

	17-Apr	24-Apr	Change		17-Apr	24-Apr	Change
BIST-100 Index	98,180	98,759	0.6 % ▲	EUR/USD	1.0876	1.0820	-0.5 % ▼
TRY 2 Year Benchmark Rate	12.22%	8.80%	-342 bp ▼	USD/TRY	6.9300	6.9722	0.6 % ▲
Turkey 5-Year CDS	631	598	-33 bp ▼	EUR/TRY	7.5365	7.5452	0.1 % ▲
MSCI EM Equity Index	901	879	-2.4 % ▼	Gold (USD/ounce)	1,684	1,727	2.6 % ▲
US 10-Year Bond Rate	0.66%	0.60%	-6 bp ▼	Brent Oil (USD/barrel)	28.1	21.4	-23.6 % ▼

bp: basis point

Last week data releases in the US confirmed the negative effects of the coronavirus epidemic on economic activity. In the Euro Area, while PMI data dropped to historical low levels, especially the services sector is heavily affected by the epidemic. As oil supply remained well above the demand, WTI oil price futures saw negative levels. Expecting a downward trend in inflation and emphasizing the importance of the economic recovery, CBRT lowered its policy interest rate by 100 bps in its meeting on April 22.

Data released in the US...

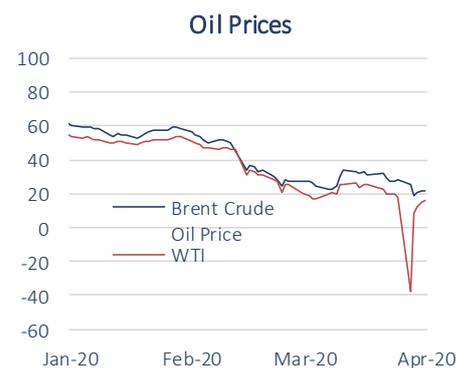
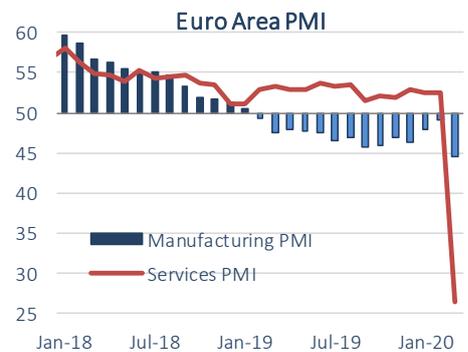
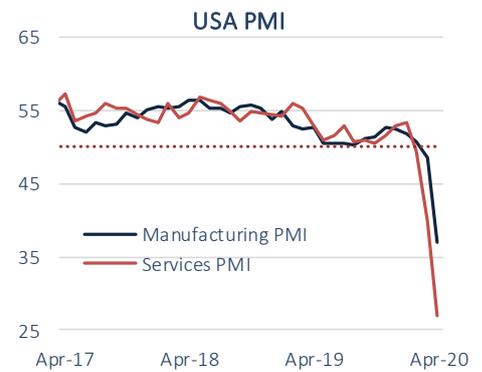
The Last week, data releases in the US confirmed the negative effects of the coronavirus epidemic on economic activity. Due to the effects of the lockdown measures against the outbreak in the country, leading manufacturing and services PMI data fell to historical low levels in April. While manufacturing PMI became 36.9 in this period, PMI for service sector, which constitutes about 70-80% of the country's GDP, declined to 27. In March, new house sales also fell by 15.4% mom to 627K. Durable goods orders posted their most rapid decline since August 2014, by 14.4% mom in March. The markets' expectation was 11.9% decline in the orders. Although the initial jobless claims in the US last week decreased slightly on a weekly basis, it was above the expectations with 4.43 million. Thus, since the coronavirus effects began to appear in the country, the total number of jobless claims has exceeded 26 million. Last week, a 484 billion USD coronavirus aid package was approved in the country, mostly aimed at funding small businesses and hospitals. US fiscal support in the fight against the coronavirus epidemic has reached almost a total of 3 trillion USD.

In the Euro Area, PMI data fell to historically low levels.

According to preliminary data in the Euro Area, April manufacturing PMI data came in at 33.6, while in the services sector, where negative effects of the epidemic were felt more, PMI fell to a historically low level of 11.7. The EU Commission approved an emergency funding of 540 billion EUR at the teleconference meeting held last week. While a consensus has not been reached among the members on whether the funds will be donated or allocated as a loan to the countries in need, it was stated that the details would be clear until the summer period. ECB President Lagarde stated that the contraction in the Euro Area in 2020 could reach 15% in the worst case scenario. The IMF predicts the region to contract by 7.5% this year.

Oil price futures saw negative levels.

The insufficient storage capacities, with the oil supply remaining well above the demand, caused the futures prices of US West Texas oil (WTI) to go down to negative territory on April 20. After the drop in the WTI oil price futures, the barrel price of Brent crude oil also declined below 20 USD during the week. Following the sharp decline in oil prices, Russian officials stated that they are



Source: Datastream, Johns Hopkins

open to negotiate a further production cut with global oil producers in order to balance the price levels. Meanwhile, Trump signaled that efforts will be made to raise funds for the oil and gas sector. Oil prices, which posted some recovery in the following days, ended the week at 21.4 USD.

CBRT cut the policy rate.

At the Monetary Policy Committee meeting held on 22 April, CBRT cut the policy rate from 9.75% to 8.75%. With this decision, CBRT's total interest rate cuts in the first four months reached 325 bps. In the press release published after the meeting it was evaluated that the developments regarding the spread of the coronavirus substantially weaken global growth outlook and other central banks continue to take expansionary measures. The statement also indicated that despite the recent depreciation in the Turkish lira due to global developments, sharp decline in international commodity prices, especially crude oil and metal prices, affects inflation outlook favorably. Stating that the decline of the sovereign risk, lower long-term interest rates and stronger economic recovery are of great importance, the CBRT emphasized that any new data or information may lead the Committee to revise its stance.

Confidence indices are at historically low levels ...

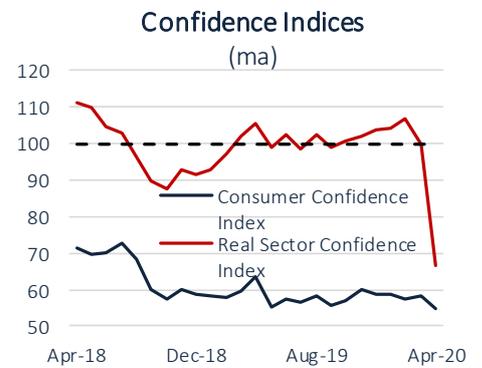
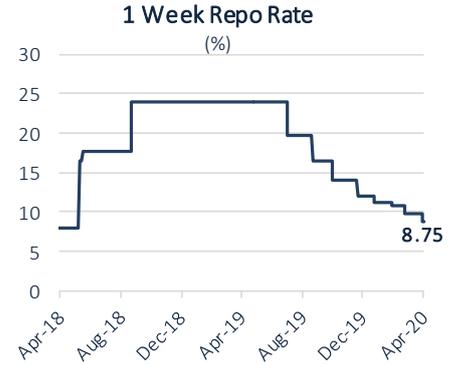
According to TURKSTAT data, the seasonally adjusted Consumer Confidence Index fell by 5.8% mom and became 54.9 which is the lowest level since 2004. The sub-index that reveals the probability of saving for the next 12 months has contracted by double-digit rates while the decrease in the general economic situation expectation for the next 12 months was relatively small with 1.1%. The real sector confidence index fell to its lowest level since February 2009 and became 66.8 in April, while the sectoral confidence indices touched the lowest levels since 2011 when the data started to be collected. Seasonally adjusted confidence index decreased by 26% mom to 75.2 for retail trade sector and declined by 42.2% to 44.7 for the construction sector. The index fell by 50.1% mom to 46.1 for the services sector, which was more affected by the virus outbreak. Capacity utilization rate in the manufacturing sector dropped by 13.4 points in April compared to the same month of the last year and became 61.6%. Capacity utilization rate had declined to these levels in the first quarter of 2009. The level below 60.8% would be the lowest since the first announcement of the data. When analyzed by product groups, the capacity utilization rates of investment and durable goods decreased by 22.8 points and 20.2 points, respectively. While the fastest declines were seen in the textile, apparel and motor vehicles sectors, food, pharmacy and paper products were the least affected by the epidemic.

Domestic Markets..

On Friday, The World Bank has announced the approval of a loan of 100 million USD to Turkey for Emergency Covid-19 Health Project. The loan will have a 10.5 year maturity, with a 5-year grace period.

BIST-100, which had a volatile course last week, increased by 0.6% wow and completed the week at 98,759. USD/ TRY increased by 0.6% and reached 6.97 on Friday. Turkey's 5 year CDS premium declined by 33 basis points to 598 basis points.

This week, global markets will follow preliminary Q1 growth data in the US and the Euro Area as well as Fed and ECB meetings. March foreign trade data will be announced in Turkey.



Data Releases

		Period	Consensus	Prior
27 April	Re-opening of Zero Coupon T-bill with 5M Maturity	April		
	Re-opening of Floating Coupon Bond with 7Y Maturity	April		
28 April	Direct Sale of Lease Certificate with 6M Maturity	April		
	Re-opening of Fixed Coupon Bond with 2Y Maturity	April		
29 April	US Consumer Confidence	April	88	120
	TR Economic Confidence Index	April	-	91.8
	TR Treasury Domestic Redemption (420 million TRY)	April	-	-
	US GDP, prelim	Q1 2020	-4%	2.1%
	US Pending Home Sales, mom	March	-10%	2.4%
	Euro Area Consumer Confidence, Final	April	-22.7	-22.7
	Germany CPI, prelim yoy	April	0.5%	1.4%
30 April	TR Trade Balance	March	-	-2.98 billion USD
	US Core PCE,yoy	March	1.7%	1.8%
	US Initial Jobless Claims	20-24 April	3.5 million persons	4.4 million persons
	US Chicago PMI	April	37.9	47.8
	Euro Area GDP, prelim	Q1 2020	-3.4%	0.1%
	Euro Area Unemployment Rate	March	7.7%	7.3%
	China NBS Manufacturing PMI	April	51	52
	US ISM Manufacturing PMI	April	36.7	49.1
1 May				

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