

VAKIFBANK WEEKLY ECONOMICS REPORT

After recent data, we are making
revisions in our 2012 forecast...




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We are making revisions in our 2012 estimates...



 Due to recent data releases and policy measures, we have revised our macroeconomic forecasts for 2012.

Based on the results of our econometric models,


Growth rate (yoy): 3.5%

CPI (yoy): 7.2%

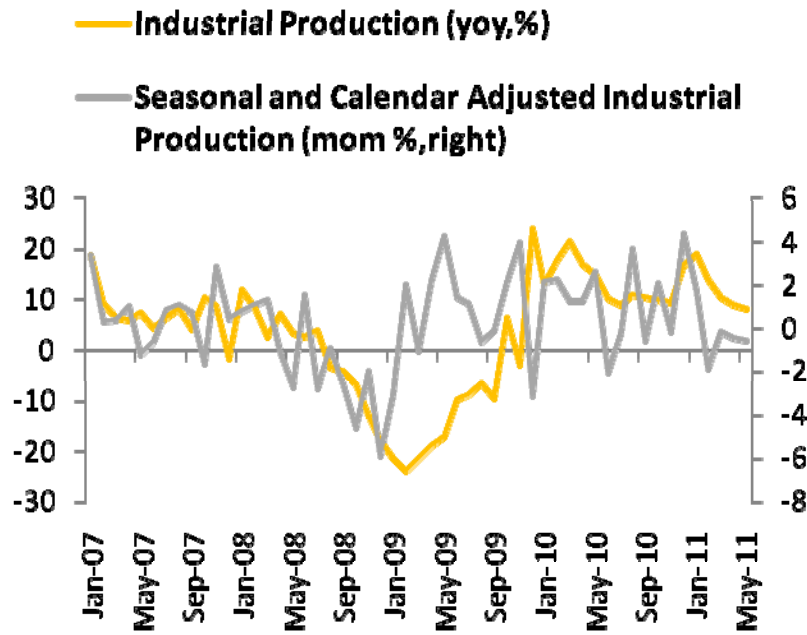
Unemployment Rate: 10.4%

Foreign Trade Balance: -\$93 billion

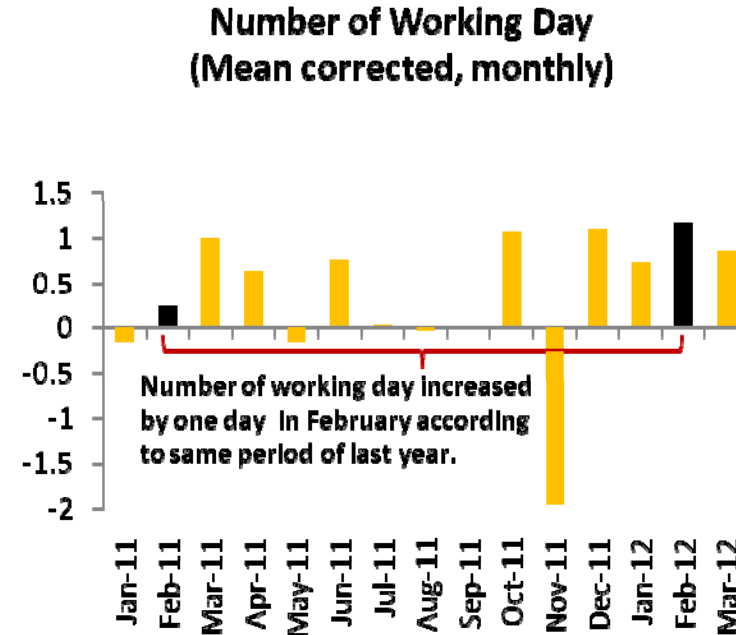
Current Account Balance: -\$65 billion

 Next week, in our weekly report, we will give details about the reasons of our revisions.






Industrial production increased in February...



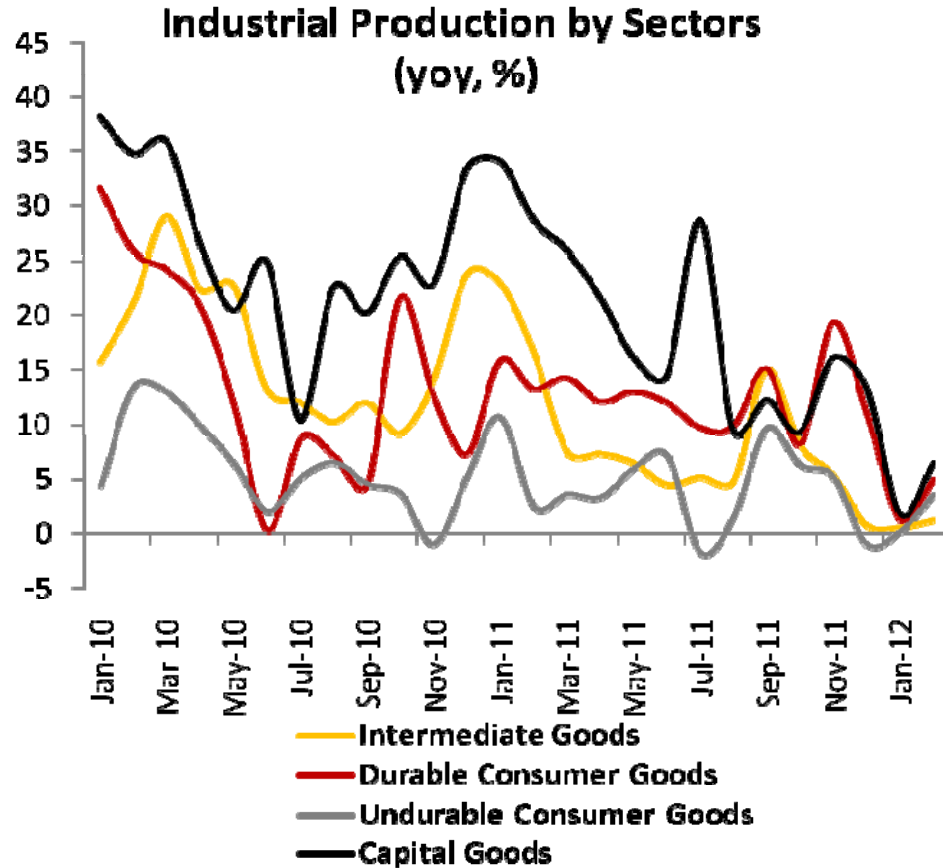
Source: Turkstat



Source: CBRT

-  Industrial production increased by 4.4% yoy in February.
-  Industrial production decreased only by 1.4% mom in February.
-  Additional one working day in February has a significant role in increase of industrial production.
-  Seasonal and calendar adjusted industrial production increased by 0.7% mom in February.
-  The increase in seasonal and calendar adjusted industrial production is important for the economic growth in first quarter.

Industrial production increased for all sectors in February...



Source: Turkstat

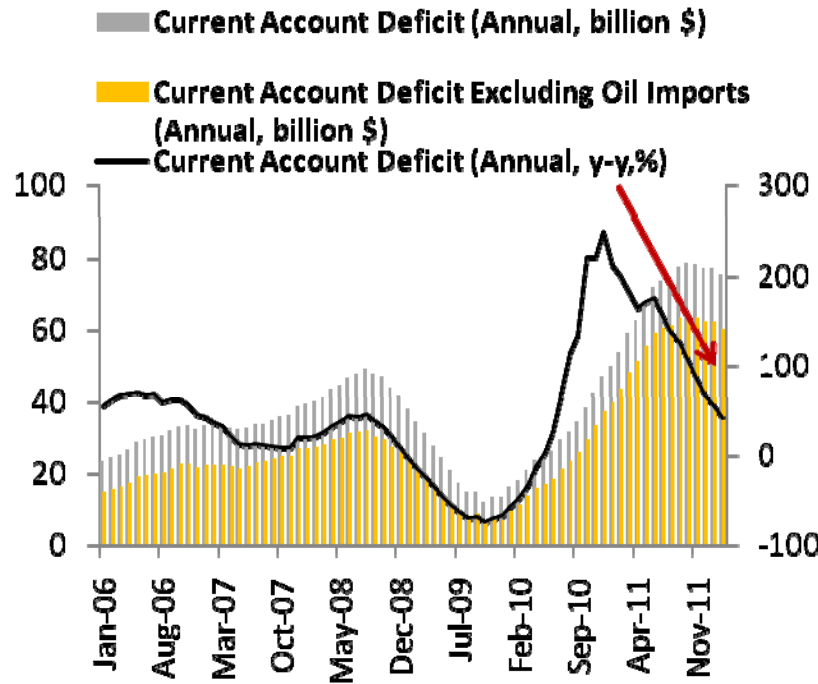
- Industrial production of capital goods increased by 6.5% yoy which is the highest rise among all industrial manufacturing sectors.
- Industrial production of durable consumer goods increased by 4.9%.
- On the other hand, intermediate good production had a horizontal movement.
- The performance of intermediate good production is important for the first quarter growth rate.

A limited slowdown in industrial sector...

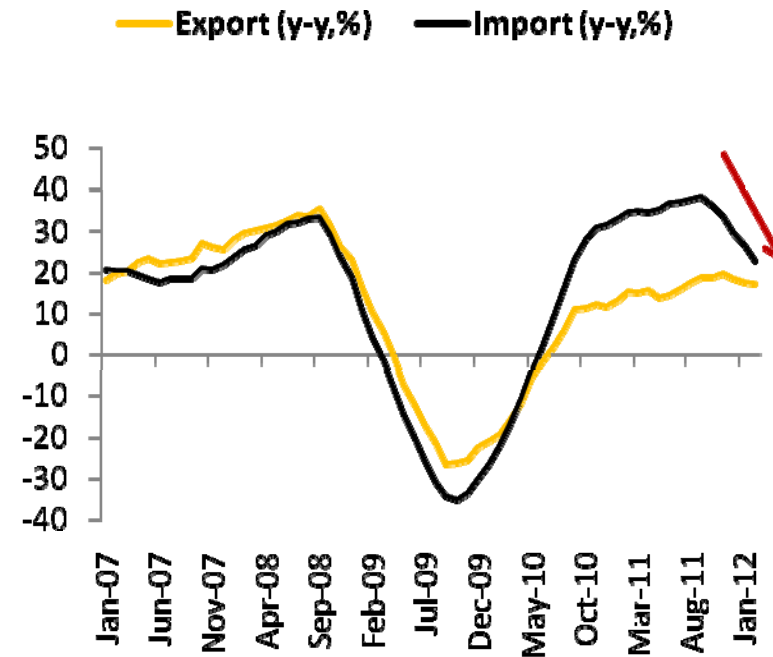


- ✔ Gain in seasonal and calendar adjusted industrial production indicate that the slowdown in industrial sector is losing momentum.
- ✔ The capacity utilization as well as seasonal adjusted capacity utilization increased in February.
- ✔ Automobile manufacturing, one of the most important part of industrial production also increased in February.
- ✔ The figures on economic activity indicate that the slowdown in domestic demand and recovery of current account deficit become apparent.





External rebalancing accelerated in February...



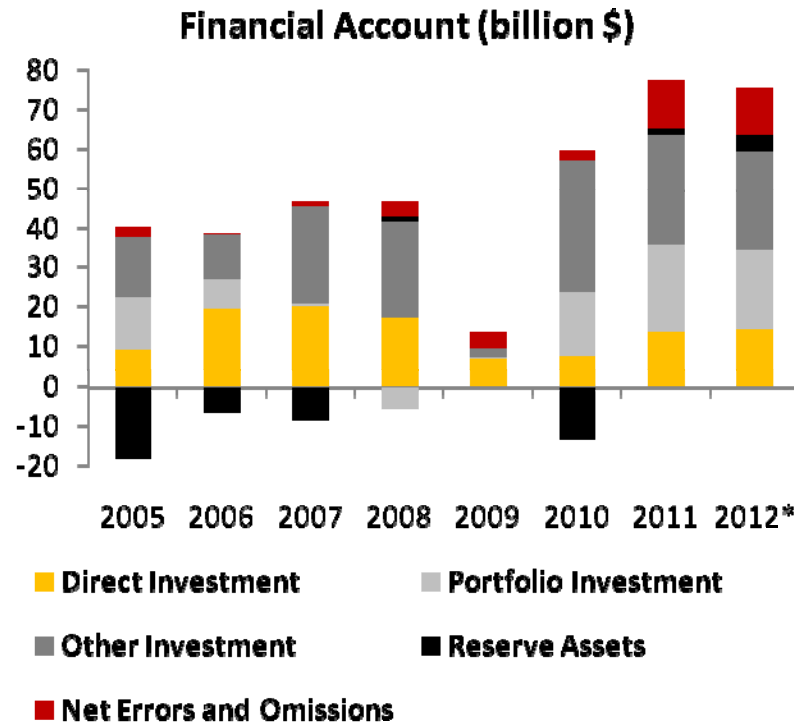
Source: CBRT



Source: TurkStat

-  The current account deficit declined from \$5.9 billion to \$4.2 billion in February, the lowest level recorded since August 2011.
-  In addition to the improvement in the monthly figure, the annual current account deficit narrowed to \$75.3 billion in February from \$77.1 billion.
-  February current account data show that the pace of rebalancing between domestic and external demand has gained momentum.
-  Exports grew by 17.1 percent whereas imports saw a slight increase of 1.1 % in February 2012.

Net errors and omissions increased in February 2012...



Source: CBRT

*Last 12 month cumulative

- Cumulative net capital inflows continued to decline in February 2012.
- Last 12 month cumulative direct investments, which had increased since November 2011, slowed down in February 2012.
- In February, 12 month cumulative net errors and omissions increased by 213% compared to the same month of last year.
- 16% of the current account deficit was financed by net errors and omissions in the last 12 months.

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