

	18-Nov	25-Nov	Change		18-Nov	25-Nov	Change
BIST-100 Index	4,527	4,874	7.7 % ▲	EUR/USD	1.0324	1.0395	0.7 % ▲
TRY 2 Year Benchmark Rate	12.39 %	10.81 %	-158 bp ▼	USD/TRY	18.5889	18.5851	0.0 % ●
Turkey 5-Year CDS Premium	581	528	-53 bp ▼	EUR/TRY	19.2253	19.3289	0.5 % ▲
MSCI EM Equity Index	943	941	-0.2 % ▼	Gold (USD/ounce)	1,750	1,756	0.4 % ▲
US 10-Year Bond Rate	3.82 %	3.70 %	-12 bp ▼	Brent Oil (USD/barrel)	87.6	83.6	-4.6 % ▼

bp: basis point

Last week, the minutes of the Fed and ECB's meetings and the preliminary PMI data released in the US and Euro Area were closely followed. Data for November indicated that the slowdown in the US and Euro Area economic activity has continued. CBRT ended its interest rate cut cycle by lowering policy rate by 150 bps to 9%. While the central government gross debt stock rose to 3.8 trillion TRY, real sector confidence index for November displayed a negative picture. This week, non-farm payrolls in the US and inflation data in the Euro Area stand out on the agenda of global markets. In Türkiye, third quarter GDP growth and November figures of manufacturing PMI will be announced.

The Fed's meeting minutes pointed to a slowdown in rate hikes.

Preliminary data for November in the US presented a negative outlook. Manufacturing PMI fell to 47.6 in November, marking the first contraction since June 2020. In this period, services PMI decreased by 1.7 points mom and became 46.1, below the market expectations. Thus, the composite index which measures the business activity in both manufacturing and services sectors was realized as 46.3, remaining below the 50-threshold for a consecutive fifth month.

According to the minutes of the Fed's meeting on November 1-2, the substantial majority of members expressed that it would be appropriate to slow the pace of rate hikes in the near future. It was stated that the slowdown in rate hikes will allow a clearer assessment of the effects of the monetary policy on economic activity.

Preliminary PMI data in the Euro Area came in below expectations.

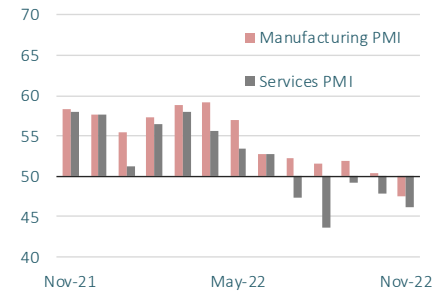
The PMI data released in the Euro Area also signalled that the slowdown in the economic activity continued in November. Although the manufacturing PMI in the region increased by 0.9 points mom, it remained below the threshold by becoming 47.3, while the services PMI remained unchanged at 48.6. Consumer confidence data, which was realized as -23.9 in November also pointed out that the negative outlook in expectations continued despite the monthly recovery.

In the minutes of the European Central Bank's (ECB) meeting held on October 26-27, it was stated that interest rates would need to be increased further to meet the medium-term inflation target of 2%. ECB officials highlighted that monetary tightening may need to continue even after the monetary policy stance is largely neutralized.

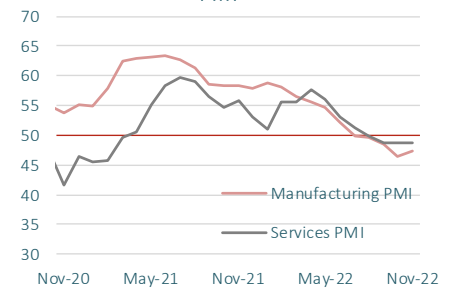
OECD predicted that the Turkish economy will grow by 5.3% in 2022.

In the Economic Outlook report published by the OECD, it was stated that the risks in the global economy are increasing gradually. According to the report, the energy crisis is expected to decelerate the global economic activity especially in Europe in 2023 yet a recession is not foreseen in the base scenario. The OECD revised its global economic growth forecast for this year to 3.1% from 3.0%; setting its forecasts for 2023 as 2.2% and 2.7% for 2024. The OECD, which reduced its 2022 growth forecast also for Türkiye from 5.4% to 5.3%, announced its 2023 and 2024 forecasts as 3.0% and 3.4% respectively.

US PMI Indices



Euro Area Manufacturing and Services PMI



Euro Area Consumer Confidence



Source: Datastream

CBRT cut the policy rate by 150 bps.

CBRT lowered the policy rate by 150 basis points to 9%, in line with market expectations, at the Monetary Policy Committee meeting last week. In the text released after the meeting, while evaluating that the current policy rate is at a sufficient level considering the increasing risks related to global demand, CBRT announced that the rate cut cycle has ended following a total cut of 500 basis points which started in August.

In the Financial Stability Report, CBRT stated that global economic activity has slowed down due to the increase in recession expectations in advanced economies. Pointing out that the liquidity, profitability and debt payment indicators of the real sector have been positive, CBRT highlighted that household indebtedness has been on a steady decline for the last 10 quarters. While the report states that the macroprudential measures taken as of April 2022 limited the acceleration in loan growth, it underlined that the strong profitability performance of the banking sector supported capital adequacy.

Real sector confidence in Türkiye declined in November.

The seasonally adjusted real sector confidence index decreased by 0.7 points mom to 101.3 in November. In terms of sub-indices, the total order index for the last three months decreased rapidly by 8.7 points. In this period, the seasonally adjusted capacity utilization rate fell by 0.7 points compared to the previous month to 75.9%. On the other hand, consumer confidence was realized at its highest value since October 2021 by 76.6.

The central government gross debt stock rose to 3.8 trillion TRY.

The central government gross debt stock stood at 3,808 billion TRY as of October 2022. In this period, 2,494 billion TRY of the debt stock is denominated in foreign currency debt and 1,314 billion TRY is denominated in local currency. The share of foreign currency debts in gross debt stock was 65.5%, the lowest level for the last one year.

The number of foreign visitors increased by 88.1% yoy in the first 10 months.

In October, the number of foreign visitors to Türkiye increased by 38.4% yoy to 4.8 million. In the January-October period, the number of visitors rose by 88.1% compared to the same period of the previous year, reaching 39.6 million. Compared to pre-pandemic levels, the number of foreign visitors in October stood above the 2019 level by 11.8%, yet remained under it by 2.7% in the first 10 months of the year.

Financial markets...

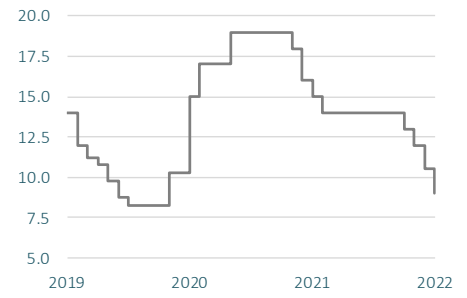
Last week, rising expectations that the Fed may reduce the pace of rate hikes supported global stock markets. On the other hand, increasing number of Covid-19 cases in China and potential new restrictions affected the expectations negatively regarding the course of global economic activity, triggering a moderate selling pressure in the markets. DXY, which indicates the value of the US dollar against other developed country currencies, dropped to 106, the lowest level for the last 15 weeks.

BIST-100 index, rising rapidly throughout the week, closed at 4,874 on Friday. USD/TRY rate continued its flat course and closed the week at 18.58 while Türkiye's 5-year CDS premium decreased by 53 basis points to its lowest level since February.

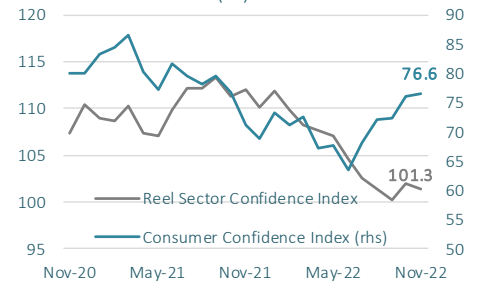
This week's agenda...

This week, non-farm payrolls in the US and inflation data in the Euro Area stand out on the agenda of global markets. In Türkiye, GDP growth data for Q3 and manufacturing PMI data for November will be announced.

CBRT Policy Rate

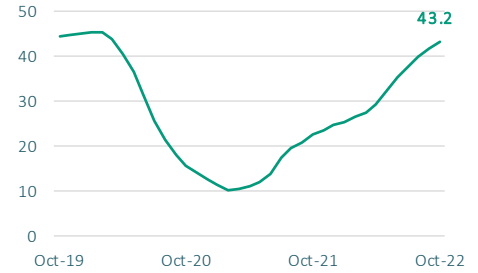


Confidence Indices (sa)

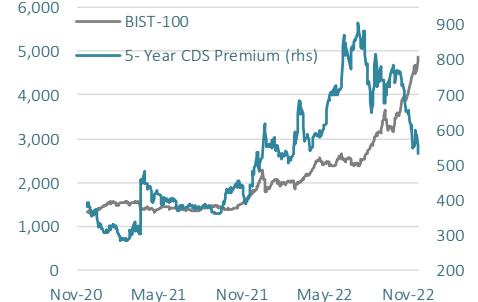


Foreign Arrivals

(12 month cumulative, million persons)



BIST-100 and CDS Premium



Source: Datastream

Data Releases

		Period	Consensus	Prior
29 November	TR Foreign Trade Balance	October	-	-9.6 billion USD
	TR Economic Confidence Index	November	-	97.1
	USA Consumer Confidence, flash	November	100.0	102.5
	Euro Area Consumer Confidence, final	November	-23.9	-23.9
30 November	TR GDP Growth, yoy	2022 Q3	-	7.6%
	USA GDP Growth, prelim, yoy	2022 Q3	2.7%	2.6%
	USA Pending Home Sales, mom	October	-5.0%	-10.2%
	Euro Area CPI Inflation, flash, yoy	November	10.4%	10.6%
1 December	TR Manufacturing PMI	November	-	46.4
	USA Manufacturing PMI, final	November	-	47.6
	USA ISM Manufacturing PMI	November	49.8	50.2
	USA Personal Consumption Expenditures, mom	October	0.8%	0.6%
	Euro Area Unemployment Rate	October	6.6%	6.6%
	Euro Area Manufacturing PMI, final	November	47.3	47.3
	China Caixin Manufacturing PMI, final	November	48.9	49.2
2 December	USA Unemployment Rate	November	3.7%	3.7%
	USA Nonfarm Payrolls	November	200K	261K
	Euro Area PPI Inflation, yoy	October	31.3%	41.9%

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