

	16-Oct	23-Oct	Change		16-Oct	23-Oct	Change
BIST-100 Index	1,193	1,191	-0.2 % ▼	EUR/USD	1.1718	1.1859	1.2 % ▲
TRY 2 Year Benchmark Rate	13.65%	14.07%	42 bp ▲	USD/TRY	7.9304	7.9610	0.4 % ▲
Turkey 5-Year CDS	519	510	-9 bp ▼	EUR/TRY	9.3006	9.4468	1.6 % ▲
MSCI EM Equity Index	1,124	1,136	1.1 % ▲	Gold (USD/ounce)	1,899	1,901	0.1 % ▲
US 10-Year Bond Rate	0.74%	0.84%	10 bp ▲	Brent Oil (USD/barrel)	42.9	41.8	-2.7 % ▼

bp: basis point

Last week, global markets followed a volatile course due to the rapid increase in the number of coronavirus cases, the implementation of new restrictions in Europe and continued uncertainty about the incentive package in the US. US PMI data for October indicated a continued growth in the US manufacturing and services sectors. In the same period, manufacturing PMI in the Euro Area was realized at the highest level since August 2018, while services PMI signaled a continued contraction in the sector. In Turkey, CBRT did not change its policy rate, but increased the late liquidity window lending rate to 14.75% at its meeting held on Thursday.

Data released in the US...

Leading PMI data for October in the US indicated a continued growth in the US manufacturing and services sectors. Manufacturing PMI in the US came in at 53.3, while services PMI reached 56.0, above the market expectations of 54.6. In September, thanks to the low interest rates, second-hand house sales in the US rose by 9.4% mom to 6.54 million units, the highest level in 14.5 years. In this period, the monthly increase of 1.9% in new housing starts remained below expectations. Weekly jobless claims in the week ending October 17 came in at 787K people, below the expectations of 860K.

Services sector in the Euro Area is under pressure...

In October, manufacturing PMI in the Euro Area increased by 0.7 points mom to 54.4 and reached its highest value since August 2018. Services PMI, which fell below the threshold in September, came in at 46.2 in October. Thus services PMI in Euro Area signaled a continued contraction in the sector due to the increase of coronavirus cases and the implementation of new restrictions in Europe. According to preliminary data, in October, the consumer confidence in the Euro Area fell to -15.5 in October, the lowest level since May.

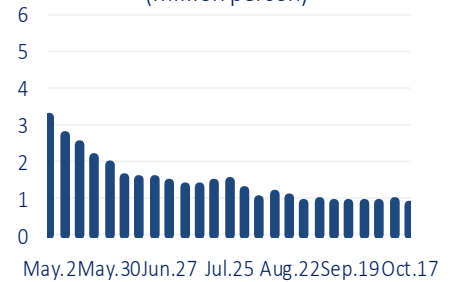
OPEC+ reiterated its call for production cuts.

At the meeting held last week, the OPEC+ emphasized full commitment to the "production cut agreement" decided in April. The countries stated that any possible quarantine decision this winter will increase risks over oil demand. As the oil fields in Libya restarted oil production, Libyan National Oil Corporation announced that production level will reach 800 thousand barrels per day in two weeks and exceed one million barrels in four weeks. The increase in oil production in Libya and concerns about global demand put pressure on oil prices. Brent crude oil prices decreased by 2.7% on a weekly basis and became 41.8 USD/barrel. Last week, gold prices increased by 0.1% wow and became 1.901 USD/ounce.

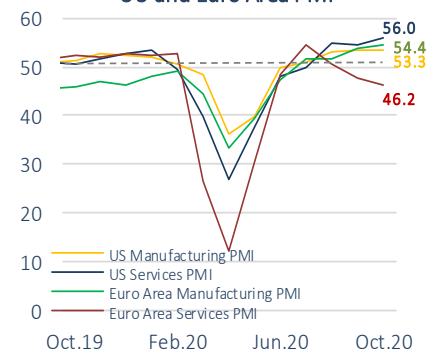
CBRT increased the late liquidity window interest rate to 14.75%.

At the meeting held on Thursday, the CBRT kept the policy rate unchanged at 10.25%, but announced that the margin between the CBRT's late liquidity

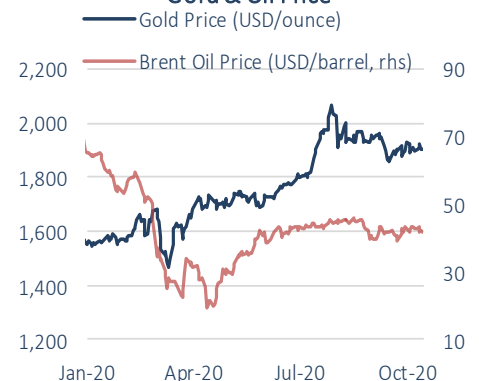
US Initial Jobless Claims
(million person)



US and Euro Area PMI



Gold & Oil Price



Source: Datastream

window lending rate and overnight lending rate has been set as 300 basis points. With this decision, the CBRT has increased the late liquidity window lending rate by 150 basis points to 14.75%. In the press release published after the meeting, CBRT stated that the Committee has decided to enhance flexibility in liquidity management and to continue with liquidity measures until inflation outlook displays a significant improvement. In addition, the Bank added that the cautious stance in monetary policy should be maintained in order to keep the disinflation process in track with the targeted path. The CBRT has continued traditional repo auctions throughout last week and the weighted average cost of the CBRT funding rose by 36 basis points wot to 12.88% as of October 23.

Confidence indices in Turkey...

According to the data released by TURKSTAT, the seasonally adjusted consumer confidence index remained relatively flat compared to the previous month and became 81.9 in October. In the same period, real sector confidence index increased by 4 points mom to 109.7 and continued to stay above the threshold value of 100. In October, the capacity utilization rate went up by 0.8 points to 75.4%.

Central Government Gross Debt Stock increased to 1.9 trillion TRY.

As of the end of September, the central government gross debt stock increased by 50.2% yoy and became 1.863 trillion TRY. According to the statement of the Ministry of Treasury and Finance, 818 billion TRY of the debt stock is in Turkish lira, while 1,045 billion TRY is foreign currency debt. According to the CBRT data, Turkey's short-term external debt stock with a maturity of one year or less stands at 181.3 billion USD as of the end of August.

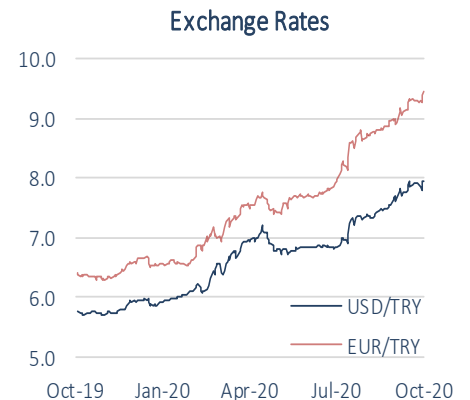
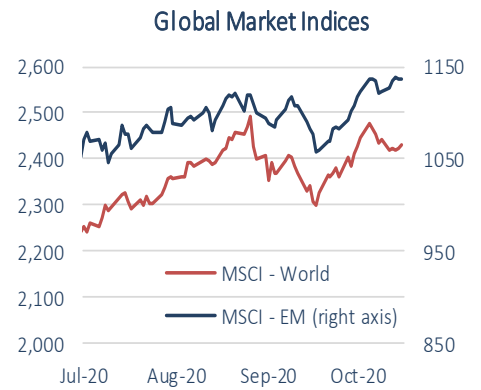
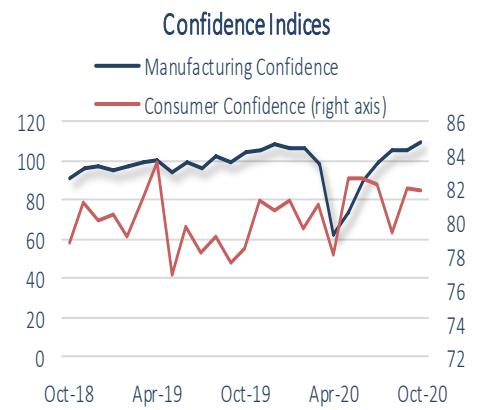
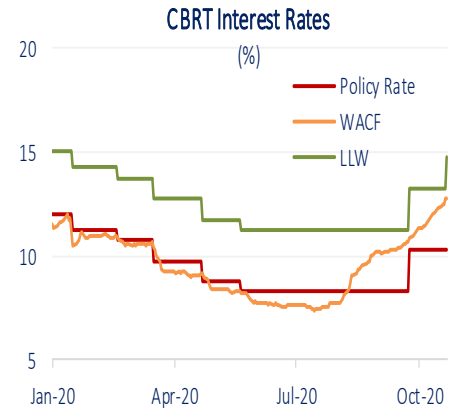
White goods sales increased by 21% yoy in September.

According to the figures of White Goods Manufacturers' Association of Turkey, the domestic sales of the six main product groups consisting of refrigerators, washing machines, dishwashers, freezers, dryers and ovens increased by 21% yoy in September. In the same period, exports volume of the sector expanded by 2%. In January-September period, domestic sales rose by 14% yoy, while exports contracted by 6% yoy due to the negative effects of pandemic on European countries, the main export market for the white goods sector.

Financial markets...

Last week, global stock markets were under pressure due to expectations that there would be no consensus on the stimulus package before the elections in the US, and the reimplementing of restrictions in many countries as coronavirus cases continued to increase. In the week where the CBRT meeting was closely monitored, TRY followed a volatile course. The USD/TRY, which tested its historic high of 7.9788 during the week, rose by 0.4% wot to 7.9610 on Friday. The BIST-100 index followed a flat course and completed the week at 1,192 points.

This week, the developments regarding the US elections to be held on November 3 will be closely monitored. On the global markets agenda US and Euro Area GDP growth data for the third quarter and the ECB meeting which will be held on September 29th come to the fore. In Turkey, the CBRT's 4th Inflation Report of 2020 and September foreign trade data will be announced.



Source: Datastream, TURKSTAT

Data Releases

		Period	Consensus	Prior
26 October	TR Manufacturing Confidence Index, SA	October	109.7 (A)	105.7
	TR Capacity Utilization, SA	October	74.9% (A)	74.3%
	US New Home Sales, unit	September	1.0 million	1.0 million
	Germany Ifo Business Climate Index	October	92.7 (A)	93.4
27 October	US Durable Goods, mom	September	0.5%	0.5%
	US Consumer Confidence Index	October	102.5	101.8
28 October	TR Economic Confidence Index	October	-	88.5
	CBRT MPC Meeting Summary	October	-	-
	CRBT Inflation Report	2020-IV	-	-
29 October	US GDP Growth, yoy, prelim	2020 Q3	31.9%	-31.4%
	US Initial Jobless Claims	19-24 October	780 thousand	787 thousand
	US Pending Home Sales, mom	September	4.5%	8.8%
	Euro Zone Economic Confidence Index	October	89.6	91.1
	Euro Zone Consumer Confidence Index, final	October	-15.5	-13.9
	ECB Monetary Policy Meeting	October	-	-
30 October	TR Foreign Trade Balance	September	-	-6.3 billion USD
	TR Foreign Arrivals, yoy	September	-	-71.2%
	US Michigan Consumer Confidence Index, final	October	81.2	81.2
	US Personal Consumption Expenditures, mom	September	1.0%	1.0%
	Euro Zone GDP Growth, yoy, prelim	2020 Q3	7.0%	-14.7%
	Euro Zone CPI, yoy, prelim	October	-0.3%	-0.3%
	Euro Zone Unemployment Rate	September	8.3%	8.1%

(A) Actual

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