

Reasons to invest in Turkey: an economic view

Real Instituto Elcano

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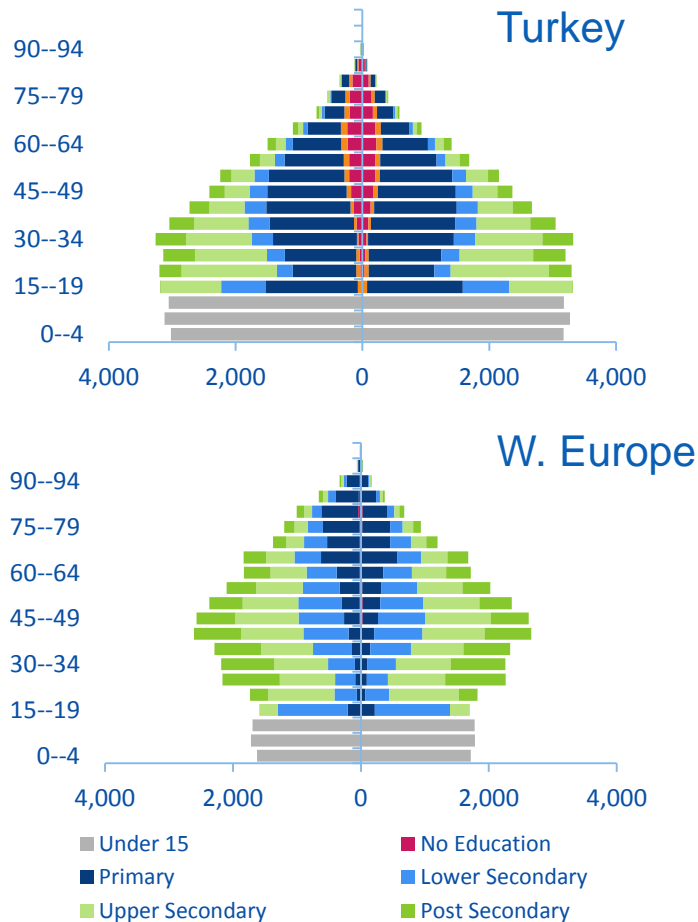
BBVA Research

May 2017, Madrid

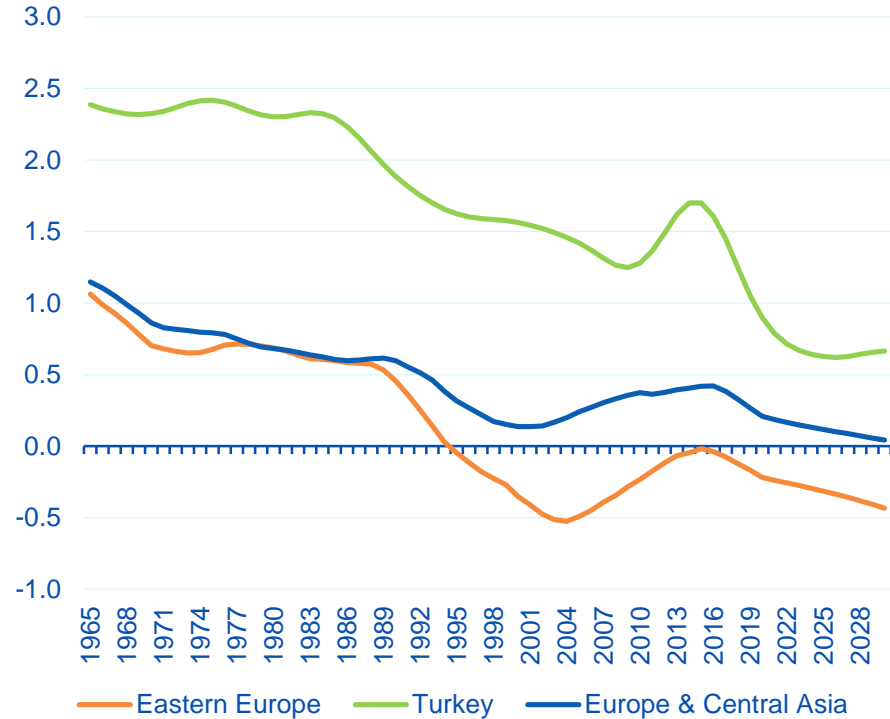


The population premium is well alive... and aging is not a problem

Turkey & Western Europe Population Pyramids
(000s cohorts)
Source: IIASA

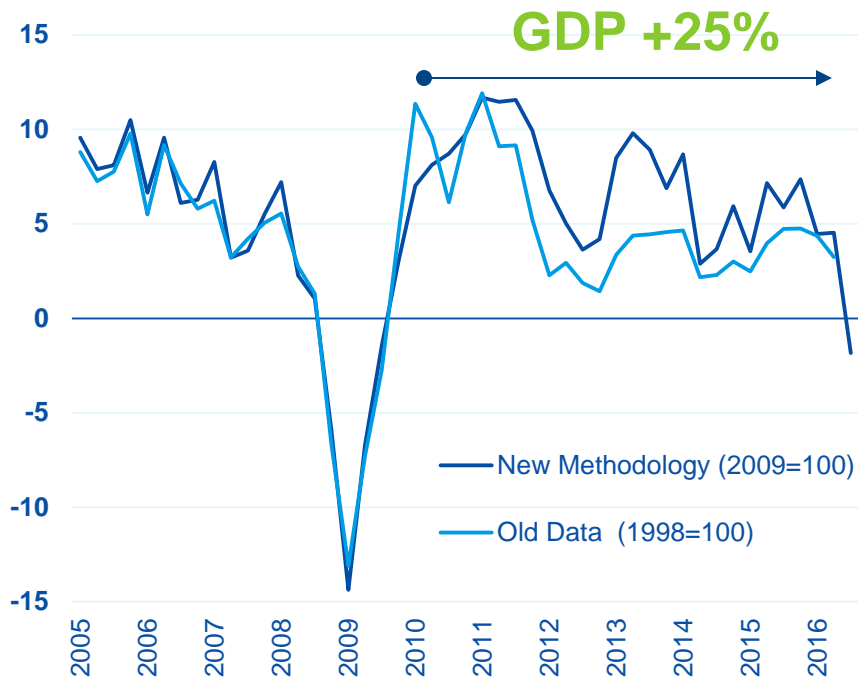


Population Growth
% YoY
Source: World Bank

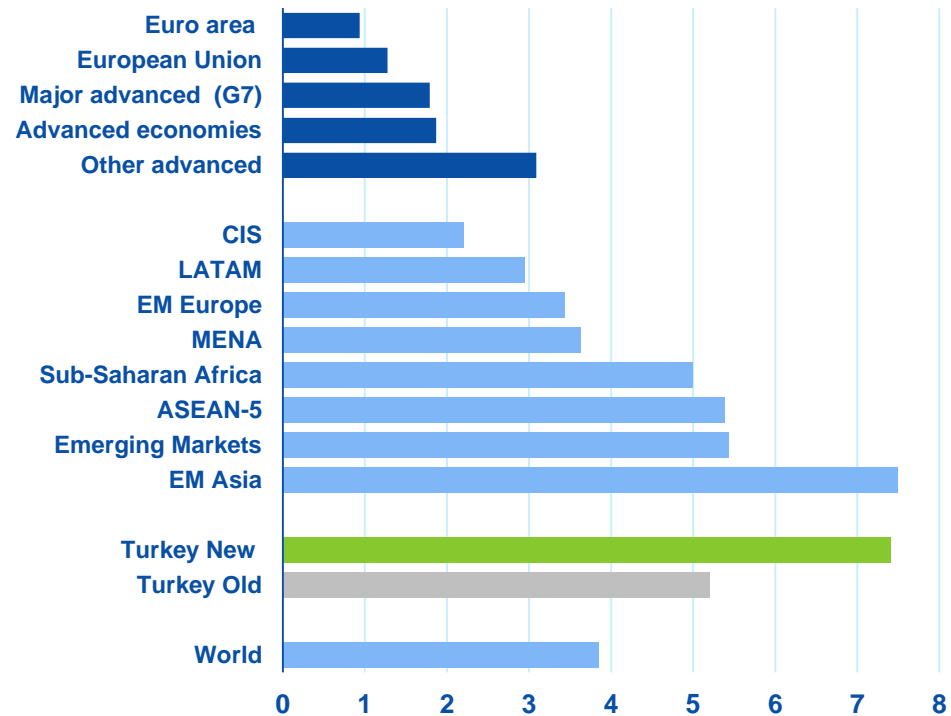


But growth is also important ... and the latest GDP revision is not a minor one... and explains many economic and social issues

Turkey: GDP growth
% GDP



The Post-Crisis performance: GDP growth 2010-215
% Avg Annual GDP growth

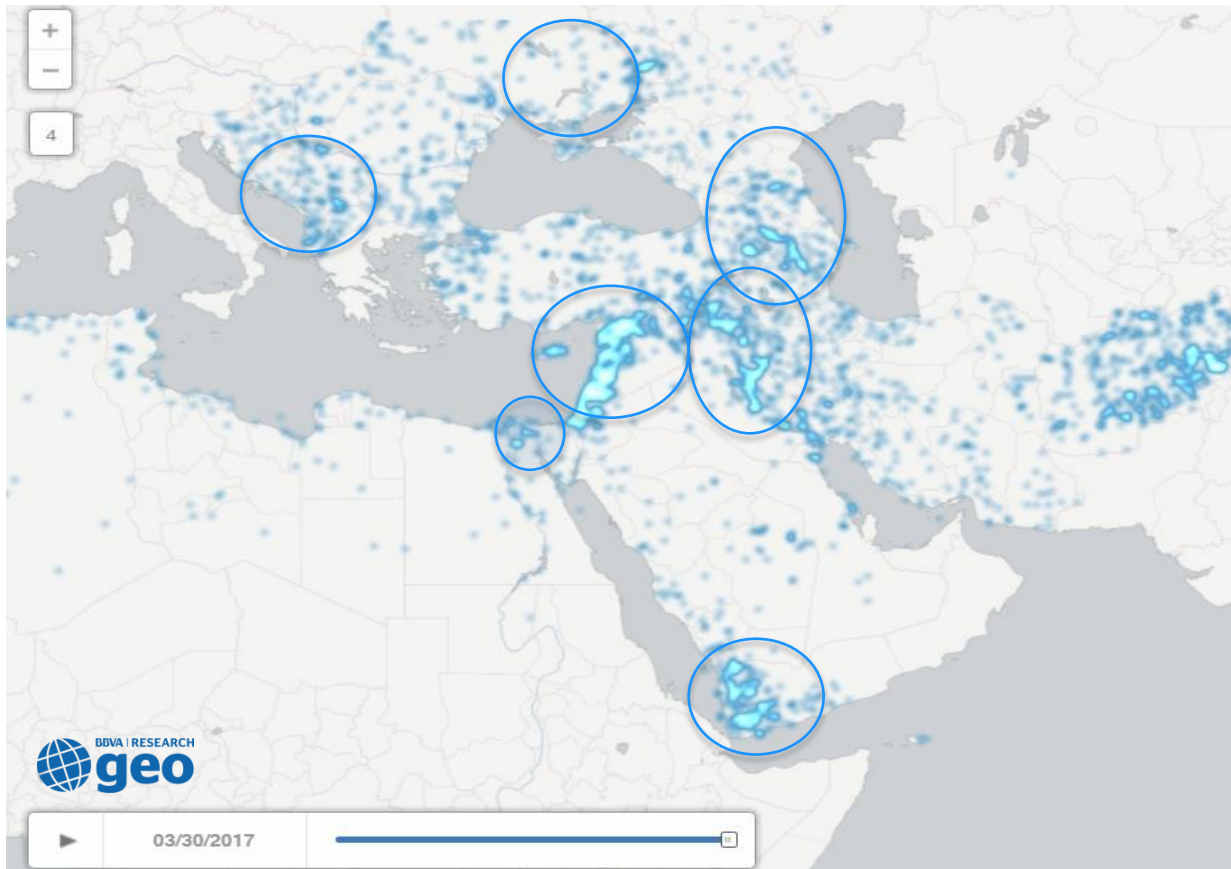


And sincerely.. this is a remarkable result if we consider the complexity of the neighborhood

BBVA Middle East Conflict Heatmap in 2017

(Number of conflicts / Total events)

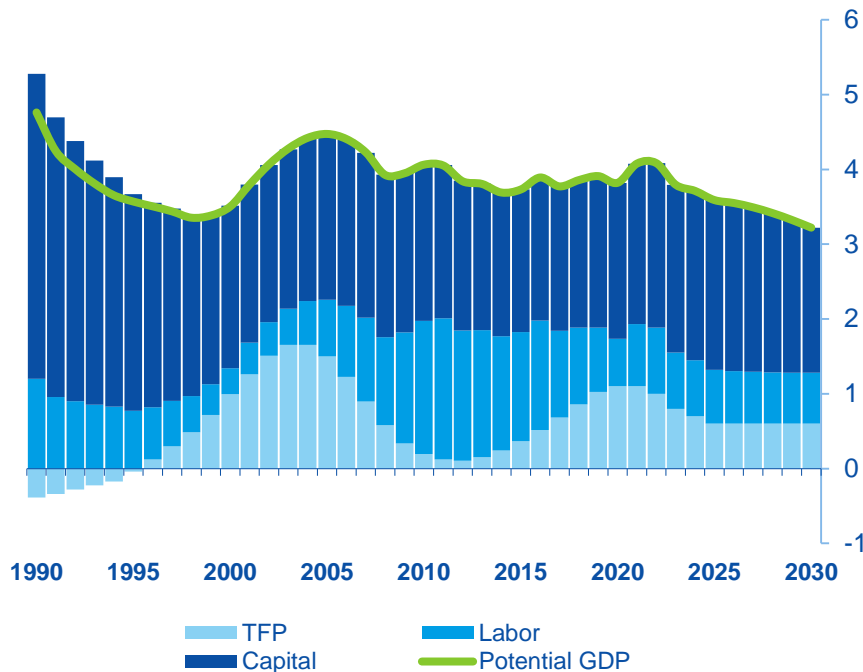
Source: www.gdelt.org & BBVA Research



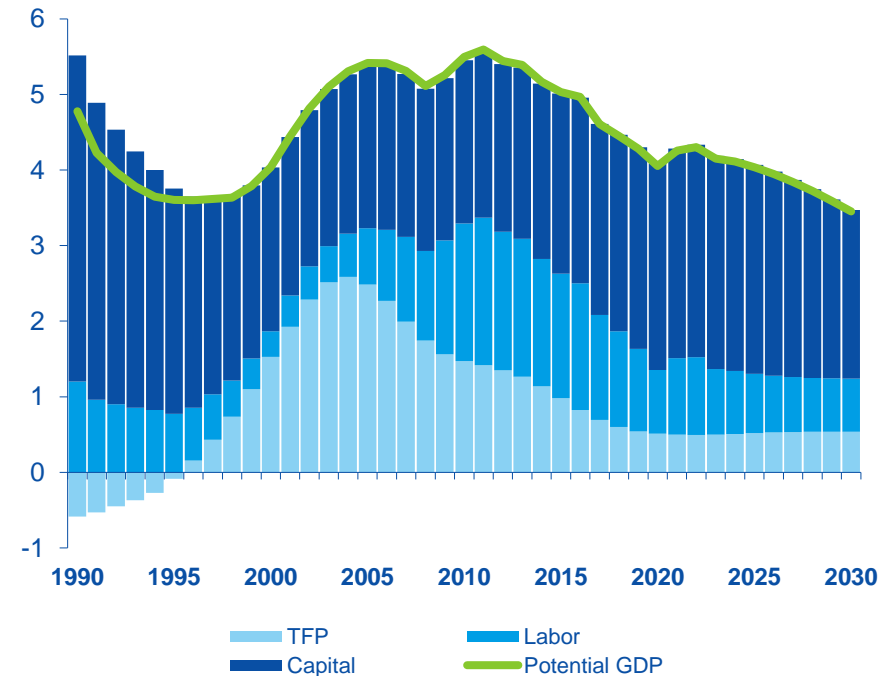
Thus... the potential of the Economy is higher than we anticipated... and economic reforms of 00s pay off significantly...

Turkey: Potential GDP growth & Contributions under Old and New Methodology
(% YOY and Contributions)

Old National Accounts

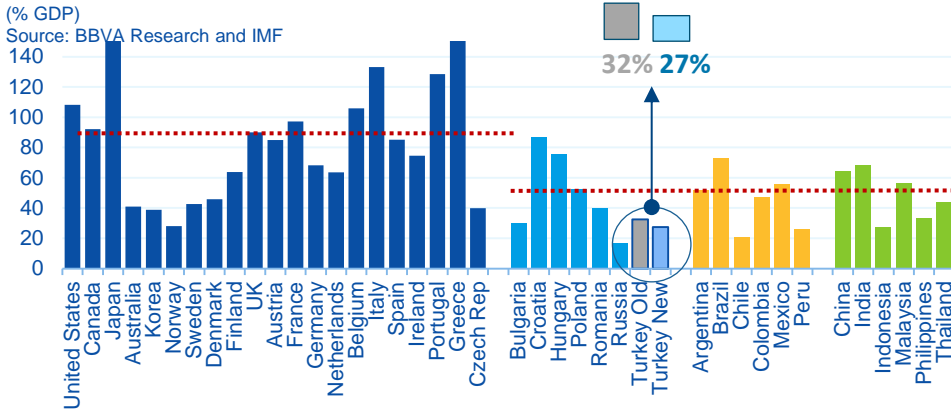


New National Accounts

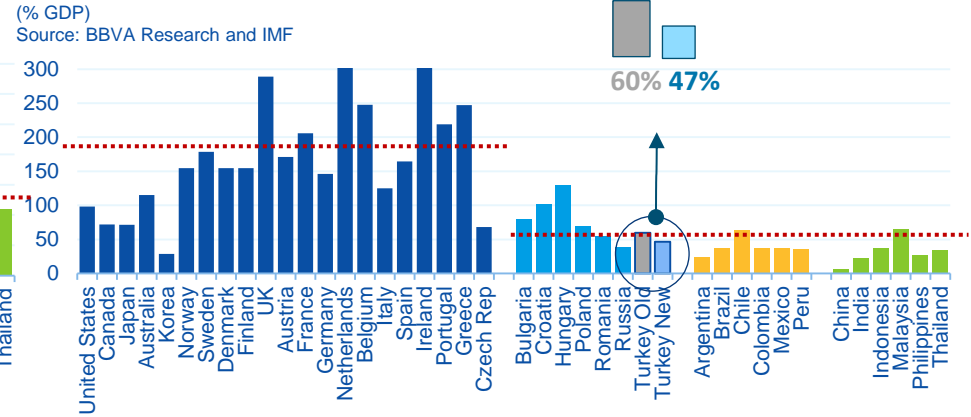


Vulnerability is also lower... and does not look like the one of a Non-Investment Grade Country

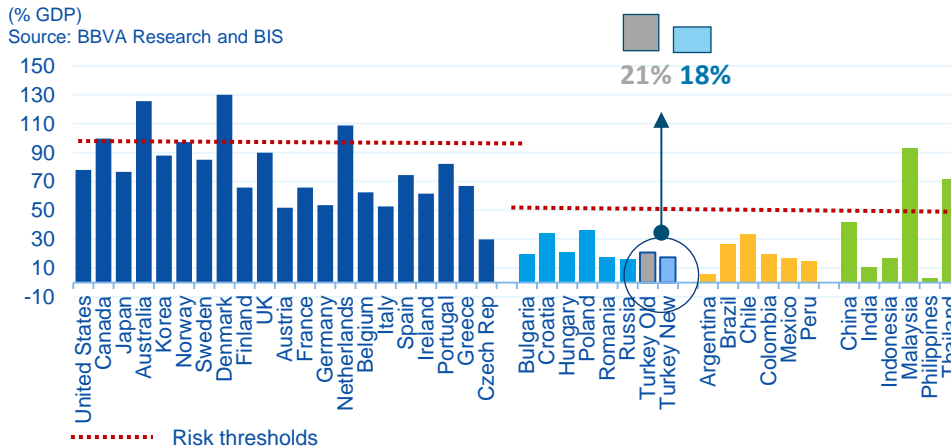
Gross Public Debt 2016



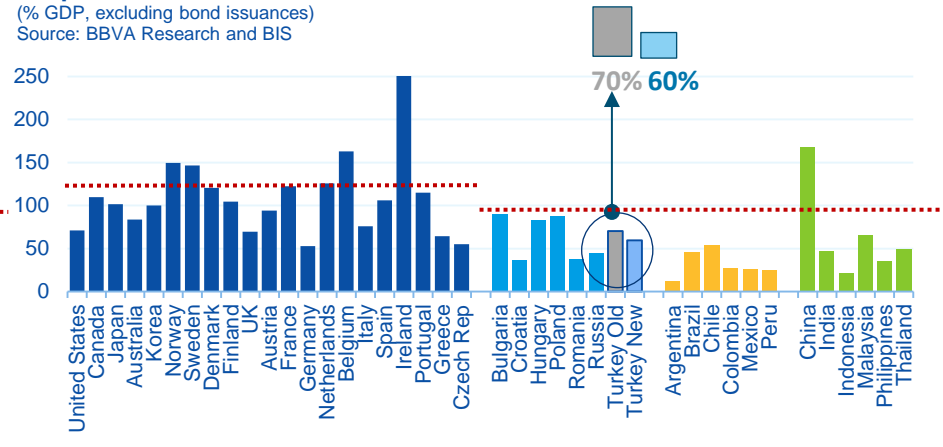
External Debt 2016



Household Debt 2016



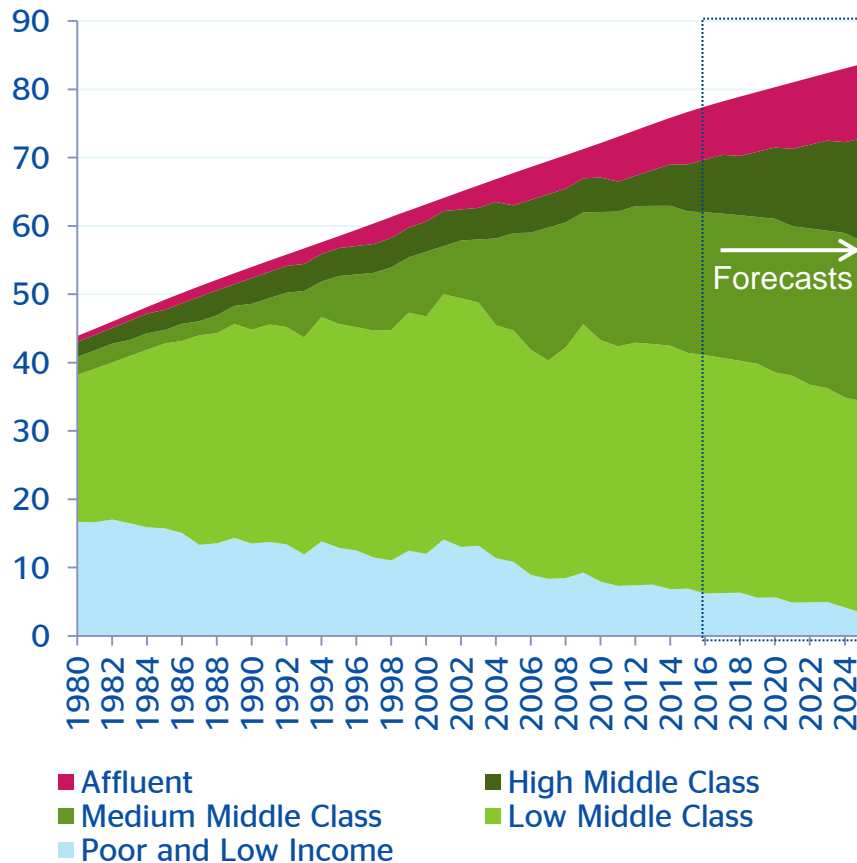
Corporate Sector Debt 2016



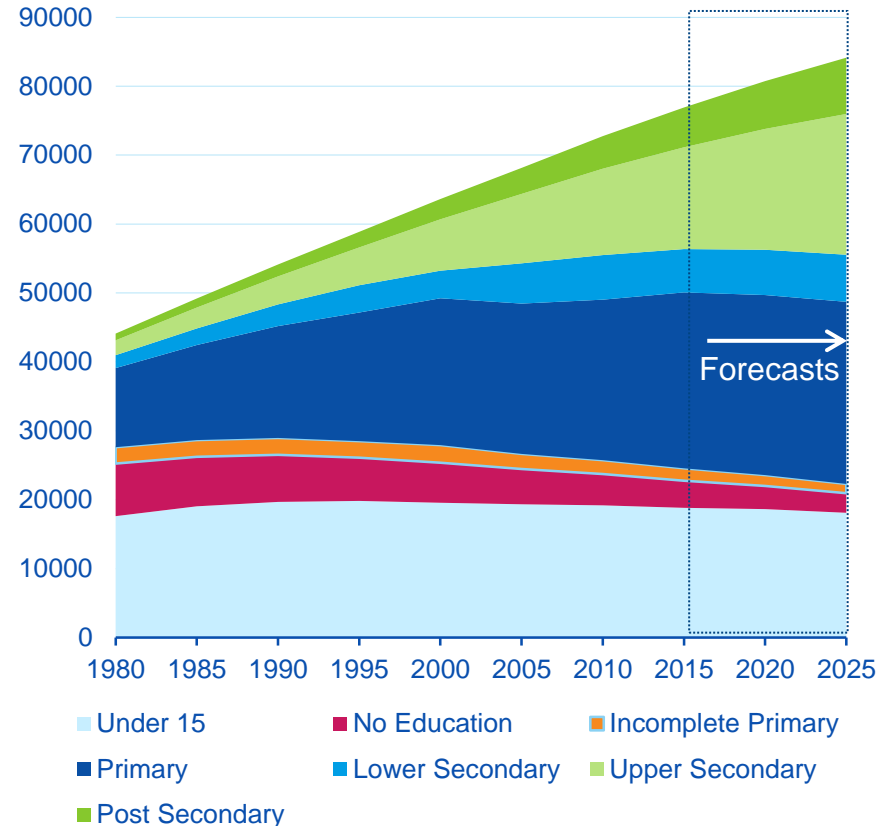
..... Risk thresholds

Looking ahead... The Middle Classes revolution is almost completed... the next one will be the “skills” one

Turkey’ middle classes evolution (1980-2025)
(millions)



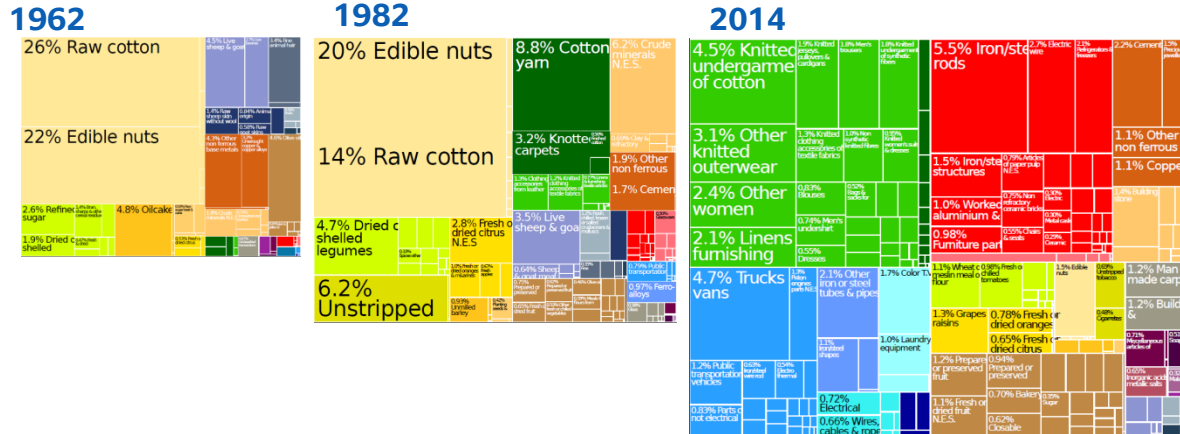
Education transition by skills in Turkey (1980-2025)
(‘000)



Which will help to accelerate the transformation of the economy

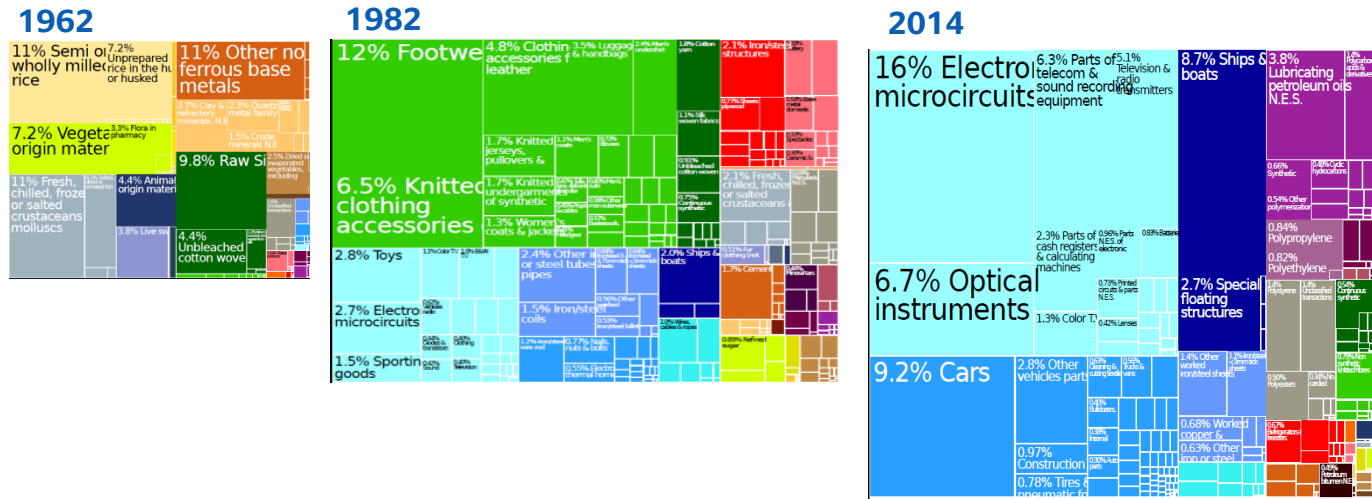
Turkey: Net Exports structure

(% of total net Exports)



South Korea: Net Exports structure

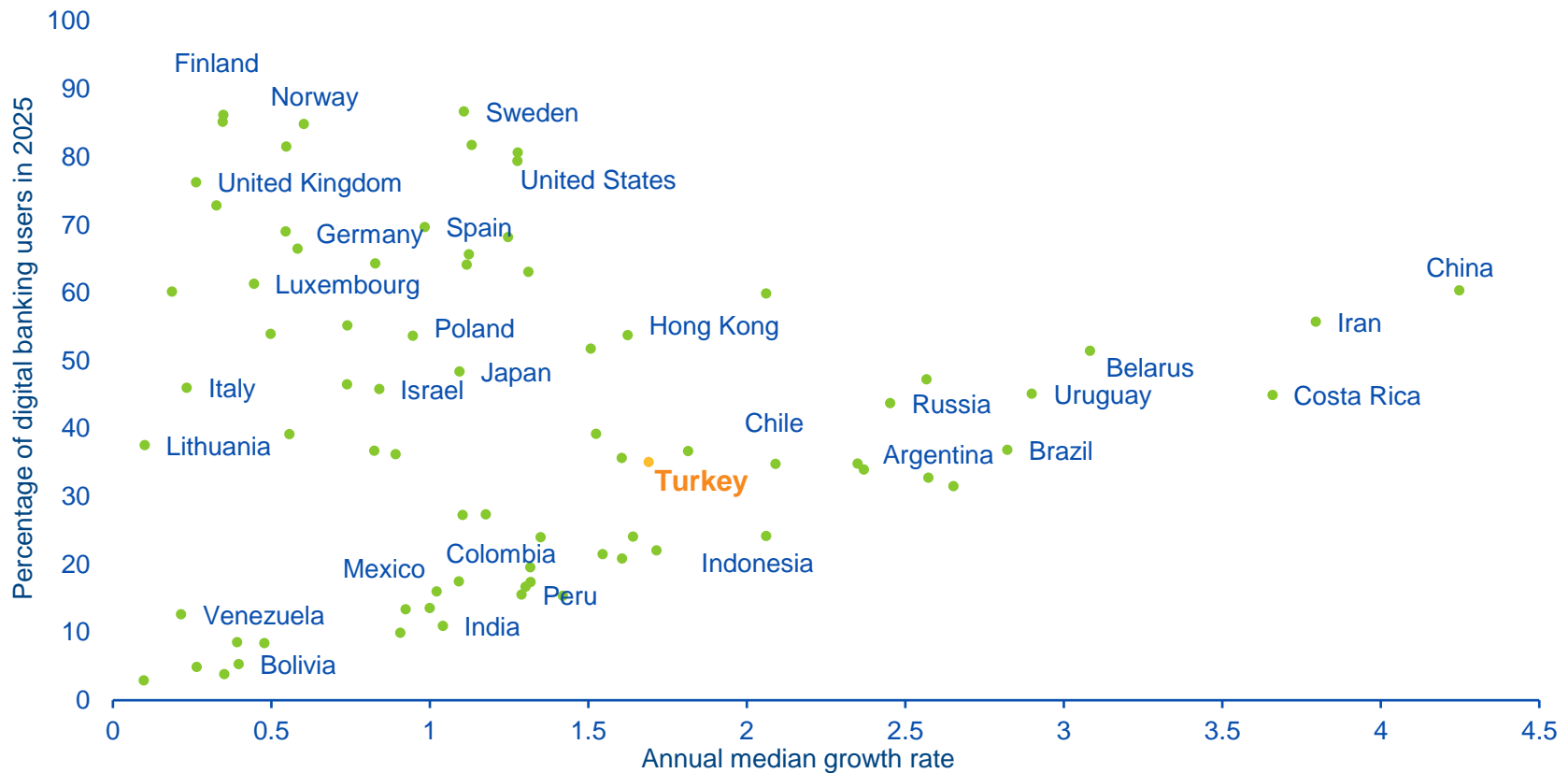
(% of total net Exports)



And will facilitate the adoption of new technologies

A comprehensive view: Digital banking prospects in the next ten years

(based on the results of BBVA Research digital banking model)*



Source: BBVA Research.
Model's results. Further information can be found in the [Annex](#).

Beyond this, Turkey is well positioned to “hub” between richer western countries and fast growing economies

Regional contribution to world growth in the next ten years
(%)



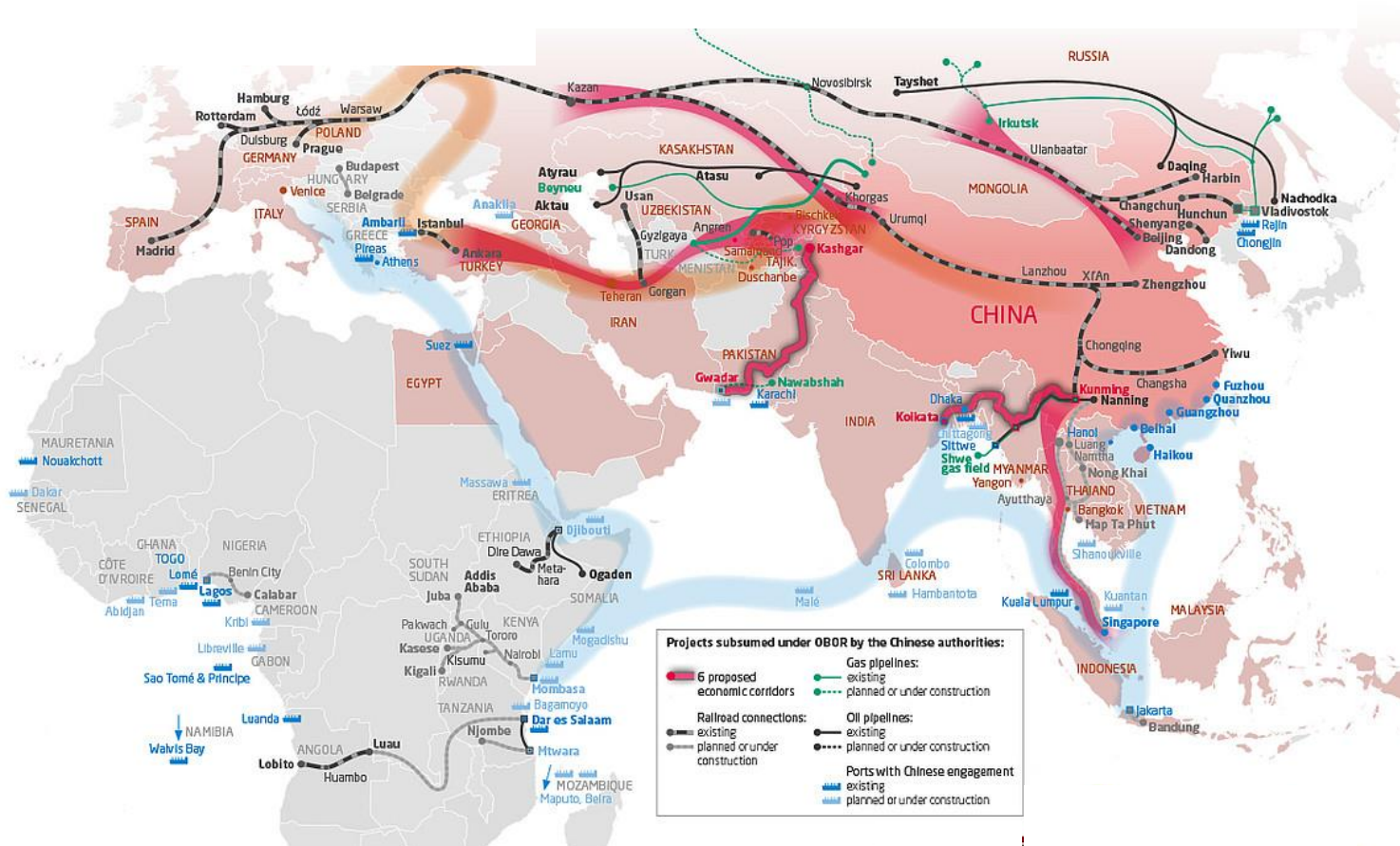
World Center of Gravity

And not ... this is not “science fiction” but an incipient reality

China`s One Belt , One Road: Projects Completed and Planned

(Planned and Completed December 2015)

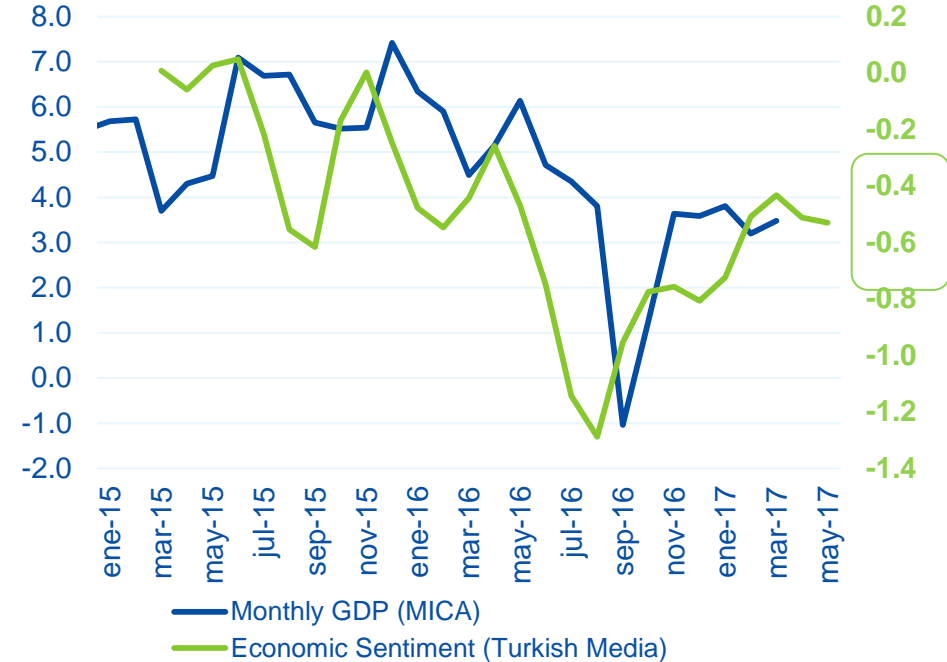
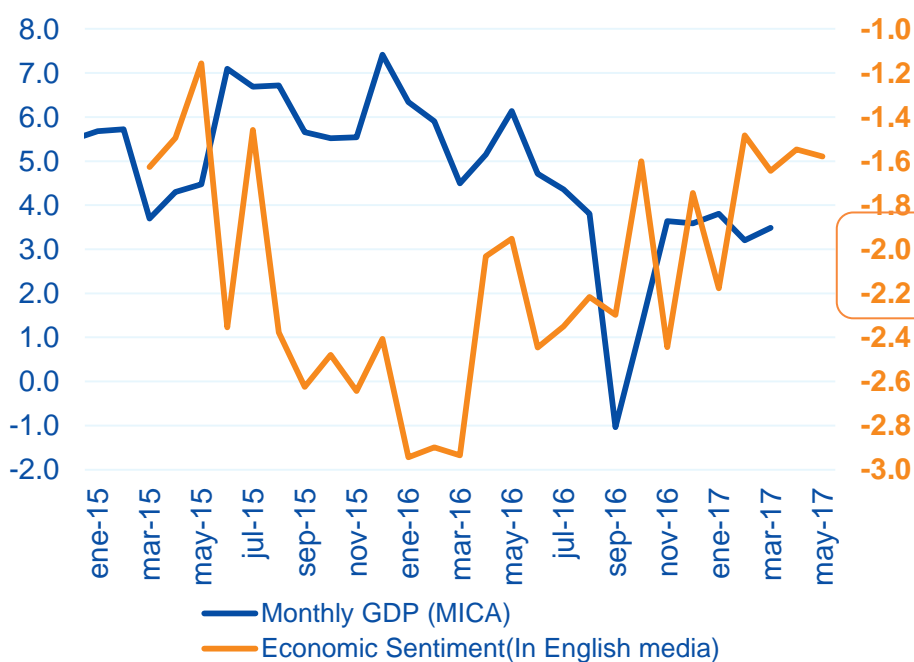
Source: Merics



Finally, there is need to work on narratives... and this is why these meetings are important...

Turkey GDP & Economic Sentiment
(%YoY and **English** written Economic Sentiment)

Turkey GDP & Economic Sentiment
(%YoY and **Turkish** written Economic Sentiment)



(*) Source: BBVA Research and GDELT

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