CHAMBER OF SWORN-IN CERTIFIED PUBLIC ACCOUNTANTS OF ISTANBUL

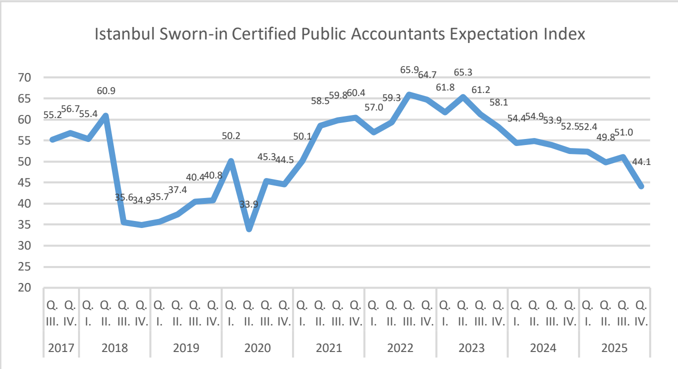
ECONOMIC EXPECTATION INDEX

MAIN ISSUES FACED BY FIRMS/SECTORS AND PROPOSED SOLUTIONS

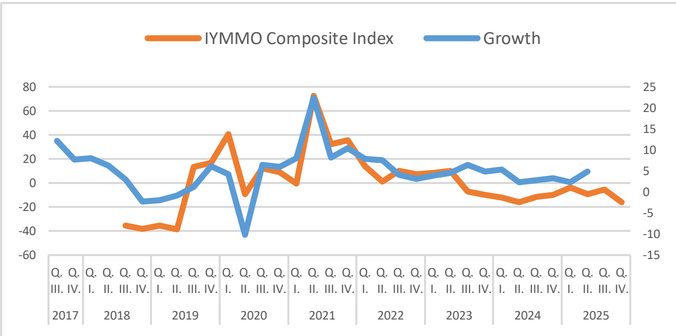
2025 QUARTER IV.

PROF. NAZIM EKREN
PROF. ELÇİN AYKAÇ ALP
ASST. PROF. MEFULE FINDIKÇI ERDOĞAN

The Economic Expectation Index for the third quarter of 2025 was recorded at 44,1.

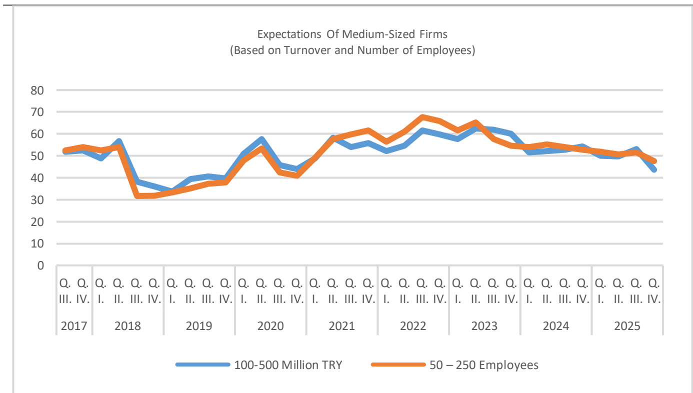


Based on the responses to the survey conducted for the fourth quarter of 2025, the composite index was calculated as 44.1. According to the results derived from the survey collected from members of the Istanbul Chamber of Sworn-in Certified Public Accountants, the Expectation Index had reached 51.0 in the third quarter of 2025, indicating a limited improvement in expectations regarding economic activity.
However, this improvement could not be sustained. In the fourth quarter of 2025, the index fell below the 50-point threshold again, reaching 44.1, revealing a notable decline in economic expectations. This situation indicates that a more **cautious approach** has re-emerged in businesses' and sectors' assessments of economic activity, with the perception of partial recovery from the previous quarter being replaced by a more stagnant and prudent outlook.
The index remaining below the neutral threshold of 50 suggests that decision-makers and economic stakeholders have **cautiously** revised their short-term expectations, and that economic activity has entered a phase of **losing momentum**.

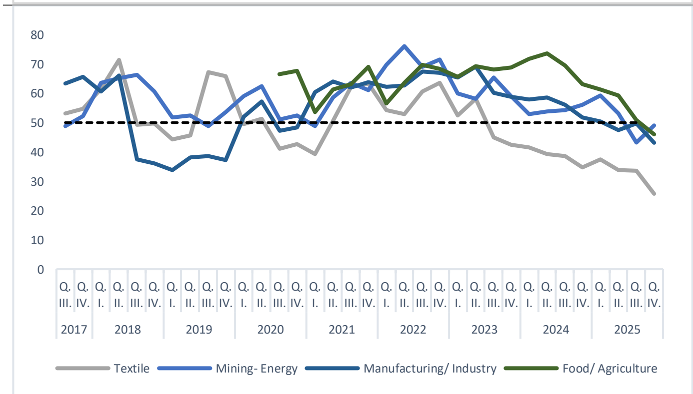


*Year-on-year for the same quarter

Although the trends of **GDP growth rate** and the **İYYMO Composite Expectation Index** for the 2017–2025 period appear similar, the calculation methodologies of these indicators differ; therefore, it is **not necessary** for them to follow identical patterns. The composite index, which reflects the views of **sworn-in certified public accountants** who possess firsthand insight into the economic and commercial changes and transformations within sectors, appears to **mirror the trajectory of the Turkish economy**.
In the fourth quarter of 2025, the index fell **below the 50-point threshold**, reaching **44.1**, indicating a **significant weakening in expectations regarding economic activity** compared to the previous quarter. This suggests that professionals who closely monitor the pulse of businesses and sectors have adopted a **more cautious and measured assessment** of the current economic conditions.
Although the direction of the index does not perfectly coincide with the GDP growth rate, its movements over time serve as a **leading indicator** for evaluating the general economic climate. In this context, the decline observed in the last quarter of 2025 points to a **moderate slowdown in the pace of economic activity** and highlights the emergence of a **more prudent stance** in the expectations of businesses and sectors.



When examining business expectations for the fourth quarter of 2025 based on turnover levels, the index values were found to be 41.6 for small-scale enterprises, 43.8 for medium-scale enterprises, and 45.2 for large-scale enterprises.
When expectations are analysed based on the number of employees, the fourth-quarter index values were 44.1 for small-scale enterprises, 47.5 for medium-scale enterprises, and 39.8 for large-scale enterprises.
Although the expectations of businesses of different sizes—classified by turnover and employment—generally follow a similar trend, the results indicate that expectations weakened particularly among large-scale enterprises during this period, while medium-scale enterprises maintained a relatively more moderate outlook.
Overall, businesses' assessments of economic activity in the fourth quarter display a more cautious outlook compared to previous periods. The trend of **"cautious optimism"** appears to have been replaced by a structure reflecting measured yet subdued expectations during this quarter.

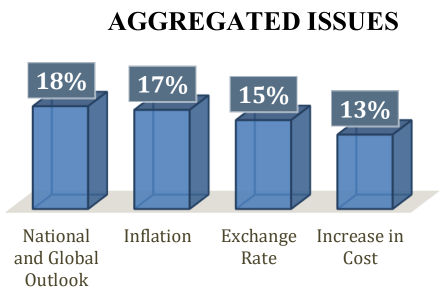


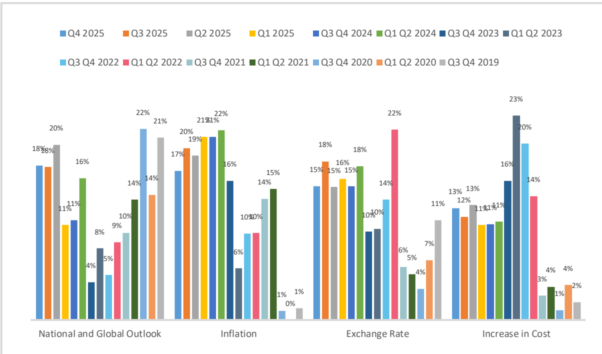
When examining business expectations for the fourth quarter of 2025 based on turnover levels, the index values were found to be 41.6 for small-scale enterprises, 43.8 for medium-scale enterprises, and 45.2 for large-scale enterprises. Similarly, when expectations are analysed based on the number of employees, the fourth-quarter index values were 44.1 for small-scale enterprises, 47.5 for medium-scale enterprises, and 39.8 for large-scale enterprises. Although the expectations of businesses of different sizes—classified by turnover and employment—generally follow a similar trend, the results indicate that expectations weakened particularly among large-scale enterprises during this period, while medium-scale enterprises maintained a relatively more moderate outlook.

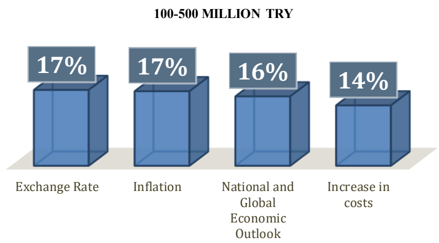
An examination of the historical trajectory of the expectation indices for the 2017–2025 period reveals that a **sharp decline** occurred across all sectors in **2020** due to the impact of the **COVID-19 pandemic**, followed by a **general recovery trend** in the subsequent years. However, in the **post-2023 period**, a **noticeable fragility** in sectoral expectations has become apparent.
This fragility is attributed to businesses adopting a **more cautious approach** in response to **global economic fluctuations, inflationary pressures, rising interest rates, and geopolitical developments**. The **sharp declines** observed particularly in the **textile** and **tourism** sectors reflect the impact of **slowing demand, increasing costs, and tighter financing conditions**. Among all industries, the **textile sector** has exhibited a **more negative trend**, standing out with lower expectation index values. This weak performance appears to stem from factors such as rising production costs, subdued demand, intensified competition, and declining investment appetite.
Similarly, the **manufacturing/industrial** and **trade** sectors also displayed **weak expectations** in the **fourth quarter**. In contrast, the **banking and finance** as well as the **information and communication** sectors maintained a **relatively strong outlook**, with index levels **above 50 points**.
In the **health** and **food/agriculture** sectors, although demand remained strong throughout the year, it partially weakened in the fourth quarter. Nevertheless, these sectors managed to **maintain a relatively balanced outlook**, thanks to their structural resilience.
Furthermore, notable changes and shifts have begun to emerge in the relative balances among sectors, signalling a reconfiguration of the sectoral dynamics within the economy.

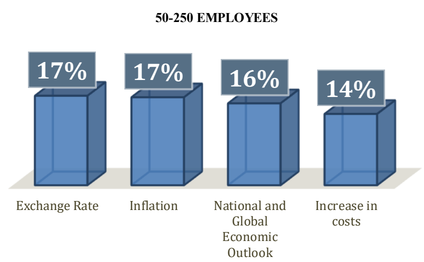
The aggregated challenges faced in the fourth quarter of 2025 were identified as inflation, the national and global economic outlook, exchange rate fluctuations, and rising costs.

According to the responses provided by sworn-in certified public accountants, the main challenges faced by businesses in the fourth quarter of 2025 were identified as the national and global economic outlook, inflation, exchange rate fluctuations, and rising costs. Given that the impact of the proposed measures may vary depending on business and sector characteristics, economic conditions, and other factors, it is essential that the policies to be implemented by public authorities be designed and evaluated separately according to the size and sector of enterprises. The findings of the report reveal that these challenges differ across turnover levels, employment size, and sectoral distribution, and that their effects fluctuate periodically in line with changes in the economic conjuncture. In this context, the results underscore the necessity for public policy measures to be tailored to sectoral and scale-specific differences in order to ensure more effective and targeted outcomes.



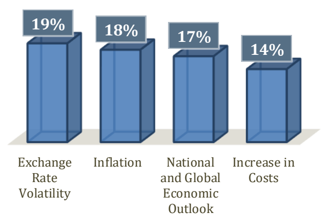






National and Global Economic Outlook: Uncertainties in the global economy, along with domestic cyclical shifts, necessitate the harmonized implementation of policy components. In the short term, it is crucial to ensure the coordination of monetary, fiscal, and exchange rate policies, to conduct regulatory processes based on predictability, and to strengthen institutional transparency in order to reinforce investor confidence. In the medium term, it is necessary to enhance the effectiveness of legislation, strengthen competition policies, and develop data-driven auditing mechanisms to combat the informal economy. Within this framework, vocational training, digital transformation, and green financing practices that increase productivity should be supported, while new trade agreements and logistics infrastructure investments that promote sustainable growth in foreign trade should be prioritized. At the enterprise level, to strengthen resilience amid uncertainty, businesses should adopt scenario-based budgeting, alternative market strategies, supply chain consolidation, and corporate risk management approaches. Inflation: The main drivers of inflation are not limited to cost-related dynamics; expectation management and rigidities in pricing behaviour further increase the complexity of the process. In the short term, ensuring predictability and rule-based conduct in monetary policy points to a stable disinflation path. It is also crucial to limit deterioration in expectations through scheduled adjustments in public pricing. In the medium term, emphasis should be placed on implementing reforms that break indexation behaviours in the pricing chain, simplifying indirect taxes, and supporting productivity-enhancing investments, particularly to reduce volatility in food prices. For businesses, it is important to adopt value-based pricing strategies rather than automatically passing cost increases onto prices, as well as to establish inventory management systems and early warning mechanisms for input cost fluctuations. Exchange Rate: Given that exchange rate volatility directly affects the financial decisions of the real sector, in the short term, emphasis should be placed on reserve management and communication policies aimed at limiting sudden movements, while maintaining a free-floating exchange rate regime. In the medium term, policy packages that balance exchange rate and inflation considerations should be implemented, and external vulnerabilities should be reduced by strengthening energy supply security and domestic production capacity. For businesses, effective management of exchange rate risk requires the use of natural hedging strategies, risk distribution through derivative instruments (such as forwards and options), and diversification of income and expenditure across currencies. This approach will increase resilience against exchange rate fluctuations and support financial stability. Cost Increases: Disruptions in global supply chains and rising energy prices are creating persistent pressures on cost structures. In the short term, priority should be given to targeted incentives to preserve employment, limited and temporary support for energy costs, and bureaucratic simplifications that facilitate the production process. In the medium term, investments that permanently enhance productivity, such as energy efficiency, digitalization, and automation, should be encouraged. Strengthening vocational training and private-sector cooperation in the labour market is also necessary to ensure the sustainability of skilled employment. At the enterprise level, the use of activity-based costing methods, the establishment of long-term supply contracts, and renewable energy purchase agreements can help manage input costs and alleviate cost pressures.

Since the first quarter of 2025, the manufacturing industry index has remained below the 50-point threshold, reaching its lowest level in the final quarter. Considering the structure and characteristics of the manufacturing industry, it ranks among the most critical sectors in terms of both economic and social impact. In assessing this sector, not only its sensitivity and exposure to national and global economic conditions should be considered, but also the key parameters of restructuring processes aligned with the changing and transforming competitive dynamics of the 21st century. To restore the sector's competitiveness, it is crucial to implement strategic industrial policies at the policy level in coordination with innovative production and management models at the enterprise level. The synchronization of these two dimensions will play a pivotal role in strengthening the manufacturing industry's capacity to adapt and thrive in an evolving global economy.



Istanbul Sworn-in Certified Public Accountants' Expectations Index by Firm Size

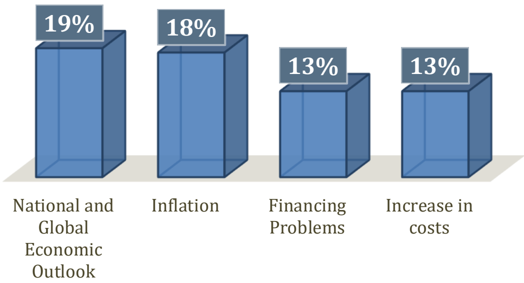
		Turnover Level			Number of Employees		
		Period	**0-100 million TRY**	**100-500 million TRY**	**500 million and above**	**Less than 50**	**50 – 250 employees**
2023	Q. I.	67.3	57.6	62.4	63.8	61.6	59.8
	Q. II.	65.2	62.5	65.9	65.8	65.1	65.0
	Q. III.	58.0	61.8	61.1	64.2	57.6	62.8
	Q IV.	57.2	60.0	57.7	61.7	54.8	58.9
2024	Q. I.	52.1	51.7	58.3	53.2	53.9	55.9
	Q. II.	56.6	52.3	57.1	54.4	55.1	55.1
	Q. III.	53.8	52.8	55.5	54.1	53.9	54.0
	Q. IV.	52.9	54.5	51.3	54.8	52.7	50.9
2025	Q. I.	59.2	50.2	51.9	57.1	51.8	50.0
	Q. II.	42.9	49.9	51.3	49.8	50.6	48.9
	Q. III.	45,6	53,0	50,9	54,6	51,7	47,1
	Q. IV.	**41.64**	**43.79**	**45.21**	**44.1**	**47.5**	**39.8**

Istanbul Sworn-in Certified Public Accountants' Expectations Index by Sectors

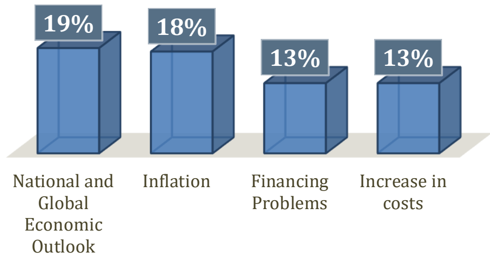
	2023				2024				**2025**			
	Q. I.	Q. II.	Q. III.	Q. IV.	Q. I.	Q. II.	Q. III.	Q. IV.	Q. I.	Q. II.	Q. III.	**Q. IV.**
Construction	52.0	57.4	51.9	54.9	42.6	45.1	44.9	47.0	45.1	49.4	52,7	**48.0**
Automative	57.9	62.8	62.8	60.1	54.8	56.3	52.5	46.5	45.0	47.4	36,7	**49.6**
Textile	52.5	58.1	45.1	42.4	41.6	39.2	38.5	34.7	37.5	33.8	33,5	**25.7**
Tourism	61.2	75.1	74.9	49.5	53.1	63.8	53.2	42.9	46.5	59.2	68,1	**41.5**
Mining-Energy	59.9	58.1	65.4	59.0	52.8	53.8	54.2	56.1	59.2	53.2	43,2	**49.1**
Banking and Financial Institutions	62.3	57.4	64.2	61.4	56.7	58.3	59.0	62.0	66.6	54.0	71,7	**52.1**
Manufacturing/ Industry	65.4	69.1	60.2	58.8	58.0	58.7	56.1	51.7	50.4	47.5	49,6	**43.2**
Trade	66.3	66.2	66.3	64.9	55.9	56.1	55.8	55.5	56.6	50.4	55,1	**46.5**
Information and Technology Technologies	63.1	64.5	67.4	67.1	55.3	58.7	58.9	62.7	64.3	55.5	61,5	**54.2**
Healthcare	70.6	70.6	63.5	59.1	63.4	61.4	63.8	66.7	66.9	67.8	62,2	**46.9**
Logistic-Transportation	66.2	64.1	66.4	59.2	61.5	52.3	56.1	54.4	55.6	52.9	52,8	**51.0**
Food/ Agriculture	65.6	69.2	68.2	68.9	71.7	73.6	69.5	63.0	61.3	59.3	50,8	**46.0**

KEY PROBLEMS AND SOLUTION PROPOSALS FOR FIRMS

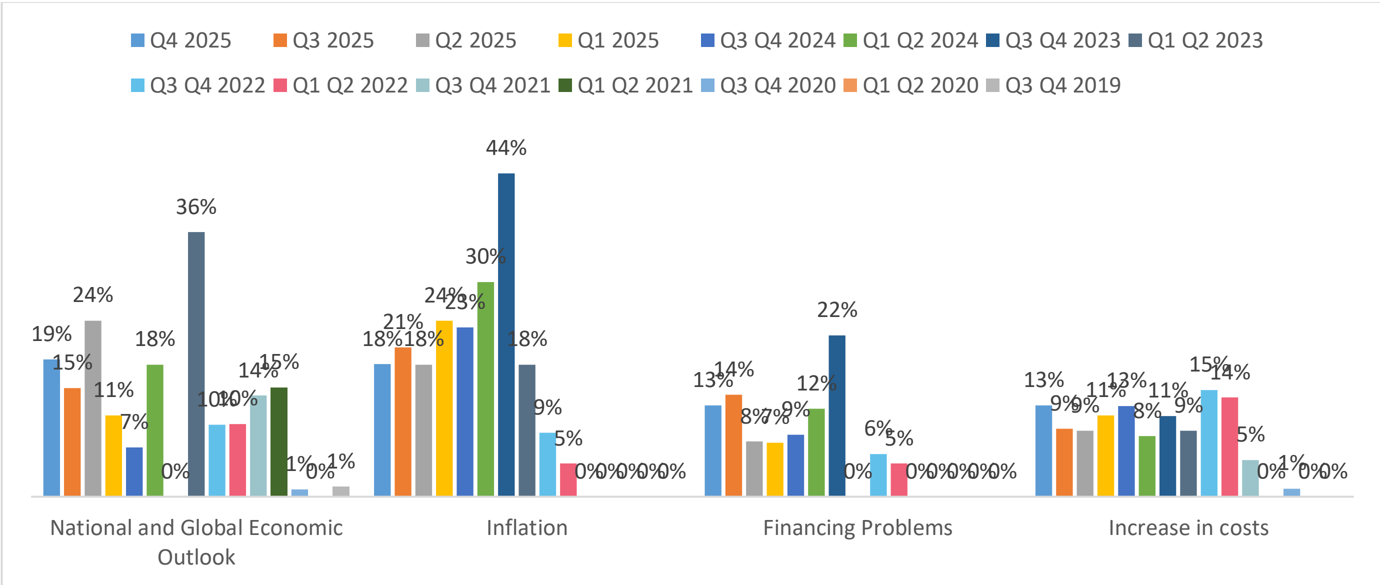
Key Problems of Firms with a Turnover Level of "0-100 million TRY" in Q4 2025



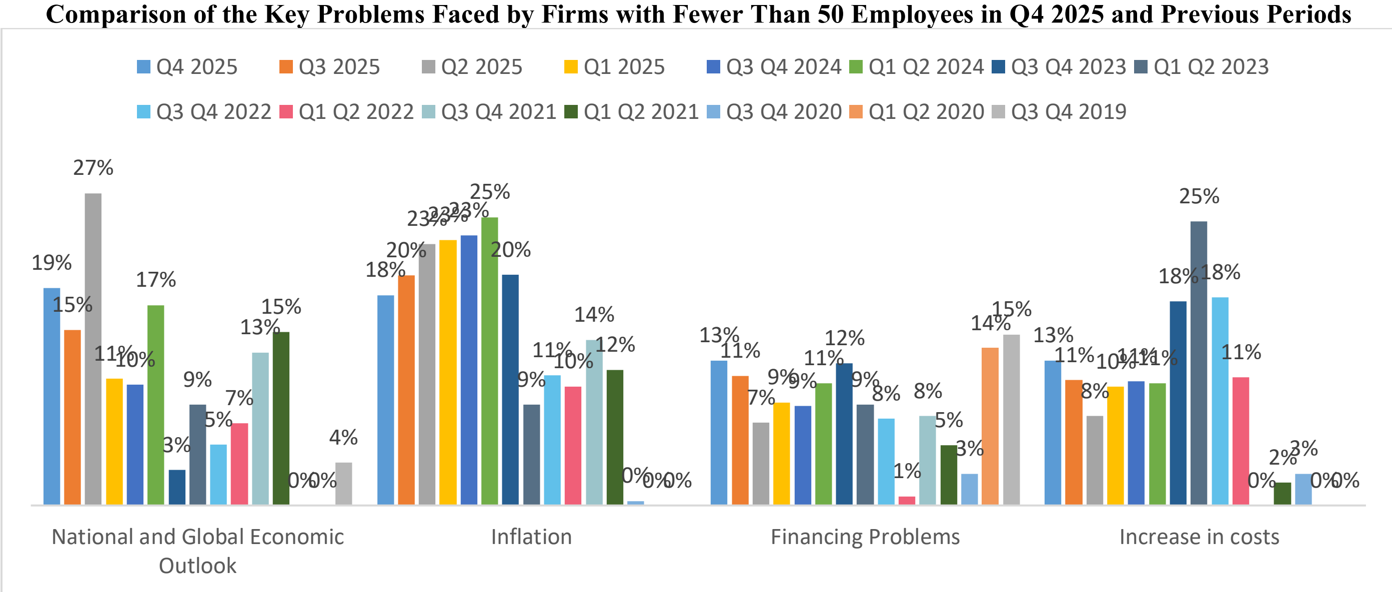
Key Problems of Firms with Fewer Than 50 Employees in Q4 2025



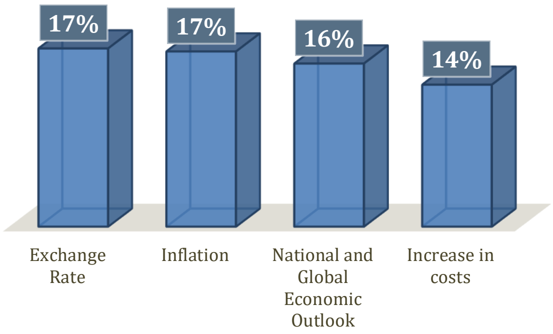
Comparison of the Key Problems Faced by Firms with a Turnover Level of "0-100 million TRY" in Q4 2025 and Previous Periods



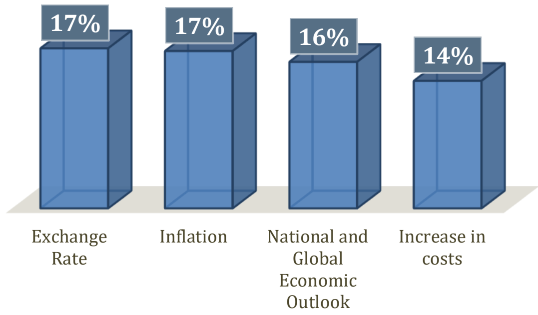
Comparison of the Key Problems Faced by Firms with Fewer Than 50 Employees in Q4 2025 and Previous Periods



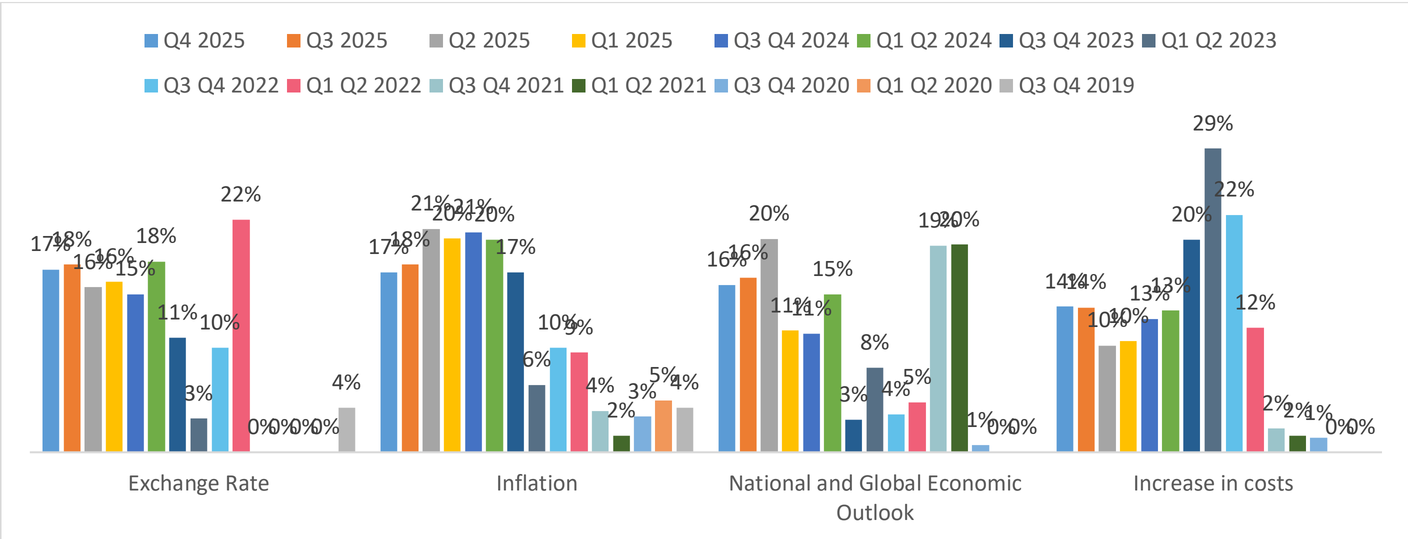
Key Problems of Firms with a Turnover Level of "100-500 million TRY" in Q4 2025



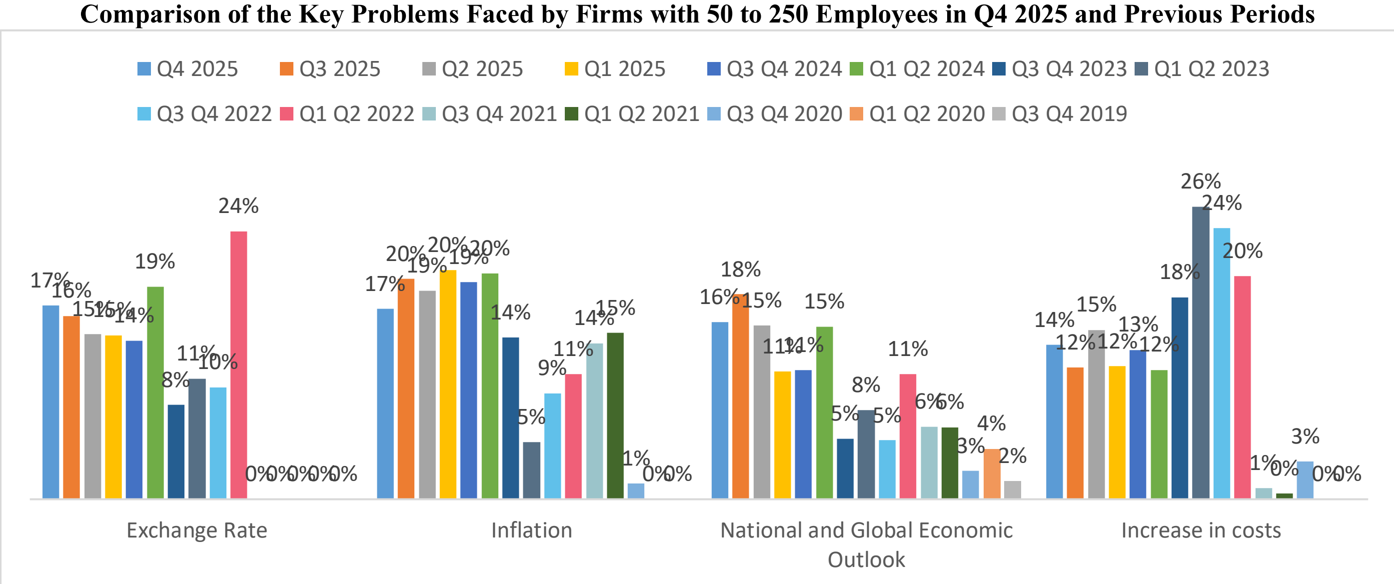
Key Problems of Firms with 50-250 Employees in Q4 2025



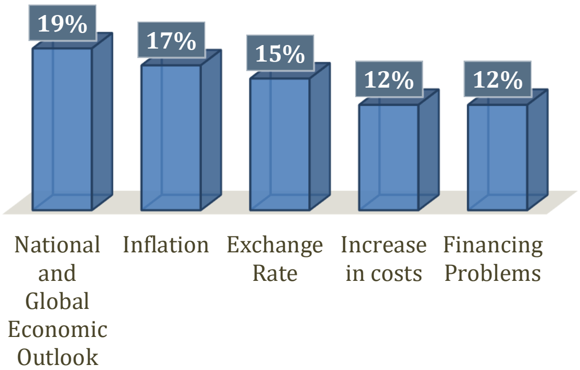
Comparison of the Key Problems Faced by Firms with a Turnover Level of "100-500 million TRY" in Q4 2025 and Previous Periods



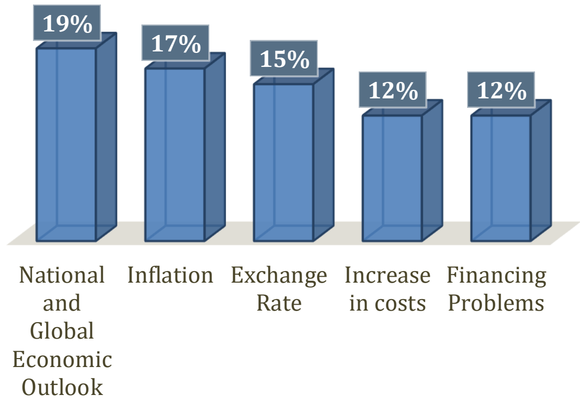
Comparison of the Key Problems Faced by Firms with 50 to 250 Employees in Q4 2025 and Previous Periods



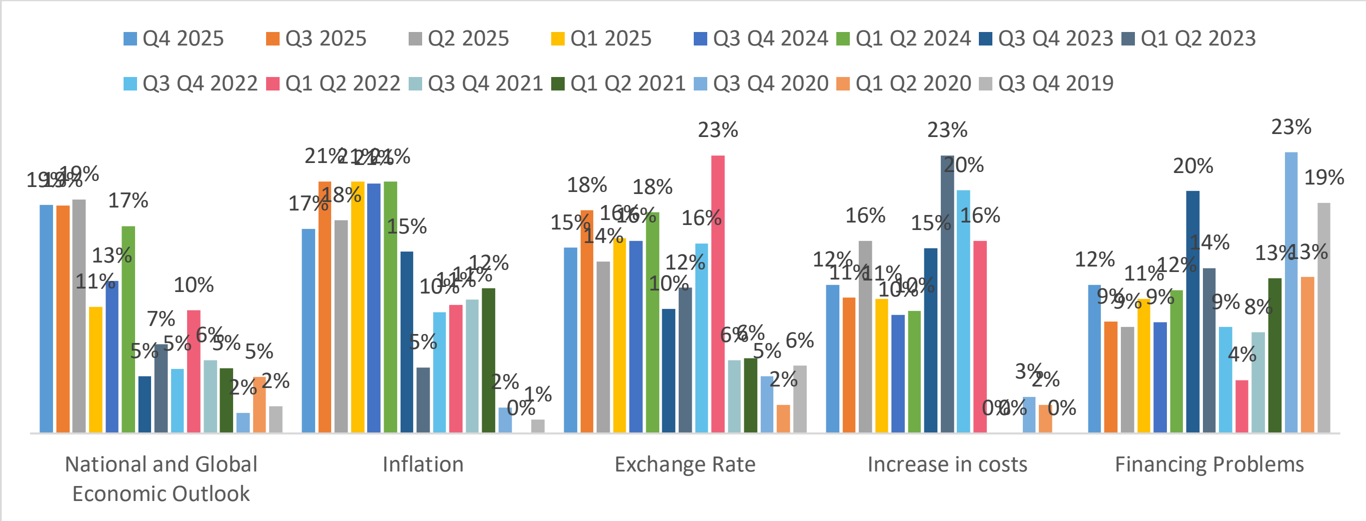
Key Problems of Firms with a Turnover Level of Over 500 million TRY in Q4 2025



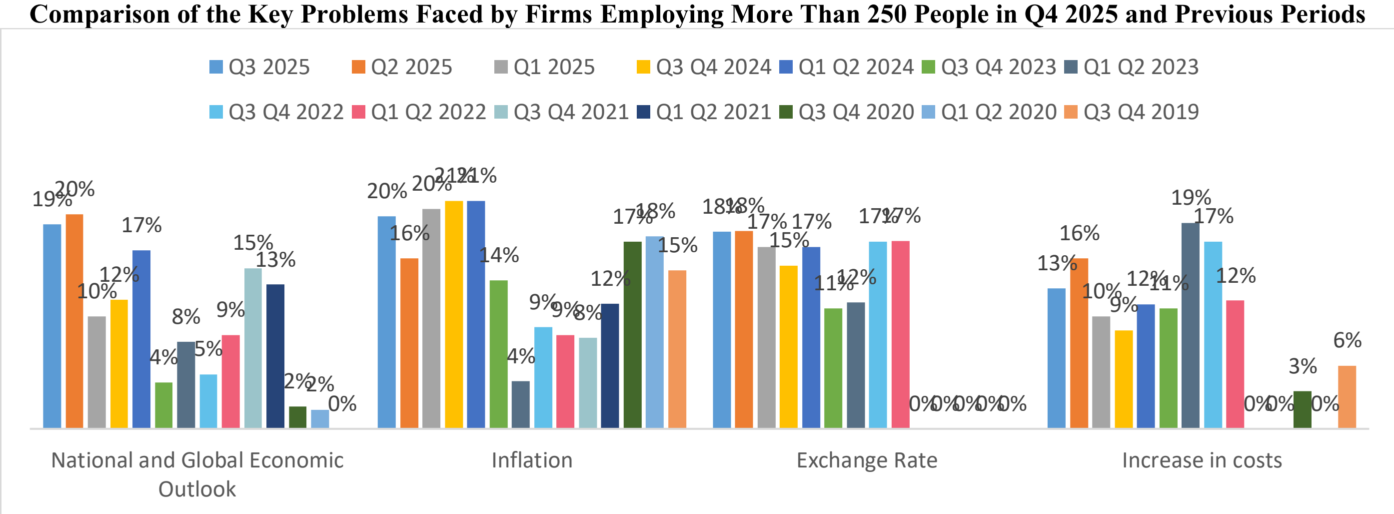
Key Problems of Firms with more than 250 Employees in Q4 2025 and Previous Periods



Comparison of the Key Problems Faced by Firms with Turnover Above 500 million TRY in Q4 2025 and Previous Periods



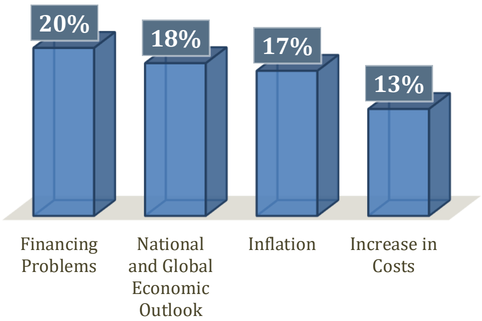
Comparison of the Key Problems Faced by Firms Employing More Than 250 People in Q4 2025 and Previous Periods

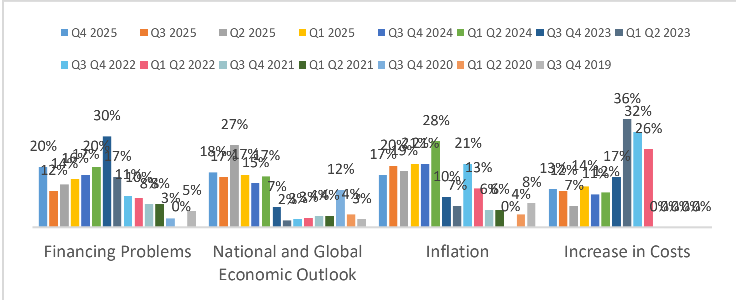


Problems and Solution Recommendations by Sector

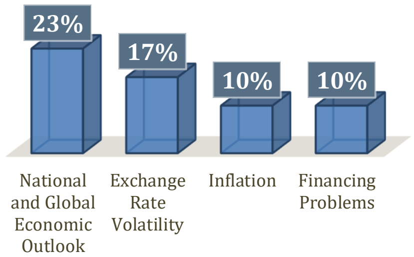
Sector | **Q4 2025** | **Comparative Analysis by Period**

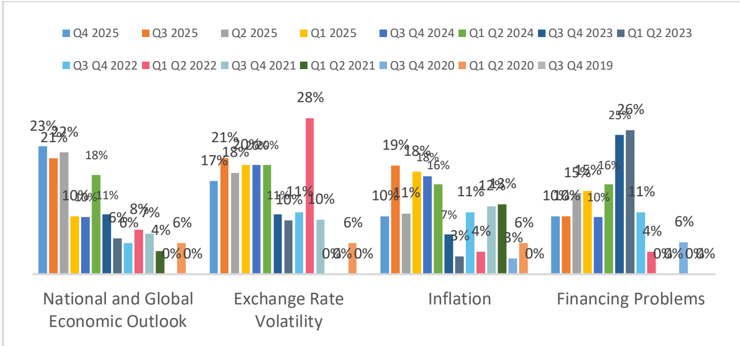
Construction



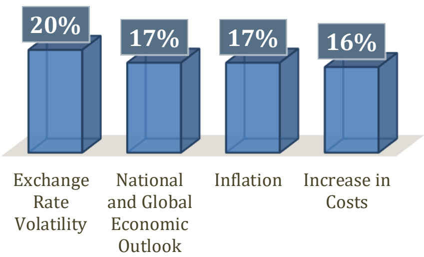


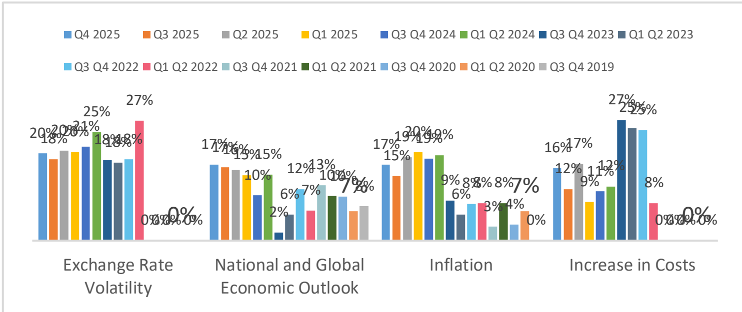
Automotive



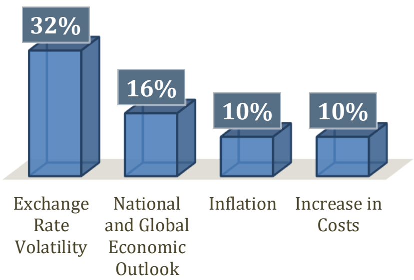


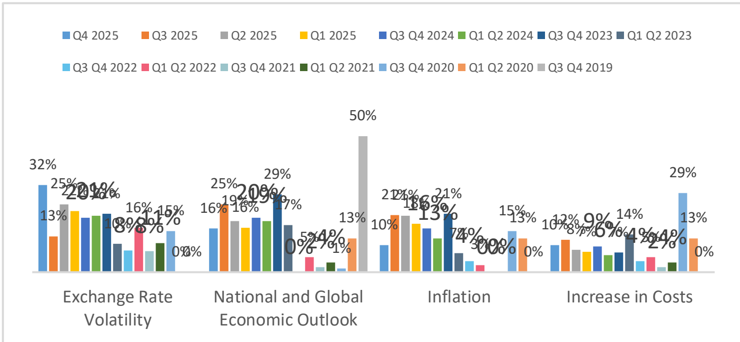
Textile



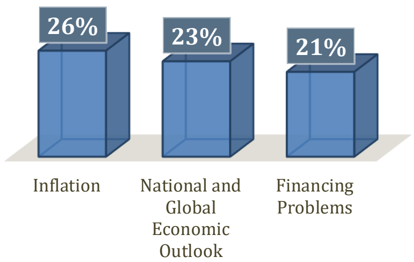


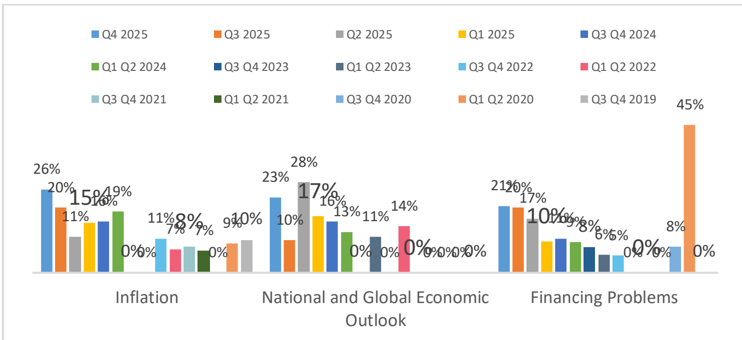
Tourism





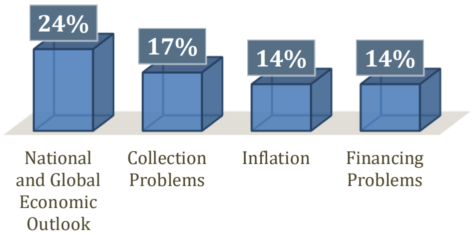
Mining-Energy

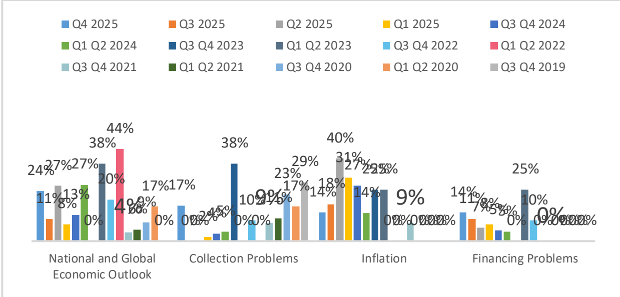




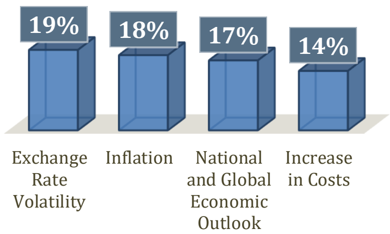
Sector	Q4 2025	Comparative Analysis by Period

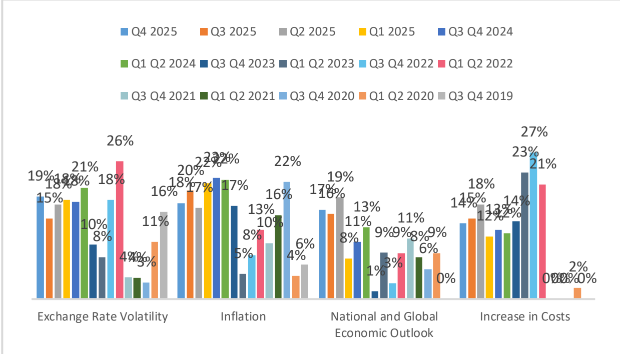
Banking and Financial Institutions



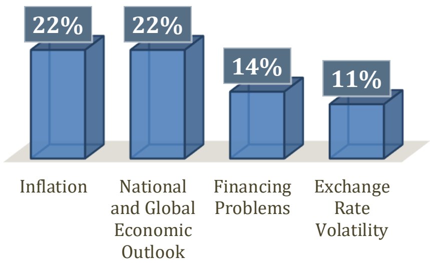


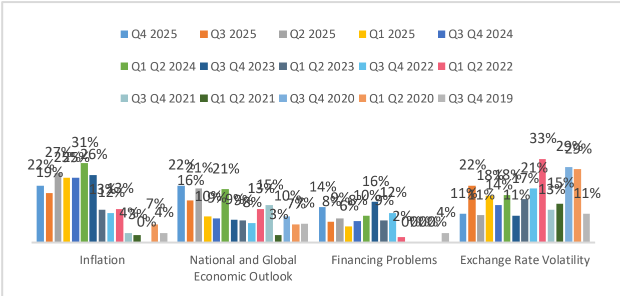
Manufacturing/ Industry



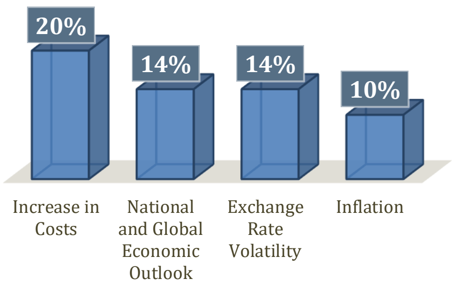


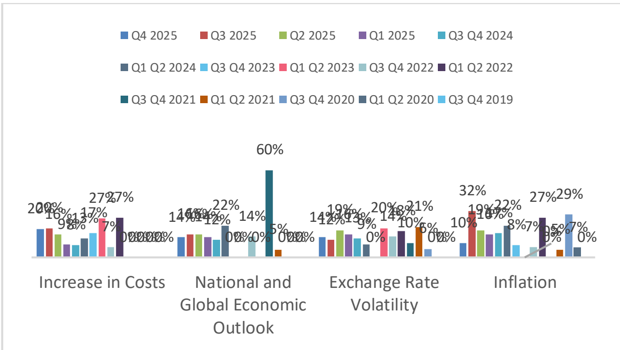
Trade



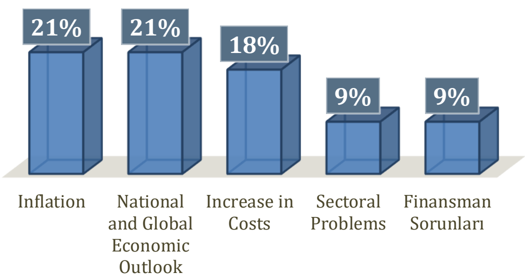


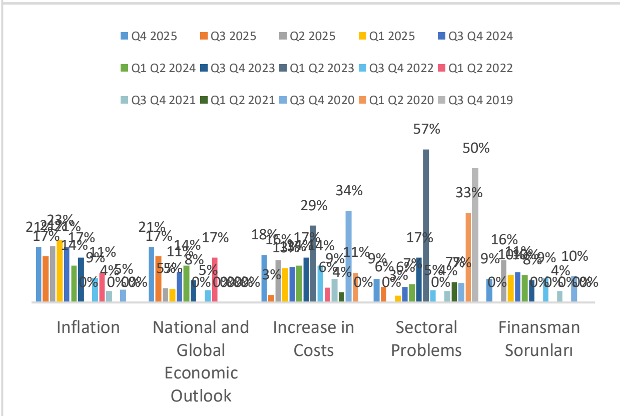
Information and Communication Technologies





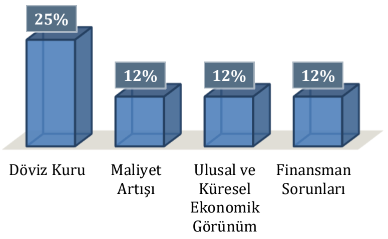
Healthcare

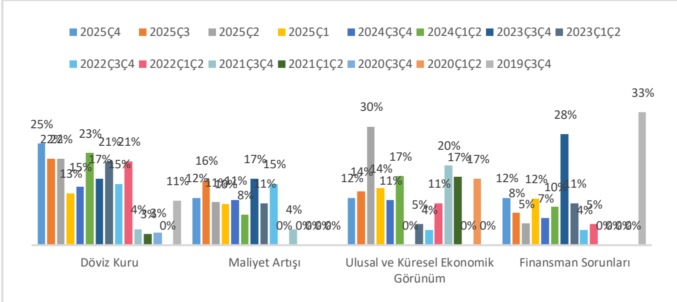




Sector | **Q4 2025** | **Comparative Analysis by Period**

Logistic- Transportation





Food/ Agriculture