

	23-Dec	30-Dec	Change		23-Dec	30-Dec	Change
BIST-100 Index	5,455	5,509	1.0 % ▲	EUR/USD	1.0614	1.0702	0.8 % ▲
TRY 2 Year Benchmark Rate	9.52 %	9.97 %	45 bp ▲	USD/TRY	18.6637	18.6883	0.1 % ▲
Turkey 5-Year CDS Premium	515	505	-9 bp ▼	EUR/TRY	19.8071	20.0002	1.0 % ▲
MSCI EM Equity Index	955	956	0.2 % ▲	Gold (USD/ounce)	1,798	1,824	1.5 % ▲
US 10-Year Bond Rate	3.75 %	3.83 %	8 bp ▲	Brent Oil (USD/barrel)	83.9	85.9	2.4 % ▲

bp: basis point

Last week, US initial jobless claims were realized in line with the expectations as 225K people in the week of 24 December. Russia prohibited the sale of crude oil and oil products to those participating in the EU's price ceiling. Publishing the "Monetary Policy and Liraization Strategy" for 2023, CBRT announced new macroprudential measures. In December, seasonally adjusted real sector confidence index rose to 101.6, while manufacturing PMI became 48.1. A 16% discount on the electricity prices used by industrials and a 12.7% discount on the natural gas prices used by the power plants were announced. This week, in addition to global PMI data, US non-farm payrolls and Euro Area inflation data come to the fore. In Türkiye, December inflation data will be announced.

In the US initial jobless claims rose.

According to the preliminary data announced in the US, foreign trade deficit in November was 83.3 billion USD, the lowest level since October 2021. The rapid fall in imports was decisive in this development. After declining in October, pending house sales in the US decreased by 4.0% on a monthly basis in November, faster than expected. It was observed that the effects of interest rate hikes on the housing market continued.

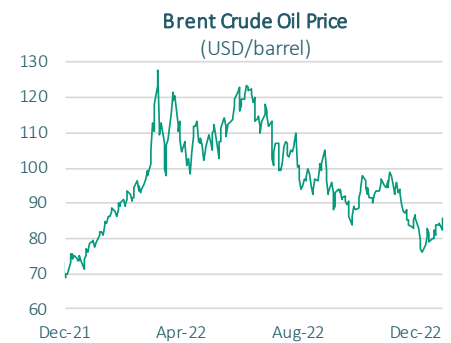
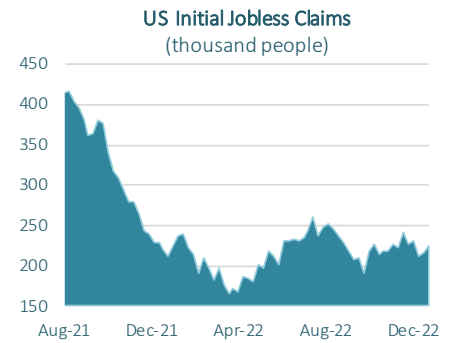
Initial jobless claims was 225K people in the week of 24 December. The advance number for seasonally adjusted insured unemployment during the week ending December 17 reached the highest level since February. Data pointing to a relative slowdown in the employment market strengthened the expectations that the Fed will continue to reduce the pace of monetary policy tightening in the coming period.

Russia and China impact on oil prices...

Russia banned exports of oil and oil products to those that have introduced price caps on Russian oil and petroleum products. According to the decree, the ban on oil supplies will come into effect as of February 1, 2023 and the date of the ban on the supply of oil products will be determined by the Russian government. In addition, Putin was allowed to issue a special permit for the supply of Russian oil and oil products prohibited by the document. This development and expectations that the ease of coronavirus restrictions in China would affect demand positively supported the rise in prices.

CBRT announced new macroprudential measures.

In Monetary Policy and Liraization Strategy, CBRT stated that the policies supporting the effectiveness of the monetary transmission mechanism will be maintained and announced that the liraization target in deposits is set at 60% for the first half of 2023. In addition, within the scope of new macroprudential measures, the CBRT announced that the period of the implementations that require banks to maintain securities according to loan interest rate and loan growth rate has been extended until 29 December 2023, and the scope of assets and liabilities of banks subject to the securities maintenance practice has been expanded. Moreover, other



2023 CBRT MPC Meetings and Reports Calendar

MPC Meet.	Inflation Rep.	Fin. Stability Rep.
19-Jan	26-Jan	-
23-Feb	-	-
23-Mar	-	-
27-Apr	11-May	18-May
25-May	-	-
22-Jun	-	-
20-Jul	27-Jul	-
24-Aug	-	-
21-Sep	-	-
26-Oct	2-Nov	16-Nov
23-Nov	-	-
21-Dec	-	-

Source: Datastream, CBRT

financial institutions have also been included in the scope of the securities maintenance regulation, and at the first phase, factoring companies have been required to maintain securities according to the interest rate they apply to Turkish lira-denominated factoring receivables. The facilities of maintaining gold for Turkish lira reserve requirements have been terminated as of 23 June 2023, while the interest rates to be applied in rediscount and advance transactions were re-determined.

A gradual improvement in real sector confidence...

The seasonally adjusted real sector confidence index increased by 0.3 points mom to 101.6 in December. In the same period, seasonally adjusted capacity utilization rate rose by 0.5 points on a monthly basis, reaching 76.4%.

Manufacturing PMI was 48.1 in December.

Manufacturing PMI became 48.1 in December. In this period, while the decline in production and new orders slowed down, employment recorded its fastest rise since February 2022. In addition, the pressures on the manufacturing activity arising from both rising costs and supply chain problems have eased. On the other hand, the relatively negative performance of new export orders signalled that foreign demand is yet fragile. Despite standing at its 6-month high, by remaining below the threshold value, PMI figures pointed out that the weakening throughout the manufacturing industry continues.

Energy Market Regulatory Authority (EPDK) announced that a 16% reduction will be made in electricity prices used in the industry in the new tariff period. In addition, the electricity ceiling price in the free market was reduced from 4,800 TL/MWh to 4,200 TL/MWh. In addition, according to the January tariff of Petroleum Pipeline Corporation (BOTAS), the price of natural gas used by power plants was reduced by 12.7%.

White goods production decreased by 3.1% yoy in the January-November period.

According to the data released by the Turkish White Goods Manufacturers' Association, the production of the white goods industry decreased by 2.5% yoy in November. In the six main product groups, domestic sales increased by 18.8% and exports by 2% yoy. As of the first 11 months of the year, production and domestic sales decreased by 3.1% and 2.4%, respectively, while a limited increase was recorded in exports.

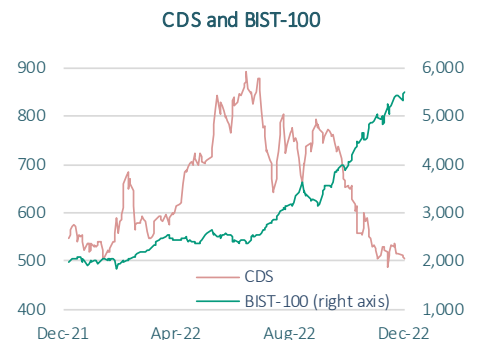
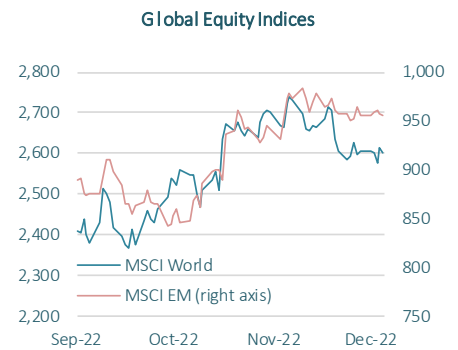
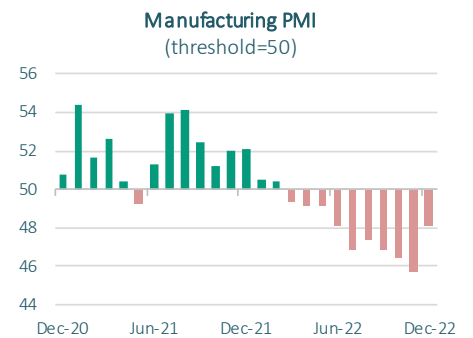
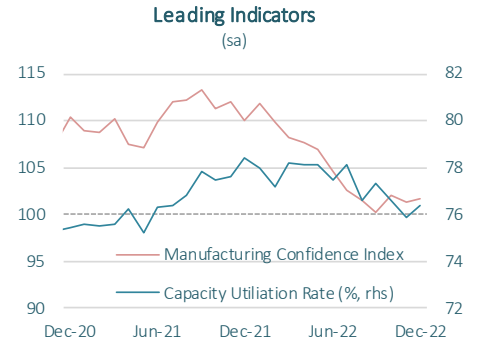
Financial markets...

Last week, in addition to the data indicating that the tightening in the US labour market eased to some degree, China's announcement that the quarantine application for people entering the country would be lifted as of January 8, positively affected the risk appetite in the markets.

BIST-100 index closed the last trading day of 2022 at 5,509 points. While USD/TRY remained flat on a weekly basis, EUR/TRY rose by 1%. Turkey's 5-year CDS premium fell by 9 basis points to 505 bps last week.

This week's agenda...

This week, in addition to PMI figures, December employment data in the US and November inflation data in the Euro Area stand out in global markets. In Türkiye, inflation data for December will be announced.



Source: Datastream

Data Releases

		Period	Consensus	Prior
2 January	TR Manufacturing PMI	December	48.1 (A)	45.7
	Euro Area Manufacturing PMI, final	December	47.8	47.8
3 January	TR CPI Inflation, yoy	December	66.53%	84.39%
	TR D-PPI Inflation, yoy	December	-	136.02%
	US Manufacturing PMI, final	December	-	46.2
4 January	US ISM Manufacturing PMI	December	48.5	49.0
	Euro Area Services PMI, final	December	49.1	49.1
5 January	US Services PMI, final	December	-	44.4
	US ADP Employment Report	December	145K	127K
	Euro Area PPI Inflation, yoy	November	27.6%	30.8%
	China Caixin Services PMI	December	-	46.7
6 January	US Nonfarm Payrolls	December	200K	263K
	US Unemployment Rate	December	3.7%	3.7%
	US Factory Orders, mom	November	-0.9%	1.0%
	US ISM Services PMI	December	55.0	56.5
	Euro Area Consumer Confidence, final	December	-22.2	-22.2
	Euro Area CPI Inflation, flash, yoy	December	9.7%	10.1%

(A) Actual

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