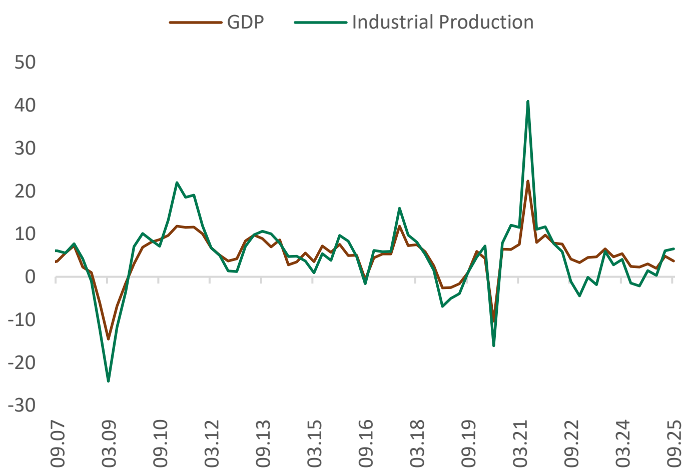
Macro note – 2025 3rd Quarter GDP

The Turkish economy grew by 3.7% annually and 1.1% quarterly in the third quarter of 2025. While consumption remained the main trend, investment spending increased significantly.

Abdulkadir DOGAN
Chief Economist
adogan@sekeryatirim.com.tr
(+90) 212 334 33 33/313

According to growth data announced by TUIK, the Turkish economy grew by 3.7% in the third quarter of the year compared to the same period of the previous year. (Market Expectation is 4.1% and Seker Investment Expectation is 4%). The seasonally and calendar adjusted GDP chained volume index increased by 1.1% compared to the previous quarter. The calendar adjusted GDP chained volume index increased by 3.4% in the second quarter of 2025 compared to the same quarter of the previous year. The Gross Domestic Product estimate by the production method increased by 41.6% in the third quarter of 2025 compared to the same quarter of the previous year at current prices, reaching TRY 17 trillion 424 billion 718 million. The third-quarter value of GDP was realized as USD 432 billion 880 million at current prices. The share of labor compensation in Gross Value Added at current prices remained constant at 35% compared to the same period of the previous year. The share of net operating surplus/mixed income increased from 46% to 46.7%. An analysis of the activities constituting GDP reveals that, in the third quarter of 2025, compared to the previous year, the following chained volume index figures were observed: construction increased by 13.9%, finance and insurance by 10.8%, information and communication by 10.1%, product taxes minus subsidies by 9.6%, other service activities by 7.1%, industry by 6.5%, trade, transportation, accommodation and food services by 6.3%, professional, administrative and support services by 4.4%, real estate by 4.2%, and public administration, education, human health and social services by 2.1%. The agricultural sector decreased by 12.7%. Significant improvement is evident in the construction sector. Both interest rate cut expectations and the implementation of postponed activity have accelerated the construction sector compared to the previous year. On the other hand, the 12.7% contraction in the agricultural sector can be considered a seasonal effect. We estimate that being due to the agricultural frost this will have only a temporary impact on economic activity. Industrial production, which we closely monitor as a production-biased growth indicator, continues to recover, albeit at a slower pace. The significantly higher-than-expected quarterly growth stems from the fact that annual growth includes seasonal effects. We expect this divergence to close in the final quarter.

Graph 1: Growth and Industrial Production (YoY %)



Looking at the sub-components of growth, final consumption expenditures increased by 4.8% compared to the previous quarter. Considering the underlying trend in consumption expenditures, a calm trend is observed. Government spending increased by 0.8% annually. While fiscal policy has seen negative annual increases in previous periods, this period saw a slightly positive trend. This is important because it highlights inflation and the monetary policy stance. We saw a significant increase in investment expenditures at 11.7% annually, and this component made the largest contribution to growth during this period. We view this positively because it represents healthy and job-creating growth. Net exports continue to slow. While exports decreased compared to the previous period, imports increased in line with consumption expenditures. The contribution of net exports to growth is negative. We are also seeing the impact of this on the balance of payments.

In summary, the Turkish economy grew by 3.7% annually in the third quarter and 1.1% compared to the previous quarter. While annual growth figures fell short of expectations, quarterly indicators were significantly above them. While consumption trended in line with expectations, investment spending improved significantly. Furthermore, while the construction sector was positive, agriculture contracted sharply due to the frost. Continued, albeit cautious, interest rate cuts are reflected in growth indicators. The recovery in production activity brings both healthy and sustainable growth and a contribution to the disinflation process. We emphasize that any new data and policy announcements will prompt an update to our forecasts. Due to lower-than-expected production dynamics, we maintain our 2025 GDP growth forecast at 3.4%.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No: 171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /IST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: http://www.sekeryatirim.com/english/index.aspx

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com.tr
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com.tr
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Basak Kamber	Glass, Pharmaceutical, Defense, Telcos, Cons. Dur.	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com.tr
M. Mucahid Yıldırım	Banking	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com.tr
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com.tr
O. Furkan Ozdemir	Iron & Steel, Oil- Gas & Deriv.	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com.tr

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com.tr

Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com.tr
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

DISCLAIMER

I, Abdulkadir Dogan, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by Şeker Yatırım Menkul Değerler A.Ş. (Şeker Invest, Inc.). The information and opinions contained herein have been obtained from and are based upon public sources that Şeker Invest considers to be reliable. No representation or warranty, express or implied, is made that such information is accurate or complete and should not be relied upon, as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Şeker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Şeker Invest. By accepting this document you agree to be bound by the foregoing limitations.