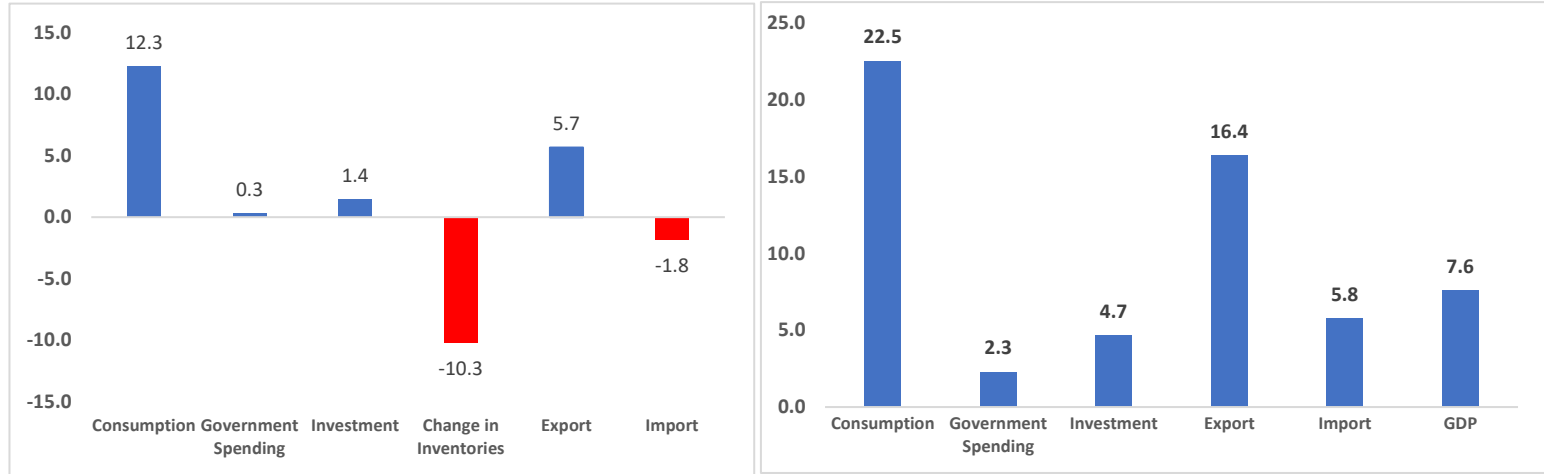


## HOUSEHOLDS' CONSUMPTION AND EXPORT PROMOTED THE GROWTH

Ozan Bakış<sup>1</sup> ve Uğurcan Acar<sup>2</sup>

### Executive Summary

The Turkish economy has grown 7.6 percent in the second quarter of 2022. The biggest contribution to the growth has come from private consumption, with 12.3 percentage points. The net foreign trade has contributed to the growth by 3.9 percentage points. According to the seasonally and calendar-adjusted series, the GDP has grown by 2.1 percent compared to the previous quarter, with a contribution of 2.3 percentage points of stock changes and 1.7 percentage points of foreign trade. On the other hand, stock change and investments drove quarterly growth down by 1.3 and 0.4 percentage points, respectively.



**Figure 1: Contributions to growth (left) and year-on-year growth rates (right) of GDP components in 2022 Q2**

Source: TurkStat, Betam

<sup>1</sup> Betam, ozan.bakis@eas.bau.edu.tr

<sup>2</sup> Betam, ugurcan.acar@eas.bau.edu.tr

### The increase in private consumption continues

In the second quarter of 2022, private consumption increased by 22.5 percent yearly, contributing 12.3 percentage points to growth (Table 1). According to the seasonally and calendar-adjusted figures, private consumption increased by 3.9 percent compared to the previous quarter, contributing 2.3 percentage points to quarterly growth (Table 2).

**Table 1: Growth rates and contributions to the growth of GDP components in 2022 Q1 and 2022 Q2 compared to the same quarter of the previous year**

	2022Q1		2022Q2	
	Change (%)	Contribution (%)	Change (%)	Contribution (%)
<b>Consumption</b>	21.5	11.6	22.5	12.3
<b>Government Spending</b>	3.1	0.4	2.3	0.3
<b>Investment</b>	4.2	1.3	4.7	1.4
<b>Change in Inventories</b>		-10.1		-10.3
<b>Export</b>	14.8	5.0	16.4	5.7
<b>Import</b>	2.2	-0.7	5.8	-1.8
<b>GDP</b>	7.5		7.6	

Source: TurkStat, Betam

**Table 2: Growth rates and contributions to the growth of GDP components in 2022 Q4 and 2022 Q2 compared to the previous quarter**

	2022Q1		2022Q2	
	Change (%)	Contribution (%)	Change (%)	Contribution (%)
<b>Consumption</b>	1.6	0.7	3.9	2.3
<b>Government Spending</b>	-0.3	0.0	1.1	0.1
<b>Investment</b>	2.2	0.6	-1.3	-0.4
<b>Change in Inventories</b>		-1.8		-1.3
<b>Export</b>	-1.3	-0.3	4.1	1.5
<b>Import</b>	-4.3	1.4	0.7	-0.2
<b>GDP</b>	0.7		2.1	

Source: TurkStat, Betam

### Investment spending has slightly increased

Investment expenditures increased by 4.7 percent this quarter, contributing 1.4 percentage points to growth. It decreased by 1.3 percent quarterly compared to the previous quarter, suppressing growth by 0.4 percentage points (Table 1 and Table 2).

### **Inventories have continued to decrease<sup>3</sup>**

We see that stock changes are continuing to suppress annual growth. While the contribution of stock changes to annual growth has been minus 10.3 percentage points (Table 1), according to seasonal and calendar-adjusted data, its contribution to quarterly growth has been minus 1.3 percentage points (Table 2). The contribution of stock change to annual growth is negative because the stocks accumulated during the pandemic continue to melt in the second quarter of 2022, as in the previous quarter and 2021. It may be said that the increase in production lags behind the rise in consumption due to decreasing stocks.

### **Foreign trade contribution is positive**

In the second quarter of 2022, exports increased by 16.4 percent, and imports increased by 5.8 percent annually. The contribution of foreign trade to growth is 3.9 percentage points (Table 1). Looking at the seasonally and calendar-adjusted figures, it is seen that exports increased by 4.1 percent and imports increased by 0.7 percent, and foreign trade contributed 1.7 percentage points to quarterly growth (Table 2).

### **Public spending has increased**

In the second quarter of 2022, public spending increased by 2.3 percent, contributing 0.3 percentage points to annual growth (Table 1). Public consumption increased by 1.1 percent in seasonally and calendar-adjusted figures, supporting 0.1 percentage points to quarterly growth (Table 2).

### **The future of growth**

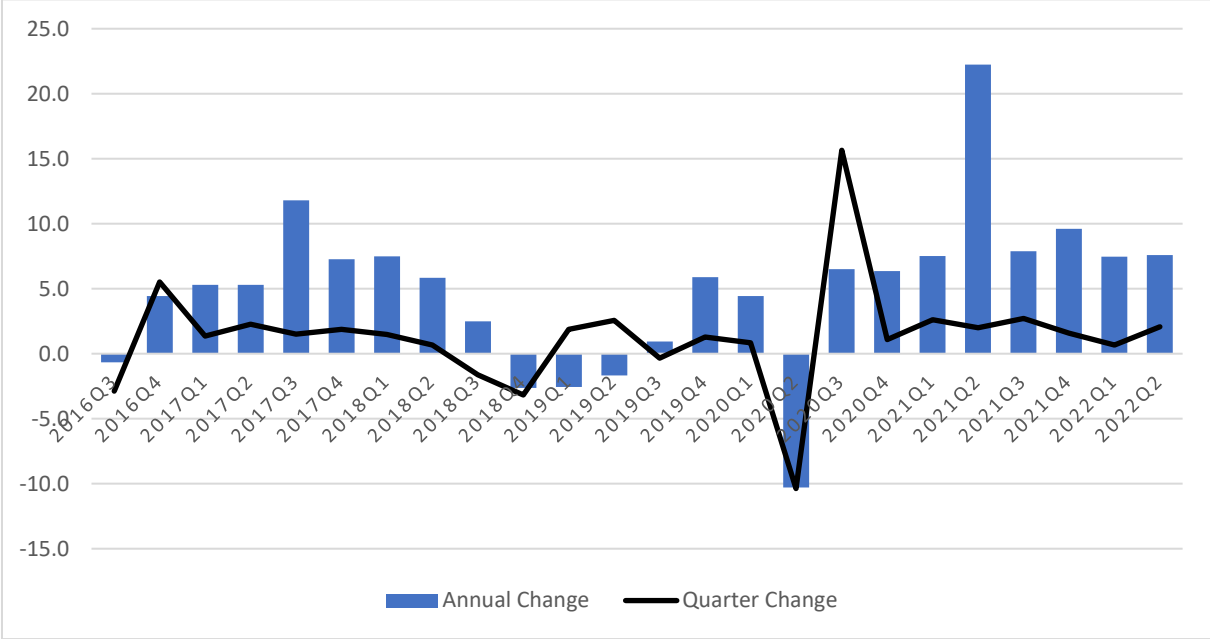
Two components drove growth in the second quarter of 2022 as in the first quarter: private consumption and exports. We observe that the increase in exports did not slow down due to the depreciation in the TL, as the dollar rate at the end of the first quarter was 14, but it rose above 17 towards the end of the second quarter. The slowdown in private consumption can

---

<sup>3</sup> TurkStat uses the chained volume index method when calculating new national income series. The contribution to growth of the inventory change cannot be easily calculated because there is an additivity problem in the chain method and a chain index cannot be derived for the "changes in inventories". We discussed in detail in the research note that we recently published how to account for the contribution of inventory change to growth in the chain-volume index approach (see Betam Research Note 17/217).

be explained by the high post-pandemic consumption trend and the demand for durable goods to be brought forward due to high inflation expectations. Despite the increases in private consumption and exports, the stagnation of investments and the continued decrease of stocks indicate great uncertainties regarding the coming periods for the real sector. There is no doubt that the ongoing inflationary environment also increases this uncertainty.

**Figure 2: GDP growth rates compared to the previous quarter and the same quarter of last year**



Source: TurkStat, Betam