

	4-Mar	11-Mar	Change		4-Mar	11-Mar	Change
BIST-100 Index	1,991	2,054	3.2 % ▲	EUR/USD	1.0926	1.0909	-0.2 % ▼
TRY 2 Year Benchmark Rate	23.40 %	25.05 %	165 bp ▲	USD/TRY	14.1845	14.7595	4.1 % ▲
Turkey 5-Year CDS Premium	659	662	2 bp ▲	EUR/TRY	15.4987	16.1156	4.0 % ▲
MSCI EM Equity Index	1,145	1,086	-5.2 % ▼	Gold (USD/ounce)	1,968	1,985	0.9 % ▲
US 10-Year Bond Rate	1.74 %	2.00 %	26 bp ▲	Brent Oil (USD/barrel)	118.1	112.7	-4.6 % ▼

bp: basis point

Despite not being able to reach a consensus during the talks between Russia and Ukraine last week, the Prime Minister of Ukraine stated today that an agreement was reached with Russia on the opening of a humanitarian corridor in the region. Consumer prices in the US rose 0.8% mom and 7.9% yoy in January. The European Central Bank, which did not change the policy rate at its March meeting, stated that asset purchases could come to an end in the third quarter of this year. In January, the unemployment rate in Turkey realized as 11.4% and industrial production contracted by 2.4% mom. In the same period, the current account balance gave a deficit of 7.1 billion USD due to the rapid rise in foreign trade deficit. According to the March Survey of Market Participants, the year-end CPI inflation expectation rose by 6.4 points to 40.47%. This week, in addition to geopolitical developments in the global markets, meetings of the Fed and the Bank of England will be followed. In Turkey, budget balance and Monetary Policy Committee Meeting of the CBRT will also be closely monitored.

#### Negotiations between Russia and Ukraine continued.

While no clear results could be obtained from the meeting in Antalya, where the Foreign Ministers of Russia and Ukraine met last week, Russian President Putin gave positive signals regarding the course of bilateral talks on Friday. Today, the Prime Minister of Ukraine announced that an agreement has been reached on the opening of a humanitarian corridor. While the talks continued, Western countries announced new sanctions against Russia. The US stated that oil imports from Russia were banned and the UK announced that oil and petroleum products imports from Russia would be stopped gradually until the end of this year. In addition, the European Union, which supplied 45% of its total gas imports from Russia in 2021, stated that it aims to reduce its energy dependence on this country by 2/3 by the end of 2022.

Russia, on the other hand, announced that restrictions on foreign trade of certain products and raw materials will be implemented in response to the sanctions. In addition, the Central Bank of Russia stated that the foreign currency sales of banks were suspended between March 9 and September 9, and the withdrawal limits of foreign currency depositors were rearranged to a maximum of 10 thousand dollars. In addition, it was stated that the applications that allow the purchase of government bonds and stocks by the Russian National Wealth Fund and regulations that remove taxes and penalties that will occur in these transactions will be implemented in order to encourage individuals to return their financial assets to Russia.

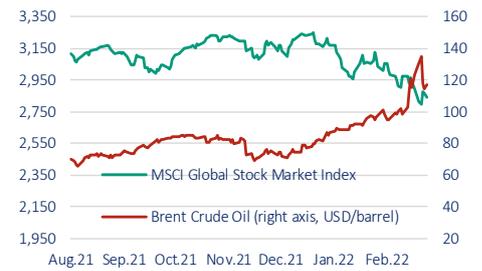
#### US consumer inflation has been realized in line with the expectations.

Consumer prices in the US increased by 0.8% mom and 7.9% yoy in January, in line with the expectations, reaching their highest level since January 1982. Jobless claims exceeded the expectations and became 227 thousand in the week ending March 5. The US Senate approved a 1.5 trillion USD government spending package which includes 13.6 billion USD emergency funding for Ukraine.

#### The ECB did not change the policy rate.

The European Central Bank (ECB) did not change the policy rate at its meeting last week. In the statement made after the meeting, it was declared that the bond buying program is planned to be completed in the third quarter of the year, while the interest rate hike will not be on the agenda for a while. In addition, it was

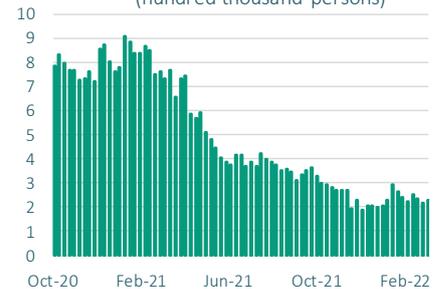
Oil Prices and Global Stock Market Index



US Consumer Prices  
(annual % change)



US Initial Jobless Claims  
(hundred thousand persons)



Source: Datastream

expressed that the Russia-Ukraine war would create a downward pressure on the Region's economic activity and an upward pressure on inflation. In this context, Euro Area GDP growth forecast for 2022 was revised downwards from 4.2% to 3.7% where inflation expectation for 2022 was revised upwards from 3.2% to 5.1%.

#### In Turkey, the unemployment rate became 11.4% in January.

The seasonally adjusted unemployment rate in Turkey became 11.4% in January. In this period, the employment rate decreased by 0.2 points on a monthly basis to 46.5%, while the seasonally adjusted labour force participation rate decreased by 0.1 points to 52.6%. The labour underutilization rate consisting of time-related underemployment, potential labour force and unemployment have increased by 0.1 points on a monthly basis and realized as 22.9%.

#### Industrial production decreased by 2.4% mom in January.

According to seasonally and calendar adjusted data, in Turkey industrial production decreased by 2.4% mom in January. According to calendar adjusted data, industrial production expanded by 7.6% yoy, lower than expected. In this period, annual rises in production became 8.3% in mining and quarrying, 7.7% in manufacturing and 5.6% in electricity, gas, steam and air conditioning production and distribution.

#### The current account balance posted a deficit of 7.1 billion USD in January.

The current account balance posted a deficit of 7.1 billion USD in the first month of 2022. While the foreign trade deficit which increased 2.5 times on an annual basis caused the deficit get bigger, increasing travel and transportation revenues limited that effect. In the upcoming period, upward trend in global commodity prices mainly caused by the geopolitical developments and expected decline in travel revenues are projected to have a negative impact on the current account balance ([Our Balance of Payments report](#)).

#### Inflation expectations continue to rise.

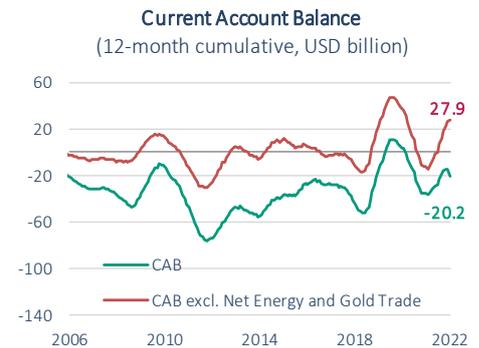
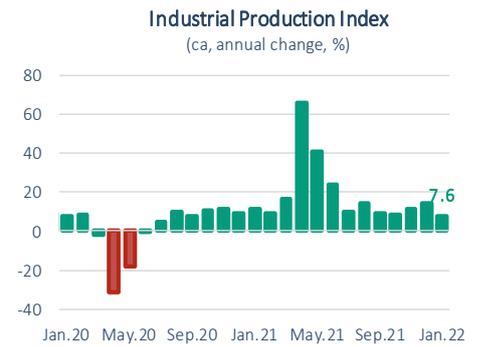
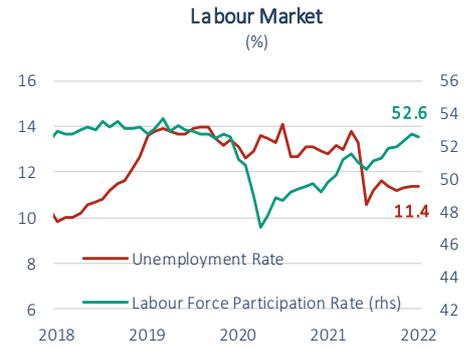
According to the results of Survey of Market Participants published by the CBRT, the year-end consumer inflation expectation which was 34.06% in the previous period rose to 40.47% in March. CPI expectations for the next 12 and 24 months became 26.43% and 17.03%, respectively. In the same period, the year-end USD/TRY rate expectation increased to 16.68, while the USD/TRY rate expectation for the next 12 months rose to 17.42. The year-end GDP growth expectation for 2022, which was 3.7% in the previous survey period, decreased to 3.4% in the March survey.

#### Last week global markets followed a volatile course.

Last week, the failure to reach a consensus in the Russia-Ukraine negotiations and the increasing inflationary pressures on a global scale left the markets under pressure. On the other hand, Russian President Putin's remarks on the last trading day of the week underlining that "there were positive changes regarding the negotiations" made a positive effect on the risk appetite. The barrel price of Brent crude oil, which tested 140 USD during the week due to the effect of the sanctions on Russia's energy exports, decreased by 4.6% wov to 112.7 USD/barrel thanks to the expectations that US could lift the sanctions imposed on Venezuela as well as the possibility of an increase in oil supply by OPEC countries.

BIST-100 index closed the week 3.2% higher. Turkey's 5-year CDS premium increased slightly, while the interest rate of 2-year benchmark bond increased by 165 basis points wov to 25.05%. Following an upward trend throughout the week and testing the level of 15 on Friday, USD/TRY closed the week at 14.76.

This week, in addition to geopolitical developments in the global markets, the Fed meeting stands out on the agenda. Fed is expected to raise its policy rate by 25 bps. In Turkey, budget balance and Monetary Policy Committee Meeting of the CBRT will also be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
<b>15 March</b>	TR Budget Balance	February	-	30 billion TRY
	USA PPI Inflation, yoy	February	10.0%	9.7%
	USA NY Fed Manufacturing Index	March	7.5	3.1
	Euro Area Industrial Production, yoy	January	-0.5%	1.6%
	China Industrial Production, yoy	February	3.9%	4.3%
	China Retail Sales, yoy	February	3.0%	1.7%
<b>16 March</b>	Fed Meeting	March	0.25-0.5%	0-0.25%
	USA Retail Sales, mom	February	0.4%	3.8%
<b>17 March</b>	CBRT Monetary Policy Meeting	March	-	14.0%
	USA Housing Starts, units	February	1.68 million	1.64 million
	USA Industrial Production, mom	February	0.5%	1.4%
	Euro Area CPI Inflation, final, yoy	February	5.8%	5.8%
	BoE Meeting	March	0.75%	0.50%
<b>18 March</b>	USA Pending Home Sales, mom	February	6.16 million	6.50 million

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