

	26-Mar	2-Apr	Change		26-Mar	2-Apr	Change
BIST-100 Index	1,382	1,430	3.5 % ▲	EUR/USD	1.1796	1.1762	-0.3 % ▼
TRY 2 Year Benchmark Rate	19.28 %	18.54 %	-74 bp ▼	USD/TRY	8.1350	8.1619	0.3 % ▲
Turkey 5-Year CDS Premium	461	451*	-10 bp ▼	EUR/TRY	9.5625	9.5810	0.2 % ▲
MSCI EM Equity Index	1,307	1,338	2.4 % ▲	Gold (USD/ounce)	1,732	1,729	-0.2 % ▼
US 10-Year Bond Rate	1.66 %	1,68%*	2 bp ▲	Brent Oil (USD/barrel)	64.6	64.9*	0.4 % ▲

bp: basis point

(*) As of 1 April.

The appreciation of USD and the rise of 10-year US Treasury bond yields put pressure on global markets until the middle of last week. However, in the following days, US President Biden's announcement of the details of the stimulus package worth of 2.25 trillion USD, positive economic data on the US economy and the vaccination process supported the global risk appetite. At the meeting held last week, OPEC+ countries decided to reduce oil production cuts starting from May. In Turkey, while the PMI data for March displayed a positive outlook, the foreign trade deficit narrowed by 14.2% yoy in March and by 15.2% in the first quarter, according to provisional data. The messages of CBRT Governor Kavcıoğlu that the tight monetary policy stance would be maintained were reflected on the domestic markets positively. The annual CPI inflation in March became 16.19% and the annual D-PPI inflation came in at 31.20%. This week, the World Economic Outlook report to be announced by the IMF will be followed closely in global markets.

The data releases in the US displayed a positive outlook.

In the US, US President Biden announced the details of a new 2.25 trillion USD infrastructure plan. The plan, which is proposed to be implemented in an eight-year period, is expected to pass into law in September this year. It was stated that the planned investments will be made with the resources to be obtained by increasing the corporate tax rate in the US from 21% to 28% and imposing 21% tax on the global profits of the companies in the next 15 years.

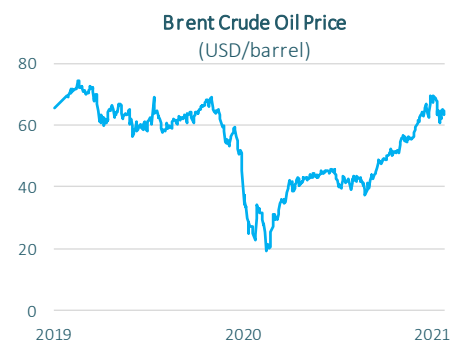
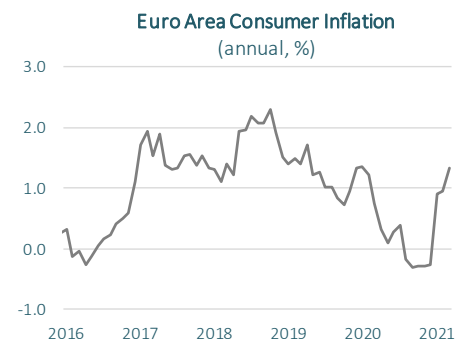
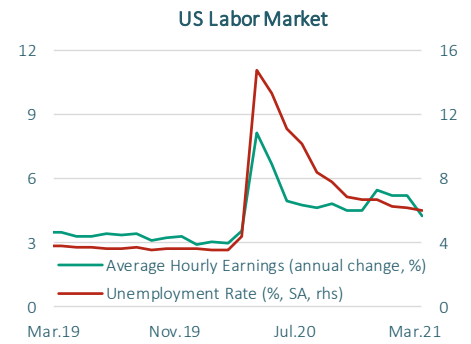
In the US, while the ISM manufacturing index came in above expectations at 64.7 in March, the manufacturing PMI data for the same period was revised higher to 59.1. The data releases indicated that the manufacturing sector maintained its strong performance. The consumer confidence index also increased by 18.4 points mom in March and reached its highest reading since March 2020 with 109.7. In March, the increase in non-agricultural employment was realized as 916 thousand people, well above the expectations. In this period, the unemployment rate decreased slightly compared to the previous month, becoming 6% in line with the market expectations. The acceleration of the vaccination process and the new fiscal support package in the US are considered to be effective in improving the employment outlook.

Annual CPI increase in the Euro Area became 1.3%.

According to the preliminary data in the Euro Area, the annual CPI inflation rose to 1.3% in March due to the increase in energy prices. In this period, core CPI increase excluding food, energy, alcohol and tobacco products came in at 0.9%, posting a decrease compared to the previous month.

OPEC+ decided to reduce current production cuts.

After the "Ever Given" floated in the Suez Canal on March 29, oil prices, which began last week with a decline, rose before the OPEC+ meeting due to the expectations that production cuts would continue. While OPEC+ reduced their global oil demand forecast for 2021 by 300,000 barrels/day to 5.6 million barrels/day, they decided in last week's meeting to increase oil production by 350,000 barrels/day in May and June, and 400,000 barrels/day in July. In addition, it has been announced that Saudi Arabia will gradually remove the voluntary production cut until July.



Source: Datastream

In Turkey, annual CPI rose to 16.19%.

In March, monthly rise in CPI was realized as 1.08%, while annual CPI inflation surged to 16.19%, reaching the highest level since July 2019. In this period, domestic PPI (D-PPI) increased by 4.13% mom and annual D-PPI inflation rose to 31.20%, the highest level of the last 26 months. The recent volatility in exchange rates, as well as the high level of inflation expectations suggests that inflationary pressures may persist in the coming months.

In March, foreign trade deficit contracted by 14.2% yoy.

According to the preliminary data released by the Ministry of Trade, foreign trade deficit narrowed by 14.2% yoy and became 4.7 billion USD in March. In this period, exports picked up by 42.2% yoy to 19 billion USD, while imports increased by 25.8% yoy to 23.7 billion USD. In January-March period, foreign trade deficit contracted by 15.2% yoy and became 11 billion USD.

In March, manufacturing PMI showed a positive outlook.

Manufacturing PMI came in at 52.6 in March, increasing by 0.9 point compared to February. Thus, the index continued to stay above the 50 threshold for the tenth consecutive month. This development indicates that the growth in manufacturing sector continues. According to the sub-items of the index, new orders, which retreated in February, began to rise again in March; it was also observed that the increase in production and employment has persisted.

The statements by the CBRT President Kavcıoğlu were followed closely.

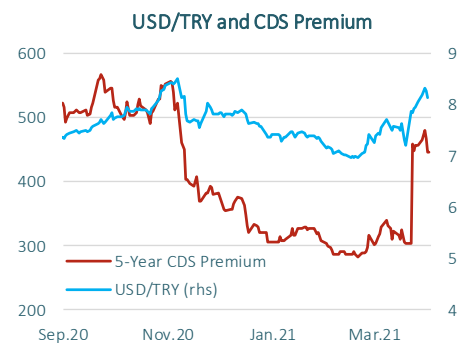
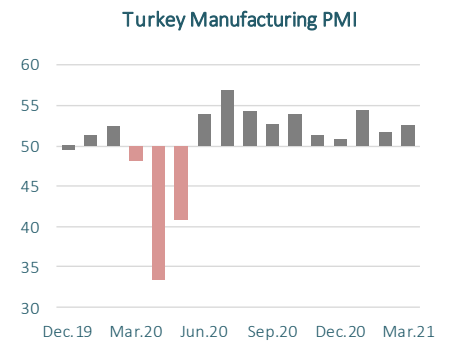
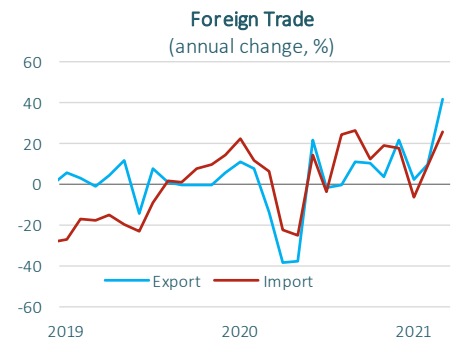
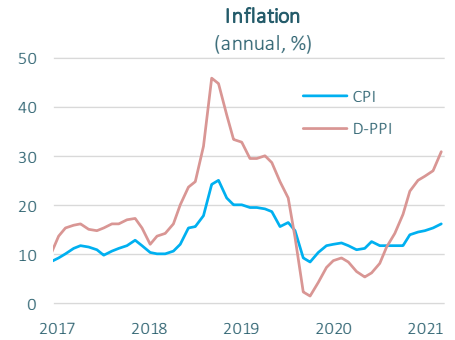
In his statements last week, CBRT Governor Kavcıoğlu stated that the current inflation level and inflation expectations require a tight monetary policy stance. The Governor also emphasized that the policy rate will be kept above actual and expected inflation until there are strong indicators that point to a permanent fall in inflation and price stability. The messages of CBRT Governor Kavcıoğlu that the tight monetary policy stance would be maintained were reflected on the domestic markets positively.

Financial markets displayed a volatile course.

In the middle of last week, DXY, which shows the value of USD against other developed currencies, rose to 93.4, the highest level since November 2020 and the 10-year US Treasury bond yield tested 1.77% level. The rise in DXY and long term interest rates put pressure on global markets. Since the middle of the week, the announcement of the new stimulus package in the US together with the favorable economic data and speed up in vaccination supported global risk appetite. Hence, global stock markets hit historically high levels.

The USD/TRY, which rose to as high as 8.45 in the middle of last week, showed a downward trend following the statements by the CBRT governor and tested below the level of 8 towards the end of the week. As of this morning, the USD/TRY has been above 8.15. BIST-100 index also went up by 3.5% w/w. Turkey's 5-year CDS premium that exceeded the level of 480 bps last week has declined towards the end of the week. The volatility in the markets is likely to continue until the CBRT meeting to be held on April 15.

In her speech last week, IMF Managing Director Georgieva announced that they will revise their global growth forecasts upwards depending on the new fiscal package in the US and the expected vaccine-powered recovery in many advanced economies. As the World Economic Outlook Report to be published by the IMF on April 6, the updated global economic growth forecasts of IMF will be followed closely.



Source: Datastream

Data Releases

		Period	Consensus	Prior
5 April	TR CPI Inflation, mom	March	16.19% (A)	15.61%
	TR D-PPI Inflation, yoy	March	31.2% (A)	27.09%
	USA ISM Services PMI	March	58.5	55.3
	USA Markit Services PMI, final	March	60.0	59.8
	USA Factory Orders, mom	February	-0.5%	2.6%
6 April	Euro Area Sentix Index	April	6.7	5.0
	Euro Area Unemployment Rate	February	8.1%	8.1%
7 April	TR Treasury Cash Balance	March	-	-3.46 billion TL
	Euro Area Services PMI, final	March	48.8	45.7
	Germany Services PMI, final	March	50.8	45.7
8 April	USA Initial Jobless Claims	29 Ma-2 Ap	650K	719K
	Euro Area PPI Inflation, yoy	February	1.2%	0.0%
	Germany Industrial Orders, mom	February	1.0%	1.4%
9 April	CBRT Survey of Expectations	April	-	-
	USA PPI Inflation, mom	March	0.5%	0.5%
	Germany Industrial Production, mom	February	1.5%	-2.5%
	China CPI Inflation, yoy	March	0.2%	-0.2%

(A) Actual

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