

## Economic Insights

### 1Q – 2022 GDP Figures

Turkish economy grew by 7,3% in 1Q of 2022 while seasonally adjusted quarterly growth rate realized by 1,2%. In the first quarter of this year, main contributor to growth was once again private consumption with 11,6ppt. The other pillar of the strong growth was export with adding 3,5ppt. On the other hand, contribution of investment to growth remained muted once again and indicating that lack of a strong recovery in investment is not good for the sustainability and composition of growth. The downside effect of stocks on growth was at a record level of 8ppt. The contribution of domestic demand, including stocks, to growth was 3,9ppt.

On the production there is a limited recovery in manufacturing with 1,6ppt whereas contribution of services increased to 3,3ppt while financial activities stand at 1,2ppt. Construction was the only sector to contract and erased 0,4ppt from the growth.

Real Growth %	2014	2015	2016	2017	2018	2019	2020	2021	2022_1Ç
GDP (Y/Y)	5,2	6,1	3,2	7,4	2,8	0,9	1,8	11,0	7,3

Leading indicators suggest a loss of momentum as of Q2, which will strengthen as of May. Adding the recent weakening of the Lira and high inflation effect into account, we expect further slowdown in economic activity. We expect the second half of this year's growth performance will be limited around 2-2,5%. Moreover, we anticipate that the ongoing uncertainties surrounding the global economic outlook, rising commodity prices and geopolitical risks will put downward pressure on the growth. For now, we are keeping our annual growth forecast at 3,5%. In addition, Strong domestic demand is likely to put pressure on the inflation outlook in 2022.

Contribution to GDP growth (%)						
	1Q2021	2Q2021	3Q2021	4Q2021	2021	1Q2022
Consumption	4,2	14,5	6,4	12,2	9,3	11,7
Private	4,2	14,0	5,5	12,5	9,0	11,6
Public	0,0	0,5	1,0	-0,3	0,3	0,1
Investment	3,1	5,5	-0,5	-0,2	1,7	0,3
Net Export	1,2	7,0	6,9	4,2	4,9	3,5
Export	0,9	11,0	5,0	4,8	5,3	3,9
Import	0,2	-4,0	1,9	-0,6	-0,4	-0,5
Change in inventories	-1,2	-5,1	-5,4	-7,0	-4,8	-8,2
GDP	7,3	21,9	7,5	9,1	11,0	7,3

## Economic Research

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