

	3.May	9.May	Change		3.May	9.May	Change
BIST-100 Index	10.277	10.269	-0,1 % ▼	EUR/USD	1,0758	1,0781	0,2 % ▲
TRY 2 Year Benchmark Rate	44,76 %	44,00 %	-76 bp ▼	USD/TRY	32,3346	32,2380	-0,3 % ▼
Turkey 5-Year CDS Premium	288	273	-15 bp ▼	EUR/TRY	34,7999	34,7319	-0,2 % ▼
MSCI EM Equity Index	1.061	1.064	0,2 % ▲	Gold (USD/ounce)	2.302	2.346	1,9 % ▲
US 10-Year Bond Rate	4,50 %	4,45 %	-5 bp ▼	Brent Oil (USD/barrel)	83,0	83,9	1,1 % ▲

bp: basis point

On May 9, CBRT published the second Inflation Report of the year and raised the year-end CPI forecast from 36% to 38%. In Türkiye, industrial production contracted by 0.3% mom in March, while unemployment rate declined to 8.6%. In the US, Fed officials' speeches supporting the tight monetary policy were at the forefront of the agenda, while weekly jobless claims were realized at the highest level since August 2023. Producer prices in the Euro Area continued to decline in March. Higher-than-expected services PMI and retail sales pointed to a recovery in economic activity in the Region. Next week, balance of payments and budget figures, as well as the results of CBRT's Market Participants Survey will be released in Türkiye. In addition, the fiscal austerity plan to be announced on Monday by Treasury and Finance Minister Şimşek will be closely monitored. Inflation data in the US and Euro Area will be high on the agenda of the markets.

CBRT revised its 2024 year-end inflation forecast.

On May 9, CBRT published the second Inflation Report of the year and revised its year-end CPI inflation forecast from 36% to 38% for 2024 while keeping its year-end inflation forecasts for 2025 and 2026 at 14% and 9%, respectively. In the presentation of the Report, CBRT Governor Fatih Karahan stated that the strong course of domestic demand continued in the first quarter of 2024, while the tight monetary policy started to give results as of April. Stating that card spending weakened in real terms and commercial and consumer loan growth started to lose momentum in this period. Karahan added that the peak in inflation will be seen at 75-76% in May due to the low base effect and that disinflation process will begin in the following months with the effect of the high base and the improvement in the underlying trend of inflation.

Industrial production index decreased on a monthly basis in March.

In March, seasonally and calendar adjusted industrial production index contracted by 0.3% mom for the first time since November 2023. In this period, production in electricity, gas, and steam sectors declined by 1.5%, while mining and quarrying sectors recorded a limited increase of 0.2%. Among the sub-sectors of the manufacturing industry, where production decreased by 0.3% in March, losses in transportation vehicles as well as food and beverage manufacturing stood out. The calendar adjusted industrial production index increased by 4.3% yoy in March. Thus, industrial production rose by 5.4% yoy in the first quarter of the year.

Unemployment rate declined slightly in March.

Seasonally adjusted unemployment rate decreased by 0.1 points to 8.6% in March compared to February. In this period, employment increased by 139K people and labor force increased by 121K people which led the decline in unemployment rate. The rate of composite measure of labour underutilization, which consists of time-related underemployment, potential labour force and unemployment decreased by 0.4 points mom to 24.1% in March.

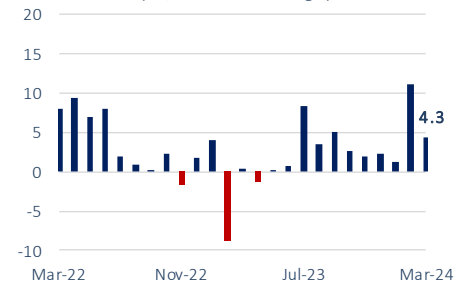
CBRT Projections

	Projections		Change* (% point)	
	2024	2025	2024	2025
CPI Inflation	38,0	14,0	2,0	0,0
Food Prices Inflation	35,5	15,0	0,9	0,0
Oil Prices	86,4	82,3	2,8	1,1

(*) Difference from the previous Inflation Report

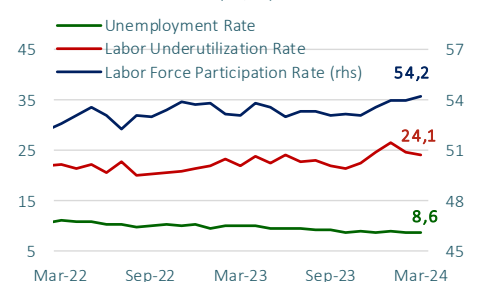
Industrial Production

(ca, annual % change)



Labor Market

(sa, %)



Source: CBRT, TURKSTAT, Datastream

Fed officials' statements were followed in the US.

Fed officials' statements were followed in the US during this week. Richmond Fed President Thomas Barkin stated that the full effect of higher interest rates has not yet been seen and that some further decline in demand is needed to achieve the inflation target. New York Fed President Williams stated that a rate cut will eventually be realized, although he did not indicate a precise date, and expressed the monetary policy is in a "very good place". Minneapolis Fed President Neel Kashkari, on the other hand, with a more hawkish tone stated that he believed that interest rates should probably be kept at their current high levels for a long time and that a rate hike might be considered if inflation remains close to 3%. Despite those hawkish statements, jobless claims data released on Thursday pointed to a cooling in the labor market in the US. Accordingly, applications for unemployment benefits in the week ending May 4 were recorded as 231 thousand, above expectations and at the highest level since August 2023.

Producer prices in the Euro Area continued to fall.

In March, producer prices in the Euro Area fell by 0.4% mom in line with market expectations, extending the downward trend for the fifth month in a row. In this period, the annual decline in PPI was realized as 7.8%. On the other hand, calendar adjusted retail sales in the Region expanded by 0.7% yoy in March, despite market expectations of 0.2% contraction. Services PMI in the Region was realized as 53.3 in April, 0.4 points above the flash data. Thus, the composite PMI data for April was revised upwards by 0.3 points to 51.7. In parallel to the data presenting a positive outlook for economic activity in the Euro Area, Sentix Confidence Index, which measures investors' confidence in the economy, rose by 2.3 points mom to -3.6 in May, extending the recovery trend to the seventh month.

Services PMI in China remained above the threshold.

Data releases in China supported the view that domestic demand is recovering in the country. Services PMI was realized above the threshold level with 52.5 in April, indicating that activity in the sector remained brisk. In April, Chinese exports expanded by 1.5% yoy, in line with market expectations, while imports rose by 8.4% yoy, well above market expectations, confirming the expansion in domestic demand.

Financial markets.

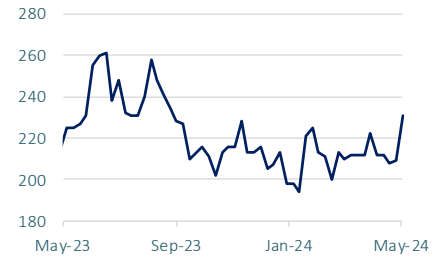
Fed officials' cautious statements were closely monitored during the week. Despite the messages that the current monetary tightening may last longer than expected, recent data releases pointing to an easing in the labor market led to a positive sentiment in US stock markets. US 10-year Treasury bond yield fell to 4.45%

In addition to the positive sentiment in global markets, BIST-100 index, which tested new historical highs on May 3 due to S&P's upgrade of Türkiye's credit rating, had a flat course on a weekly basis. Türkiye's 5-year CDS premium fell to 273 basis points on Thursday, the lowest level since February 2020.

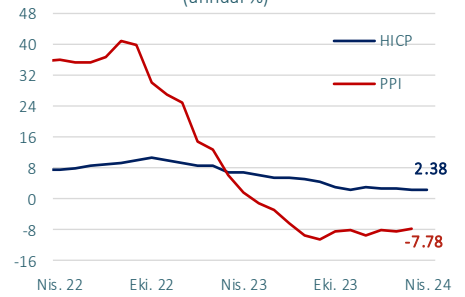
Next week's agenda...

Next week, balance of payments and budget figures, as well as the results of CBRT's Market Participants Survey, will be released in Türkiye. In addition, the austerity plan to be announced on Monday by Treasury and Finance Minister Şimşek will be closely monitored. Inflation figures to be released in the US and Euro Area will also be on the agenda of the markets.

US Initial Jobless Claim
(thousand person)



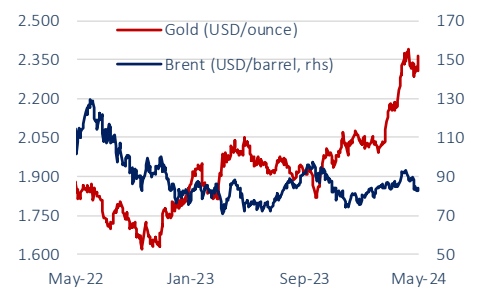
Euro Consumer Inflation
(annual %)



China Foreign Trade
(annual change, %)



Gold and Crude Oil Prices



Source: Fed, BIST, Datastream

Data Releases

		Period	Consensus	Prior
13 May	TR Current Account Deficit	October	-	-3.3 billion USD
	TR Trade Sales Volume Index, yoy	March	-	11.3%
14 May	USA PPI Inflation, mom	April	0.2%	0.2%
15 May	TR Budget Balance	April	-	-209 billion TRY
	USA CPI Inflation, mom	April	0.3%	0.4%
	USA Retail Sales, mom	Q4	0.4%	0.7%
	Euro Area GDP Growth, flash, yoy	Q1	0.4%	0.4%
	Euro Area Industrial Production, yoy	March	-	-6.4%
16 May	USA Industrial Production, mom	April	0.2%	0.4%
	USA Capacity Utilization Rate	April	78.4%	78.4%
	TR ICI Türkiye Manufacturing PMI	May	-	15.5
	USA Housing Starts, units	April	1.413 million	1.321 million
17 May	CBRT Survey of Market Participants	May	-	-
	TR House Sales, yoy	April	-	-0.1%
	TR Housing Price Index, yoy	March	-	58.3%
	Euro Area CPI Inflation, final, mom	April	0.6%	0.8%
	Euro Area HICP Inflation, flash, yoy	April	3.9%	3.1%

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