

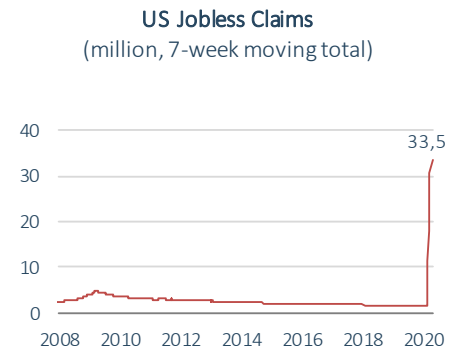
	1-May	8-May	Change		1-May	8-May	Change
BIST-100 Index*	98.842	97.845	-1,0% ▼	EUR/USD	1,0983	1,0840	-1,3 % ▼
TRY 2 Year Benchmark Rate*	8,35%	9,06%	71 bp ▲	USD/TRY	7,0080	7,0820	1,1 % ▲
Turkey 5-Year CDS	601	645	44 bp ▲	EUR/TRY	7,7011	7,6766	-0,3 % ▼
MSCI EM Equity Index	917	912	-0,6 % ▼	Gold (USD/ounce)	1.699	1.701	0,1 % ▲
US 10-Year Bond Rate	0,64%	0,68%	4 bp ▲	Brent Oil (USD/barrel)	26,6	31,0	16,4 % ▲

bp: basis point
(*) 4 May

The data released last week continued to reflect the effects of the coronavirus outbreak on global economic activity. While applications for unemployment benefits in the US approached 33.5 million people in the last 7 weeks as the effects of the pandemic were observed, US unemployment rate increased to 14.7% in April. The released data has pointed out that the economic activities in the Euro Area also remain weak. In May, relaxation of the measures taken against the pandemic started to be evaluated by many countries. According to provisional data in Turkey, exports and imports declined by 41.4% and 28.3%, respectively, while the foreign trade deficit rose to 4 billion USD. Credit rating agency S&P affirmed Turkey's B+ long-term foreign currency credit rating and "stable" outlook.

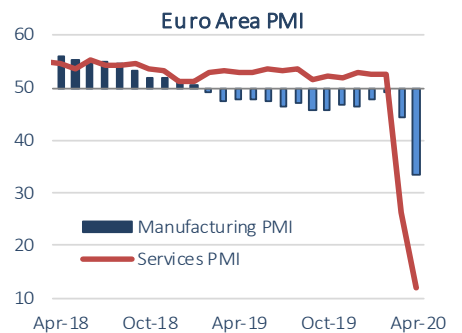
US jobless claims have approached 33.5 million people in the last 7 weeks.

Although the number of people who applied for jobless claims in the US declined week and realised as 3.2 million in the week ending May 2, it has approached a total of 33.5 million in the last 7 weeks. Nonfarm payrolls decreased by 20.5 million people in April, while the unemployment rate increased to 14.7%. Nonfarm payrolls in the US decreased by 800 thousand people in March 2009, during the 2009 financial crisis, the month with the highest unemployment rate was October 2009 with 10%. Meanwhile, average hourly wages were up 7.9% year-on-year because the layoffs are mostly in low-paying jobs. US ISM services PMI data, which was 52.5 in the previous month, decreased to 41.8 in April. The index, which has declined to its lowest level since March 2009, indicates contraction in the US economic activity. In March, US exports decreased by 9.6% mom led by the agriculture and aviation sectors, while imports declined by 6.2% on a monthly basis, making the sharpest decline in the last 11 years. Thus, US foreign trade deficit rose to 44.4 billion USD in March.



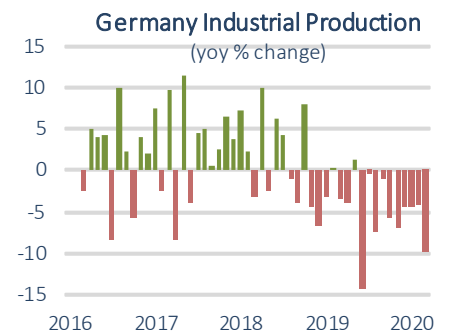
Economic activity in the Euro Area remains weak.

In the Euro Area, services final PMI data was announced as 12 in April. It was noteworthy that Spain services PMI declined to 7.1 in this period. The composite PMI, which was calculated by evaluating the PMI data of the manufacturing and service sectors together, was announced at 13.6 for the Euro Area in April. In March, the index was at 29.7. In the Euro Area, the calendar-adjusted retail sales index fell by 9.2% yoy in March, while the decline in non-food products was 21.7%. The unemployment rate in the Euro Area, which stood at 7.3% in February, was 7.4% in March. Season and calendar-adjusted industrial production in Germany decreased by 9.2% in March mom. Thus, industrial production in the country has been realised at the lowest level in the last 30 years because of the measures taken against the pandemic. The production of the automobile industry in the country decreased by 31.1%.



The EU Commission expects a contraction of 7.7% in the Euro Area economy in 2020.

According to the estimates published by the EU Commission (EC), the economy of the Euro Area is expected to contract by 7.7% in 2020 and grow by 6.3% in 2021. While CPI is forecasted to decrease to 0.2% this year, the ratio of budget deficit to GDP will increase to 8.5%, thus the public debt stock/GDP ratio, which stood at 86% last year, will increase to 103% in 2020. The economies of Italy, Spain and Greece, which are adversely affected by the pandemic, are expected to contract by more than 9% this year. EC stated that Turkish economy is exposed to the fallout from the pandemic due to its high dependence on the tourism and transport sectors and high integration in the global supply chain. EC has estimated that the economy of Turkey will contract by 5.4% in 2020 and will grow by 4.4% in 2021.



Source: Datastream, Johns Hopkins

Developments related to the easing of lockdown measures supported oil prices.

The expectations that the gradual easing of worldwide restrictive measures that are in effect because of the coronavirus pandemic will support demand conditions and data indicating that the increase in inventories has lost momentum have affected the oil prices positively. The price of Brent crude oil rose by 17.1% w/w to 31 USD a barrel.

S&P affirmed Turkey's credit rating as B+.

Credit rating agency S&P affirmed Turkey's B+ long-term foreign currency credit rating and "stable" credit rating outlook. In the assessment published by S&P, it has been noted that the outlook shows that the downward economic risks from the coronavirus outbreak are still balanced by the resilience of the private sector and the low level of net public debt. While the agency expects Turkey's economy to contract by 3.1% in 2020 and to grow by 4.2% in 2021, it forecasts this year's inflation rate as 11.3% and 10.3% for 2021, and this year's unemployment rate as 13,8%, and 12.5% for 2021. Meanwhile, Fitch Solutions expect Turkey's economy to contract by 3.4% this year, and to post moderate recovery in the coming years.

CBRT regulated the limits on TL-to-forex swaps.

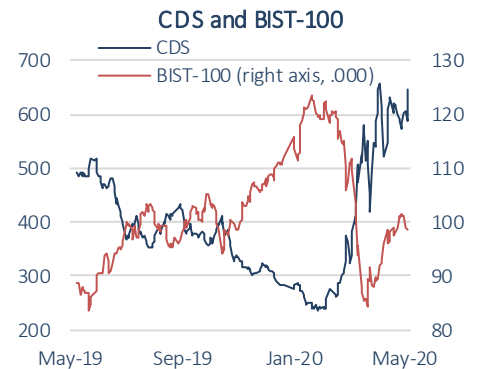
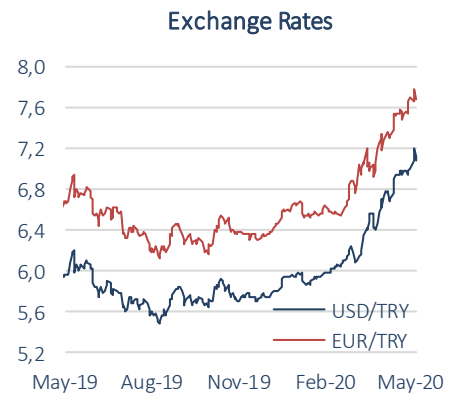
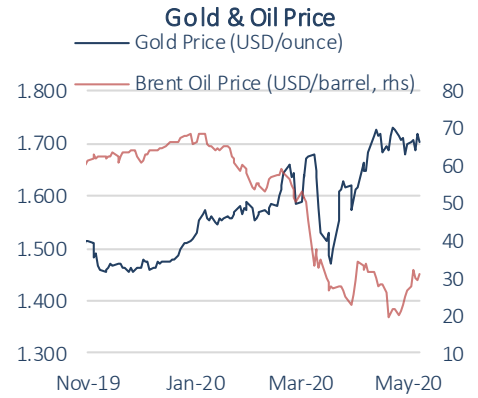
CBRT increased limits on outstanding TL-to-forex swaps to 40% of the banks' total foreign exchange transaction limits at the TL currency swap market from the previous 30%. On the other hand, according to the data released by the CBRT, the real exchange rate index based on CPI fell to its lowest level since September 2018, decreasing mom by 5.5% to 68.88 points in April. BRSA limited the total amount of TL placement, TL deposit, TL repo and TL loan transactions to be made by banks with financial entities established abroad to the 0.5% of the banks' legal equity until the extraordinary conditions caused by the coronavirus pandemic disappear.

In April, foreign trade deficit increased to 4 billion USD.

According to the temporary foreign trade data published by the Ministry of Trade, the foreign trade deficit increased to 4 billion USD in April, while the foreign trade volume decreased by 34.31% yoy to 22 billion USD. In this period, exports decreased by 41.4% yoy to 9 billion USD, while imports contracted by 28.3%. Automotive production fell by 91% in April, according to data released by the Automotive Industry Association. In the January-April period in 2020, automotive production decreased by 28% compared to the same period of the previous year and became 352,309 units. The unemployment rate in February, when the effect of the coronavirus has not been fully observed, was realised as 13.6% in Turkey. A decrease of 1.1 million people in labour force participation drew attention. While the announced foreign trade data indicate a rapid decline in the economy, it is considered that the initiation of the normalisation steps in May may support the economic activity. In Turkey, shopping malls, clothing retailers, hairdressers and barber shops will resume their activities from 11 May.

Financial markets...

Some recovery was observed in the global stock markets as a result of increased risk appetite due to the easing of the measures taken against the coronavirus outbreak and the news that the negotiations related to the trade agreement between the US and China representatives were positive. While the BIST-100 index decreased by 1.0% on a weekly basis, the USD/TRY exceeded the highest value it saw in August 2018 with 7.27 on 7 May. The USD/TRY rate, which fluctuated in a wide band throughout the week, completed the week at 7.08. The compound interest rate of the 2-year benchmark bond increased by 71 bps to 9.06%. Turkey's CDS premium has completed the week at 645 with a 44 bps increase.



Source: Datastream

Data Releases

		Period	Consensus	Prior
11-May	TR Unemployment	February	13.6% (A)	13.8%
12 May	US CPI, mom	April	-0.7%	-0.4%
	US Core CPI, yoy	April	1.7%	2.1%
13-May	TR Current Deficit	March	-	-1.23 billion USD
	Euro Zone Industrial Production	March	-12.0%	-1.9%
	US PPI, mom	April	-0.5%	-0.2%
	US Core PPI, mom	April	0.0%	-0.3%
14-May	TR Industrial Production, yoy	March	-	7.5%
	US Initial Jobless Claims	4-9 May	2.500k	3.169k
	Germany CPI, final	April	0.8%	0.8%
15-May	TR Budget Balance	April	-	5.46 million TRY
	CBRT Expectation Survey	April	-	-
	Euro Zone GDP, lead	Q1	-3.8%	-3.8%
	US Industrial Production	April	-11.00%	-5.4%
	US Retail Sales, mom	April	-12.00%	-8.7%
	US New York Fed Manufacturing Index	May	-65.00	-78.20
	US Michigan Consumer Confidence Index	May	68.00	71.8

(A) Actual

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