **-0.3** | **-2.0** | **-2.2** |
| **Net Exports** | **-3.1** | **1.9** | **1.5** | **2.2** | **1.9** |
| Exports | -0.7 | 1.2 | 0.2 | 0.2 | 0.5 |
| Imports | -2.4 | 0.7 | 1.3 | 2.0 | 1.4 |
| **GDP (yoy, %)** | **5.1** | **5.3** | **2.4** | **2.1** | **3.2** |

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

**Contribution of consumption expenditures to growth increased in the third quarter.**

According to the chain linked volume index, in the third quarter the contribution of private consumption expenditures to growth increased to 2.2 points from 1.1 points in the second quarter. In the same period, the contribution of public expenditures to growth declined to -0.1 points, falling to negative zone for the first time since 2021. Investment expenditures, which made positive contributions to growth since the last quarter of 2022, pulled growth down by 0.2 points in the third quarter of this year due to the rapid contraction in machinery and equipment investments (8.6%). On the other hand, net exports gained momentum compared to the previous quarter and made a positive contribution to growth by 2.2 points. This development was driven by the rapid decline in imports despite the moderate increase in exports. On the other hand, the inventory change item, which has been dragging down growth since the third quarter of 2020, continued to restrain growth by 2 points in the third quarter of the year.

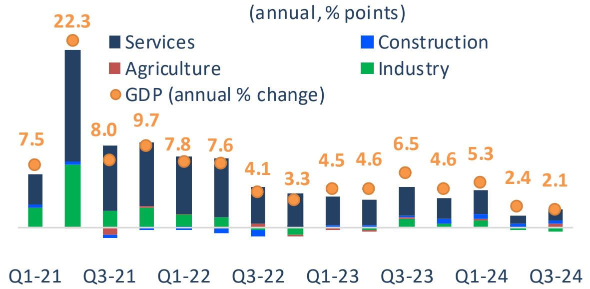
**Seasonally and Calendar Adjusted GDP**
(quarterly % change)




**Contraction in industrial sector and contribution of construction came to the fore.**

According to GDP figures calculated by production method, services sector, which grew by 2.4% yoy in the third quarter of the year, made the highest contribution to annual growth by 1.3 points. Agriculture sector, which grew by 4.6% yoy in this period, made the highest contribution of the last 4 years to annual growth by 0.5 points. The construction sector, which maintained its positive outlook thanks to the ongoing reconstruction activities in the earthquake area, also expanded rapidly by 9.2% yoy in the third quarter, contributing 0.4 points to growth. In the third quarter of the year, industrial sector contracted by 2.2% yoy, showing the weakest performance in the last 7 quarters. In this period, the sector pulled growth down by 0.4 points.

**Contributions to GDP Growth by Production Approach**
(annual, % points)




**Expectations…**

The effects of tight monetary policy on production became more evident in the third quarter of the year. Moreover, the rapid contraction in machinery and equipment investments caused gross fixed capital formation to pull annual growth down. On the other hand, well-performing construction sector due to the investments in the earthquake area and the favorable outlook in foreign trade were the factors that supported annual growth in the third quarter. Leading indicators suggest that the composition of growth is likely to remain unchanged in the last quarter of the year.

Source: Datastream, Turkstat

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