

	25-Nov	2-Dec	Change		25-Nov	2-Dec	Change
BIST-100 Index	4,874	4,963	1.8 % ▲	EUR/USD	1.0395	1.0538	1.4 % ▲
TRY 2 Year Benchmark Rate	10.81 %	10.48 %	-33 bp ▼	USD/TRY	18.5851	18.6303	0.2 % ▲
Turkey 5-Year CDS Premium	528	506	-22 bp ▼	EUR/TRY	19.3289	19.6377	1.6 % ▲
MSCI EM Equity Index	941	974	3.5 % ▲	Gold (USD/ounce)	1,756	1,798	2.4 % ▲
US 10-Year Bond Rate	3.70 %	3.50 %	-20 bp ▼	Brent Oil (USD/barrel)	83.6	85.6	2.3 % ▲

bp: basis point

Last week preliminary US inflation data which came in below expectations supported the assessments that the Fed would slow down its monetary tightening steps. Euro Area CPI inflation, which was 10% annually in November, declined for the first time since June 2021. According to the chained volume index, Turkish economy grew by 3.9% on an annual basis in the third quarter of 2022. In Türkiye, manufacturing PMI declined to 30-month low in November, while the annual CPI increase was 84.39%. This week, global services PMI data and US PPI inflation will be followed in the markets.

A heavy data agenda was followed in the US.

Annualized GDP growth in the US for the third quarter was revised to 2.9% from 2.6%. While the rise in non-farm payrolls became 263 thousand people in November, well above the expectations, personal consumption expenditures increased by 0.8% in October compared to the previous month. The monthly increase in the core personal consumption expenditures price index, which is followed by the Fed as a leading indicator, was 0.2% in October, below the market expectations. In this period, the annual increase in core PCE was 5.0%. On the other hand, the ISM manufacturing index which was released below forecasts in November signalled a slowdown in the economic activity, pointing out that manufacturing industry activity in the country declined for the first time in the last 2.5 years.

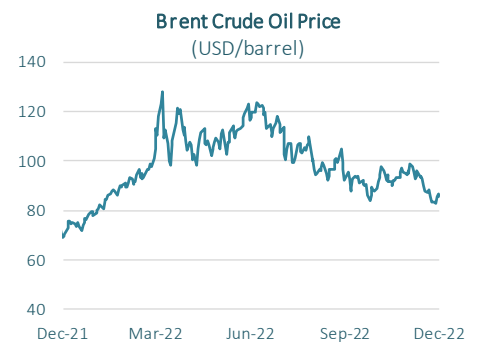
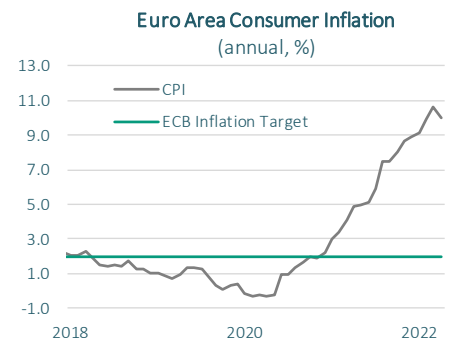
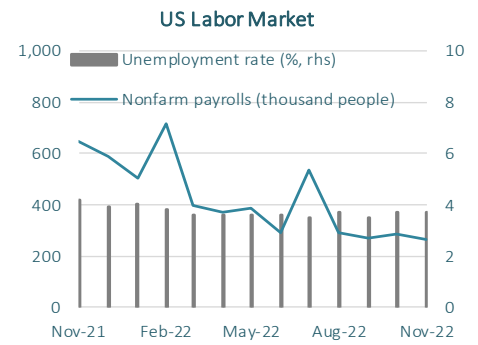
Rise in Euro Area CPI was lower-than-expected.

Annual CPI inflation in the Euro Area fell to 10% in November, below the expectations, for the first time since June 2021. In this period, core inflation which is calculated by excluding energy and food prices remained high at 6.6%. Inflation figures supported the expectations that inflation has reached its peak in the Euro Area and the ECB may raise the policy rate at lower rates at its next meetings. PPI inflation in the region also recorded its lowest rise for the last 9 months, going up by 2.9% mom, due to the deceleration of the increase in energy prices in October.

The EU Commission agreed on a price cap to Russian oil.

Members of the European Union have reached a consensus on a 60 USD a barrel price cap on Russian seaborne oil. In addition, the implementation of an adjustment mechanism which ensures the new price cap will be kept 5% below market prices, is also being considered.

Following the meeting of OPEC+ countries on December 4, it was announced that the alliance decided to keep on with the earlier decision to cut the production by 2 billion barrels per day. The barrel price of Brent crude oil, which closed last week with a rise of 2.3%, started the first trading day of the week with an increase.



Source: Datastream

Turkish economy grew by 3.9% in the third quarter of 2022.

Turkish economy grew by 3.9% yoy in the third quarter of 2022. The second quarter growth, which was previously announced as 7.6% was revised to 7.7%. In the third quarter, while the contribution of private consumption expenditures remained high with 12 points, public expenditures also contributed 1.1 points to growth ([our Economic Growth Report](#)).

Annual CPI inflation came in at 84.39% in November.

While CPI recorded its lowest rise for the last three months by surging 2.88% compared to the previous month in November, D-PPI also recorded its slowest rise since June 2020 by increasing 0.74% mom. Annual CPI inflation fell to 84.39% in this period. Annual D-PPI inflation, which was 157.69% in October, dropped to 6-month low by 136.02% in November, in line with the decline in energy prices ([our Inflation Report](#)).

Manufacturing PMI in Türkiye fell to 45.7 in November.

Manufacturing PMI fell to 45.7 in November, the lowest level since May 2020. Consequently, manufacturing PMI remained below the 50-threshold level for the 9th consecutive month. In this period, the biggest deceleration of the last two and a half years was recorded in both new orders and export orders due to weak demand conditions in domestic and foreign markets.

Foreign trade deficit was 8.8 billion USD in November.

According to the preliminary data released by the Ministry of Trade, foreign trade deficit increased by 61.6% yoy in November, reaching 8.8 billion USD. In this period, exports increased by 1.9% yoy to 21.8 billion USD, while imports rose 14% to 30.6 billion USD. Annual increases in exports and imports in the January-November period were 13.9% and 36.6%, respectively. Thus, in the first 11 months of the year foreign trade deficit reached 99.9 billion USD.

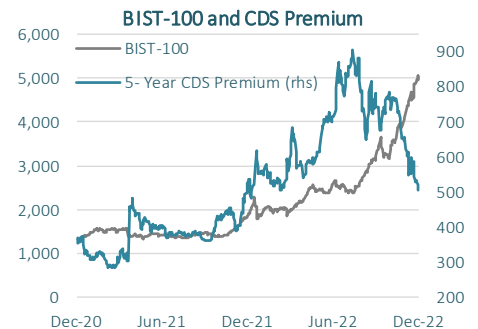
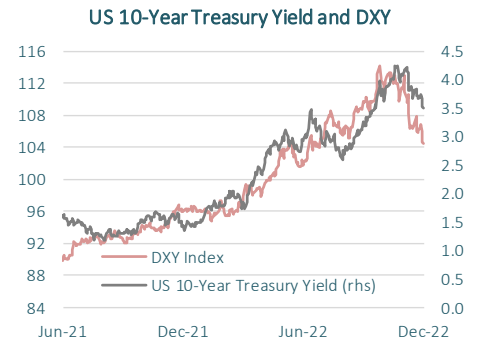
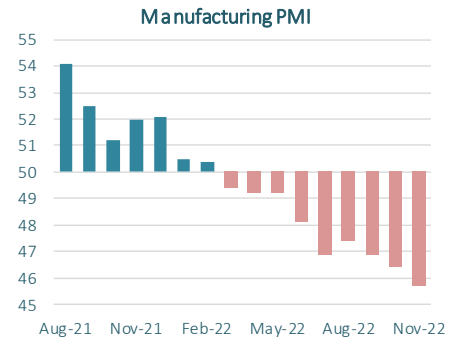
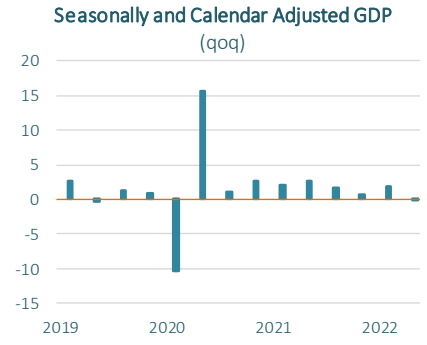
Financial markets...

Last week, global stock markets displayed a volatile course. Preliminary US inflation data which came in below expectations supported the assessments that the Fed would slow down its monetary tightening steps. In addition, 10-year US Treasury bond yield fell by 20 basis points in line with the data releases pointing out to signals of a slowdown in the US economic activity. The DXY index which shows the value of the US dollar against other developed country currencies took its lowest value since the end of June by becoming 104.5.

BIST-100 index, which followed an upward trend throughout the week, fell from its peak stemming from the sales on Friday. While the USD/TRY rate followed a relatively flat course, Turkey's 5-year CDS risk premium decreased by 22 basis points to 506.

This week's agenda...

This week, global services PMI data and US PPI inflation figures will be followed in the markets. In Türkiye, real effective exchange rate and Treasury cash balance data will be announced.



Source: Datastream

Data Releases

		Period	Consensus	Prior
5 December	TR Foreign Trade Balance	November	84.39% (A)	85.51%
	TR Economic Confidence Index	November	136.02% (A)	157.69%
	USA Factory Orders, mom	October	0.7%	0.3%
	USA ISM Services PMI	November	53.1	54.4
	Euro Area Retail Sales, mom	October	-1.7%	0.4%
	Euro Area Sentix Index	December	-27.6	-30.9
6 December	CBRT Real Effective Exchange Rate Index	November	-	55.70
7 December	TR Treasury Cash Balance	November	-	-72.2 billion TRY
	Euro Area GDP Growth, revised, yoy	2022 Q3	2.1%	2.1%
	China Trade Balance	November	78.1 billion USD	85.1 billion USD
9 December	USA Michigan Consumer Confidence, prelim	December	57.0	56.8
	USA PPI Inflation, yoy	November	7.2%	8.0%
	China CPI Inflation, yoy	November	-	2.1%
	China PPI Inflation, yoy	November	-	-1.3%

(A) Actual

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