

MIXED SIGNALS FROM INDUSTRY INDICATORS

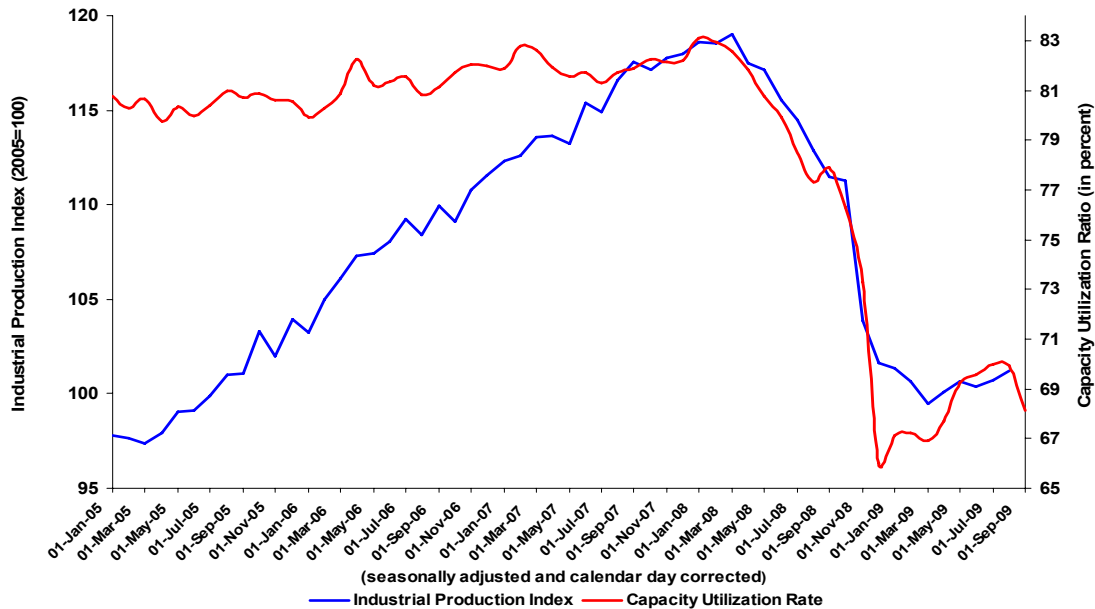
Seyfettin Gürsel^{*}, Onur Altındağ^{**}, Arda Aktaş^{***}

TURKSTAT has released the statistics of the monthly survey of tendencies in the manufacturing industry. The rate of capacity utilization decreased by 9.7 points in September compared to the same month in previous year (September 2008); increased 0.4 points compared to previous month (August 2009) and reached to 70.1 percent.

After the series is seasonally adjusted and corrected for calendar day effects, the capacity utilization ratio of September suggests that the industry operated at a record 68.2 percentage of its capacity. However the current rate is 9.7 points below that of September 2008; 1.8 points below that of August 2009. The capacity utilization rate had decreased by 0.05 points in August compared to July. Therefore, the 1.8 points decline in the capacity utilization ratio in August points to a stagnation of the fairly slow recovery in industrial production that we have been observing since March.

The industrial production index for August, which was released last week, implied a movement in the opposite direction. The seasonally adjusted and calendar day corrected industrial production index figure pointed to a 0.5 point increase compared to July. This had indicated that the slow recovery in the production index was still continuing in August.

**Figure 1 Industrial Production Index (2005=100) and Capacity Utilization Ratio(%)
(Seasonally adjusted and calendar day corrected)**



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Source: TURKSTAT, **betam**

^{*} Prof. Seyfettin Gürsel, **betam**, Director, seyfettin.gursel@bahcesehir.edu.tr

^{**} Onur Altındağ, **betam**, Research Assistant, onur.altindag@bahcesehir.edu.tr

^{***} Arda Aktaş, **betam**, Research Assistant, arda.aktas@bahcesehir.edu.tr

The relatively large decline in the capacity utilization in September reveals that the recovery in the economic activity is stalled. Parallel to this, we do not expect any substantial improvement in the industrial production index for September.