



Spring 2007 Economic Outlook for Turkey: Answers from TUSIAD

MAIN FORECAST

	2006	2007	2008
Real GDP growth	5,4	4,8	na
Consumer price inflation	9,7	6,5	na
Unemployment rate	10,1	10,0	na
Employment growth	0,6	1,0	na

Components of aggregate demand

Annual % change	2006	2007	2008
Private consumption	6,0	5,0	na
Public consumption	13,0	7,5	na
Investment (Gross fixed capital formation)	13,5	8,5	na
Exports	6,5	7,0	na
Imports	9,0	8,5	na

ECONOMIC SENTIMENT

Question 1	Positive	Negative	Unchanged		
Trend in business climate over the next 6 months		Industry Services			
Question 2	Positive	Negative	Unchanged		
Trend in profitability over the next 6 months		Industry Services			
Question 3	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
Trend in investment over the next 6 months (compared to the last 12 months)				Industry Services	
Question 4	Replacement	Extension	Rationalisation	Innovation	
Driving force behind investment decisions in the next six months	Down	Down	Same	Same	
Question 5	Positive	Negative	Unchanged		
Trend in consumer confidence over the next 6 months		yes			
Question 6	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months	
Overall trend in employment	Down	Down	Same	Down	
Question 7	Higher / more difficult	Same	Lower / less difficult		
Compared to 6 months ago, SME's cost/access to capital for business development	Access	Cost			

MAIN RISKS

Question 8	Dollar per euro
Above which level of dollar / euro will the European economy be significantly hurt ?	na
Question 9	Dollar per euro
Where will the dollar / euro stand in October 2007 ?	na

POLICY MIX

Question 10	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating	
Fiscal policy: Progress towards the medium-term budgetary objective?		yes				
Question 11	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate for the euro area	
Monetary policy is...			yes			
Question 12	Robust growth and above-target inflation	Downside risks to growth	Risks to price stability from high oil prices	Risks to price stability from indirect tax increases	Risks from money supply growth	Risks of euro appreciation
ECB policy: Focus on elements of the ECB analysis underlying its current policy stance is...						
Question 13	Adequate	Inadequate				
Consistency between the fiscal and the monetary policies	yes					