

	23-Sep	30-Sep	Change		23-Sep	30-Sep	Change
BIST-100 Index	3,282	3,180	-3.1 % ▼	EUR/USD	0.9690	0.9799	1.1 % ▲
TRY 2 Year Benchmark Rate	13.99 %	15.06 %	107 bp ▲	USD/TRY	18.4131	18.5000	0.5 % ▲
Turkey 5-Year CDS Premium	769	774	4 bp ▲	EUR/TRY	17.8447	18.1329	1.6 % ▲
MSCI EM Equity Index	906	876	-3.3 % ▼	Gold (USD/ounce)	1,643	1,660	1.0 % ▲
US 10-Year Bond Rate	3.70 %	3.80 %	11 bp ▲	Brent Oil (USD/barrel)	86.2	88.0	2.1 % ▲

bp: basis point

Last week, the statements of Fed and ECB officials supporting the tight monetary policy affected the global risk appetite negatively. Annual consumer inflation in the Euro Area remained at record levels with 10% in September. OECD raised Turkey's 2022 GDP growth forecast to 5.4%. S&P downgraded Turkey's credit rating from "B+" to "B", citing the concerns over loose monetary and fiscal policy practices and low net foreign exchange reserves. While the annual CPI inflation reached 83.45% in September, the manufacturing PMI stood at 46.9 indicating that the deceleration in the sector's activity continues. Carrying a heavy agenda this week, global markets will keep an eye on the final PMI figures for September as well as the US non-farm employment data and the OPEC+ meeting. In Turkey, Treasury cash balance for September will be announced.

US data displayed a relatively positive outlook.

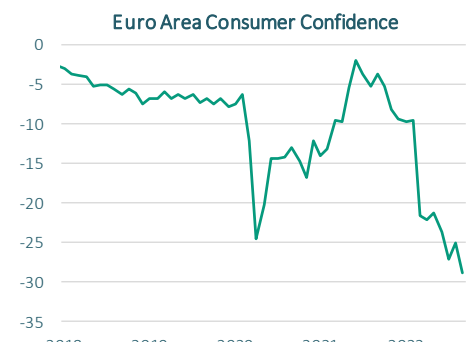
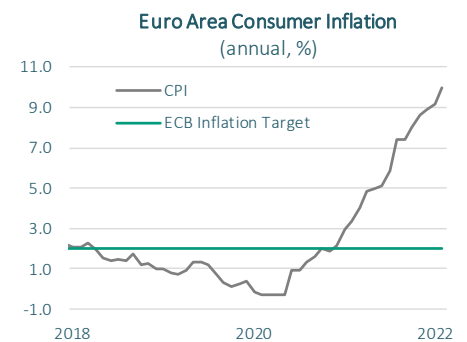
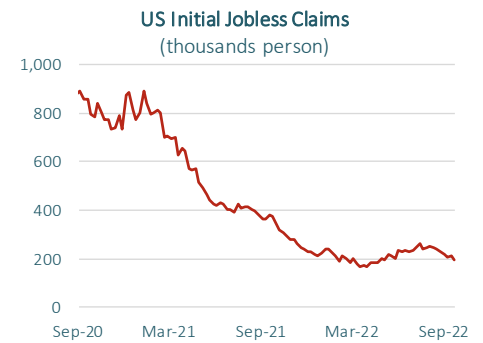
US GDP growth for the second quarter of this year was confirmed as -0.6% on an annualized basis. Durable goods orders declined by -0.2% in August, slower than the market expectations, while the consumer confidence index became 108 reaching the highest level for the last five months. Core personal consumption expenditures price index also increased by 0.6% mom in August, above the market expectations. The downward trend in initial jobless claims which was realized as 193 thousand people in the week ending September 24 has continued. Recent data releases supported the expectations that the Fed will continue its strong rate hikes.

The statements of Fed officials were followed closely.

Fed officials' statements on monetary policy were followed closely last week. St. Louis Fed President Bullard stated that interest rates should be increased rapidly to bring inflation down. Emphasizing that the policy rate should be increased to the range of 4.25%-4.5% by the end of 2022, Atlanta Fed President Bostic predicted that the Fed could increase rates by 75 basis points in November and 50 basis points in December. Stating that the Fed should take a tighter path than it pointed out last week, Cleveland Fed President Mester also highlighted that they do not see any distress in financial markets which might require changing the policy of fighting against inflation.

Euro Area CPI rose more-than-expected in September.

In Euro Area, monthly CPI inflation became 1.2% in September where annual inflation reached 10%. Market expectation for annual inflation was 9.7%. At her speech in Frankfurt Forum, ECB President Lagarde stated that they would raise rates in order to be sure that medium-term inflation meets its 2% target. Economic confidence index fell sharply by 3.6 points to 93.7 in September to its lowest level since November



Source: Datastream

2020. Accordingly, worries that the ongoing tight monetary policy stance could end in recession have gained strength.

EU has proposed a new package of sanctions against Russia which includes import bans regarding certain goods as well as the oil price cap. This new package is projected to deprive Russia of an additional 7 billion euros in export revenues.

OECD upgraded its growth forecast for Turkish economy.

OECD's Economic Outlook report which was published last week revealed that the global economy is expected to grow 3% this year and 2.2% in 2023. While upgrading its 2022 forecast for Turkey's GDP growth from 3.7% to 5.4%, the institution kept its forecast for 2023 unchanged as 3%.

On the other hand, S&P lowered Turkey's credit rating from "B+" to "B". Citing concerns over the loose monetary and fiscal policy implementations as well as low net foreign currency reserve levels, S&P revised the rating outlook as stable.

Annual CPI inflation reached 83.45% in September.

Turkey's CPI rose by 3.08% mom in September, below the market expectations of 3.80%, while annual CPI inflation reached its highest level since July 1998 at 83.45%. In this period, D-PPI rose by 4.78% mom and by 151.50% yoy.

Manufacturing PMI stood at 46.9 in September.

Manufacturing PMI became 46.9 in September, pointing to a more significant slowdown at the end of the third quarter. The fragile demand conditions and inflationary pressures were the main factors leading to a deceleration of both output and new orders in this period.

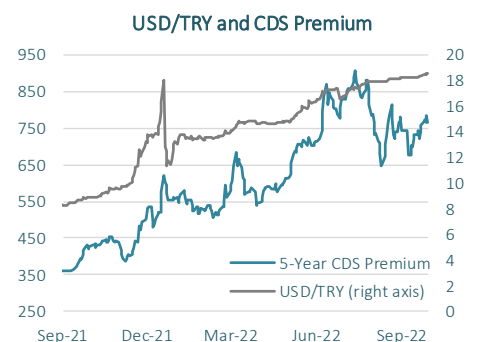
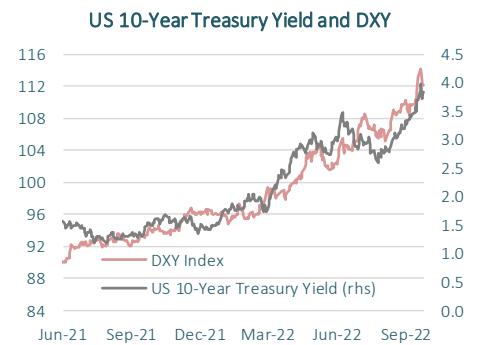
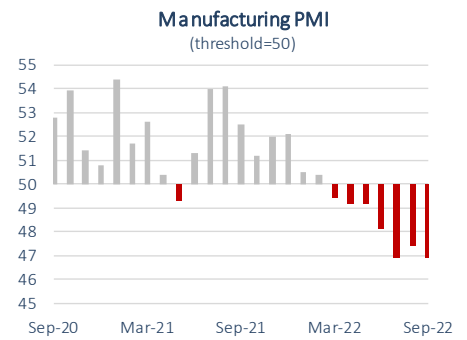
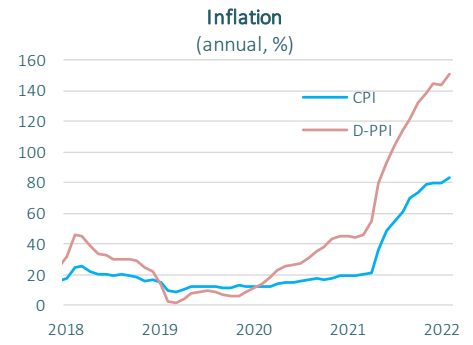
Financial markets...

During the past week, the statements of Fed and ECB officials supporting the monetary tightening triggered a selling pressure in the markets. While the stock market indices declined, the US 10-year Treasury bond yield tested its all-time high level for the last 12 years.

In Turkey, BIST-100 index also closed the week with a 3.1% decline in line with the negative outlook in global markets. With the effect of the strong course of the US dollar, USD/TRY rate increased by 0.5% to 18.50 on Friday. Turkey's 5-year CDS premium went up by 4 basis points to 774.

This week's agenda...

This week, the final PMI figures for September as well as the US non-farm payrolls data and the OPEC+ meeting stand out in global markets. In Turkey, the Treasury cash balance for September will be announced.



Source: Datastream

Data Releases

		Period	Consensus	Prior
3 October	TR CPI Inflation, yoy	September	84.45% (A)	80.21%
	TR D-PPI Inflation, yoy	September	151.5% (A)	143.75%
	TR Manufacturing PMI	September	46.9 (A)	47.4
	Euro Area Manufacturing PMI, final	September	48.4 (A)	48.5
	USA ISM Manufacturing PMI	September	52.2	52.8
4 October	USA Factory Orders, mom	September	0.3%	-0.1%
	Euro Area PPI Inflation, yoy	September	43.2%	37.9%
5 October	Euro Area Services PMI, final	September	48.9	48.9
	USA Trade Balance	August	-68.0 billion USD	-70.7 billion USD
	USA Services PMI, final	September	-	49.2
6 October	Euro Area Retail Sales, mom	August	-0.4%	0.3%
7 October	USA Nonfarm Payrolls	September	250K persons	315K persons
	USA Unemployment Rate	September	3.7%	3.7%
	TR Treasury Cash Balance	September	-	28.73 billion TRY

(A) Actual

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