

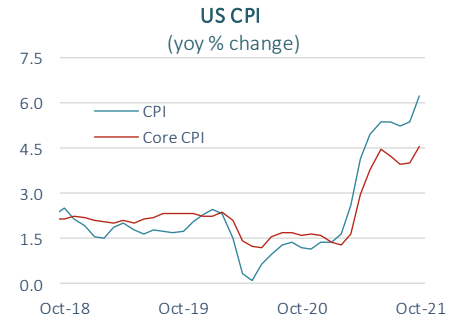
	5-Nov	12-Nov	Change		5-Nov	12-Nov	Change
BIST-100 Index	1,584	1,639	3.5 % ▲	EUR/USD	1.1566	1.1450	-1.0 % ▼
TRY 2 Year Benchmark Rate	17.73 %	17.68 %	-5 bp ▼	USD/TRY	9.6741	9.9751	3.1 % ▲
Turkey 5-Year CDS Premium	399	406	6 bp ▲	EUR/TRY	11.2067	11.4190	1.9 % ▲
MSCI EM Equity Index	1,264	1,285	1.7 % ▲	Gold (USD/ounce)	1,817	1,864	2.6 % ▲
US 10-Year Bond Rate	1.45 %	1.57 %	12 bp ▲	Brent Oil (USD/barrel)	82.7	82.2	-0.7 % ▼

bp: basis point

Last week, US inflation data was followed closely in the markets. Monthly CPI inflation in the US rose higher than expected by 0.9% in October where the monthly increase in PPI increased to 0.6%. While industrial production in the Euro Area displayed a weak outlook in September, the Sentix Confidence Index pointed out a strong one for November. In Turkey, current account balance posted a surplus of 1.7 billion USD in September. In the same period, the unemployment rate decreased to 11.5%. The CBRT increased the required reserve ratios applied to the FX deposit/participation fund by 200 basis points in all maturity brackets. According to the market participants, the year-end consumer inflation expectation rose to 19.31%, while the year-end USD/TRY expectation became 9.98. The CBRT's monetary policy meeting to be held on November 18th is on the spotlight of this week's agenda.

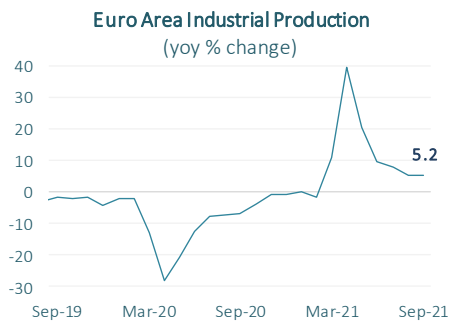
Inflation in the US was above expectations in October.

CPI in the US increased by 6.2% yoy in October due to the rapid rise in gasoline and food prices, reaching the highest level of the last 31 years. In this period, monthly increase in consumer prices was 0.9%, exceeding the market expectations of 0.6%. Monthly PPI inflation, which lost some momentum in the August-September period, rose to 0.6% in October. During this period, core inflation excluding unprocessed food and energy prices, gained momentum. The Michigan consumer confidence index, becoming 66.8 in November, gave negative signals regarding the spending trend.



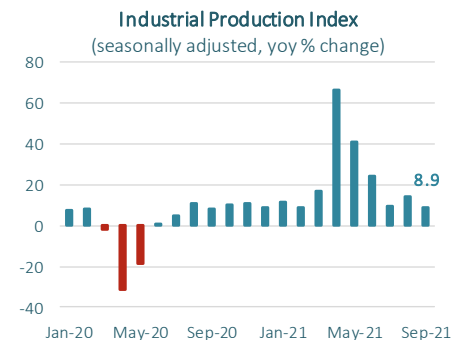
Economic confidence in the Euro Area rose in November.

In September, annual increase in Euro Area industrial production was 5.2%, above the expectations. Recording a monthly increase for the first time since July, Sentix index pointed out that investor confidence has improved despite the supply constraints and rising prices in November. After following a downward trend since June, Germany's ZEW economic sentiment index also rose in November.



In Turkey, the annual increase in industrial production remained below the expectations in September.

According to the seasonally and calendar adjusted data, industrial production fell faster than expected by 1.5% mom in September. Thus, the annual increase in industrial production realized as 8.9%, below the expectations. In this period, the production of the mining and quarrying sector increased by 2.2% compared to the previous month, while the production of the manufacturing industry as well as the electricity, gas, steam and air conditioning production and distribution sectors decreased by 1.6% and 3.2%, respectively. Rising by 10.8% yoy in the third quarter of 2021, industrial production indicated that the strong course of economic activity has continued.



The unemployment rate declined to 11.5% in September.

Seasonally adjusted unemployment rate fell by 0.3 points mom to 11.5% in September. In this period, seasonally adjusted labour force participation rate increased by 0.5 points to 51.7%, while the employment rate increased by 0.6 points to 45.8%. On the other hand, the labour underutilization rate consisting of time related underemployment, potential labour force and unemployment

Source: Datastream

increased by 0.2 points mom to 21.9% in September. Number of employed persons increased by 218 thousand in industry, 175 thousand in services, 21 thousand in agriculture and 13 thousand in construction sector compared to the previous month.

The current account balance gave a surplus of 1.7 billion USD in September.

Current account, which had a deficit of 2.3 billion USD in September 2020, posted a surplus of 1.7 billion USD in the same month of this year. This development stemmed from the contraction in the foreign trade deficit due to the positive performance in exports, as well as the annual increase of 1.9 billion USD in net services revenues which was derived from the rise in transportation and tourism revenues. In the January-September, current account deficit narrowed by 58.5% yoy to 11.7 billion USD. Accordingly, 12-month cumulative current account deficit fell to 18.4 billion USD ([Our Balance of Payments report](#)).

Central government budget posted a deficit of 17.4 billion TRY in October.

In October, budget revenues increased by 22.9% yoy, while expenditures expanded by 34.6% yoy. Thus, central government budget deficit, which was 4.9 billion TRY in October 2020, became 17.4 billion TRY in the same period of this year. In January-October period, budget deficit narrowed by 46% yoy to 78.5 billion TRY.

The CBRT made adjustments in reserve requirements.

The CBRT increased the reserve requirement ratios for FX deposits/participation funds by 200 basis points in for all maturity brackets. In addition to that, the upper limit of the facility for holding standard gold for Turkish lira reserve requirements has been cut from 15% to 10%. The CBRT has also announced that the said facility would be gradually decreased and terminated.

The year-end inflation expectations increased in Turkey.

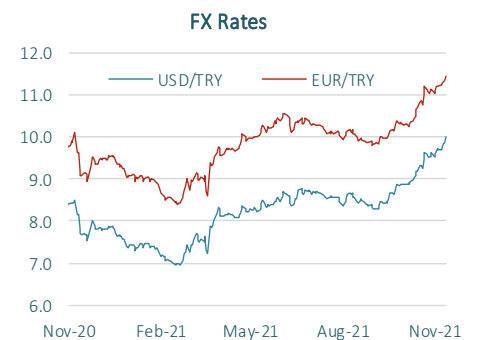
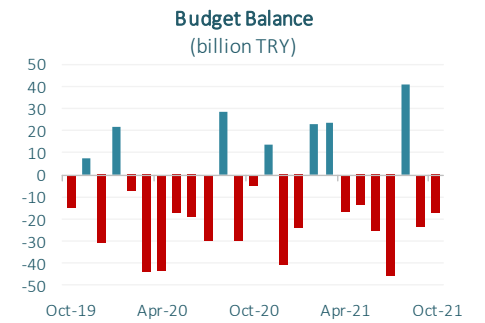
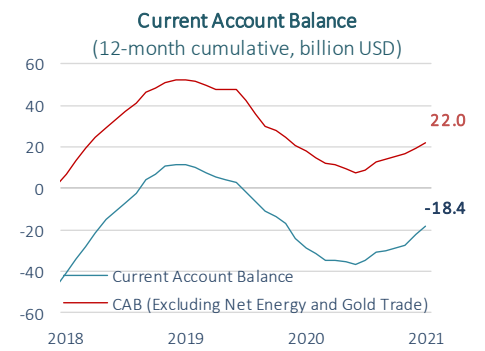
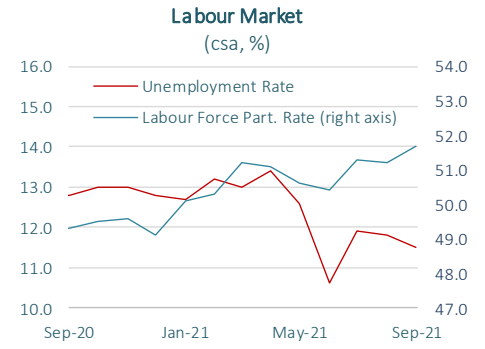
According to the Survey of Market Participants published by the CBRT, the year-end consumer inflation expectation rose to 19.31% in November, while the year-end USD/TRY expectation was realized as 9.98. According to the survey, the GDP growth of Turkey is expected to be 9.2% in 2021.

Financial markets...

US inflation rate, which were announced above expectations last week, created volatility in the markets. The 10-year US Treasury bond yield rose by 12 basis points while, DXY index which is used to measure the value of the US dollar against major currencies recorded a rapid rise, reaching its highest value for the last 16 months. Fed Vice Chairman Clarida and St. Louis Fed President Bullard's statements on policy rate have also supported the appreciation in the US dollar. Fed officials stated that they expect an increase in the policy rate in 2022. Last week, gold prices also rose by 2.6%.

BIST-100 index rose by 3.5% to 1,639 points. Testing the level of 10 on Friday, USD/TRY closed the week at 9.98. Turkey's 5-year CDS premium also increased by 6 basis points to 406.

This week, in addition to the US industrial production data for October, 3rd quarter GDP growth and consumer inflation data in the Euro Area will be monitored in the global markets. In Turkey, the CBRT's Monetary Policy Committee meeting will be followed closely. According to the Reuters survey, the market expectation is that the CBRT will cut the policy rate by 100 basis points in November.



Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
15 November	TR Budget Balance	October	-17.4 billion TRY (A)	-23.6 billion TRY
	TR House Sales, yoy	October	14.9% (A)	7.6%
	USA NY Fed Manufacturing Index	November	21.6	19.8
16 November	China Industrial Production, yoy	October	3.5% (A)	3.1%
	USA Industrial Production, mom	October	0.7%	-1.3%
	USA Retail Sales, mom	October	1.1%	0.7%
17 November	Euro Area GDP Growth, flash, yoy	2021 Q3	3.7%	3.7%
	USA Housing Starts, units	October	1.580 million	1.555 million
	Euro Area CPI Inflation, final, mom	October	0.8%	0.5%
18 November	CBRT Monetary Policy Meeting	November	15.0%	16.0%
	USA Philadelphia Fed Manufacturing Index	November	24.0	23.8

(A) Actual

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