

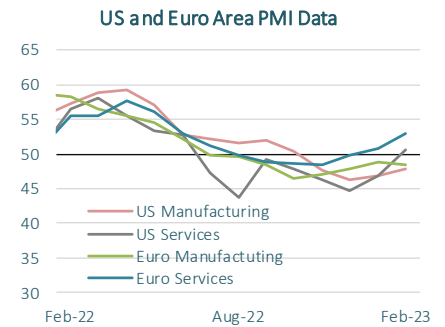
	17-Feb	24-Feb	Change		17-Feb	24-Feb	Change
BIST-100 Index	5,027	5,059	0.6 % ▲	EUR/USD	1.0694	1.0546	-1.4 % ▼
TRY 2 Year Benchmark Rate	11.08 %	10.69 %	-39 bp ▼	USD/TRY	18.8247	18.8676	0.2 % ▲
Türkiye 5-Year CDS Premium	568	572	5 bp ▲	EUR/TRY	20.1370	19.9000	-1.2 % ▼
MSCI EM Equity Index	999	972	-2.8 % ▼	Gold (USD/ounce)	1,842	1,811	-1.7 % ▼
US 10-Year Bond Rate	3.83 %	3.95 %	12 bp ▲	Brent Oil (USD/barrel)	83.0	83.2	0.2 % ▲

bp: basis point

Preliminary PMI data released last week in developed economies pointed to a recovery in the services sector in February. In the same period, Euro Area consumer confidence index reached the highest level of last one year. The risk appetite in global markets remained under pressure throughout the week, as Fed minutes of the last meeting indicated that monetary tightening might take longer than expected. The CBRT lowered the policy rate by 50 basis points to 8.5%. This week, the consumer confidence index in the US and the CPI inflation in the Euro Area will be announced. In Türkiye, growth data for the last quarter of 2022, inflation and PMI figures for February will be monitored closely.

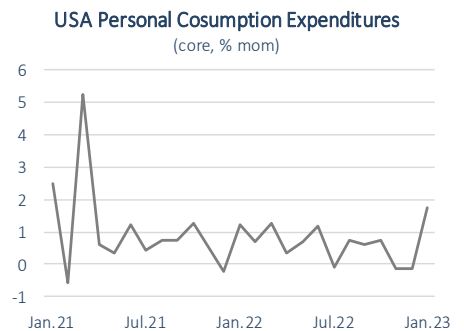
Preliminary PMI in developed economies pointed to growth in services sector.

Preliminary PMI data for February, announced last week in the US and Euro Area, presented a relatively positive outlook. Exceeding the market expectation of 47.2, US services PMI reached 50.5 and was above the threshold for the first time since June 2022, pointing to growth in the sector. Manufacturing PMI, on the other hand, remained below the threshold with 47.8, but was above the market expectations and it also reached the highest level of the last 4 months. In the Euro Area, the services sector PMI reached the highest level of the last 8 months with 53.0. However, the manufacturing PMI in the region decreased slightly compared to the previous month and fell to 48.5, signaling that the recovery in the manufacturing industry will take time.



Fed minutes of the last meeting have been released.

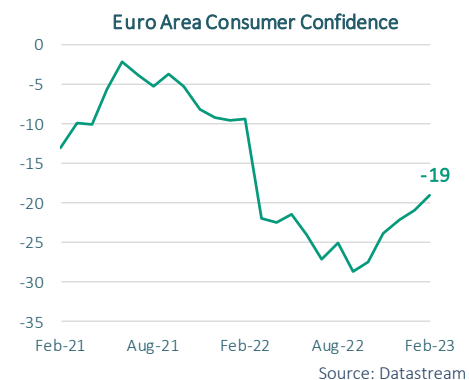
In the minutes of the Fed's meeting held on January 31-February 1, the ongoing war in Ukraine, the relaxation of Covid-19 measures in China and the strong labor market in the US were listed as the risks that keep inflation high. According to the minutes, the majority of Fed members supported a rate hike of 25 basis points in order to have the opportunity to reflect the risks in the upcoming meetings, but some Fed members were in favor of an increase of 50 basis points. All Fed members supported the continuation of tightening monetary policy until the medium-term inflation target of 2% is reached. Besides, seasonally adjusted personal consumption expenditures (PCE) went up by 1.8% mom in January, above market expectations, recording the fastest increase since March 2021. The core PCE, the inflation indicator closely followed by the Fed, also rose by 4.7% yoy in January, raising inflation concerns.



Annualized growth data for the last quarter of 2022 in US was revised from 2.9% to 2.7%. The negative export performance due to the decline in global demand and high inflation suppressing consumption expenditures were behind the downward revision.

Consumer confidence in the Euro Area continued to recover in February.

Consumer confidence index in the Euro Area rose to -19.0 in February by increasing 1.7 points compared to last month. Thus, the index reached the



Source: Datastream

maximum level of last year by increasing 5 months in a row. The consistent improvement in the index was interpreted as a weakening of recession concerns on the consumer side. According to the final data, consumer prices in the area decreased by 0.2% on a monthly basis in January, while annual CPI inflation was realized as 8.6%. Thus, the decline in CPI inflation continued in the third month although losing some momentum.

CBRT cut the policy rate by 50 basis points.

CBRT lowered policy rate to 8.5% by cutting 50 basis points at the Monetary Policy Board meeting held on 23 February. According to the text published after the meeting, the earthquake disaster in Türkiye would affect the economic activity in the short term, and would not have a permanent effect on the Turkish economy in the medium term. Expressing that this moderate interest rate cut is sufficient to support the necessary recovery after the earthquake, the Board stated that the effects of the earthquake in the first half of 2023 will be closely monitored. The statement regarding the possibility of recession in Türkiye's main export markets was removed from the part on global developments of the text.

The number of foreign arrivals increased by 56.5% yoy in January.

In January, the number of foreign arrivals to Türkiye increased by 56.5% yoy and reached 2 million people. In this period, the number of foreign visitors pointed to the highest January realization of the data set published since 1993. While Istanbul was the province most visited by foreigners, 14% of the visitors came from the Russian Federation. According to TURKSTAT data, the foreign trade deficit widened by 38.4% yoy in January and reached 14.24 billion USD.

Real sector confidence index declined in February.

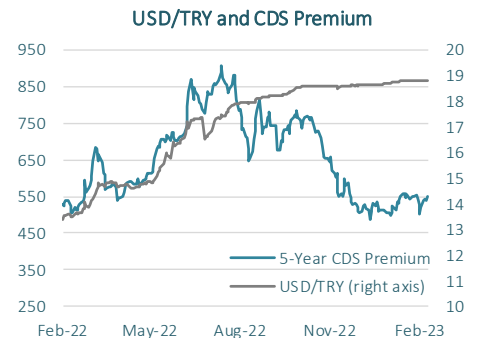
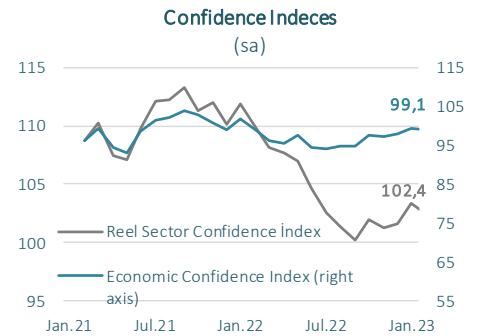
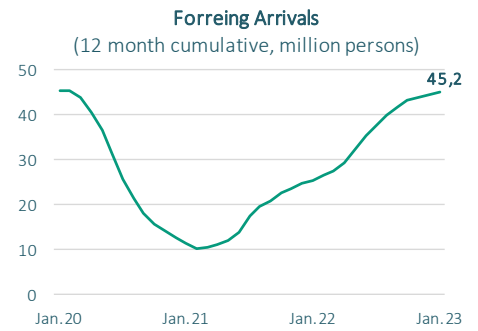
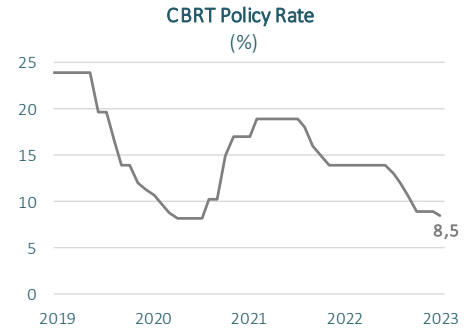
The seasonally adjusted real sector confidence index decreased by 1 point compared to the previous month and became 102.4 in February. While the evaluations regarding the export orders for the next three months, production volume, and general outlook were behind the decline in the index, the evaluations regarding the total order quantity in the last three months and the current period limited the decrease in the index. In the same period, the sectoral confidence index decreased by 2.2% in the services sector, 2.4% in the retail trade sector, and 3.6% in the construction sector on a monthly basis. Therefore, the economic confidence index decreased by 0.3% in February compared to January and became 99.1. In the same period, the seasonally adjusted capacity utilization rate decreased by 0.1 points on a monthly basis to 75.7%.

Financial markets...

Global stock markets remained under pressure throughout the past week, with the impact of Fed meeting minutes as well as data pointing to continued inflationary pressures. In Türkiye, BIST-100 index closed the week with a moderate increase of 0.6%. While Türkiye's 5-year CDS premium increased by 5 basis points last week, Turkish lira continued its flat course against the US dollar.

This week's agenda...

This week, consumer confidence index in the US and the preliminary CPI inflation data in the Euro Area will be announced. On Türkiye's data agenda, growth figure for the last quarter of 2022, PMI, and inflation data for February stand out.



Source: Datastream

Data Releases

		Period	Consensus	Prior
27 February	TR Trade Balance	January	-14.2 billion USD (A)	-9.7 billion USD
	TR Economic Confidence	February	99.1 (A)	99.3
	USA Durable Goods Orders, mom	January	-4.0%	5.6%
	Euro Area Consumer Confidence, final	February	-19.0	-19.0
28 February	TR GDP Growth, yoy	2022 Q4	3.0%	3.9%
	USA Consumer Confidence	February	108.5	107.1
1 March	TR Manufacturing PMI	February	-	50.1
	USA ISM Manufacturing PMI	February	48.0	47.4
	Euro Area Manufacturing PMI, final	February	48.5	48.5
	China Caixin Manufacturing PMI, final	February	50.2	49.2
2 March	Euro Area Unemployment Rate	January	6.6%	6.6%
	Euro Area CPI Inflation, flash, yoy	February	8.2%	8.6%
3 March	TR CPI Inflation, yoy	February	-	57.7%
	TR CPI Inflation, mom	February	-	6.7%
	TR D-PPI Inflation, mom	February	-	4.2%
	USA Services PMI, final	February	-	50.5
	Euro Area Services PMI, final	February	53.0	53.0

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