

	10-Feb	17-Feb	Change		10-Feb	17-Feb	Change
BIST-100 Index	Closed	5,027	- ▼	EUR/USD	1.0675	1.0694	0.2 % ▲
TRY 2 Year Benchmark Rate	10.92 %	11.08 %	16 bp ▲	USD/TRY	18.8107	18.8247	0.1 % ▲
Türkiye 5-Year CDS Premium	550	568	18 bp ▲	EUR/TRY	20.1029	20.1370	0.2 % ▲
MSCI EM Equity Index	1,014	999	-1.4 % ▼	Gold (USD/ounce)	1,865	1,842	-1.2 % ▼
US 10-Year Bond Rate	3.74 %	3.83 %	9 bp ▲	Brent Oil (USD/barrel)	86.4	83.0	-3.9 % ▼

bp: basis point

The reflections of the earthquake disaster were at the top of the agenda last week. 118 thousand buildings were heavily damaged or destroyed while the number of people who lost their lives exceeded 41 thousand. Borsa Istanbul, which was suspended trading due to the earthquake, reopened on Wednesday and regain its losses with the effect of the measures taken. Central government budget posted a deficit of 32.2 billion TRY in January due to the rapid increase in expenditures. House sales in January increased on an annual basis for the first time in 6 months. CBRT's Survey of Market Participants showed that GDP growth expectation for 2023 have declined. In the global markets, US inflation data were followed. CPI inflation, which realized above expectations, supported the views that Fed may increase the pace of rate hikes in the upcoming meetings. This week, CBRT's Monetary Policy Committee meeting and confidence indices for February come to the fore on the agenda. PMI figures in the US and Euro Area will also be followed.

### US CPI inflation drops to its lowest level since October 2021.

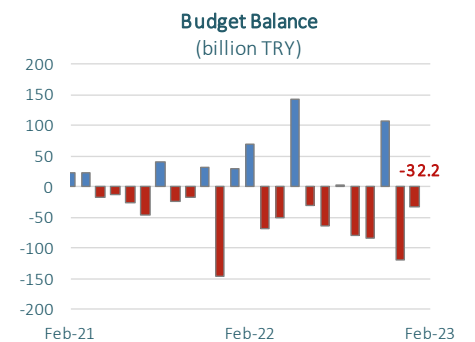
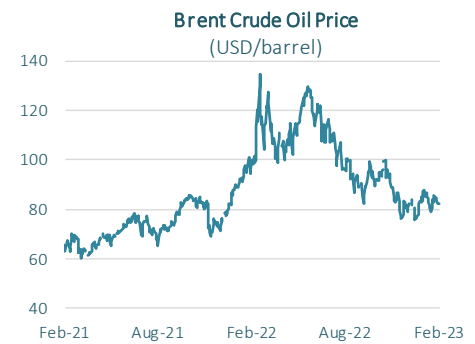
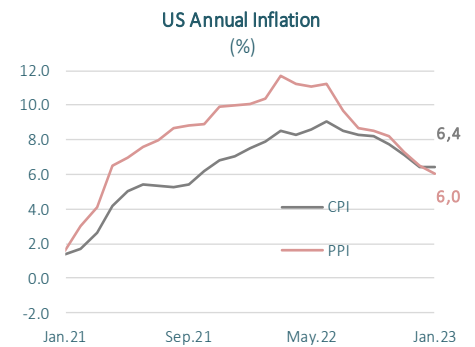
In the US, while consumer prices increased by 0.5% mom in January, annual CPI inflation came in at 6.4%, above the expectations. Accordingly, slowdown in inflation was continued in the 7th consecutive month and dropped to its lowest level since October 2021. Producer prices rose by 0.7% mom in January, more than expected, recording its highest rise for the last 7 months. In this period, annual PPI inflation was also above the market expectations by 6.0%. These mixed signs of inflation indicators supported the views that the targeted downward path in inflation has not been reached yet. Retail sales also increased by 3.0% mom in January, outperforming expectations. Rising to its 2-year high, the increase in the index showed that the economy maintains its strength despite high interest rates.

### Expectations of a stronger oil demand are rising.

The International Energy Agency revised its forecast for the increase in global oil demand upwards as China, the world's second largest oil consumer, lifted its Covid-19 restrictions. On the other hand, Saudi Arabia's Minister of Energy announcement implying that OPEC+ decision which projects a cut of 2 million barrels per day in oil production will be implemented until the end of the year, put pressure on oil prices. The barrel price of Brent crude oil, which completed the week before 8.1% higher, decreased by 3.9% last week.

### Central government budget posted a deficit of 32.2 billion TRY in January.

According to the central government budget figures announced by the Ministry of Treasury and Finance, the budget posted a deficit of 32.2 billion TRY in January. The rapid increase in personnel expenditures and current transfers was decisive in this development. In addition to the economic activity throughout the year, the course of global energy prices and exchange rates will continue to be effective on the budget balance ([Our Budget Balance Report](#)).



Source: Datastream

### House sales increased on an annual basis for the first time in 6 months.

In December 2022, house price index increased by 5.3% mom. Annual rise in nominal terms was 167.8% which is 6-month low while increase in real terms became 58.7%. In this period, fastest annual rise in house prices was recorded in Antalya, Burdur and Isparta region, realizing as 212.6% whereas price increase in Istanbul was recorded as 174.2%.

Total house sales increased on an annual basis for the first time since June 2022 by 10.6%, becoming 97,708 in January. In this period, second-hand sales exceeded the level of 70 thousand by rising 14.8% yoy while first time sales increased by 1.2%. Sales to foreigners in January decreased by 0.6% yoy and share of house sales to foreigners became 4.3%.

### CBRT published the results of Survey of Market Participants.

According to the CBRT's Survey of Market Participants for February, expectations for consumer inflation increased slightly compared to previous month. The current year-end CPI inflation expectation which was 32.46% in January, rose to 35.76% in February; while the 12-month CPI increase expectation rose from 30.44% to 30.75%. Expectations regarding USD/TL exchange rate decreased compared to the previous survey period. It was observed that the GDP growth expectation for 2023 also declined to 3.6% from the 4.1%.

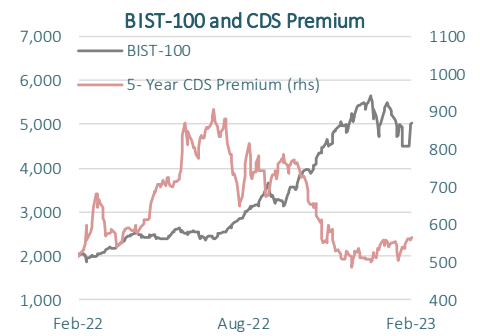
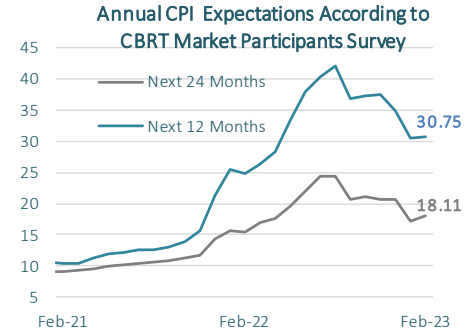
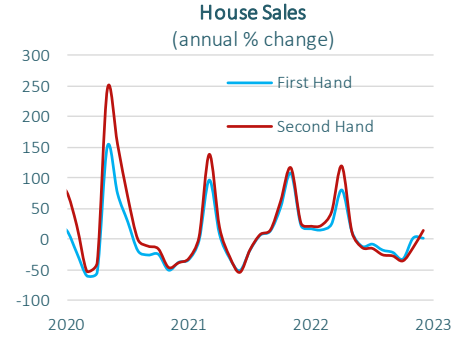
### Financial markets...

The data indicating that inflationary pressures continue in the US weakened the risk appetite of investors in the global markets. Last week global stock markets followed a negative course where gold prices closed the week 1.2% lower. US 10-year Treasury yield, on the other hand, rose by 9 basis points, reaching 3.83%.

Borsa İstanbul, which was closed to trading on February 8<sup>th</sup> after the sharp decline following the earthquakes, was opened again on Wednesday, accompanied by the measures taken by the economic authorities. Upon rising by 9.88% on Wednesday after a five-day break and having high levels of volatility in the following days, BIST-100 closed the week at 5.027 points. Having had a stable course for the last couple of weeks, USD/TRY reached its historical high, testing 18.86 during the week. Türkiye's 5-year CDS premium rose by 18 bps to 568.

### This week's agenda...

This week, along with US GDP growth and Euro Area CPI inflation, PMI data in both regions will be followed closely. In Türkiye, CBRT Monetary Policy Committee meeting, capacity utilization rate and real sector confidence index for February come to the fore.



Source: Datastream

## Data Releases

		Period	Consensus	Prior
20 February	TR Consumer Confidence Index	February	82.5 (A)	79.1
	TR Central Government Gross Debt Stock	January	-	4.03 trillion TRY
21 February	Euro Area Consumer Confidence, flash	February	-19.0	-20.9
	USA Services PMI, flash	February	47.2	46.8
	USA Manufacturing PMI, flash	February	47.3	48.8
	USA Existing Home Sales, units	January	4.1 million	4.02 million
	Euro Area Services PMI, flash	February	51.0	50.8
	Euro Area Manufacturing PMI, flash	February	49.3	50.3
22 February	TR Real Sector Confidence Index	February	-	101.7
	TR Capacity Utilization Rate	February	-	75.3%
	Fed Minutes	February	-	-
23 February	CBRT Monetary Policy Meeting	February	-	9.0%
	USA GDP Growth, revision, yoy	2022 Q4	2.9%	2.9%
	Euro Area CPI Inflation, final, yoy	January	8.6%	8.5%
24 February	TR Foreign Visitors, yoy	January	-	26.79%
	USA New Home Sales, units	January	0.62 million	0.62 million
	USA Core PCE, mom	January	0.4%	0.3%
	USA Personal Consumption Expenditures, mom	January	1.3%	-0.2%

(A) Actual

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