

Box 2.2

Findings Obtained from Interviews with Businesses

Within the CBRT, studies are carried out under the name of “Economic Lens to the Real Sector”, which is based on face-to-face meetings with businesses¹. This box summarizes the findings from the interviews conducted in the last quarter.

While the interviews revealed that the positive course of economic activity continued in the last quarter, they also pointed out that there was a loss of momentum compared to the previous quarter. Although the recovery in external demand reflected positively on production, supply problems and the loss of momentum in domestic sales stand out as limiting factors in output growth.

Price sensitivity of consumers became more pronounced and year-end campaigns were weak compared to the previous years. In this context, non-durable and semi-durable goods groups were the sectors in which the tendency to weaken became prominent. On the durable goods side, the demand for white goods, which had remained low after the reopening in the third quarter, increased in the fourth quarter compared to the long-term averages. The increased tendency to use individual vehicles due to the pandemic kept the demand for automobiles alive throughout the year, this demand strengthened a little further in the last quarter. However, a significant part of the demand could not be met due to the supply problems caused by the ongoing semiconductor shortage. The weak sales in the housing sector due to high prices were supported by sales made for investment purposes and by sales to foreign residents in this period.

Exports maintained their positive outlook in the last quarter as was the case in the previous periods. The continuation of external demand during the pandemic period, dispersion of the demand-driven risks through market diversification of the businesses, and the exchange rate developments were highlighted as factors that continued to support exports. This trend was more evident in the main exporting sectors, especially in textiles, garments, basic metals and white goods. On the other hand, the disruptions in production due to the continuing problems in the supply of semiconductors in the automotive industry adversely affected the exports of both the main industry and sub-industry companies producing for the main industry. While it is predicted that the factors supporting exports will continue in the first quarter of 2022, the rise in global inflation, and possible lockdown and other measures to be taken due to the pandemic evolving with new variants have been mentioned as important risk factors.

While strong external demand supported production activities, the ongoing supply problems and the loss of momentum in domestic sales limited the increase in production. The sectors in which the effects of supply problems were felt more clearly are automotive, construction sub-sectors, furniture, chemistry and basic metal industries. The companies interviewed expect that the production activities will continue in parallel to the last quarter and that the expectations regarding exports will reflect positively on production activities in the upcoming period.

In the last quarter of the year, the next 12-month investment stances of businesses working mainly for the domestic market were more cautious compared to the previous quarter. The investment stance of exporting companies, on the other hand, maintained its positive outlook throughout the quarter. This differentiation between investment stances was also reflected in the employment plans of the companies for the upcoming period.

The increase in the financial needs of businesses continued in the last quarter. The underlying reason for this increase was the need for working capital caused by the input costs. The maturity mismatch in the due dates for receivables and payables was another important factor that increased the working capital requirement.

The costs that companies had to manage increased significantly in the last quarter of the year. Raw material, energy, supply costs and exchange rate developments were the determining factors of this situation.

¹ The main purpose of this study is to obtain information on periodic production, domestic and international sales, investments, employment, credit conditions, and cost and price developments in a timely manner, to closely monitor economic activity, and to improve the communication between the CBRT and real sector representatives, through meetings with businesses in different sectors. The findings obtained from the interviews constitute a high-quality and timely source of information for monetary policy decisions. Interviews are held with businesses in the manufacturing industry, and trade and services sectors within the framework of the sample created by considering their weight in the total economic activity at sectoral, regional and scale level. This study includes evaluations and inferences based on interviews with businesses and does not reflect the views of the Central Bank of the Republic of Turkey. The information and findings obtained may differ from the official statistics, information and findings that will be published later.