

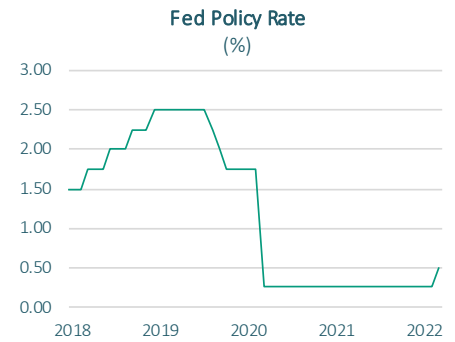
	11-Mar	18-Mar	Change		11-Mar	18-Mar	Change
BIST-100 Index	2,054	2,144	4.4 % ▲	EUR/USD	1.0909	1.1055	1.3 % ▲
TRY 2 Year Benchmark Rate	25.05 %	25.29 %	24 bp ▲	USD/TRY	14.7595	14.7899	0.2 % ▲
Turkey 5-Year CDS Premium	662	579	-83 bp ▼	EUR/TRY	16.1156	16.3637	1.5 % ▲
MSCI EM Equity Index	1,086	1,123	3.4 % ▲	Gold (USD/ounce)	1,985	1,921	-3.2 % ▼
US 10-Year Bond Rate	2.00 %	2.15 %	16 bp ▲	Brent Oil (USD/barrel)	112.7	107.9	-4.2 % ▼

bp: basis point

Last week, the ongoing negotiations between Russia and Ukraine and the meetings of central banks were monitored closely. While the Fed and the Bank of England (BoE) both increased policy rates by 25 basis points, CBRT kept its monetary policy unchanged. In Turkey, the central government budget posted a surplus of 69.7 billion TRY in February, above market expectations. On the agenda of global markets this week, US and Euro Area preliminary PMI data for March come to the fore. In Turkey, central government gross debt stock for February, consumer and real sector confidence indices and capacity utilization rate for March will be followed.

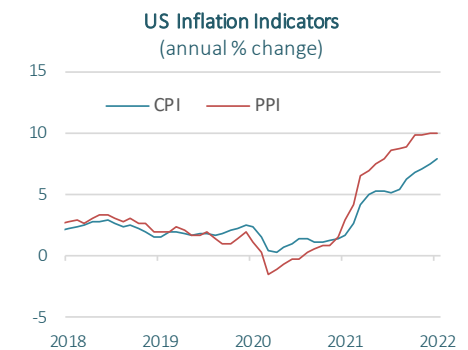
Fed hiked policy rate for the first time since 2018.

Fed increased the policy rate by 25 basis points in line with market expectations. After the decision, Fed Chairman Powell said that the Fed will increase the interest rates and shrink its balance sheet during the year by taking into account the data releases. In the projections released after the meeting, PCE inflation forecast for 2022 was increased by 1.7 points to 4.3%, while economic growth expectation for 2022 was decreased by 1.2 points to 2.8%. BoE also raised the policy rate by 25 basis points to 0.75%, warning that the war in Ukraine could further increase inflation. Thus, the policy rate in the UK rose to pre-pandemic levels. BoJ, on the other hand, decided to continue its loose monetary policy at its meeting on Friday, warning that there is "very high uncertainty" concerning the economic effects of the Ukraine crisis. As an emerging economy, Brazil Central Bank increased the policy rate by 100 basis points to 11.75%.



Annual PPI increase reached double-digit level in the US.

In the US, annual PPI increase reached double-digit level in February, rising to 10% in line with the market expectations. Energy prices made the highest contribution to the increase in PPI. The rise in inflation is expected to continue due to the negative effects of the Russia-Ukraine war. In the week ending March 12, initial jobless claims were realized as 220K persons, below the expectations of 214K persons, pointing out that the positive outlook in the labor market continues.



In China, industrial production rose rapidly in the January-February period.

In China, industrial production increased by 7.5% yoy in the January-February period, above the market expectations. In this period, retail sales also increased by 6.7% compared to the same period of the previous year, drawing a positive picture regarding the consumption appetite. On the other hand, despite the positive data announced, downside risks on economic activity in the country have increased due to the recent rise in coronavirus cases and global uncertainties.



CBRT kept the policy rate at 14%.

At the Monetary Policy Committee meeting held on Thursday, CBRT kept the policy rate at 14%, in line with market expectations. Central Bank announced that supply side factors such as the rise in global energy prices due to the

Source: Datastream

geopolitical developments, food and agricultural commodity prices, supply constraints, and demand developments are effective at high levels of inflation. On the other hand, CBRT, which drew attention to the improvement in the current account in the previous press releases, changed this statement and stated that the risks on current account balance due to energy prices are closely monitored and sustainable current account balance is important for price stability.

Central government budget posted a surplus of 69.7 billion TRY in February.

The central government budget posted a surplus of 69.7 billion TRY in February thanks to the transfer of CBRT's profit to the budget and the rapid increase in tax revenues. In February, budget revenues increased by 126.3% yoy to 270.6 billion TRY, supported by the increase in tax revenues as well as the 49.6 billion TRY increase in enterprise and property revenues (our Budget Balance report).

In February, the number of foreign visitors increased by 186.5% yoy.

Number of foreign arrivals in Turkey increased by 186.5% in February, reaching 1.54 million people. On the other hand, the number of foreign arrivals decreased by 11.1% compared to February 2020, before the pandemic period. In the January-February period, the number of visitors increased by 169.4% compared to the same period of the previous year.

Housing sales increased by 20.1% yoy in February.

The annual rate of increase in house sales slowed down in February as in January, by the impact of the rapid increases in the last quarter of 2021. Total sales increased by 20.1% in February compared to the same month of the previous year and increased by 11% on a monthly basis. In this period, mortgaged house sales increased by 35.6% and other house sales increased by 16.7% yoy. According to the data released by the CBRT, in January, the Residential Property Price Index displayed the fastest monthly and annual increase of the 2010-based series. The index increased by 13.1% on a monthly basis and by 77.4% on an annual basis. The index increased by 21.2% yoy in real terms.

Geopolitical developments continue to influence global markets.

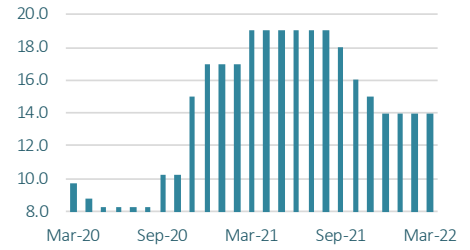
Global markets fluctuated last week, driven by the developments in the Russia-Ukraine negotiations. Oil and gold prices fell on signals of a progress in the negotiations by midweek, while concerns about the course of negotiations after midweek limited the decline in oil prices. Oil prices rose again over the weekend as a result of the attack on oil facilities in Saudi Arabia. Gold price, which was under pressure as the Fed began raising interest rates, continued to find support from geopolitical developments.

Domestic stock markets rose throughout the week in parallel with the other emerging country's equity markets. Turkish lira depreciated against the US dollar and euro on a weekly basis. Turkey's 5-year CDS premium fell to 579 basis points wow. Ministry of Treasury and Finance borrowed 2 billion USD via 5.5-year eurobond issuance with a bond yield of 8.625%. Thus, Ministry borrowed a total of 5 billion USD in debt since the beginning of the year.

This week's agenda...

This week, preliminary PMI data for March in the US and Euro Area come to the fore on the agenda of global markets. In Turkey, in addition to February reading of central government gross debt stock data, consumer and real sector confidence indices and capacity utilization rate data for March will be followed.

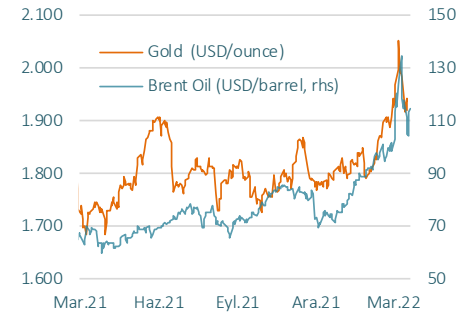
CBRT Policy Rate (%)



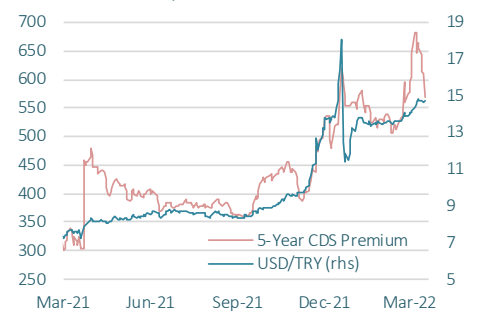
Central Government Budget (billion TRY)

	January-February		%
	2021	2022	
Expenditures	210.2	346.8	65.0
Interest Expenditures	34.7	57.9	66.9
Non-interest Exp.	175.5	288.9	64.6
Revenues	209.2	446.6	113.5
Tax Revenues	177.7	327.7	84.5
Other Revenues	31.5	118.8	276.9
Budget Balance	-1.0	99.8	-
Primary Balance	33.7	157.7	367.7

Gold and Oil Prices



USD/TRY and CDS Premium



Source: Datastream, CBRT

Data Releases

		Period	Consensus	Prior
21 March	TR Central Government Gross Debt Stock	February	-	2.844 billion TRY
	TR Foreign Visitors, yoy	February	186.5% (A)	151.4%
23 March	TR Consumer Confidence Index	March	-	71.2
	US New Home Sales, units	February	813K	801K
24 March	Euro Area Consumer Confidence, flash	March	-12.3	-8.8
	US Manufacturing PMI, flash	March	55.8	57.3
	US Services PMI, flash	March	56.0	56.5
	US Durable Goods Orders, mom	February	-0.5%	1.6%
	Euro Area Manufacturing PMI, flash	March	56.0	58.2
25 March	Euro Area Services PMI, flash	March	54.1	55.5
	TR Real Sector Confidence Index	March	-	109.8
	TR Capacity Utilization Rate	March	-	76.6%
	US Pending Home Sales, mom	February	1.5%	-5.7%
	US Michigan Consumer Confidence, final	March	59.7	59.7

(A) Actual

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