

Turkish economy grew by 7.6% in the second quarter.

Turkish economy grew by 7.6% yoy in the second quarter of 2022, in line with market expectations. The first quarter GDP growth was revised up to 7.5% from 7.3%. 2021's annual GDP growth was also revised up to 11.4% from 11.0%.

According to the seasonally and calendar adjusted figures, after expanding by 0.7% qoq in the first quarter of the year, Turkish economy grew by 2.1% qoq in the second quarter of 2022.

Due to elevated inflation levels, Turkish economy expanded by 114.6% yoy at current prices in the second quarter. Thus, at current prices, the cumulative size of the Turkish economy for the last four quarters exceeded 10 trillion TRY as of the second quarter. In this period, GDP in USD terms became 828 billion USD. The figure was 807 billion USD in 2021.

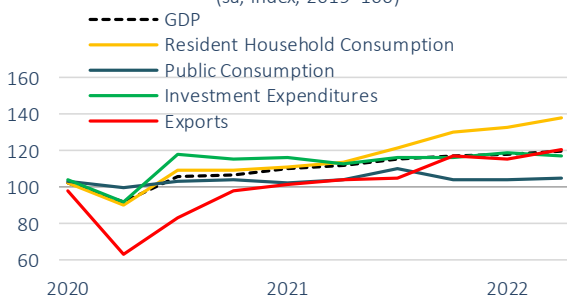
	Contributions to Growth (% point)			
	2021 Annual	2022		
		Q1	Q2	H1
Consumption	9.5	13.3	13.9	13.6
Private	9.1	12.9	13.6	13.2
Public	0.4	0.4	0.3	0.4
Investment	1.9	1.1	1.2	1.2
Stock Change	-4.9	-9.9	-10.3	-10.1
Net Exports	4.8	3.0	2.7	2.9
Exports	5.3	3.4	3.9	3.7
Imports	-0.5	-0.4	-1.1	-0.8
GDP	11.4	7.5	7.6	7.5

Numbers may not add to total due to rounding.

Private consumption contributed 13.6 points to the growth.

Private consumption expenditures was the main driver of the strong economic performance adding 13.6 points to the GDP growth recorded in the second quarter of 2022. Household services consumption expenditures recorded a historical high annual increase of 36.9% in real terms. Other household consumption expenditures also recorded rapid increases around 20% levels on an annual basis. Public consumption expenditures added 0.3 point to the growth, parallel to its contributions in the last couple of quarters. The stock change figure, also reflecting the statistical errors, dragged down the growth rate as it was the case for the previous six quarters.

Real GDP by Expenditure Approach
(sa, index, 2019=100)



Strong export performance continued to support the GDP growth for the seventh consecutive month. According to chain-linked volume index, net exports, rising by 16.4% yoy in the second quarter, contributed 3.9 points to the growth. On the other hand, the rise in imports dragged down the growth by 1.1 points. Thus, the contribution of net exports became 2.7 points during this period.

Machinery and equipment investments remained solid.

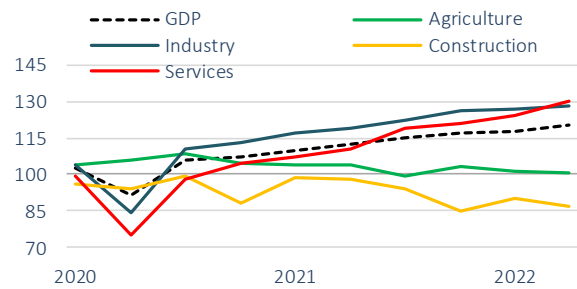
Investment expenditures added 1.2 points to the second quarter GDP growth. The contribution of investments was 1.1 points in the first quarter. Looking at the composition of investment expenditures, the solid performance in machinery-equipment investments stood out while the downward trend in construction investments gained pace.

Services and industry sectors showed a strong performance.

Analyzing the contributions by production method, in the second quarter of the year, services and industry sectors contributed to the growth by 6.9 points and 1.7 points, respectively. The construction sector, which has limited the growth since the second half of last year, reduced GDP growth by 0.7 point. In this period, agricultural sector also pushed down the growth by 0.1 point.

Looking at the sub-sectors classified under the services sector, the annual rise of 26.6% in finance and insurance activities stood out. The sector had recorded a strong performance also in the last two previous quarters.

Real GDP by Production Approach
(sa, index, 2019=100)



Expectations...

Economic activity in Turkey maintained its strong momentum in the second quarter of the year thanks to the continuation of supportive economic policies. While the leading indicators for the third quarter signal a slowdown in economic activity, the impact of the recent macroprudential measures on exports and investments will be closely followed. As Turkey's important trading partners face the risk of recession due to the energy supply security problems in the European economies and the tightening trend in global monetary policies, Turkey's exports may lose pace in the coming period. The ongoing inflationary environment, due to both local and global developments, continues to pose a risk to the quality and sustainability of growth in the medium and long term.

Source: Datastream, Turkstat

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