

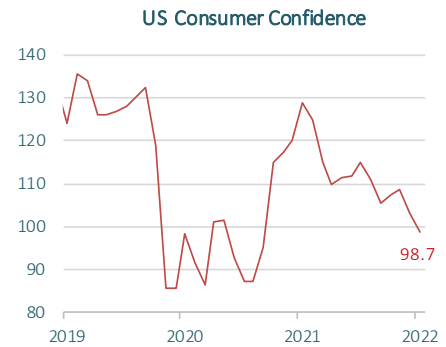
	24-Jun	1-Jul	Change		24-Jun	1-Jul	Change
BIST-100 Index	2,554	2,444	-4.3 % ▼	EUR/USD	1.0554	1.0428	-1.2 % ▼
TRY 2 Year Benchmark Rate	24.88 %	24.48 %	-40 bp ▼	USD/TRY	16.8860	16.7613	-0.7 % ▼
Turkey 5-Year CDS Premium	782	823	41 bp ▲	EUR/TRY	17.8203	17.4818	-1.9 % ▼
MSCI EM Equity Index	1,011	993	-1.8 % ▼	Gold (USD/ounce)	1,826	1,810	-0.9 % ▼
US 10-Year Bond Rate	3.12 %	2.90 %	-22 bp ▼	Brent Oil (USD/barrel)	113.1	111.6	-1.3 % ▼

bp: basis point

Last week, the decisions taken by the G7 countries, statements of major central banks' governors and the OPEC+ meeting were closely followed in the markets. Data releases in the US signalled a slowdown in manufacturing activity and consumption expenditures. In the Euro Area, CPI inflation continued to remain at historically high levels in June, realizing as 8.6% yoy. In Turkey, manufacturing PMI fell to its 2-year low in June, standing at 48.1 where the CPI increased by 4.95% mom and 78.62% yoy. Last week, the additional budget draft was approved and the minimum wage increase published in the Official Gazette, while the BRSA and CBRT announced new macroprudential measures. This week, the non-farm payroll in the US and the minutes of the Fed's June meeting come to the fore on the global agenda. In Turkey, the balance of payments statistics for May and the results of the CBRT's Market Participants Survey for July will be monitored.

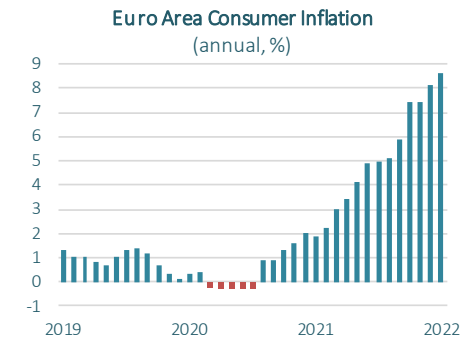
In the US, ISM manufacturing dropped to its lowest level for the last 2 years.

In the US, GDP growth for the first quarter of 2022 was revised from -1.5% to -1.6% yoy. This mainly stemmed from the rapid increase in the foreign trade deficit and the downward revision of consumption expenditures growth. Durable goods orders in the US rose 0.7% mom in May, exceeding market expectations, while the 0.2% increase in personal consumption expenditures was below forecasts. The consumer confidence index, decline to its lowest level for the last 16 months in June, emphasized the negative impact of high levels of inflation on expectations. In the same period, the ISM manufacturing index, which fell by 3.1 points to 53.0 mom and stand at its lowest level since June 2020, also pointed out to the slowdown in production.



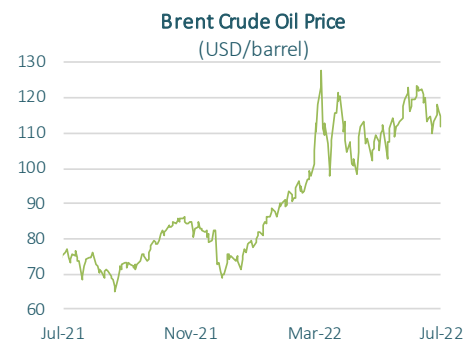
Annual CPI inflation in the Euro Area rose to 8.6% in June.

Euro Area CPI rose by 0.2% mom where annual inflation remained at its historic high, reaching 8.6% in June. The ongoing rise in costs, especially in energy, continued to put upward pressure on inflation. Speaking at a conference held in Portugal last week, ECB President Lagarde stated that following the 25 basis point rate hike that was planned for July, a higher rate hike would be appropriate in September, taking into account the medium-term inflation outlook.



Oil prices were volatile last week.

Last week, decisions taken by the G7 countries were followed closely. While 70 organizations including the state agency Rostec and 29 people were placed on the sanction list against Russia's defense, industry, technology and manufacturing sectors, Foreign Assets Control Office of the US Treasury Department banned the gold import from Russia. It was also stated that the G7 countries decided to work on imposing a ceiling price on Russia's oil exports. These developments led oil prices to rise. On the other hand, at the OPEC+ meeting held on Thursday, it was announced that the member countries have adhered to the decision taken at the previous meeting to increase production by 648K barrels per day in July and August. Accordingly, the price of Brent crude oil per barrel decreased by 1.3% w/w to 111.6 USD.



Source: Datastream

The annual CPI reached 78.62% in June.

In June, monthly CPI increase realized as 4.95%, below the market expectations of 5.38%. In the same period, annual inflation rose to 78.62%. According to the main expenditure groups, annual increase in consumer prices was 123.37% in transportation, 93.93% in food and non-alcoholic beverages, and 81.14% in household goods. D-PPI inflation also continued to rise in June, reaching 138.31% on an annual basis.

Manufacturing PMI fell to 2-year low in June.

Manufacturing PMI which dropped from 49.2 to 48.1 in June, pointed out that the deterioration in manufacturing activity has deepened. While production and new orders slowed down in this period, the rise in input costs continued.

Foreign trade deficit expanded by 184.3% yoy in June.

According to the provisional trade figures released by the Ministry of Trade, exports increased by 18.5% yoy to 23.4 billion USD in June while imports rose by 39.6%, reaching 31.6 billion USD. Hence, foreign trade deficit expanded by 184.3% yoy to 8.2 billion USD.

Last week new regulations were announced.

BRSA announced that 0% risk weight can be applied when calculating the amount subject to credit risk in the calculation of capital adequacy for banks' FX receivables from the CBRT. As stated in the Official Gazette, the duration of the discounted withholding tax rates on income and earnings from time and demand deposit interests has been extended to be applied to accounts opened or whose maturity is renewed until 31 December.

According to the decision published in the Official Gazette, the value of the securities in the TRY-denominated securities facility that banks keep within the CBRT in return for their FX liabilities will be calculated by the CBRT. In addition to that, CBRT announced that the commission rate for FX required reserve and FX deposit accounts with notice was raised from 1.5% to 5%. The CBRT also increased the discount rate for CPI-indexed assets from 30% to 50% and updated the GDDS collateral requirement from 45% to 50% for interbank money market transactions.

While the additional budget draft, which is expected to create an estimated increase of 1.08 trillion TRY in public revenues, was accepted at the General Assembly of the Grand National Assembly of Turkey, the minimum wage in the country was determined as 5,500 TRY net as of July 1, 2022.

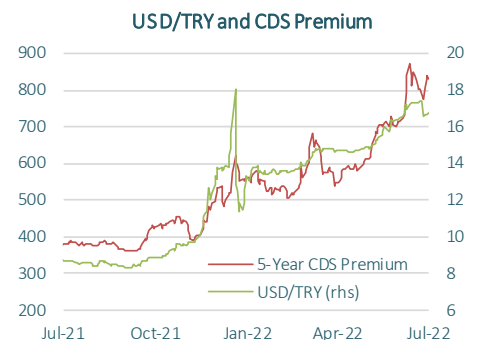
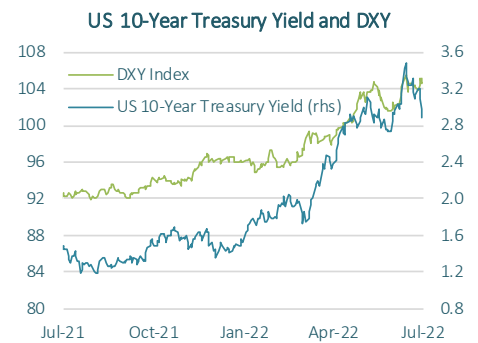
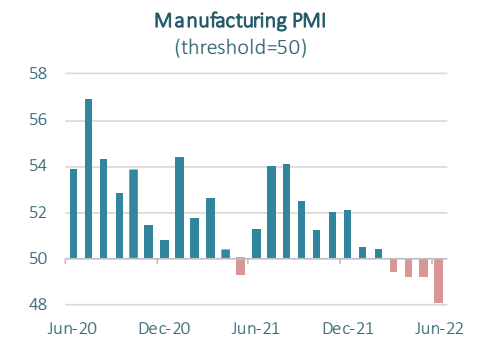
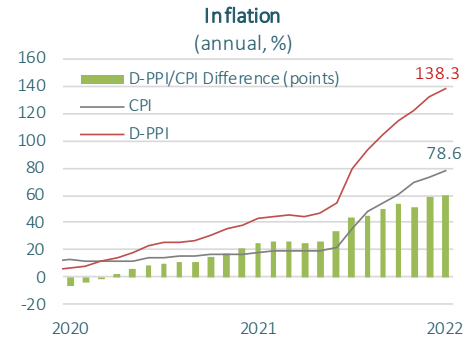
Financial markets...

The statements of the major central banks including the Fed, ECB and BoE, which have all signalled a further tightening in monetary policy for the coming period, affected the global risk appetite negatively. Rising recession concerns led the US 10-year Treasury yield to decline by 22 basis points wov to 2.90%.

BIST-100 index followed a parallel course to the emerging markets and closed the week 4.3% lower. While Turkish lira appreciated slightly against the US dollar last week, Turkey's 5-year CDS premium increased by 41 basis points wov, reaching 823.

This week's agenda...

On the agenda of global markets this week, the non-farm payroll data to be released in the US and the minutes of the Fed's June meeting come to the fore. In Turkey, balance of payments statistics for May, Treasury cash balance for June and CBRT's Survey of Market Participants for July will be monitored.



Source: Datastream, ICI, TurkStat

Data Releases

		Period	Consensus	Prior
4 July	TR CPI Inflation, yoy	June	78.62% (A)	73.50%
	TR D-PPI Inflation, yoy	June	138.31% (A)	132.16%
	Euro Area PPI Inflation, yoy	May	36.3% (A)	37.2%
5 July	Euro Area Sentix Index	July	-26.4 (A)	-15.8
	CPI Based Real Effective Exchange Rate	June	-	55.62
	US Factory Orders, mom	May	0.5%	0.3%
	China Caixin Services PMI	June	-	41.4
6 July	Euro Area Services PMI, final	June	52.8	52.8
	Fed Minutes	June	-	-
	US Services PMI, final	June	-	51.6
	US ISM Services PMI	June	54.5	55.9
7 July	Euro Area Retail Sales, mom	May	0.4%	-1.3%
	TR Treasury Cash Balance	June	-	149,23 bln TRY
8 July	US ADP Employment Report	June	200K	128K
	CBRT Survey of Market Participants	July	-	-
	TR Current Account Deficit	May	-	-2.74 bln USD
	US Nonfarm Payrolls	June	270K	390K
	US Unemployment Rate	June	3.6%	3.6%

(A) Actual

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