Turkey is not being immune to the Covid-19 crisis. However, since the beginning of the crisis we have maintained that the Turkish will outperform the rest of the G20 countries, with a GDP growth rate closer to “0%”.

Why we maintain this difference with some of the forecasts including some International Institutions signaling a contraction for Turkey near 5% this year? There several reasons for that.

The first one is simple accounting. When the virus hit the country in March, the economy was experiencing a sharp recovery from the last year recession. Even with the first hit of the Virus, the GDP outperformed the rest of the world by growing a 4.5% yoy in the first quarter. Despite the economic collapse of the second quarter, the economy has adjusted by -2.7% during the first half of the year.

This is a huge decline, and should not be minimized. However, it is still near 3.5 pp better than the average of G20, only surpassed by the Asian countries.

Beyond this resilience, the recession has been short lived. Since the beginning of the economic recovery in May, the GDP growth accelerated in a “V” shaped pattern. According to our Real Time GDP model the economy is growing between 3.5%-4.0% in Mid-September. Our Latest Big Data information show that consumption remain robust and investment growth is in positive territory. Most of the traditional indicators and surveys have followed this way. This has supported a recent upgrade of the Turkish GDP forecasts for 2020, including some international organizations.

The necessary rebalancing of policies, including the tightening of monetary policies, will affect the GDP growth rate in the last part of the year. However, even with this moderation the economy will be able to post a GDP growth closer to “zero” this year.

With the right policies, Turkey will grow again near or above potential next year.