

	7-Apr	14-Apr	Change		7-Apr	14-Apr	Change
BIST-100 Index	4,925	5,093	3.4 % ▲	EUR/USD	1.0897	1.1000	0.9 % ▲
TRY 2 Year Benchmark Rate	12.23 %	15.89 %	366 bp ▲	USD/TRY	19.2283	19.3446	0.6 % ▲
Türkiye 5-Year CDS Premium	551	522	-29 bp ▼	EUR/TRY	20.9700	21.2834	1.5 % ▲
MSCI EM Equity Index	987	1,000	1.4 % ▲	Gold (USD/ounce)	2,008	2,003	-0.2 % ▼
US 10-Year Bond Rate	3.38 %	3.52 %	14 bp ▲	Brent Oil (USD/barrel)	85.1	86.3	1.4 % ▲

bp: basis point

IMF published the April Global Economic Outlook Report for 2023 in the last week. IMF noted that the normalization in the global inflation will not take place until 2025, also lowering its global economic growth projections. In the USA, while the headline inflation rate declined in March, industrial production and capacity utilization data indicated an optimistic view regarding the economic activity. In the Euro Area, industrial production in February signaled a recovery, while retail sales showed that lack of consumption demand is still maintained in the area. In Türkiye, seasonally and calendar adjusted industrial production index recorded a monthly 6.0% decrease in February mainly caused by the contractionary impacts of the earthquake. Retail sales volume decreased by 6.5% in the same period. In this week, flash PMI and Euro Area inflation data come to the fore while a relatively calm agenda will be followed in the domestic market.

IMF decreased its 2023 global economic growth projections.

IMF reduced its baseline forecast for global economic growth for 2023 to 2.8% in its recent World Economic Outlook Report. In the report, it was stated that the decrease in the global core inflation will be slower than the headline inflation decrease and it will not be possible until 2025 for headline inflation rates to reach its target level. On the other hand, IMF suggests that the side effects of increasing policy rates have been gradually more noticeable and concerns about the spread of vulnerabilities in the banking sector to other financial and non-financial institutions have increased. Projection for 2023 economic growth of Türkiye decreased to 2.7% from 3.0%, whereas growth forecast for 2024 increased by 0.6 point to 3.6%. Moreover, 2023 and 2024 annual CPI inflation forecasts for the Turkish economy were 45.0% and 30.0%, respectively.

Headline inflation indicators in the USA displayed a positive outlook.

In March, with the falling energy and fuel costs, US consumer prices increased by 0.1%, below market expectations thereby, annual CPI inflation decreased to 5.0% in March due to the favorable base effect. Conversely, the fact that annual core CPI realized its first increase in 6 months, reaching to 5.6%, showed that inflation might be more stubborn than expected. Annual PPI inflation in the country declined to 2.7% in March as well, hitting its lowest value since January 2021. Despite positive inflation data, markets have been expecting a 25 basis point rate increase from the Fed in the upcoming meeting on the beginning of the May. Relatively low level of jobless claims last week, higher-than-expected industrial production and capacity utilization data in March also supported these expectations. However, in the minutes of the Fed's March meeting, it was implied that credit tightening caused by the recent banking sector crisis might lead to a noticeable decrease in the economic activity.

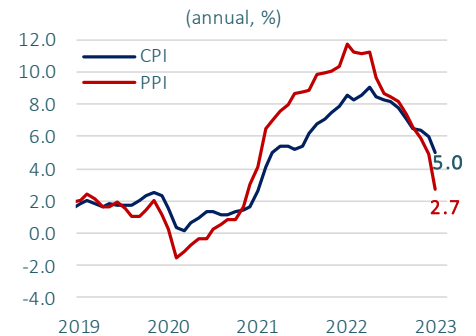
Retail sales showed a weak outlook in the Euro Area.

Retail sales and consumer confidence data for February pointed out a negative outlook in the Euro Area. Retail sales, which has been showing a persistent annual fall since the last quarter of the 2022, decreased by 3.0% on annual basis. Yet, monthly industrial production expanded by 1.5% in February, above the expectations. Despite the unexpected decrease in Sentix confidence index,

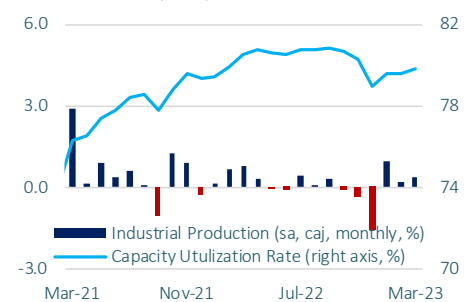
IMF Projections

	April Projections (annual, %)		Difference From January Projections (% point)	
	2023	2024	2023	2024
Global Growth	2.8	3.0	-0.1	-0.1
US	1.6	1.1	0.2	0.1
China	5.2	4.5	0.0	0.0
Euro Zone	0.8	1.4	0.1	-0.2
Turkey	2.7	3.6	-0.3	0.6

US CPI and PPI Inflation



US Industrial Production and Capacity Utilization Rate



Source: Datastream

measuring investor confidence in the area, partially recovered in April. However, the index continued its downward course in the negative area.

In Türkiye, industrial production index showed the negative effects of the earthquake tragedy.

Due to the damage caused by the earthquake, the seasonally and calendar-adjusted industrial production index fell by 6.0% on a monthly basis in February. Calendar-adjusted data addressed that the production declined by 8.2% annually. 20 of the 24 sub-indices in the manufacturing industry had a monthly decline in February. Among the sectors operating predominantly in the earthquake zone, the manufacturing production in textile, clothing and the basic metals contracted by 11.9%, 4.3% and 13.8% on a monthly basis, respectively. According to TURKSTAT's announcement, due to force-majeur conditions, only 2/3 of the provinces influenced by the earthquake were able to participate in the survey.

Budget deficit is 250 billion TRY in the first quarter.

Central government budget deficit was 47.2 billion TRY in March. While budget expenditures reaching 334 billion TRY by expanding 48.5% yoy, budget revenues rose by 83.9% yoy to 286.8 billion TRY. Budget deficit increased to 250 billion TRY in the first quarter of year ([Our Budget Balance Report](#)).

Retail sales at the lowest in 22 months...

Seasonally and calendar adjusted retail sales decreased by 6.5% mom in February due to the contractionary effect of the earthquake. It was the sharpest decline recorded since the re-tightening of Covid-19 restrictions in April 2021. In February, all sub-indices of retail sales contracted significantly compared to last month and contractions were more than 11% in retail sales via mail orders and internet, electronic goods and furniture. In February, the slowest monthly contraction was in foods, drinks and tobacco with 0.3%.

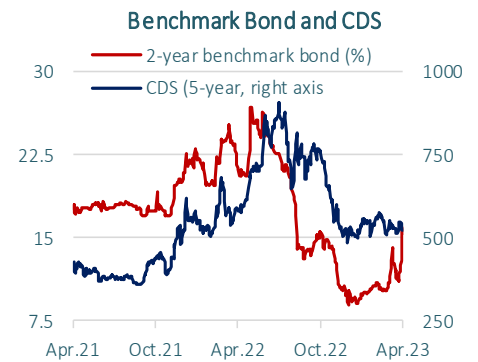
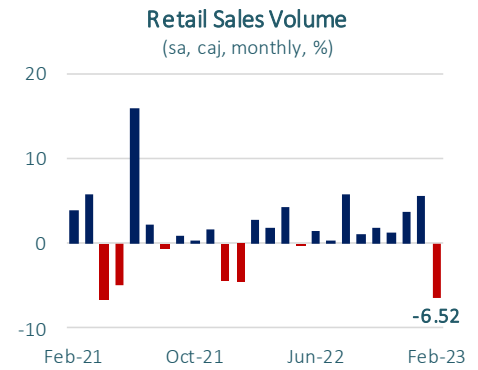
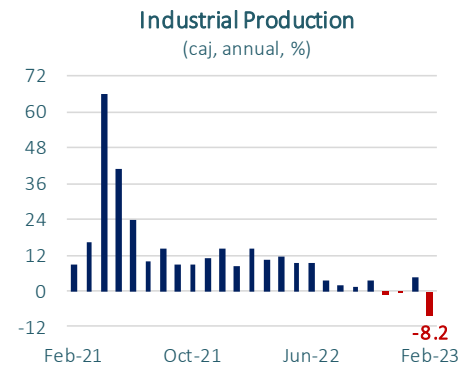
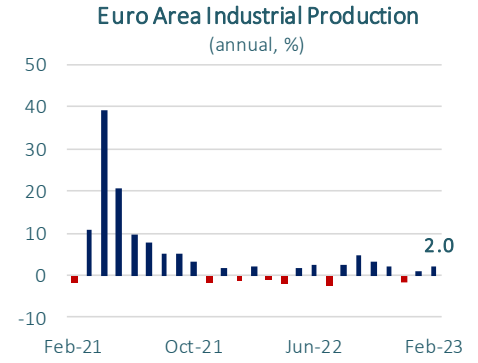
Financial markets...

After the better-than-expected US inflation data, the US dollar depreciated against the major currencies while global stock market indices showed an upward course in general. Gold prices closed the week flat by following a fluctuating course while upward trend in barrel price of the Brent crude oil continued in the last week. The decisions taken by OPEC+ countries regarding production cuts were influential on the rise in oil prices.

Turkish lira depreciated against the US dollar and euro last week. Türkiye's 5-year CDS risk premium decreased by 26 basis points to 524 while BIST-100 index increased by 3.4% last week, closing at 5,127 on Friday. Besides, the compound interest rate of the 2-year benchmark bond showed a rapid upward trend last week.

This week's agenda...

Flash PMI data in the US and Euro Area and Euro Area CPI data will be closely monitored in the global markets in this week. Consumer confidence index, central government gross debt stock data and the results of the market participants survey of CBRT come to the fore in the relatively calm domestic data agenda.



Source: Datastream

Data Releases

		Period	Consensus	Prior
17 April	TR Budget Balance	March	-47.2 billion TRY(A)	-170.6 billion TRY
	TR House Sales, yoy	March	-21.4% (A)	-4.4%
	USA NY Fed Manufacturing Index	April	-15.0	-24.6
18 April	TR Housing Price Index, yoy	February	-	153.1%
	USA Housing Starts, units	March	1.4 million	1.45 million
	China Retail Sales, yoy	March	-	%3.5
19 April	China GDP Growth, yoy	Q1	4.0%	%2.9
	TR Consumer Confidence Index	April	-	80.1
	CBRT Survey of Market Participants	April	-	-
20 April	Euro Area CPI Inflation, final, yoy	March	6.9%	6.9%
	TR Central Government Gross Debt Stock	March	-	4,211 billion TRY
	USA Philadelphia Fed Business Index	April	-	-23.2
21 April	USA Existing Home Sales, units	March	4.50 million	4.58 million
	Euro Zone Total Trade Balance	February	-	-11.3 billion euro
	Euro Area Consumer Confidence, flash	April	-18.5	-19.2
	China Central Bank Meeting	April	-	%3.65
	USA Services PMI, flash	April	51.5	52.6
	USA Manufacturing PMI, flash	April	49.1	49.2
	Euro Area Services PMI, flash	April	54.5	55.0
	Euro Area Manufacturing PMI, flash	April	48.0	47.3

(A) Actual

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