

## Growth in the First Quarter Continues

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### Executive Summary

In light of the fully-released January, February and partly-released March leading indicators, we expect the Turkish economy to grow by 4.0 percent in the first quarter of 2025 compared to the same quarter of the previous year. According to seasonal and calendar-adjusted data, we forecast quarter-on-quarter GDP growth to be 1.3 percent.

GDP growth forecasts	2025Q1
Quarter-on-quarter	1.3
Year-on-year	4.0

**Table 1:** Periodical and annual real GDP growth forecasts. Source: Betam. **NOTE:** "Quarter-on-quarter" growth rate refers to seasonally and calendar-day adjusted real GDP growth forecast; "Year-on-year" growth rate refers forecasted real GDP growth compared to the same quarter of the previous year.

### Fall in imports of consumer goods

In the first quarter of 2025, we expect imports of consumer goods to fall by 7.3 percent and for the income generated by the special consumption tax to fall by 1.5 percent. Alongside an increase of 4.6 percent in public consumption expenditures, we also expect increases between 1.2 percent and 2.8 percent in loans and the industrial production indices (IPI) respectively (Table 2).

Compared with the same quarter of the previous year, public consumption expenditure rose by 3.2 percent while mortgage loans fell by 13.5 percent. In the same period, we expect consumer loans to increase by 1.4 percent. We also expect a 3.2 percent fall in the IPI of nondurable goods and a 4.2 percent fall in the IPI of durable goods compared with the same quarter of the previous year (Table 3).

	2024Q4	2025Q1
Imports-cons. goods	12.3	-7.3
Mortgage loans	-0.0	1.2
Consumer loans + CC	1.8	1.5
IPI-nondurable goods	1.8	1.2
IPI-durable goods	1.1	2.8
Special cons. tax	7.4	-1.5
Public cons.	2.4	4.6

**Table 2:** Consumption expenditures compared to the previous quarter. **IPI:** Industrial production index; **Cons.:** Consumption tax; **CC:** Credit Cards.

	2024Q4	2025Q1
Imports-cons. goods	12.3	2.8
Mortgage loans	-24.6	-13.5
Consumer loans + CC	-1.6	1.4
IPI-nondurable goods	0.2	-3.2
IPI-durable goods	-0.1	-4.2
Special cons. tax	-2.5	0.1
Public cons.	19.0	3.2

**Table 3:** Consumption expenditures compared to the same quarter of the previous year.

### Growth in Commercial Loans

According to seasonally and calendar-adjusted data, we expect a 17.8 percent decline in public investment expenditures and a 4.6 percent increase in commercial loans in the first quarter of 2025. The expected changes in other investment leading indicators are between a 1.2 percent decline and a 2.1 percent increase (Table 4).

On an annual basis, we expect a significant fall in the imports of investment goods (10.1 percent) and an increase in commercial loans (9.3 percent). We calculate a 6.9 percent increase in public investment expenditures and a 2.2 percent increase in the volume of stock of the retail trade sector (Table 5).

### Growth in Foreign Trade

In the first quarter of 2025, we expect exports to increase by 3.8 percent and imports to increase by 1.8 percent, based on seasonally and calendar-adjusted foreign trade figures (Table 6).

Compared with the same quarter of the previous year, exports decreased by 2.2 percent and non-gold exports decreased by 1.0 percent. Imports increased by 1.6 percent, while excluding gold, imports are estimated to have increased by 1.7 percent (Table 7).

	2024Q4	2025Q1
IPI-inter. goods	1.9	2.1
CUR-invest. goods	-0.5	-1.2
Imports-invest. goods	-4.4	1.4
Commercial loans + CC	4.2	4.6
Prod.-last 3 months	6.1	0.6
RT vol. of stock	0.9	0.7
Public invest.	6.4	-17.8

**Table 4:** Investment expenditures compared to the previous quarter. **CUR:** Capacity Utilization Rate. CUR is reported as percentage points changes unlike other indices; **RT vol. of stock:** Current volume of stock of retail trade sector; **Invest.:** Investment.

	2024Q4	2025Q1
IPI-inter. goods	-0.7	-5.8
CUR-invest. goods	-3.7	-3.6
Imports-invest. goods	-8.1	-10.1
Commercial loans + CC	5.3	9.3
Prod.-last 3 months	-4.7	0.1
RT vol. of stock	-2.9	2.2
Public invest.	-8.4	6.9

**Table 5:** Investment expenditures compared to the same quarter of the previous year.

	2024Q4	2025Q1
Exports	-0.0	3.8
Imports	7.7	1.8
Exports excluding gold	2.1	1.7
Imports excluding gold	4.5	5.1

**Table 6:** Foreign trade compared to the previous quarter.

	2024Q4	2025Q1
Exports	-2.0	-2.2
Imports	1.4	1.6
Exports excluding gold	2.8	-1.0
Imports excluding gold	0.4	1.7

**Table 7:** Foreign trade compared to the same quarter of the previous year.

### General Evaluation

Considering the other seasonal and calendar-adjusted leading indicators we use in GDP forecasting, we observe a 2.4 percent increase in the expected prices of the retail sector and a 0.8 percent decline in 12-month investment expectations (Table 8).

Compared to the same period of the previous year, we anticipate that electric consumption will increase by 4.8 percent, while the changes expected in the other leading indicators are between a 1.7 and a 5.6 decline. 9).

In light of the fully-released January, February and partly-released March leading indicators, we expect the Turkish economy to grow by 4.0 percent in the first quarter of 2025 compared to the same quarter of the previous year. According to seasonal and calendar-adjusted data, we forecast quarter-on-quarter GDP growth to be 1.3 percent.

	2024Q4	2025Q1
IPI-manufacturing	4.0	0.6
RT price exp.	0.9	2.4
CUR	-0.4	-0.6
Ser. demand turnover	-0.3	1.0
Expected invest.-12m	-0.1	-0.8
Electricity cons.	-0.9	1.4

**Table 8:** Some of leading indicators compared to the previous quarter. **RT price exp.:** Expected price for the retail sector (next 3 months); **Ser. demand turnover:** Demand for services (last 3 months), **Expected invest.-12m:** Investment expectations (next 12 months); **Expected invest.-12m:** Investment expectations (next 12 months)

	2024Q4	2025Q1
IPI-manufacturing	1.8	-5.6
RT price exp.	-0.7	-3.3
CUR	-2.0	-1.7
Ser. demand turnover	-0.5	-4.5
Expected invest.-12m	-6.0	-5.5
Electricity cons.	6.1	4.8

**Table 9:** Some of the leading indicators compared to the same quarter of the previous year.

### BOX: EXPLANATIONS

#### Explanation on seasonal and calendar day adjustment:

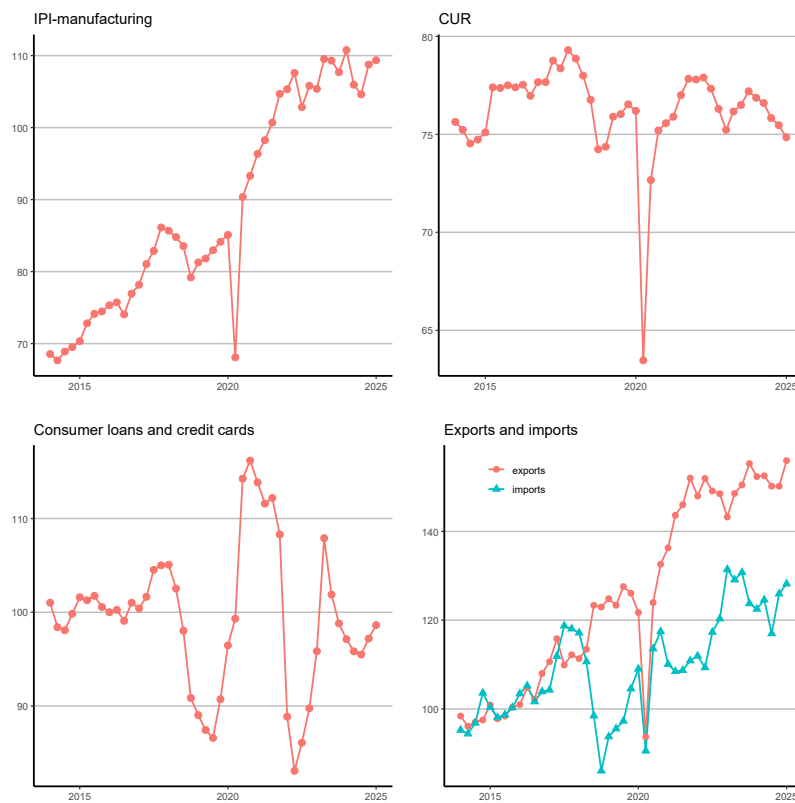
While forecasting the quarter-on-quarter GDP growth rate, we adjust all series for seasonal and calendar day effects. If institutions release an adjusted series, we use this released adjusted series, and if not, BETAM performs seasonal and calendar day adjustments. The status of variables used in this brief can be summarized as follows:

- Central Bank of the Republic of Turkey (TCMB): Capacity utilization rate of the manufacturing industry (CUR), Real sector confidence index.
- Turkstat (TUIK): Industrial production index (IPI) and its sub-components; export, import, and import sub-components concerning goods categories (intermediate goods, investment goods, and consumption goods); sectoral confidence indices and its components (retail trade, services, and construction sectors)
- Betam: The rest of the leading indicators.

**Explanation on leading indicators:** Betam shares three forecasts for each quarter. For some indicators of the quarter, of which the growth rate is forecasted, the last two months' observations and for others' last month's observations are missing when we run the forecasting model. While estimating growth rates of leading indicators, we use forecasts based on previous observations of each series for missing months. Since there are no missing monthly observations in series while running the third forecast, there is no need for this forecast.

#### Explanation on forecasting model:

For the direct forecast of GDP, we use 16 leading indicators. While forecasting the components of GDP (consumption, investment, export, and import), we use 26 leading indicators. We prefer to represent remarkable variables within the current period and success in the forecast instead of representing all of them in the research brief and tables.



**Figure 1:** Seasonally and calendar day adjusted quarterly leading indicators. Consumer credits and individual credit cards in the first quarter of 2016 are indexed at 100.