

	6-Jan	13-Jan	Change		6-Jan	13-Jan	Change
BIST-100 Index	5,342	4,985	-6.7 % ▼	EUR/USD	1.0644	1.0828	1.7 % ▲
TRY 2 Year Benchmark Rate	9.30 %	9.87 %	57 bp ▲	USD/TRY	18.7524	18.7806	0.2 % ▲
Türkiye 5-Year CDS Premium	522	550	28 bp ▲	EUR/TRY	19.9607	20.3723	2.1 % ▲
MSCI EM Equity Index	989	1,030	4.2 % ▲	Gold (USD/ounce)	1,866	1,920	2.9 % ▲
US 10-Year Bond Rate	3.57 %	3.51 %	-6 bp ▼	Brent Oil (USD/barrel)	78.6	85.3	8.5 % ▲

bp: basis point

Last week, the World Bank revised its global growth forecast for 2023 from 3% to 1.7%. While consumer prices in the US decreased by 0.1% mom in December, decline in inflation supported the expectations that the Fed would decelerate the pace of interest rate hikes. In Türkiye, central government budget posted a deficit of 139 billion TRY in 2022. While the current account deficit was 3.7 billion USD in November, industrial production contracted on an annual basis for the first time since June 2020. In this period, the unemployment rate had a flat course at 10.2%. This week, when the Davos Summit will be held, the US December PPI and industrial production data and China's fourth quarter growth data come to the fore on global macroeconomic agenda. In Türkiye, the CBRT's Monetary Policy Committee Meeting will be followed.

### The World Bank revised its economic growth forecasts downward.

In Global Economic Prospects report, the World Bank revised its growth forecasts for the world economy for 2023 and 2024 downwardly, and announced as 1.7% and 2.7%, respectively. The organization referred high inflation, declining investments and tight monetary policy practices as the reasons for the revision. The World Bank estimated that the economic activity in Türkiye will lose momentum significantly and reduced its growth forecast for Türkiye for 2023 from 3.2% to 2.7%.

### CPI in the US decreased by 0.1% on a monthly basis in December.

In the US, consumer prices posted first monthly decline since May 2020 in December with 0.1% mom. While the annual CPI inflation in the US came in at 6.5%, the lowest in more than a year, the decline in energy prices played an important role in this development. In line with the improvement in inflation indicators, consumer confidence rose in the country and expectations that the Fed would slow down the tightening steps in monetary policy strengthened. Accordingly, Fed is highly expected to hike interest rates by 25 basis points at its meeting, which will end on February 1.

### China's exports decreased by 9.9% yoy in December.

In China, annual CPI inflation reached 1.8% in December due to rising food prices. In this period, producer prices continued to decline on annual basis in parallel with rapid spread of coronavirus cases throughout the country and its negative impacts on industrial production. In the last month of the year, export volume recorded the deepest contraction since the beginning of the pandemic with 9.9% yoy, which led by the weakness in global demand conditions. On the other hand, import volume was under pressure due to the increase in Covid cases, despite the ease in pandemic measures and decreased by 7.5% on an annual basis in December.

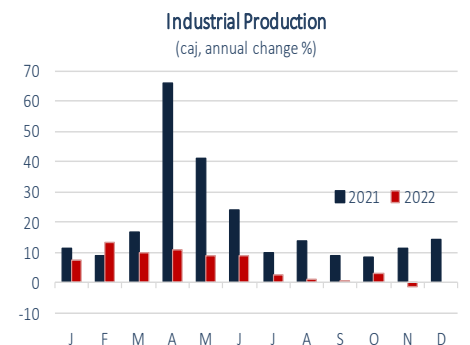
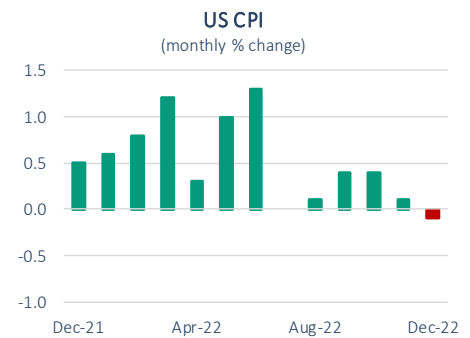
### Domestic industrial production decreased by 1.3% yoy in November.

In Türkiye, the calendar adjusted industrial production decreased by 1.3% on an annual basis in November, for the first time since June 2020. While losses in mining and electricity production continued during this period, manufacturing industry contracted for the first time in last 2.5 years. Thus, the annual expansion in industrial production, which was 6.8% in the first three quarters, decreased to 0.9% in the October-November period. On the other hand, seasonally adjusted

World Bank Projections

	January Forecasts (%)		Difference* (% points)	
	2023	2024	2023	2024
<b>Growth</b>				
<b>World</b>	1.7	2.7	-1.3	-0.3
<b>Advanced Econ.</b>	0.5	1.6	-1.7	-0.3
US	0.5	1.6	-1.9	-0.4
Euro Area	0.0	1.6	-1.9	-0.3
<b>Emerging Econ.</b>	3.4	4.1	-0.8	-0.3
China	4.3	5.0	-0.9	-0.1
Türkiye	2.7	4.0	-0.5	0.0
<b>World Trade Volume</b>	1.6	3.4	2.7	-0.4

(\*) Difference from June projections



Source: The World Bank, Datastream

unemployment rate remained unchanged at 10.2% in November.

According to the figures revealed by the Automotive Manufacturers Association (OSD), automotive production expanded by 8.2% yoy in December and reached 142,314 units. In 2022, automotive production reached 1.35 million units, with an annual rise of 6%.

#### Current account deficit was 3.7 billion USD in November.

According to the data announced by the CBRT, the current account deficit was 3.7 billion USD in November. In this period, the foreign trade deficit remained at high levels, while the 12-month cumulative current account deficit reached 45 billion USD, the highest level since August 2018 ([Our Balance of Payments report](#)).

#### Budget deficit was 139 billion TRY in 2022.

The central government budget deficit was 139 billion TRY in 2022, well below the budget projections and the Medium Term Programme (MTP) forecast. While tax revenues increased by 102% in 2022, payments made to PE's within the scope of internal debt transfers amounted to 185.5 billion TRY, and expenses related to FX-protected deposit accounts amounted to 92.5 billion TRY ([Our Budget Balance Report](#)).

#### New credit guarantee fund system has been announced.

Ministry of Treasury and Finance has announced the details of the new Credit Guarantee Fund System at total amount of 250 billion TRY. In this context, 35 billion TRY of the bail limits will be spent for operating costs of businesses, 35 billion TRY of limits will be spent for foreign currency gained activities, and 20 billion TRY of it will be spent for investment projects. Furthermore, 15 billion TRY will be allocated for manufacturing industry supports, 10 billion TRY will be allocated for local SME supports, and 25 billion TRY will be allocated for early retirement eligibility (EYT) legislation.

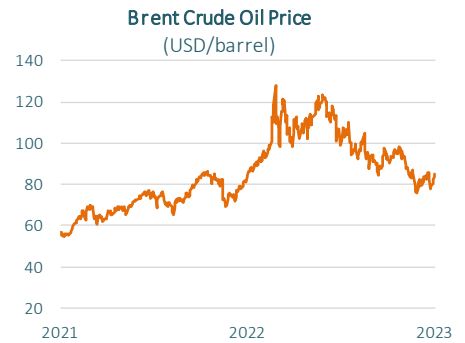
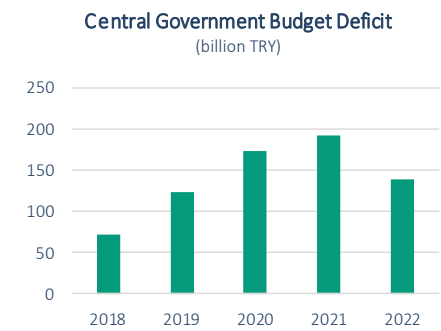
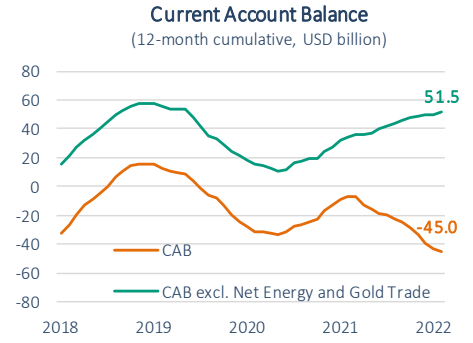
#### Inflation expectations of markets fell.

According to results of the CBRT's Survey of Market Participants, expected inflation rate of 12-month ahead fell to 30,4% in January from 34,9%. While market participants' expectations for growth and current account deficit remained unchanged for the end of 2023, USD/TRY exchange rate forecast was realized as 23.12.

#### BIST-100 decreased by 6.7% last week.

Last week, figures signalling easing of inflationary pressures in the US and statements made by Fed officials supported the global risk appetite. The global stock markets followed a positive course and gold prices exceeded 1,900 USD/ounce for the first time since May 2022. Brent crude oil also increased by 8.5% last week to 85.3 USD per barrel. In Türkiye, BIST-100 index recorded its fastest decline since December 2021 with 6.7% loss on a weekly basis. Türkiye's 5-year CDS premium and domestic bond rates continued to rise. USD/TRY continued to have a flat course, EUR/TRY closed the week with an increase of 2.1% due to rise in the EUR/USD parity.

This week, Davos summit will be held. The PPI and industrial production data for December in the US, and China's fourth-quarter growth data come to the fore on the agenda of global markets. In Türkiye, CBRT's Monetary Policy Committee Meeting will be followed.



Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
<b>16 January</b>	TR Budget Balance	December	-118,6 billion TRY (A)	108,3 billion TRY
<b>17 January</b>	TR House Sales	December	-	117,8k
	China GDP Growth, yoy	2022 Q4	1,8%	3,9%
	China Retail Sales, yoy	December	-8,6%	-5,9%
	China Industrial Production, yoy	December	0,2%	2,2%
	USA NY Fed Manufacturing Index	January	-8,7	-11,2
<b>18 January</b>	USA PPI Inflation, yoy	December	6,8%	7,4%
	USA Retail Sales, mom	December	-0,8%	-0,6%
	USA Industrial Production, mom	December	-0,1%	-0,2%
	Euro Area CPI Inflation, final, yoy	December	9,2%	9,2%
<b>19 January</b>	CBRT Monetary Policy Meeting	January	-	9,0%
	USA Philadelphia Fed Business Index	January	-11,0	-13,8
	USA Housing Starts, units	December	1,36 million	1,43 million
<b>20 January</b>	TR Central Government Gross Debt Stock	December	-118,6 billion TRY	3,91 trillion TRY
	USA Existing Home Sales, units	December	3,95 million	4,09 million

(A) Actual

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