

	3.Mar	10.Mar	Change		3.Mar	10.Mar	Change
BIST-100 Index	5.212	5.385	3,3 % ▲	EUR/USD	1,0632	1,0643	0,1 % ▲
TRY 2 Year Benchmark Rate	10,49 %	10,53 %	4 bp ▲	USD/TRY	18,8195	18,9551	0,7 % ▲
Türkiye 5-Year CDS Premium	552	519	-33 bp ▼	EUR/TRY	20,0248	20,1704	0,7 % ▲
MSCI EM Equity Index	988	968	-2,0 % ▼	Gold (USD/ounce)	1.855	1.868	0,7 % ▲
US 10-Year Bond Rate	3,96 %	3,70 %	-27 bp ▼	Brent Oil (USD/barrel)	85,8	82,8	-3,6 % ▼

bp: basis point

Last week, although Fed Chairman Powell's statement that tight stance in monetary policy would continue, expectations for faster rate hikes decreased significantly after the bankruptcy of the SVB. Various measures were announced to ensure confidence in the US banking sector. Last week US data showed that the labor market generally kept its strong outlook. In Türkiye, unemployment rate, industrial production and current account figures were released. Manufacturing Sector Export Climate Index signaled improvement in February after 5 months. In this week's agenda, in addition to data from US, Euro Area and China, ECB meeting stand out in the markets. In Türkiye, February budget balance figures will be announced.

SVB went bankrupt in US.

Silicon Valley Bank (SVB) declared bankruptcy in the US. SVB, known as the bank of start-ups, was the 16th largest bank in terms of asset size in the US. Treasury bonds portfolio of SVB's lost significant value because of rapid rate hikes of Fed. This incident was recorded as the second largest bank failure in the US in terms of total assets. In addition to the SVB, the US Federal Deposit Insurance Corporation (FDIC) seized Signature Bank as well, known for its investments in the crypto industry, on the ground that it poses systemic risk. US Treasury Secretary Yellen stated that the banks will not be bailed out and they are working to prevent other banks from being damaged. Therefore, while the Fed and the US Treasury announced various funding facilities for banks suffering from liquidity problems, it was stated that deposits in bankrupt institutions were covered by guarantee scheme. Last week, despite Powell's statements signaling that the tightening in monetary policy might accelerate, reacceleration of rate hikes seems less likely after the bankruptcy of SVB.

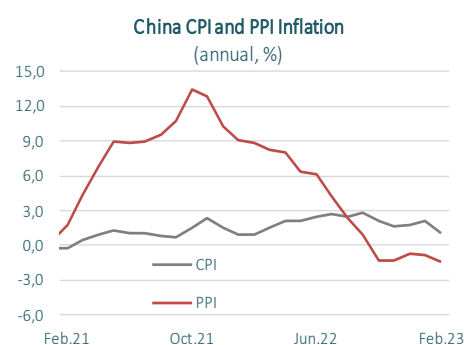
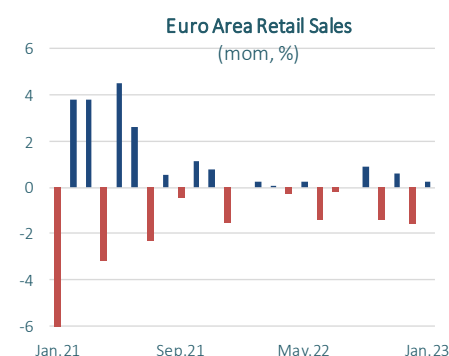
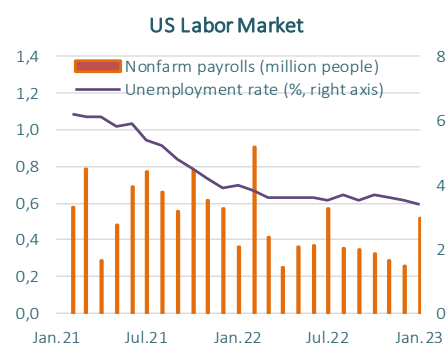
On the other hand, the increase in non-farm payrolls in the US for February exceeded market expectations and reached 311 thousand people. The unemployment rate in the country was 3.6% in February.

Retail sales in the Euro Area are below expectations.

In the Euro Area, GDP growth for the last quarter of 2022 was revised from 0.1% to 0.0% on a quarterly basis and from 1.9% to 1.8% on an annual basis. Thus, the Euro Area economy completed 2022 with an annual growth rate of 3.5%. In the region, retail sales performed below expectations in February, increasing by 0.3% on a monthly basis and falling by 2.3% on an annual basis. In February, the Sentix confidence index declined by 3.1 points compared to previous month and became -11.0. The first decline of index in since October 2022 was driven by the projections that monetary tightening would continue, as inflation did not enter the expected downward trend.

Annual CPI inflation in China fell sharply in February.

According to the figures released in China, annual CPI inflation recorded a sharp decline in February and was realized as 1.0%, which is below market



Source: Datastream

expectations. In the same period, PPI inflation continued to decline for fifth consecutive month and was realized as -1.4% on an annual basis. In the January-February period, exports decreased by 6.8% compared to the same period of the previous year, while imports contracted by 10.2% despite the removal of pandemic restrictions. Thus, the country's foreign trade surplus exceeded market expectations as imports contracted more than expected.

Industrial production in Türkiye increased by 4.5% on an annual basis in January.

In the first month of 2023, calendar adjusted industrial production in Türkiye, recorded the fastest increase since July 2022 with an annual expansion of 4.5%. In this period, production contracted in electricity and mining sectors on annual basis, while it expanded by 5.8% in the manufacturing industry. According to seasonal and calendar adjusted figures industrial production increased by 1.9% mom thanks to increase in the production of intermediate goods and non-durable consumer goods.

Unemployment rate decreased to 9.7% in January.

In January, seasonally adjusted unemployment rate decreased by 0.5 points on a monthly basis to 9.7% thanks to a rise of 354 thousand people in employment mom. In this period, the employment rate increased by 0.5 points to 48.9%, while the labor force participation ratio increased by 0.2 points to 54.1%. The labor underutilization rate, consisting of time-related underemployment, potential labor force and unemployment continued its upward trend since August 2022 and became 21.9%.

In January, the current account deficit was 9.85 billion USD.

Current account deficit reached an all-time monthly high of 9.85 billion USD in January. On the other hand, current account excluding gold and energy posted a surplus of 2.6 billion USD in this period. Besides, 12-month cumulative current account deficit reached 51.7 billion USD.

The Export Climate Index rose to 51.7 in February.

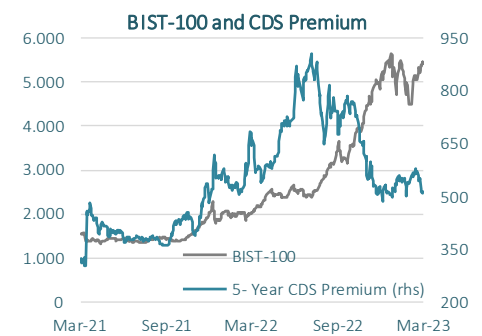
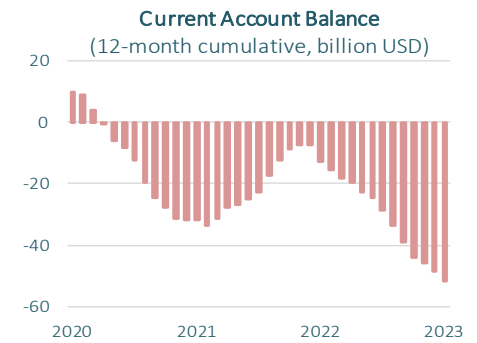
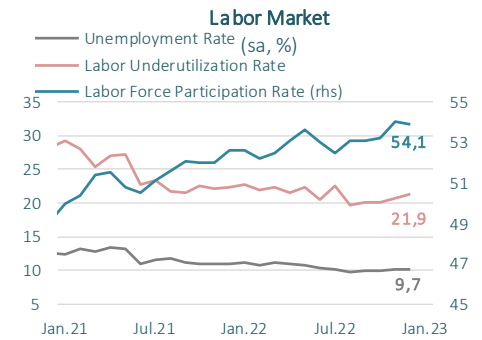
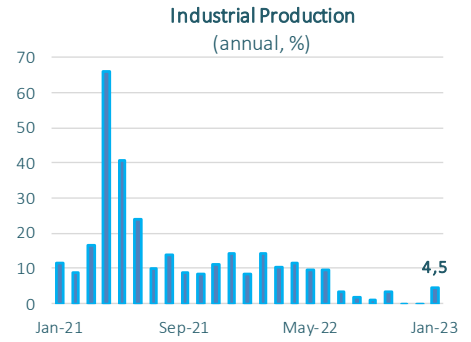
Türkiye Manufacturing Industry Export Climate Index exceeded the level of 50 for the first time since August 2022 with 51.7 in February. On the other hand, the preliminary figures released by the Ministry of Commerce have indicated 6.4% contraction in export volume in February.

Financial markets...

Last week, global markets generally had a downward trend due to Powell's speech and the developments regarding the SVB. BIST-100 index diverged positively from other emerging countries' stock markets, posted a 3.3% weekly gain and ended the week at 5,385 points. While the TRY continued its flat course against USD and Euro, Türkiye's 5-year CDS premium decreased by 33 basis points to 519 last week.

This week's agenda...

This week, in addition to busy data agenda in global markets, the ECB meeting, which is expected to hike interest rates by 50 basis points, come to the fore on the agenda. In Türkiye, the February budget balance data will be announced.



Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
13 March	TR Current Account Balance	January	-9.85 billion USD (A)	-5.91 billion USD
	TR Retail Sales, mom	January	5.4% (A)	4.8%
14 March	USA CPI Inflation, mom	February	0.4%	0.5%
	USA Core CPI Inflation, mom	February	0.4%	0.4%
15 March	TR Budget Balance	February	-	-32.2 billion TL
	USA PPI Inflation, yoy	February	5.4%	6.0%
	USA Retail Sales, mom	February	-0.3%	3.0%
	USA NY Fed Manufacturing Index	March	-8.0	-5.8
	Euro Area Industrial Production, yoy	January	0.2%	-1.7%
	China Retail Sales, yoy	February	3.5%	-1.8%
	China Industrial Production, yoy	February	2.6%	1.3%
	TR Housing Price Index, yoy	January	-	167.8%
	USA Housing Starts, units	February	1.31 billion	1.31 billion
16 March	USA Philadelphia Fed Business Index	March	-15.0	-24.3
	ECB Meeting	March	3.50%	3.00%
	CBRT Survey of Market Participants	March	-	35.76%
17 March	USA Philadelphia Fed Manufacturing Index	February	0.3%	0.0%
	USA Michigan Consumer Confidence, prelim	March	67.0	67.0
	Euro Area CPI Inflation, final, yoy	February	8.5%	8.5%

(A) Actual

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