

	2-Apr	9-Apr	Change		2-Apr	9-Apr	Change
BIST-100 Index	1,430	1,393	-2.6 % ▼	EUR/USD	1.1762	1.1896	1.1 % ▲
TRY 2 Year Benchmark Rate	18.54 %	18.56 %	2 bp ▲	USD/TRY	8.1619	8.1534	-0.1 % ▼
Turkey 5-Year CDS Premium	451*	440	-11 bp ▼	EUR/TRY	9.5810	9.7181	1.4 % ▲
MSCI EM Equity Index	1,338	1,343	0.4 % ▲	Gold (USD/ounce)	1,729	1,743	0.8 % ▲
US 10-Year Bond Rate	% 1.68*	1.67 %	-1 bp ▼	Brent Oil (USD/barrel)	64.9*	63.0	-2.9 % ▼

bp: basis point

(*) As of 1 April.

Last week, the decline in 10-year bond yields due to the easing of inflation concerns in the US supported the stock markets. In its April World Economic Outlook report, the IMF revised up its global growth forecasts. The minutes of the Fed's March meeting showed that Fed officials were determined to support the economy until a permanent recovery in economic activity is achieved. Portfolio inflows to developing countries were at their lowest level since April 2020, as a result of the concerns that the tapering in the US would be earlier than expected. According to the results of the Survey of Expectations released by the CBRT in April, the year-end CPI inflation expectation rose by 158 bps compared to March and became 13.12%. Treasury cash balance posted a surplus of 41 billion TRY in March. The current account deficit was 2.6 billion USD in February, while the seasonally adjusted unemployment rate increased by 0.7 points compared to the previous month and reached 13.4%. This week, in addition to a heavy data agenda, the CBRT meeting to be held on Thursday will be closely monitored by the markets.

IMF revised up its global growth forecasts.

In the World Economic Outlook report published on April 6th, the IMF revised its 2020 contraction forecast for the global economy from 3.5% to 3.3%. For 2021, the global growth forecast was increased from 5.5% to 6.0%, while the global economy is predicted to grow by 4.4% in 2022. It was stated that the expected recovery in global economic activity in the second half of the year was due to additional fiscal support by a few developed economies such as the United States and global vaccination process. On the other hand, it was stressed that divergence between the paces of recovery in different countries increased due to differences in vaccination process, structural factors and the extent of fiscal support against the pandemic. The Organization kept its 2021 growth forecast for the Turkish economy unchanged at 6%. In the report, IMF expects that the inflation in Turkey will be 12.5% at the end of 2021.

The minutes of Fed March meeting were published.

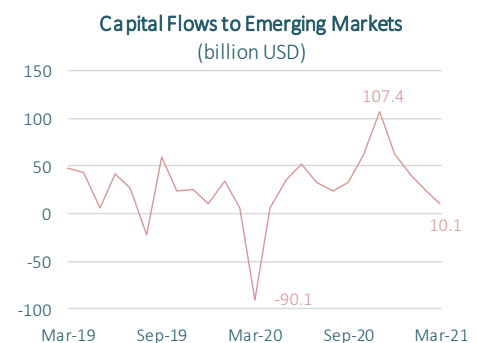
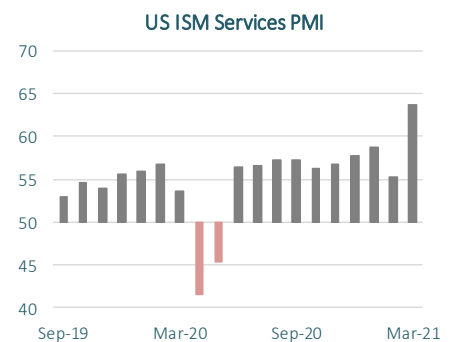
The minutes of the Fed's meeting held on 16-17 March were published last week. Although the minutes indicated that the US economy was far from the longer-run goals, Fed officials were determined to help the economy until there is a permanent recovery in economic activity. Furthermore, it was stated that the recent rapid rise in US Treasury bond yields generally viewed as a reflection of the improved economic outlook. The acceleration of vaccination in the US has resulted in a recovery and optimism in the services sector, which has reflected positively on the ISM services PMI. In March, the index reached 63.7, the highest level since the data began to be released. According to data released on Friday, PPI increased above market expectations by 1.0% mom in March. In this period, PPI rose by 4.2% yoy and reached its highest growth in the last 9.5 years. Fed Chairman Powell said in an interview in the weekend that the US economy is at an "inflection point," as economic activity and job creation is expected to increase in the coming months, underlining that the main risk for the economy is the spreading of the disease again.

Portfolio inflows towards emerging markets declined to its lowest level since April 2020...

According to the data announced by the International Finance Institute (IIF), portfolio investment inflows towards emerging markets were 10.1 billion USD in March. Foreign portfolio inflows fell by approximately 13.2 billion USD

	IMF April Projections (%)		
	2020	2021	2021
Growth			Difference* (% point)
World	-3.3	6.0	0.5
United States	-3.5	6.4	1.3
Euro Area	-6.6	4.4	0.3
Turkey	1.8	6.0	0.0
World Trade Volume	-8.5	8.4	0.3

(*) Difference from January projections



Source: Datastream, IMF

compared to the February, declining to its lowest level since April 2020. 3.9 billion USD of the inflows was towards equity markets and 6.2 billion USD to debt securities markets. During this period, the increase in 10-year Treasury bond yields due to sooner than expected tapering of the Fed, limited the portfolio inflows to emerging markets.

The current account deficit became 2.6 billion USD in February.

The current account deficit, which was 1.4 billion USD in the same month of the previous year, was realized as 2.6 billion USD in February 2021 in line with the market expectations. In addition to the widening in the foreign trade deficit, the decrease in net inflows from the services balance and the increase in net outflows due to the primary income balance were effective in this development. In the January-February 2021 period, the current account deficit was 4.4 billion USD, while the 12-month cumulative deficit reached 37.8 billion USD.

Inflation expectations rose in the CBRT's Survey of Expectations.

According to the April results of the Survey of Expectations released by the CBRT, it was observed that the market expectation for the year-end CPI inflation for 2021 increased by 158 basis points to 13.12% compared to the previous survey period, while inflation expectations for 12 months and 24 months ahead also increased compared to the previous period. In line with the recent depreciation of TL, the year-end USD/TRY expectation, which was 7.95 in the previous survey, increased to 8.57.

Treasury cash balance posted a surplus of 41 billion TRY in March.

Treasury cash balance posted a surplus of 41 billion TRY in March. Thus, cash surplus in the January-March period reached 11.3 billion TRY. In the same period of the previous year, the treasury cash deficit was 26.4 billion TRY.

Unemployment rate was realized as 13.4% in February.

Seasonally adjusted unemployment rate increased by 0.7 points mom and became 13.4% February. In this period, while the total employment decreased by 124K persons yoy in February, the employment rate decreased to 43.4%. The labor underutilization rate, which expresses the ratio of the sum of time-related underemployment, unemployed and potential workforce to the total workforce and potential workforce declined by 1.2 points and became 28.3%.

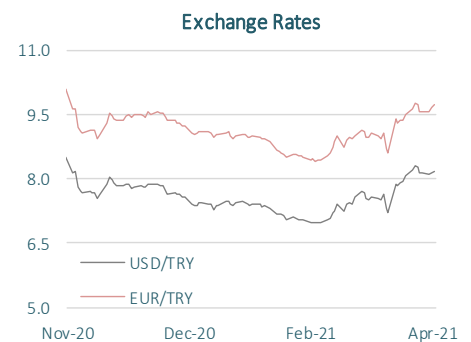
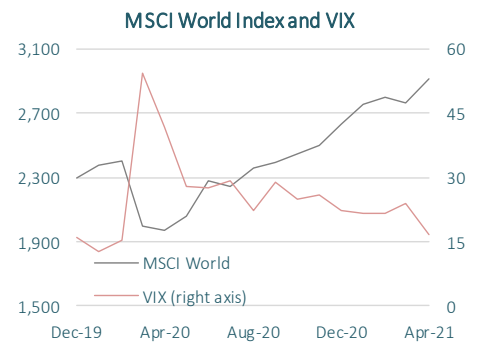
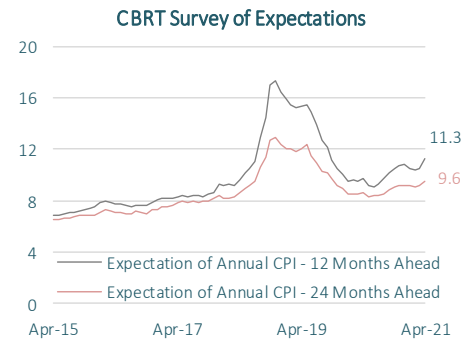
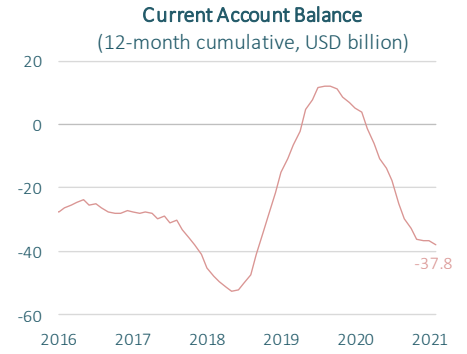
Financial markets...

The positive economic data and the acceleration of vaccination supported the global risk appetite last week. The VIX, also known as the fear index, fell to 16.69 on Friday, reaching pre-pandemic levels. The decline in 10-year US Treasury bond yield and DXY, which shows the value of USD against other developed currencies, supported the stock markets, as US inflation concerns slightly eased.

Last week, BIST-100 index diverged negatively from global stock markets, particularly due to rapid sell-off on Friday. USD/TRY followed a fluctuating course and completed the week at 8.15 level. Turkey's 5-year CDS risk premium declined by 11 basis points on a weekly basis but remained at high levels.

This week's agenda...

This week, the monetary policy committee meeting of the CBRT, which will be held on Thursday, will be closely monitored in domestic markets. Also, the budget balance for March and industrial production for February will be announced.



Source: Datastream, CBRT

Data Releases

		Period	Consensus	Prior
12 April	TR Balance of Payments	February	-2.6 billion USD (A)	1.9 billion USD
	TR Unemployment Rate	February	13.4% (A)	13.2%
	Re-opening of 2Y Fixed Coupon Bond	April	-	-
	Re-opening of 5Y TLREF Indexed Bond	April	-	-
13 April	Euro Area Retail Sales, mom	February	3.0% (A)	-5.9%
	TR Industrial Production, yoy	February	8.9%	11.4%
14 April	USA CPI Inflation, yoy	March	2.5%	1.7%
	China Trade Balance	March	52.1 billion USD	103.3 billion USD
	Germany ZEW Economic Sentiment	April	79.5	76.6
	TR Treasury Debt Redemptions	April	6.0 billion TRY	-
15 April	Direct Sale of 3Y Gold Bond	April	-	-
	Direct Sale of 3Y Gold Lease Certificate	April	-	-
	Euro Area Industrial Production, yoy	February	-0.9%	0.1%
	TR Budget Balance	March	-	23.2 billion TRY
	CBRT Monetary Policy Meeting	April	19.0%	19.0%
	TR House Sales	March	-	81.2K
	USA Industrial Production, mom	March	2.8%	2.2%
	USA Capacity Utilization Rate	March	75.6%	73.8%
16 April	USA Retail Sales, mom	March	5.5%	-3.0%
	USA Initial Jobless Claims	5-10 April	700K	744K
	USA NY Fed Manufacturing Index	April	18.2	17.4
	TR Treasury Debt Redemptions	April	6.9 billion TRY	-
	USA Michigan Consumer Confidence, prelim	April	88.9	84.9
	USA Housing Starts	March	1.600 million	1.412 million
	Euro Area CPI Inflation, yoy	March	1.3%	1.3%
	China GDP Growth, yoy	2021 Q1	18.9%	6.5%

(A) Actual

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