

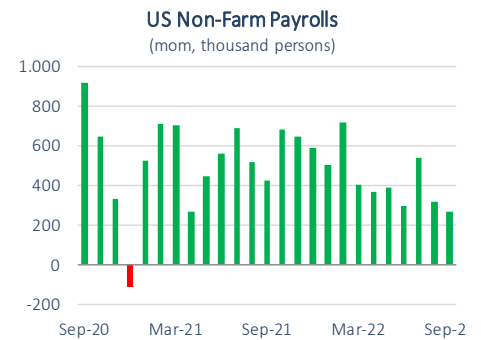
	30-Sep	7-Oct	Change		30-Sep	7-Oct	Change
BIST-100 Index	3,180	3,568	12.2 % ▲	EUR/USD	0.9799	0.9741	-0.6 % ▼
TRY 2 Year Benchmark Rate	15.06 %	15.57 %	51 bp ▲	USD/TRY	18.5000	18.5620	0.3 % ▲
Turkey 5-Year CDS Premium	774	767	-7 bp ▼	EUR/TRY	18.1329	18.0968	-0.2 % ▼
MSCI EM Equity Index	876	898	2.5 % ▲	Gold (USD/ounce)	1,660	1,695	2.1 % ▲
US 10-Year Bond Rate	3.80 %	3.89 %	8 bp ▲	Brent Oil (USD/barrel)	88.0	97.9	11.3 % ▲

bp: basis point

Last week, US non-farm payrolls data strengthened the expectations that rapid tightening of the Fed's monetary policy would continue. While annual PPI inflation in the Euro Area reached a new historically high level in line with the rise in energy prices, final PMI figures showed that the contraction in economic activity has become more evident. The World Bank raised its growth forecast for Turkey for 2022 to 4.7%. In Turkey, the seasonally adjusted unemployment rate fell to 9.6% in August while the foreign trade deficit was 10.4 billion USD in September. On this week's data agenda of global markets, US CPI inflation stands out. In Turkey, current account balance and industrial production data for August will be monitored. Also this week, the IMF will release its World Economic Outlook report.

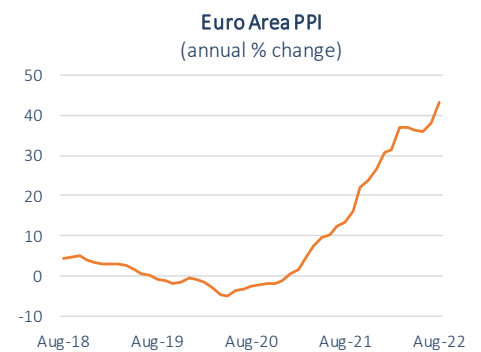
### The U.S. unemployment rate fell to 3.5% in September.

The rise in non-farm payrolls in the US became 263 thousand people in September, exceeding the market expectations. The unemployment rate declined by 0.2 points mom to 3.5%. The composite PMI data was announced at 49.5 in September, signaling a contraction in economic activity. The statements of the Fed officials that the tightening in monetary policy will continue weighed on the global risk perception last week. The weak PMI data has fed recession concerns while the strong course of employment in the US continued to provide room for the Fed to further tighten its policy.



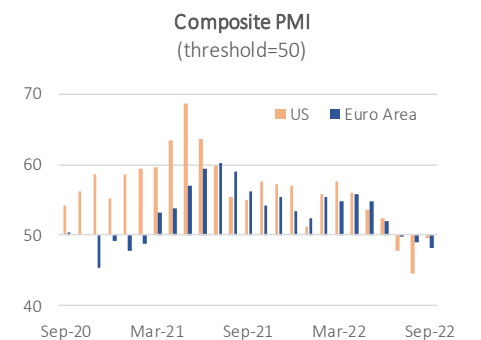
### Economic activity in the Euro Area continued to weaken.

Data released in the Euro Area last week indicated that the contraction in economic activity has become more evident. Annual producer price inflation in the Region reached a new historically high level with 43.3% in August. The rise in inflation was mainly driven by the energy price increase of 116.8% yoy. In this period, retail sales were also weak, showing a decline in consumer demand. In addition, the composite PMI data in the Region was at a 20-month low of 48.1 in September, according to the final figures.



### WTO lowered its trade growth forecast to 1% for 2023.

World Trade Organization (WTO) announced its growth expectation for the global trade volume as 3.5% for 2022 and decreased its expectation for 2023 from 3.4% to 1%. WTO pointed out that rising energy prices, high inflation, tight monetary policies and the Russia-Ukraine war would weigh on global trade next year. The World Bank increased its growth forecast for the European and Central Asian economies from -2.9% to -0.2% for 2022, while lowering it from 1.5% to 0.3% for 2023. In parallel with the strong course of economic activity in Turkey, World Bank increased its 2022 growth forecast for the Turkish economy to 4.7% from 2.3% while decreasing its 2023 forecast to 2.7%, 0.5 points lower compared to the previous forecast. Pointing to the risks of recession and financial instability,



Source: Datastream

IMF Managing Director Georgieva said that they expect at least two consecutive quarters of contraction this year or next year in countries that make up about one-third of the world economy.

### Turkey's foreign trade deficit was 10.4 billion USD in September.

According to the preliminary foreign trade figures released by the Ministry of Trade, the widening trend in the foreign trade deficit continued in September. Export volume expanded by 9.2% yoy, while the import volume continued to record strong rises with 41.5% due largely to the high level of energy imports. In this period, the foreign trade deficit almost quadrupled on an annual basis and became 10.4 billion USD. Thus, in the first nine months of the year, foreign trade deficit reached 83.8 billion USD. In September, CPI-based real effective exchange rate index rose by 1.64 points to 54.52, showing a limited appreciation of the TRY in real terms against the currency basket of the countries that have a significant share in Turkey's foreign trade. According to the data of the Ministry of Treasury and Finance, Treasury cash balance posted a deficit of 79.3 billion TRY in September. In the same period, primary cash deficit was 48.1 billion TRY. Thus, in the January-September period, cash deficit became 88 billion TRY.

### Unemployment rate declined to 9.6% in August.

The seasonally adjusted unemployment rate declined by 0.4 point mom to 9.6% in August, the lowest level since March 2014. In this period, the employment rate increased by 0.5 points compared to the previous month and became 47.9%, while the labor force participation rate increased by 0.4 point to 53.0%. On the other hand, the labor underutilization rate, consisting of time-related underemployment, potential labor force and unemployment, decreased by 2.6 points mom to 19.8% in August.

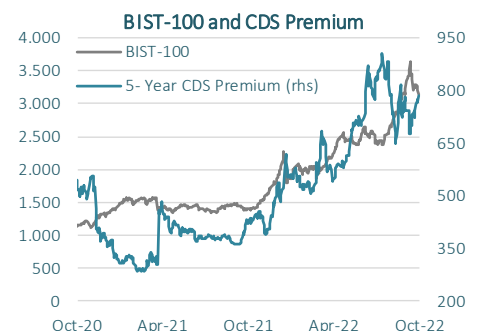
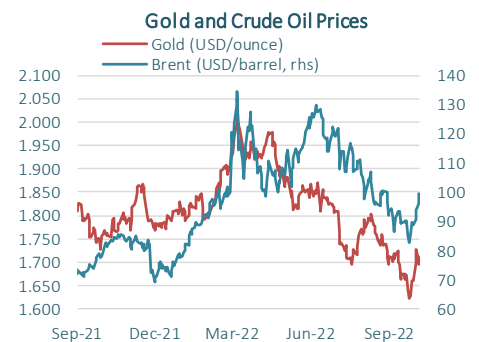
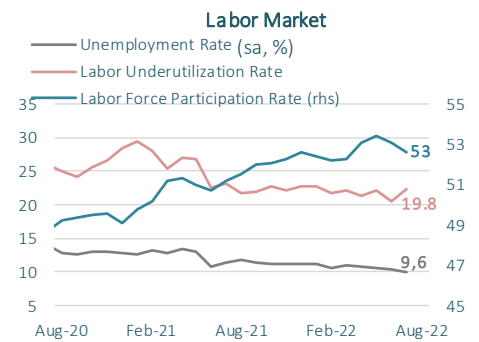
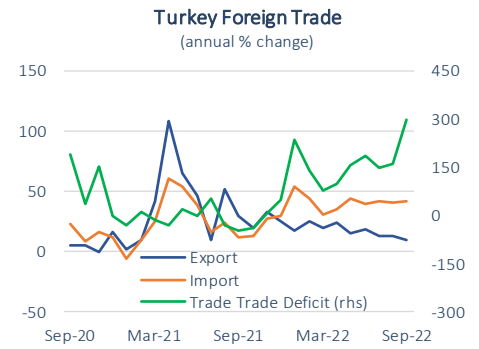
### Oil prices rose rapidly after the OPEC+ decision.

Last week, global equity markets followed a fluctuating course in parallel with the statements of Fed officials as well as the rising concerns about economic activity. With the OPEC+ countries' decision to cut oil production by 2 million barrels per day starting in November, the barrel price of Brent crude oil increased by 11.3% on a weekly basis and reached 97.9 USD.

BIST-100 index, which has been declining on a weekly basis since mid-September, rose by 12.2% to 3,568 last week. USD/TRY closed the week at 18.56 recording an increase of 0.3% on a weekly basis. Despite declining by 7 basis points compared to the previous week, Turkey's 5-year CDS premium remained at high levels.

### This week's agenda...

This week, the minutes of the Fed's September meeting and the annual meetings of the IMF and World Bank will be followed. IMF will publish the October issue of its World Economic Outlook report. On the data agenda of the week, US CPI inflation for September stands out. In Turkey, the current account deficit and industrial production data for August will be closely followed.



Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
<b>10 October</b>	TR Unemployment Rate	August	9.6% (A)	10.0%
<b>11 October</b>	TR Current Account Deficit	August	-3.15 billion USD	-4.01 billion USD
<b>12 October</b>	TR Industrial Production, yoy	August	2.7%	2.4%
	TR Retail Sales, yoy	August	-	2.0%
	USA PPI Inflation, yoy	September	8.4%	8.7%
	Euro Area Industrial Production, yoy	August	1.2%	-2.4%
<b>13 October</b>	USA CPI Inflation, mom	September	8.1%	8.3%
	USA Initial Jobless Claims	3-8 Oct	225K persons	219K persons
<b>14 October</b>	CBRT Survey of Market Participants	October	-	-
	TR House Sales, yoy	September	-	-12.7%
	USA Retail Sales, mom	September	0.2%	0.3%
	USA Michigan Consumer Confidence, prelim	October	59	58.6
	China CPI Inflation, yoy	September	2.80%	2.50%
	China PPI Inflation, yoy	September	1.0%	2.3%

(A) Actual

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