

# ECONOMIC PULSE

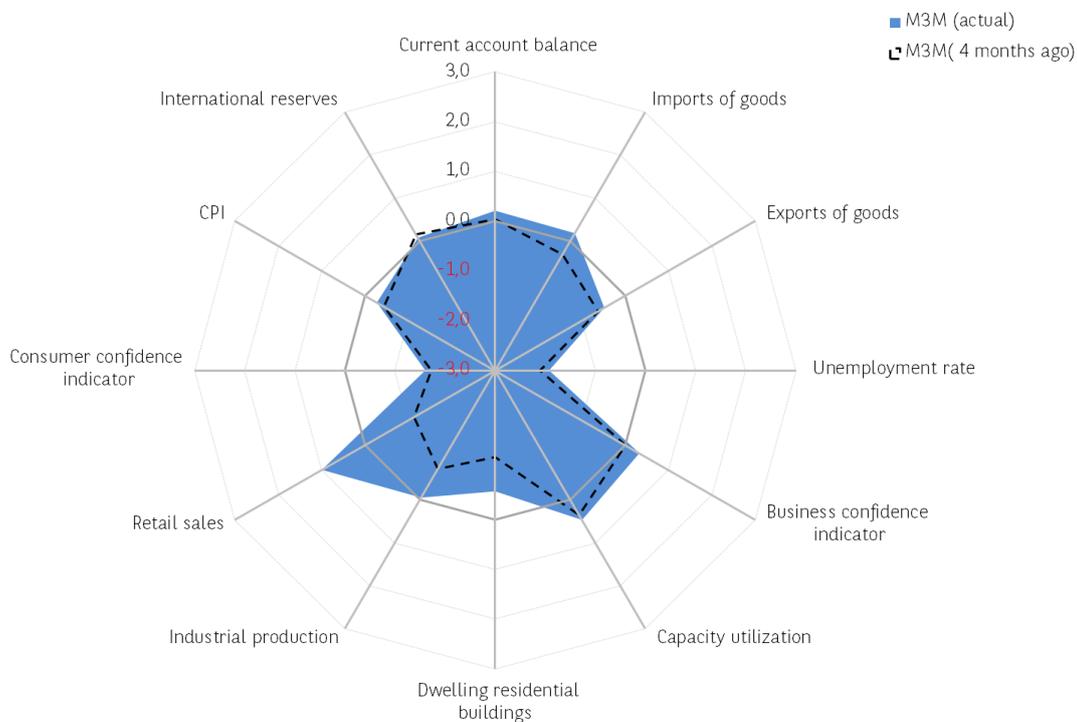
## A RESILIENT TURKISH ECONOMY

Our indicators show a rather resilient Turkish economy given the global slowdown and uncertainties linked to the military operation in Syria. Indeed, real GDP rebounded markedly in Q42019 (+5.9% yoy compared with 1% in Q3) thanks to a sustained private consumption. Moreover, business confidence has recovered. Household confidence has deteriorated with the rise in unemployment but consumer credit has skyrocketed as a result of very attractive borrowing conditions offered by public banks in the wake of monetary easing (the policy rate has been lowered to 10.75% from still 24% at end-July). The recent fall in oil

prices is a blessing for the country as it should offset the increase of the non-oil trade deficit caused by the depreciation of the currency and the significant participation of Turkish industries in global value chains. There is a caveat to this overall positive picture: it does not take into account the disruptive impact of Covid-19 as data (surveys included) were collected before the spreading of the outbreak.

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### QUARTERLY CHANGES



SOURCE: THOMSON REUTERS, BNP PARIBAS

The indicators in the radar are all transformed into z-scores. By construction, the z-scores have mean zero and their values, which indicate how far the indicator is removed from its long-term average, are in the interval between -3 and 3 in almost all cases. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area signals an improvement.

