

	23-Apr	30-Apr	Change		23-Apr	30-Apr	Change
BIST-100 Index	1.345*	1,398	3.9 % ▲	EUR/USD	1.2099	1.2018	-0.7 % ▼
TRY 2 Year Benchmark Rate	18.09 %*	18.08 %	-1 bp ▼	USD/TRY	8.3762	8.2735	-1.2 % ▼
Turkey 5-Year CDS Premium	422	416	-6 bp ▼	EUR/TRY	10.1346	9.9607	-1.7 % ▼
MSCI EM Equity Index	1,353	1,348	-0.4 % ▼	Gold (USD/ounce)	1,777	1,769	-0.5 % ▼
US 10-Year Bond Rate	1.57 %	1.63 %	6 bp ▲	Brent Oil (USD/barrel)	66.1	67.3	1.7 % ▲

bp: basis point

(*) The data of April 22nd

Last week, Fed's meeting, preliminary GDP data for the first quarter of 2021 in the US and the Euro Area, and inflation indicators were followed in global markets. While the Fed did not change its monetary policy in line with the expectations, the annual PCE inflation in the US rose from 1.6% in February to 2.3% in March. According to the preliminary annualized data, the US economy grew by 6.4% in the first quarter, above market expectations. In the same period, the Euro Area economy contracted by 1.8% yoy. In the region, according to the preliminary data, CPI inflation came in at 1.6% yoy in April, in line with the market expectations. In Turkey, the annual CPI inflation in April reached 17.14%. In the Inflation Report published by the CBRT on Thursday, the year-end inflation forecasts were increased from 9.4% to 12.2% for 2021 and from 7.0% to 7.5% for 2022. This week, the Monetary Policy Committee meeting of the CBRT, which will be held on Thursday, will be closely monitored.

US economy grew by 6.4% on an annualized basis in the first quarter of the year.

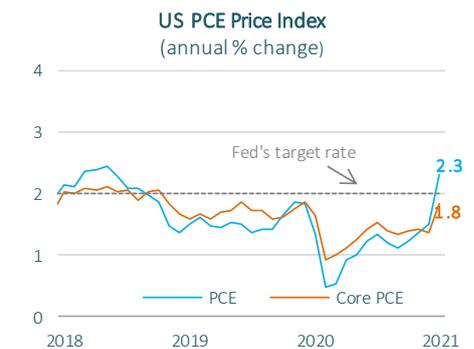
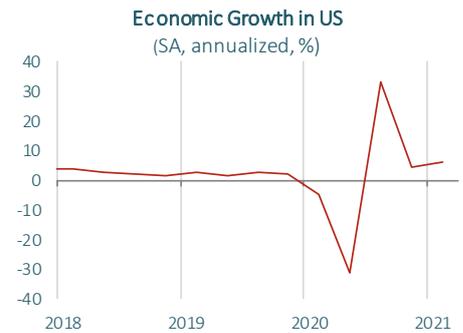
US President Biden announced the new plan worth of 1.8 trillion USD intended for families and education on Wednesday. According to the preliminary annualized data, the US economy grew by 6.4% in the first quarter of 2021, above market expectations. Annual PCE inflation, which was 1.6% in February, came in at 2.3% in March, the highest level since July 2018. During the same period, core PCE inflation also increased to 1.8%, approaching the Fed's target of 2%. The course of the US inflation is being closely monitored by the market to find some hints regarding the timing of the Fed's monetary policy normalization steps.

Fed did not change its monetary policy.

Last week, Fed kept the policy rate in the range of 0-0.25%, keeping the monetary policy unchanged in line with the market expectations. The statement made after the meeting emphasized that the economic activity and employment market strengthened together with the progress in the vaccination process, while the rise in inflation reflected mostly temporary factors. In addition, Fed stated that interest rates will be kept at current levels and asset purchases of at least 120 billion USD will continue until significant progress is achieved in inflation and employment targets. Fed Chairman Powell also said that the time is not yet right to start considering any changes in monetary policy.

Euro Area economy contracted by 1.8% yoy in the first quarter.

According to the preliminary data, Euro Area economy contracted by 1.8% yoy in the first quarter of 2021, close to expectations. Region's economy had also shrunk by 4.9% yoy in the previous quarter. In the Euro Area, preliminary annual CPI inflation became 1.6% in April, in line with the market expectations. On the other hand, in a report published by S&P, the EU's 750-billion-euro recovery fund might boost the bloc's GDP by between 1.5% to 4.1% till 2026. The course of economic activity in EU countries is also important for Turkish economy in terms of export performance.



Source: Datastream

CBRT published the second Inflation Report of the year.

CBRT published its Inflation Report on Thursday. According to the report, year-end inflation projections have been revised from 9.4% to 12.2% for 2021 and from 7.0% to 7.5% for 2022. The inflation projection at the end of 2023 was left at 5%. CBRT Chairman Kavcıoğlu stated that in the baseline scenario, they expect a decrease in inflation after reaching the peak level in April and the current tight monetary policy stance should be maintained decisively until the indicators demonstrate a permanent decline in inflation and inflation expectations.

Annual CPI inflation became 17.14%.

In April, CPI increased by 1.68% mom, while the annual CPI inflation carried its upward trend for 7 consecutive month with 17.14%. Domestic PPI (D-PPI) continued to rise rapidly with 4.13% mom and annual D-PPI reached 35.17%.

Leading indicators signaled a mixed outlook in April.

Manufacturing PMI, which was 52.6 in March, decreased to 50.4 in April when the spread of the Covid 19 pandemic reaccelerated. On the other hand, the index remained above the threshold level of 50 for 11 months, indicating that the manufacturing industry kept its brisk pace of activity despite the loss of momentum. Among the sub-indices, new orders and production indices declined and the increase in employment continued in April.

According to the data published by CBRT, real sector confidence index increased by 0.2 points mom to 111 in April, the highest level in 3 years. The seasonally adjusted real sector confidence index decreased by 2.8 points compared to the previous month and became 107.4. In this period, economic confidence index declined by 5.1% mom to 93.9.

In Turkey full lockdown was started.

In Turkey, full-time lockdown measures took effect starting from 19:00 on Thursday, April 29, till 05:00 on Monday, May 17. In this context, curfew will be implemented during whole week, activities in all workplaces with exemptions and face-to-face educations will be suspended and intercity travel will be subject to permissions.

Tourism income decreased by 40.2% yoy in the Q1.

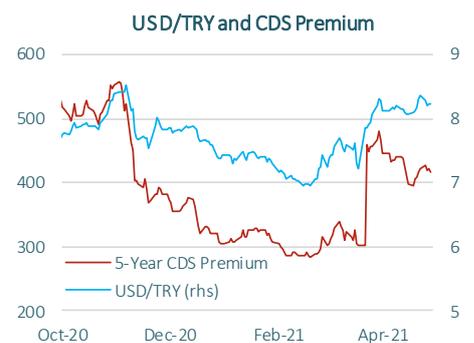
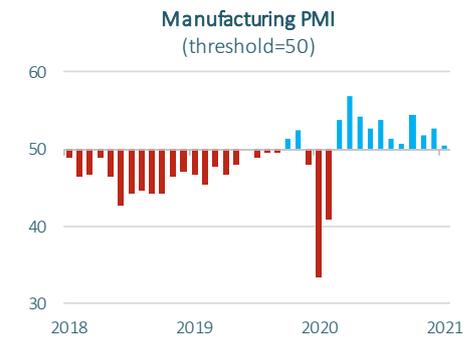
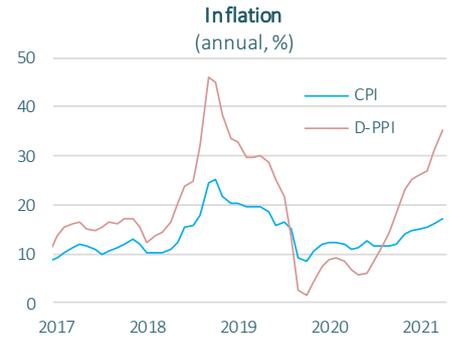
According to TURKSTAT, tourism income decreased by 40.2% in the first quarter of the year yoy and reached 2.5 billion USD. In the same period, the number of foreign visitors decreased by 53.9%. It is estimated that the loss in tourism revenues might be limited during the remainder of the year, particularly with a likely increase in tourism activity during summer months if the number of cases decrease as a result of the full lockdown.

Financial markets...

US dollar depreciated last week after Fed's decision and large-scale support plans in the country. On Thursday, the EUR/USD parity hit 1.2149, its highest level since the end of February.

Having decreased until the mid-week, USD/TRY followed a mixed course in the rest of the week and decreased by 1.2% wow to 8.27 at the end of the week. Turkey's 5-year CDS risk premium continued its course over 400 basis points due to the recent geopolitical developments.

This week, the final PMI data in the US and Euro Area for April, stand out in global markets. In domestic markets, the CBRT's MPC meeting to be held on Thursday will be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
3 May	TR CPI Inflation, yoy	April	17.14% (A)	16.19%
	TR D-PPI Inflation, yoy	April	35.17% (A)	31.20%
	TR Manufacturing PMI	April	50.4 (A)	52.6
	USA Manufacturing PMI, final	April	-	59.1
	Euro Area Manufacturing PMI, final	April	63.3	62.5
4 May	USA Factory Orders, mom	March	1.3%	-0.8%
5 May	USA Services PMI, final	April	-	63.1
	USA ADP Employment Report	April	815K	517K
	Euro Area Services PMI, final	April	50.3	49.6
6 May	CBRT Monetary Policy Meeting	May	19.00%	19.00%
	Euro Area Retail Sales, mom	March	1.4%	3.0%
7 May	TR Treasury Cash Balance	April	-	40.98 billion TRY
	USA Nonfarm Payrolls	April	978K	916K
	USA Unemployment Rate	April	5.7%	6.0%
	China Caixin Services PMI	April	-	54.3

(A) Actual

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