

# VAKIFBANK WEEKLY ECONOMIC REPORT

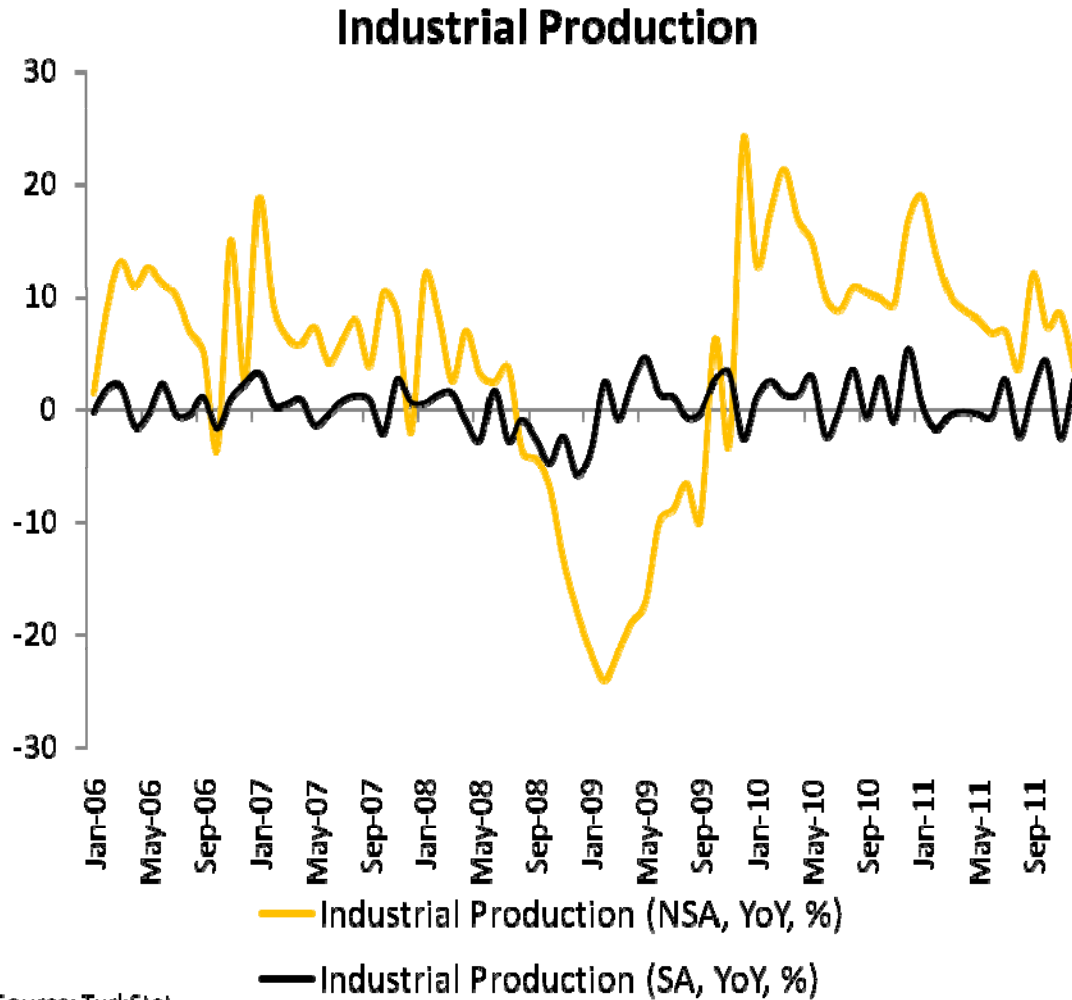
**Industrial production indicates limited  
slowdown in Q4...**



T. Vakıflar Bankası T.A.O



## Industrial production index increased by 3.7% YoY in December...

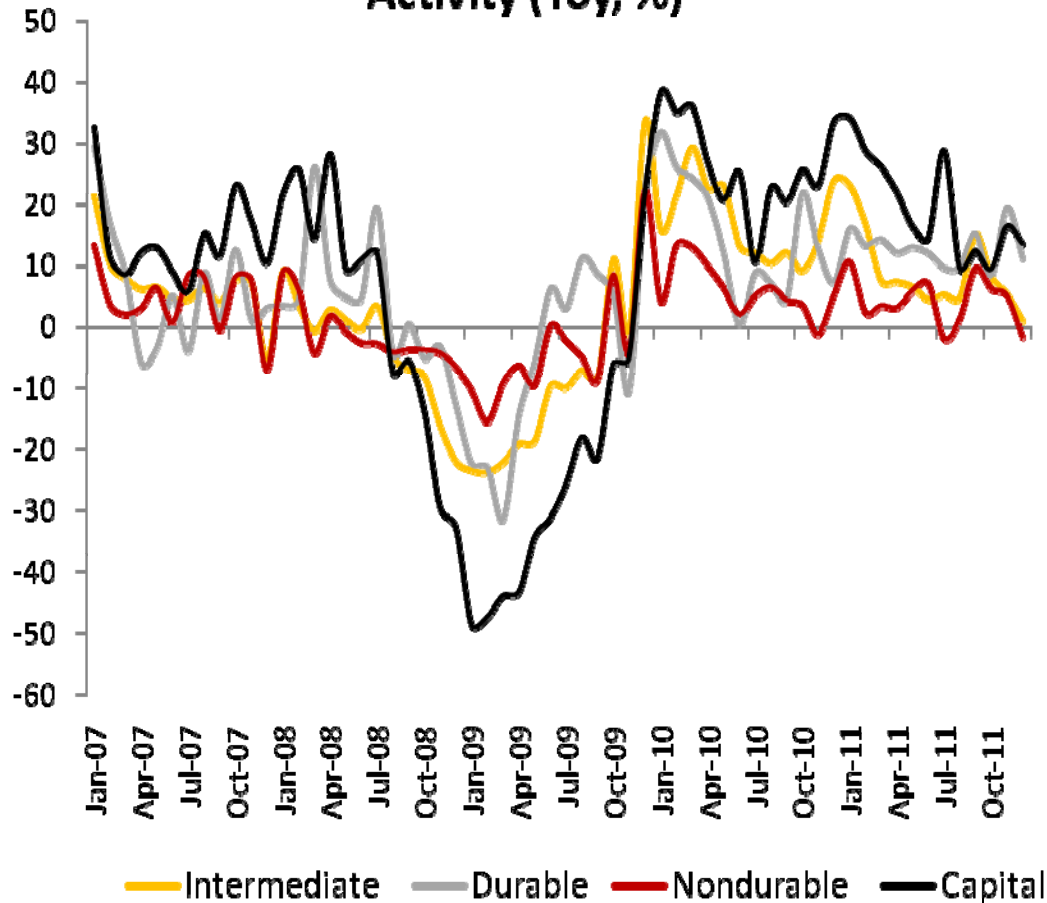


Source: TurkStat

- Industrial production index (IP) increased by 3.7% YoY, 11.4% MoM in December 2011.
- Seasonal and calendar adjusted IP rose by 2.7% MoM.
- Industrial production growth decreased to only 6.6% YoY, from %7.6 in Q4.
- The average annual growth in industrial production was 9.2% in 2011.

There was a downward trend in all subgroups...

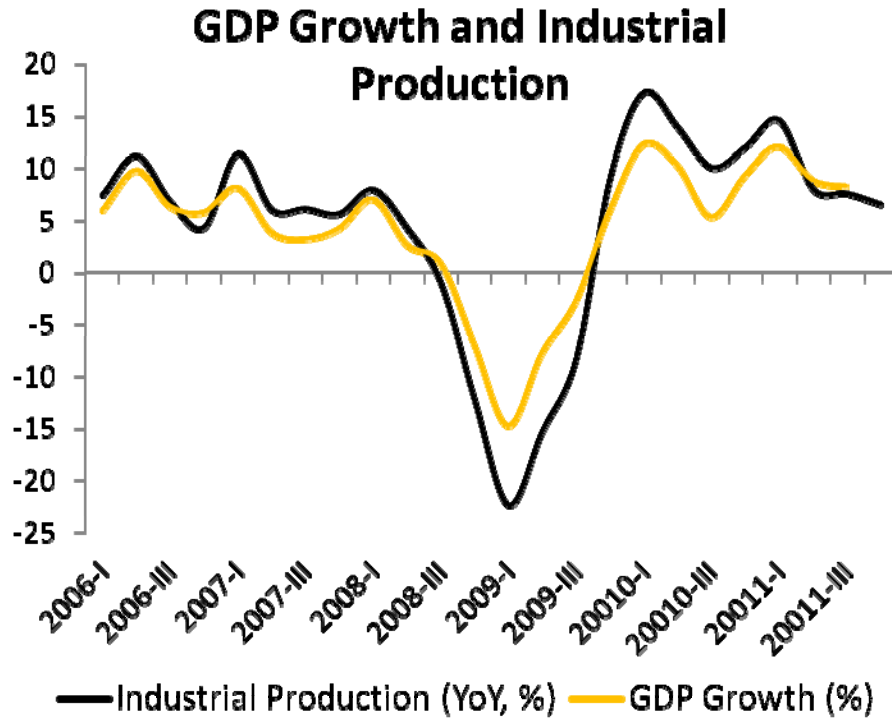
Industrial Production by Economic Activity (Yoy, %)



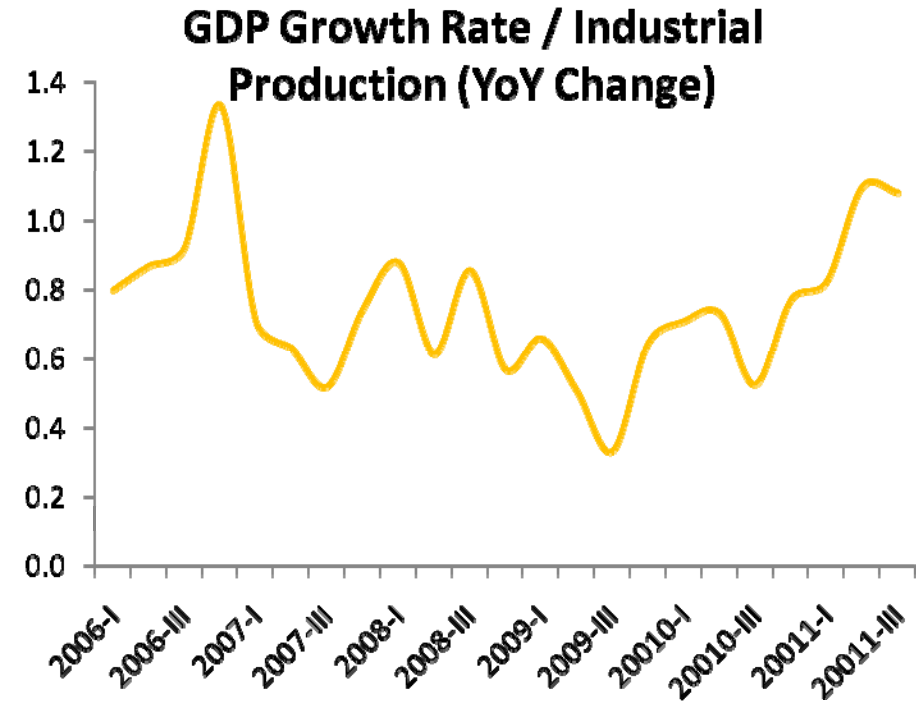
Source: TurkStat

- ✔ In December, a downward trend in the industrial sector was dominated in all subgroups.
- ✔ While, annual growth in intermediate goods fell 0.9%, production of durable consumer goods declined by 1.5%.
- ✔ Annual growth rate of capital goods production dropped to 13.5% from 16.5% in December 2011.
- ✔ Decreasing growth rate of intermediate and capital goods production shows that economic slowdown may continue in the first quarter of 2012.

## Industrial production grew 6.6% on average in the last quarter of 2011...

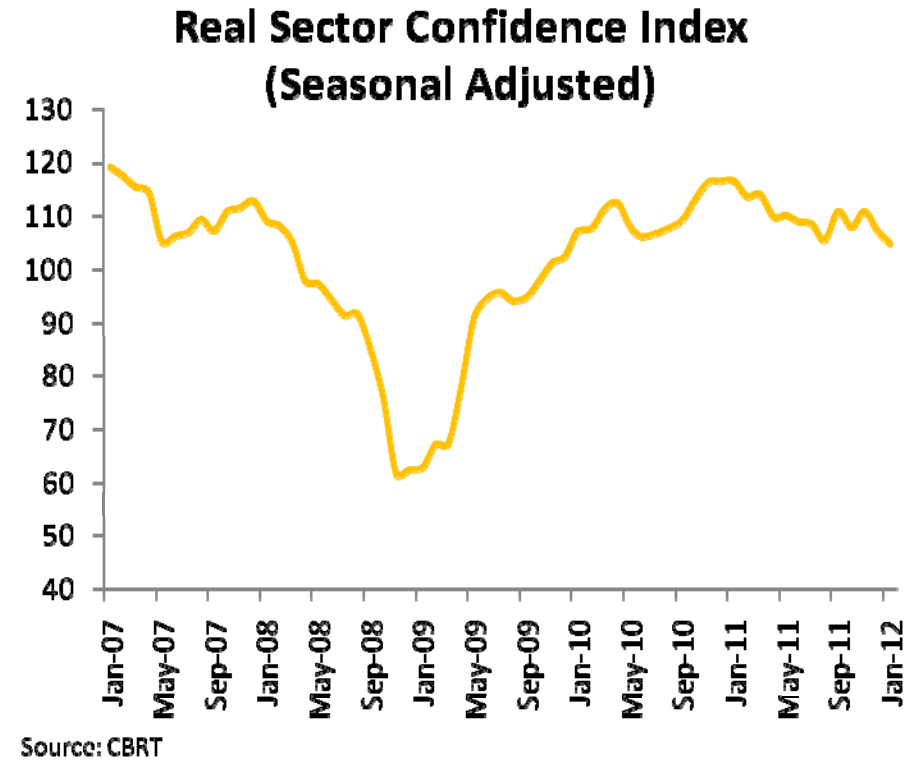
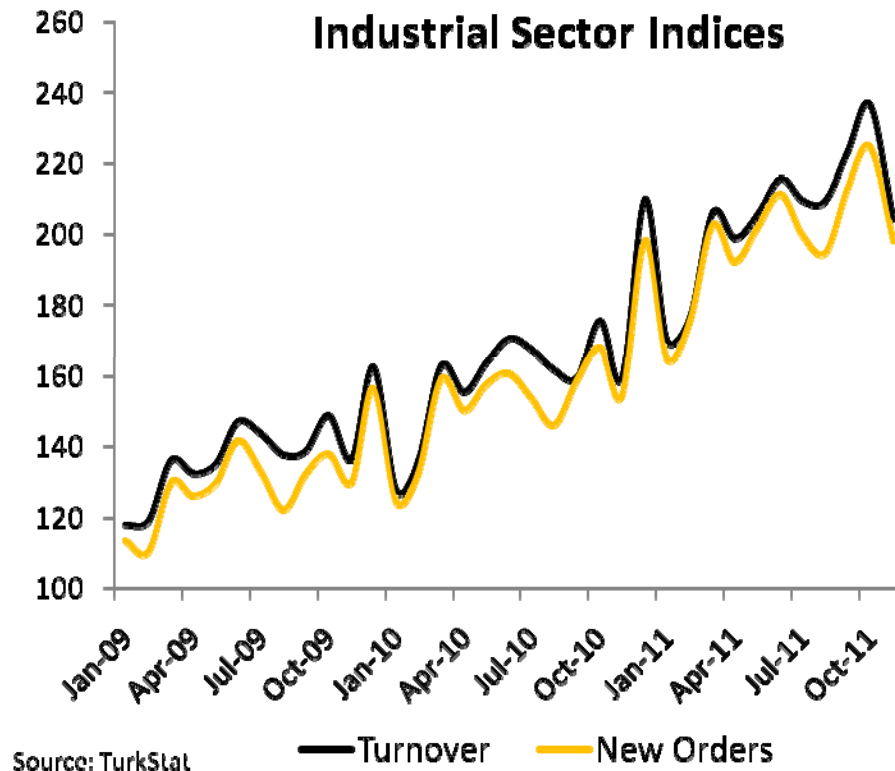


Source: CBRT, TurkStat



- 📌 Average annual increase in industrial production in the last quarter of 2011 decreased 1 point from the previous quarter.
- 📌 In the 2006-2011 period, the ratio of real GDP growth to annual average industrial production growth rate was %0.8.
- 📌 Thanks to positive contribution of net export to GDP growth, real GDP growth was higher than growth rate of industrial production in Q2 and Q3.

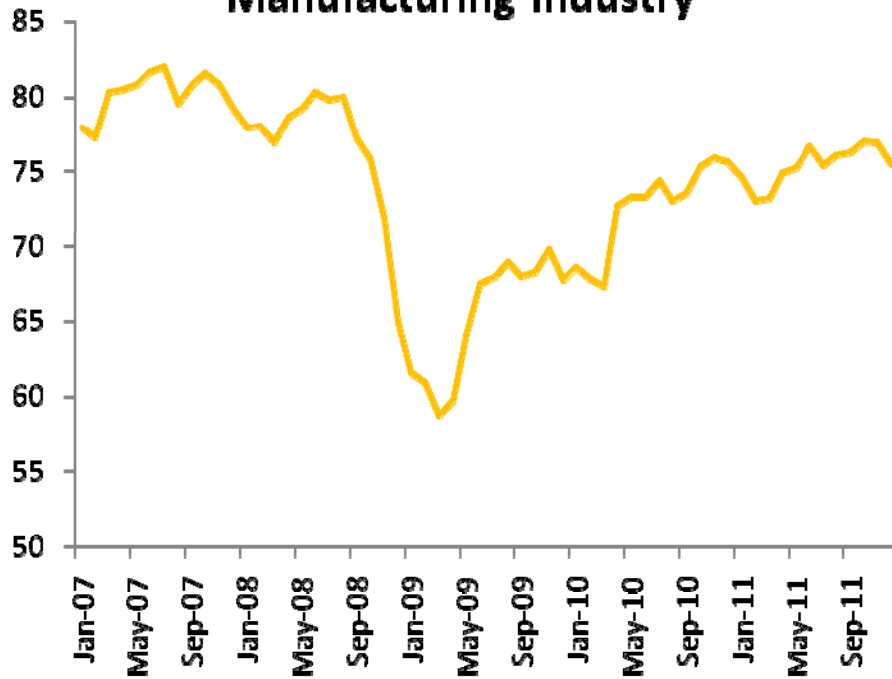
## Real sector confidence index decreased in Q4, 2011...



- Real Sector confidence index as measured by Central Bank of The Republic of Turkey (CBRT) decreased to 107.4 in December after increasing by 2.9 points in November 2011 to 111. Real Sector confidence index dipped to 104.9 in January 2012 which is the lowest level since December 2009.
- Other indicators, such as turnover and new orders indices show slowdown in the industrial sector in the last quarter of 2011.

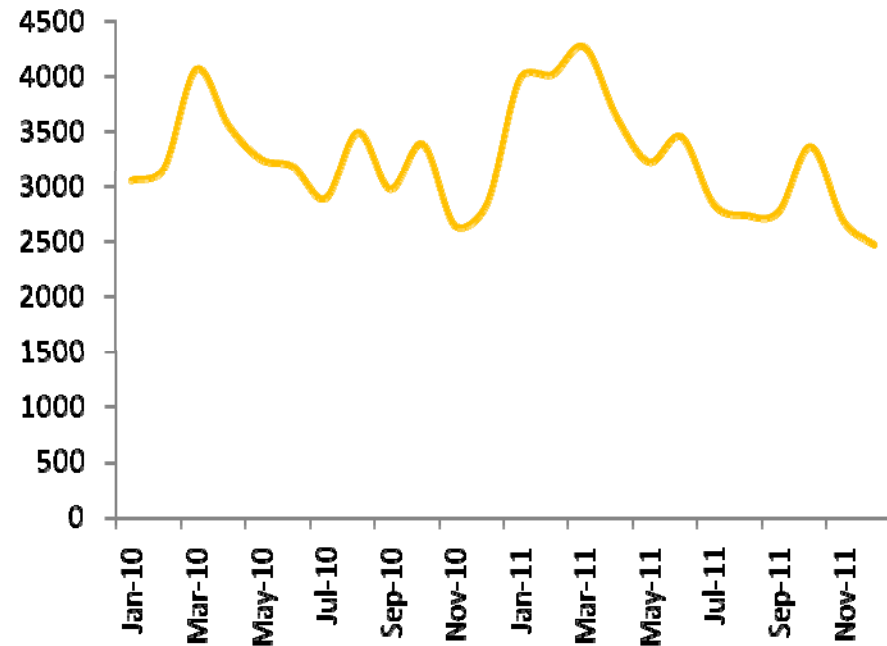
## Leading indicators give the signal of slowing down...

### Capacity Utilization Rate of Manufacturing Industry



Source: CBRT

### Net Establishment (Newly established - Liquidated Firms)



Source: CBTR

- Capacity utilization in the Turkish manufacturing industry decreased to %75.5 from %77 in the last quarter of 2011.
- When we look at the firm data such as new establishment and liquidation, it is prominent that net figures has decreased since October 2011.

## To conclude...

- ✓ Indicators such as real sector confidence index and capacity utilization rate sign that a slowing down will be possible in the last quarter of 2011.
- ✓ However, the industrial production which increased 6.6% in the last quarter of 2011 and the increasing positive effect of net export on growth increased the possibility of higher growth rate than the expectations in the last quarter.
- ✓ On the other hand, leading indicators and slowing down in subgroups of industrial production especially in the capital and intermediate goods production show that cooling down in the economy will continue in the first quarter of 2012 by increasing.

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