

	19-Nov	26-Nov	Change		19-Nov	26-Nov	Change
BIST-100 Index	1,737	1,776	2.2 % ▲	EUR/USD	1.1288	1.1317	0.3 % ▲
TRY 2 Year Benchmark Rate	18.79 %	20.78 %	199 bp ▲	USD/TRY	11.2310	12.4229	10.6 % ▲
Turkey 5-Year CDS Premium	444	497	53 bp ▲	EUR/TRY	12.6727	14.0625	11.0 % ▲
MSCI EM Equity Index	1,269	1,223	-3.6 % ▼	Gold (USD/ounce)	1,845	1,792	-2.9 % ▼
US 10-Year Bond Rate	1.55 %	1.48 %	-7 bp ▼	Brent Oil (USD/barrel)	78.9	72.7	-7.8 % ▼

bp: basis point

Last week, global markets displayed a mixed outlook as expectations over an earlier-than-expected interest rate hike in the US strengthened. Towards the end of the week, on the other hand, the new "omicron" variant of the coronavirus put pressure on global risk appetite. Preliminary PMI data announced in the US and Euro Area indicated that growth in the manufacturing and services sectors continued. While domestic markets were highly volatile, Turkish lira depreciated rapidly. This week, PMI figures across the world and data releases on the US labor market come to the fore on the agenda of global markets. In Turkey, third quarter GDP growth and November inflation data will be closely monitored.

The minutes of the Fed's November meeting have been released.

The minutes of the Fed's meeting held on November 2-3 showed that Fed members are ready to raise interest rates sooner than expected, if inflation rises sharply. The Fed decided to reduce the pace of its asset purchase program at its November meeting, while keeping the policy rate unchanged. The expectation of the market that the Fed will hike interest rates in the middle of 2022 is getting stronger.

According to the revised data, the US economy grew by 2.1% in the third quarter of 2021, on an annualized basis. In the US, the monthly increase in the core personal consumption expenditures (PCE) price index, which is closely monitored by the Fed as an inflation indicator, became 0.4% in October, in line with market expectations. The annual rise of 4.1% in the index, reached its highest level since January 1991. Personal income and personal expenditures rose by 0.5% mom and 1.3% mom in October, above expectations. In November, while the constraints in raw material supply continued, manufacturing PMI increased compared to the previous month to 59.1. Although the services PMI lost momentum with the impact of the deterioration in the employment market, it took the value of 57, indicating that the growth in the sector continues.

Euro Area PMI data displayed a positive outlook in November.

PMI data in the Euro Area indicated that the recovery in economic activity gained momentum in November. Manufacturing PMI was realized as 58.6, above expectations, while services PMI also displayed a positive performance with 56.6. The introduction of quarantine measures in the area due to the rise in the number of coronavirus cases and the concerns caused by the newly emerged "Omicron" variant in South Africa may put pressure on the sectors in the coming period.

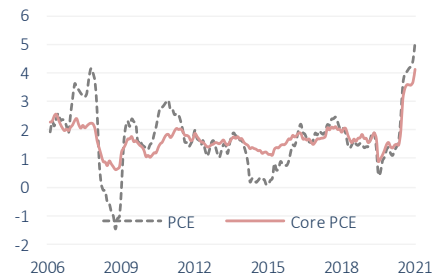
In the notes of the ECB meeting held on October 27-28, it was stated that temporary movements in the price and output level in the economy should not be called stagflation. The statement about the expectation that inflation in the Euro Area would decrease in 2022 was also repeated.

Disputes over oil production are being followed.

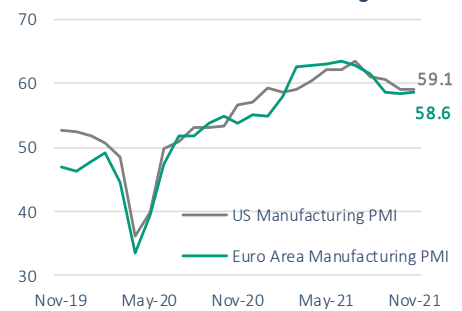
The disagreement between the US and OPEC+ countries on oil production is followed closely. It has been announced that, in coordination with China, Japan, India, South Korea and the UK, the US will release 50 million barrels oil from the Strategic Petroleum Reserve in order to reduce the rapidly rising oil prices and to eliminate the mismatch between demand and supply due to the pandemic. OPEC officials state that the US' release of oil reserves will create an excess supply in 2022. On the other hand, concerns about the new coronavirus variant could limit the economic activity and increase the excess oil supply suppressed the oil prices. The

US Inflation Indicators

(yoy % change)



US and Euro Area Manufacturing PMI



Brent Oil Price

(USD/barrel)



Source: Datastream

barrel price of Brent crude oil, which was fluctuating throughout the week due to the aforementioned developments, decreased by 7.8% on a weekly basis and closed the week at 72.7 USD.

In Turkey, economic confidence index declined in November.

Real sector confidence index decreased by 1.2 points compared to the previous month and became 108.4 in November. In this period, according to seasonally adjusted data the index increased by 0.7 points mom to 112. In terms of sub-indices, evaluations regarding the general trend and fixed capital investment expenditures affected the index downwards. In November, the economic confidence index decreased by 2% mom to 99.3. In this development, the decline in consumer confidence and service sector confidence indices were effective. Despite an increase of 1% on a monthly basis, confidence in the construction sector remained below the 100 threshold. The seasonally adjusted capacity utilization rate was realized as 77.6% in November.

The foreign trade deficit narrowed by 40% yoy in October.

In October, exports increased by 20.1% compared to the same month of last year and reached 20.8 billion USD, while imports increased by 12.8% to 22.8 billion USD. In this period, the foreign trade deficit decreased by 40.1% yoy and became 1.4 billion USD. In the January-October period, foreign trade deficit narrowed by 15.9% compared to the same period of last year and decreased to 33.9 billion USD.

The CBRT released the Financial Stability Report.

In the Financial Stability Report published by the CBRT on Friday, it was stated that the strong recovery trend in economic activity has continued since the last report in May, thanks to the acceleration of vaccination and the support of foreign demand. In this period, the lively course of exports and the recovery in the tourism sector also supported the improvement in the current account balance. Also, attention was drawn to the improvement in the FX position of the real sector and the recovery in commercial loans after the interest rate cuts.

Last week, agreements in different fields were signed between Turkey and the United Arab Emirates. In this context, it was announced that a memorandum of understanding was signed between the Central Bank of the Republic of Turkey and the Central Bank of the United Arab Emirates.

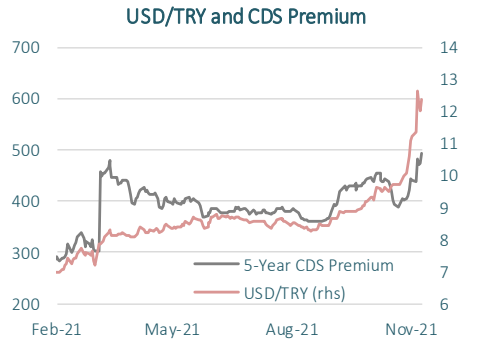
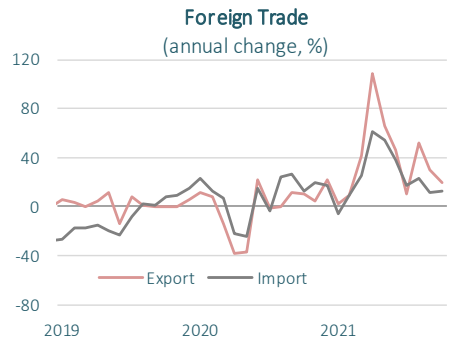
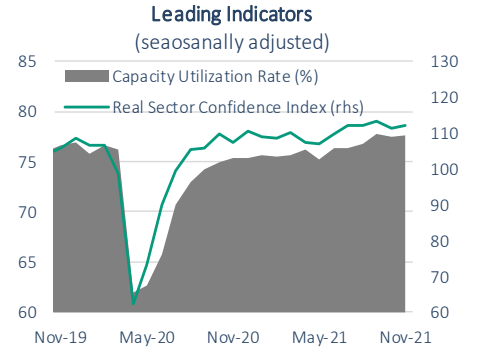
Financial markets...

Global stock markets displayed a mixed outlook last week, in which an intense data agenda was followed. The detection of the "Omicron" variant of the coronavirus, which is thought to be vaccine-resistant, put pressure on the global risk appetite. On Friday, stock markets fell sharply after many countries announced travel restrictions to South Africa, where the new variant was detected, while the US dollar returned its weekly gains against major currencies.

Last week, the Turkish lira depreciated rapidly. The USD/TRY parity has increased by 41.8% since September 23, when the CBRT started to cut interest rates. USD/TRY and EUR/TRY rates, which saw their historical high levels during the week, completed the week with increases exceeding 10%. Turkey's 5-year CDS risk premium went up by 53 bps to 497 bps. BIST-100 index, on the other hand, closed the week with a rise of 2.2%. Following the rapid depreciation in the TRY on Tuesday, the CBRT made a press release stating that the CBRT does not make any commitments regarding the exchange rate level under the floating exchange rate regime, and that unrealistic and unhealthy price formations were observed in the foreign exchange markets.

This week, global final PMI data and data releases on the US employment market come to the fore on the global markets agenda. In Turkey, GDP growth for the third quarter, as well as November inflation data, will be closely monitored.

This week, PMI figures across the world and data releases on the US labor market come to the fore on the agenda of global markets. In Turkey, third quarter GDP growth and November inflation data will be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
29 November	TR Trade Balance	October	-1.44 billion USD (A)	-2.55 billion USD
	TR Economic Confidence	November	99.3 (A)	101.4
	USA Pending Home Sales, mom	October	1.0%	-2.3%
	Euro Area Consumer Confidence, final	November	-6.8	-6.8
30 November	TR GDP Growth, qoq	2021 Q3	7.5%	21.7%
	USA Consumer Confidence, flash	November	110.9	113.8
	Euro Area CPI Inflation, flash, yoy	November	4.4%	4.1%
1 December	TR Manufacturing PMI	November	-	51.2
	USA Manufacturing PMI, final	November	-	59.1
	USA ISM Manufacturing PMI	November	61.0	60.8
	Euro Area Manufacturing PMI, final	November	58.6	58.6
	China Caixin Manufacturing PMI, final	November	50.5	50.6
2 December	Euro Area PPI Inflation, yoy	October	19.0%	16.0%
	Euro Area Unemployment Rate	October	7.3%	7.4%
3 December	TR CPI Inflation, yoy	November	20.70%	19.89%
	TR D-PPI Inflation, yoy	November	-	46.31%
	USA Nonfarm Payrolls	November	550K	531K
	USA Unemployment Rate	November	4.5%	4.6%
	USA Services PMI, final	November	56.6	57.0
	USA ISM Services PMI	November	65.0	66.7
	USA Factory Orders, mom	October	0.5%	0.2%
	Euro Area Services PMI, final	November	56.6	56.6
	Euro Area Retail Sales, mom	October	0.2%	-0.3%
	China Caixin Services PMI	November	-	53.8

(A) Actual

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