

| | 25-Mar | 1-Apr | Change | | 25-Mar | 1-Apr | Change |
|---------------------------|---------|---------|-----------|------------------------|---------|---------|-----------|
| BIST-100 Index | 2,176 | 2,252 | 3.5 % ▲ | EUR/USD | 1.0981 | 1.1053 | 0.7 % ▲ |
| TRY 2 Year Benchmark Rate | 26.48 % | 24.95 % | -153 bp ▼ | USD/TRY | 14.8286 | 14.6825 | -1.0 % ▼ |
| Turkey 5-Year CDS Premium | 586 | 548 | -39 bp ▼ | EUR/TRY | 16.2932 | 16.2285 | -0.4 % ▼ |
| MSCI EM Equity Index | 1,125 | 1,146 | 1.9 % ▲ | Gold (USD/ounce) | 1,957 | 1,924 | -1.7 % ▼ |
| US 10-Year Bond Rate | 2.49 % | 2.39 % | -10 bp ▼ | Brent Oil (USD/barrel) | 120.7 | 104.4 | -13.5 % ▼ |

bp: basis point

Last week, data released in the US indicated that employment market in the country maintained its positive outlook despite losing some momentum. Consumer price inflation in the Euro Area came in at 7.5% yoy in March, the new historically high level. PMI data for March pointed to a slowdown in economic activity in China. The decision of OPEC+ countries to increase production and the statements of US President Biden regarding the use of strategic oil reserves strengthened positive expectations for oil supply and supported the decline in oil prices. CPI inflation in Turkey rose to 61.14% yoy in March, while annual D-PPI reached 114.97%. In this period, manufacturing industry PMI declined to 49.4, marking the first contraction since May 2021. The new VAT regulations came into effect as of April 1st. This week, the minutes of the Fed's March meeting and the results of the CBRT Survey of Market Participants in Turkey will be followed.

Despite losing momentum, employment market in the US maintained its positive outlook.

According to the final data, the US GDP growth became 6.9%, in the last quarter of 2021, slightly below forecasted. Personal consumption expenditures in the country increased by 0.2% mom, slower than expectations. The negative impact of high inflation on consumers' propensity to spend was behind this development. The unemployment rate in the country decreased by 0.2 points mom to 3.6% in March. In this period, despite losing momentum compared to the previous month, the rise in non-farm payroll by 431K people indicated that the positive outlook in the employment market was maintained in general.

Consumer prices in the Euro Area increased by 7.5% yoy in March.

Annual CPI inflation in the Euro Area exceeded market expectation of 6.6% and came in at a new historically high level with 7.5% in March. The rapid increase in natural gas and fuel prices in the region due to the Russia-Ukraine war and the sanctions imposed on Russia, was effective in this development. Core CPI, calculated by excluding energy and unprocessed food prices, increased by 3.2% yoy, below expectations. Consumer prices in the region are expected to continue to rise fast in the coming period.

March PMI data indicated an economic slowdown in China.

In China, where industrial production increased more than market expectations in the January-February period, PMI data for March pointed to a contraction in the economic activity. Caixin PMI, which had been 50.4 in February, dropped to 48.1 in March, recording its fastest decline since February 2020.

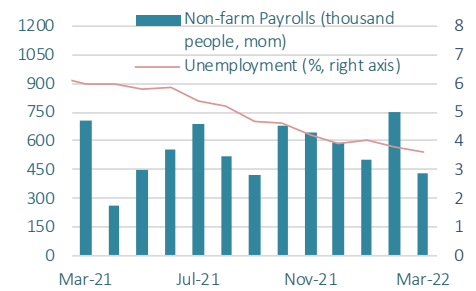
Expectations on increase in supply led oil prices to decline.

In addition to the positive signals of peace talks between Russia and Ukraine on Tuesday, the predictions that increasing number of coronavirus cases in China will suppress demand led oil prices to decline last week. In addition, US President Biden announced that 1 million barrels of oil from strategic reserves will be released in the next 6 months to reduce rising fuel prices and OPEC+ countries decided to increase oil production by 432K barrels per day in May. Following these developments, the price of Brent crude oil decreased by 13.5% on a weekly basis.

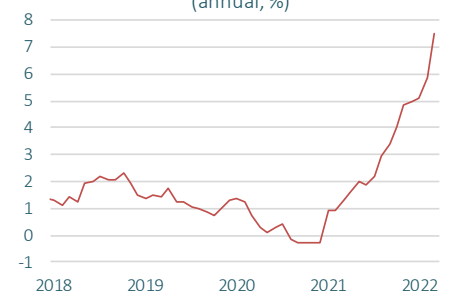
S&P revised down its global economic growth forecast for 2022.

Taking attention to the negative effects of the Russia-Ukraine war on supply chains, commodity prices and economic confidence, the international rating agency S&P reduced its global growth forecast for 2022 from 4.2% to 3.6%. The

US Labor Market Indicators



Euro Area Consumer Inflation (annual, %)



Brent Crude Oil Price (USD/barrel)



Source: Datastream

agency revised the US and Euro Area economic growth forecasts down to 3.2% and 3.3%, respectively. The organization, which was expecting the Russian economy to grow by 2.7% in 2022 in its November 2021 report, updated this forecast as 8.5% contraction. S&P also reduced Turkey's 2022 growth forecast to 2.4% from 3.7%. The institution affirmed Turkey's long-term foreign currency credit rating as "B+", while downgrading its local currency credit rating from "BB-" to "B+" in the review it made on Friday.

In Turkey, CPI inflation rose to 61.14% yoy in March.

In March, consumer prices increased by 5.46% mom, in line with market expectations, while annual CPI inflation rose to 61.14%. The group of transportation, where prices rose rapidly in line with energy prices became prominent in the rise of monthly CPI inflation. The highest contribution to the annual CPI increase was made by food and non-alcoholic beverages with 17.99 points while transportation group followed it with 14.76 points. In March, D-PPI also continued its rapid rise with an annual rate of 114.97%. It was noteworthy that the annual price increase in the electricity, gas and steam sector reached to 228.9%.

The manufacturing PMI fell below the threshold level for the first time since May 2021.

In Turkey, manufacturing PMI decreased from 50.4 to 49.4 in March, indicating that the industry contracted for the first time in 10 months. According to the sub-indices, production lost momentum for 4 months in a row and new orders for 6 months. The main reason for the decline in demand was the Russia-Ukraine war, while price increases put pressure on production and demand. The new export orders sub-index, on the other hand, declined from 51.2 to 50.4 during this period, indicating that export growth remained despite a loss of impetus. Among the sub-sectors the fastest decrease was in the textile products sector in March.

New VAT regulations came into force.

In Turkey, regulations regarding value added tax entered into force as of April 1st. According to the regulation, the VAT rate was reduced to 8% for all basic necessities such as medical devices, baby diapers, detergents and soaps, food and beverage services. The VAT rate on house sales was determined as 8% for all houses whose net area does not exceed 150 square meters, and as 18% for the excess for houses over 150 square meters. In addition, the VAT rate paid by those who buy and sell second-hand vehicles in the automotive sector was increased from 1% to 18%. BOTAŞ announced that as of April 1, natural gas tariffs for residential, industrial and electricity production purposes were increased by 35%, 50% and 44.3%, respectively. In addition, red meat and sugar prices were also increased. The price increases are expected to continue rising inflation in the upcoming period. With the decision published in the Official Gazette, the withholding tax discount applied on TRY deposits was extended until 30 June 2022.

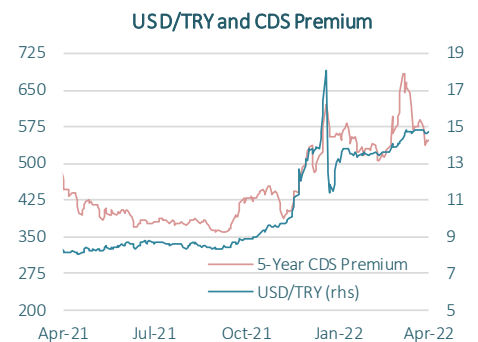
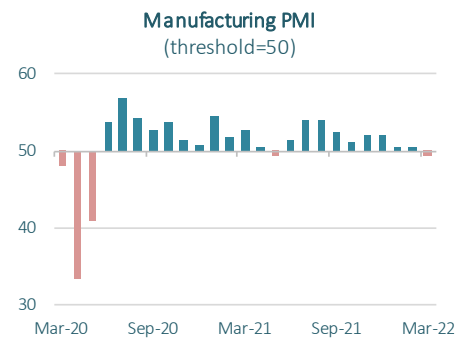
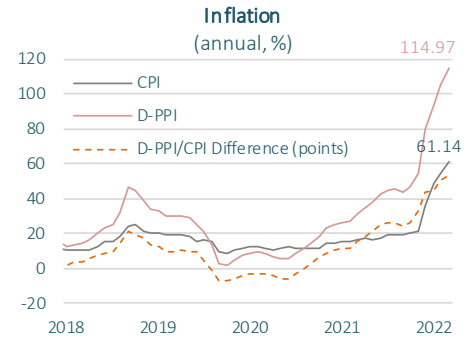
Financial Markets...

Last week, global markets followed a mixed course due to the concerns about the Russia-Ukraine war and the concerns that the global economy might enter a recession. Gold prices declined on a weekly basis thanks to the continued improvement in the labor market in the US and the expectation that the Fed will continue to hike interest rates in the coming period.

In Turkey, the BIST-100 index closed the week with an increase in line with other emerging markets. The Turkish lira appreciated against the USD and EUR on a weekly basis, while Turkey's 5-year CDS premium decreased by 39 basis points wow. The compound interest rate of Turkey's 2-year benchmark bond fell sharply on a weekly basis and became 24.95%.

This week's agenda...

This week, the minutes of the Fed's March meeting will be released. The results of the March CPI-based real effective exchange rate, Treasury Cash Balance and the CBRT's April survey of market participants will be followed.



Source: Datastream, TurkStat

Data Releases

| | | Period | Consensus | Prior |
|---------|--|----------|-------------|------------------|
| 4 April | TR CPI Inflation, yoy | March | 61.14% (A) | 54.44% |
| | TR D-PPI Inflation, yoy | March | 114.97% (A) | 105.01% |
| | US Factory Orders, mom | February | -0.5% | 1.4% |
| 5 April | Euro Area Sentix Index | April | -9.2 | -7.0 |
| | CPI Based Real Effective Exchange Rate | March | - | 54.78 |
| | US Services PMI, final | March | - | 58.9 |
| 6 April | Euro Area Services PMI, final | March | 54.8 | 54.8 |
| | Fed Minutes | March | - | - |
| | Euro Area PPI Inflation, mom | February | 1.3% | 5.2% |
| 7 April | China Caixin Services PMI | March | - | 50.2 |
| | TR Treasury Cash Balance | March | - | 55.5 billion TRY |
| | Euro Area Retail Sales, mom | February | 0.6% | 0.2% |
| 8 April | CBRT Survey of Market Participants | April | - | - |

(A) Actual

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