

### The Turkish economy grew by 11% in 2021.

According to the chain-linked volume index, the Turkish economy maintained its strong growth momentum in the last quarter of the year and grew by 9.1% on an annual basis. Thus, following the relatively weak course in 2020, Turkish economy reached a growth rate of 11% in the whole 2021, in line with the expectations.

Seasonally and calendar adjusted figures revealed that economic growth lost some momentum in the last quarter compared to the previous one. The Turkish economy, which expanded by 2.8% qoq in the third quarter, grew by 1.5% qoq in the fourth quarter.

Due to the rise in inflation, the size of the Turkish economy at current prices increased by 42.8% on an annual basis and exceeded 7.2 trillion TRY in 2021. In this period, GDP in USD terms increased by 85.8 billion USD and reached 802.7 billion USD. GDP per capita was realized as 9,539 USD at the end of 2021.

Contributions to Growth	2020						2021					
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	
<b>Consumption</b>	<b>2.2</b>	<b>4.2</b>	<b>14.5</b>	<b>6.4</b>	<b>12.2</b>	<b>9.3</b>						
Private	1.9	4.2	14.0	5.5	12.5	9.0						
Public	0.3	0.0	0.5	1.0	-0.3	0.3						
<b>Investment</b>	<b>1.8</b>	<b>3.1</b>	<b>5.5</b>	<b>-0.5</b>	<b>-0.2</b>	<b>1.7</b>						
<b>Stock Change</b>	<b>3.1</b>	<b>-1.2</b>	<b>-5.1</b>	<b>-5.4</b>	<b>-7.0</b>	<b>-4.8</b>						
<b>Net Exports</b>	<b>-5.3</b>	<b>1.2</b>	<b>7.0</b>	<b>6.9</b>	<b>4.2</b>	<b>4.9</b>						
Exports	-3.8	0.9	11.0	5.0	4.8	5.3						
Imports	-1.6	0.2	-4.0	1.9	-0.6	-0.4						
<b>GDP (yoy, %)</b>	<b>1.8</b>	<b>7.3</b>	<b>21.9</b>	<b>7.5</b>	<b>9.1</b>	<b>11.0</b>						

The strong contribution of private consumption and exports continued.

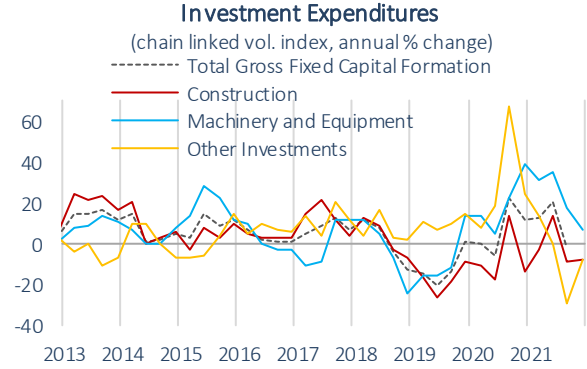
Backing by low-basis effect, expansion in private consumption and export volume led economic activity to grow rapidly in the last quarter of the year on an annual basis. According to the chain-linked volume index, private consumption expenditures contributed 12.5 points to growth in the fourth quarter, while the contribution of exports was 4.8 points. On the other hand, increase in import volume as well as decrease in investment expenditures due to posted decline in construction investments limited the growth in this period. In addition, public consumption expenditures also put pressure on growth in the last quarter of 2021. Change in stock figure limited the growth at an increasing rate throughout the year.

Private consumption and exports are the leading figures that contributed the most to the high growth performance of 11% in the whole 2021. In addition, thanks to the strong

Numbers may not add to total due to rounding.

(\*) Taxes and subsidies excluded.

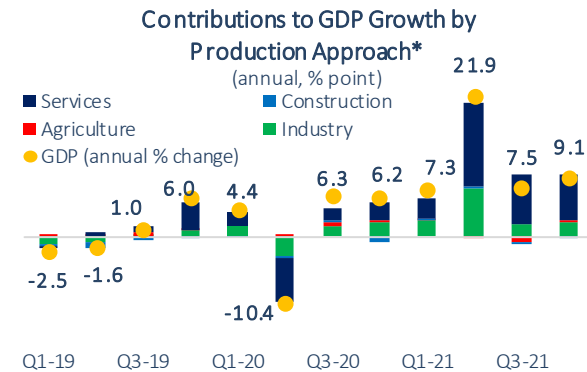
machinery and equipment investments in the first half of the year, investment expenditures pushed the GDP growth up by 1.7 points in 2021.



The construction sector limited growth in the last quarter.

Analysing contributions to growth figures by production approach reveals that services and industrial sectors contributed 7.4 and 2.2 points to growth, respectively, in the last quarter of the year. Agriculture sector, which limited growth in the previous quarter, made a limited contribution to growth by 0.2 points in the fourth quarter, while the construction sector limited growth in the last quarter following the third one.

Services and industrial sectors led the growth performance of GDP with a combined contribution of 11 points in 2021. In this period, the agriculture and construction sectors put pressure on growth performance, albeit to a limited extent.



Expectations...

Being affected by the fluctuations in the financial markets as well as the rapid rise in inflation in the last quarter of 2021, the Turkish economy, displayed a positive growth performance thanks to strong domestic and foreign demand. 2022 has started with a declining volatility in the financial markets, but as well as the pressure that high inflation figures might create on real incomes, the war between Russia and Ukraine is expected to have negative effects on the Turkish economy through import of agricultural products, security of energy supply and pressure on tourism revenues.

Source: Datastream, Turkstat

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