

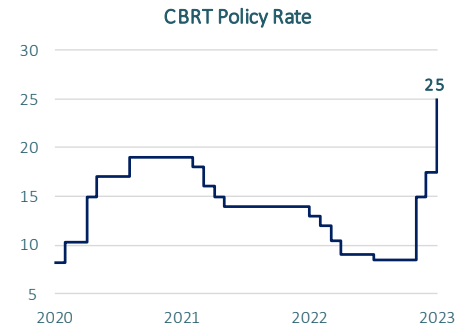
	18.Aug	25.Aug	Change		18.Aug	25.Aug	Change
BIST-100 Index	7.513	7.717	2,7 % ▲	EUR/USD	1,0865	1,0800	-0,6 % ▼
TRY 2 Year Benchmark Rate	18,58 %	19,56 %	98 bp ▲	USD/TRY	27,0307	26,5465	-1,8 % ▼
Türkiye 5-Year CDS Premium	425	383	-42 bp ▼	EUR/TRY	29,2661	28,4495	-2,8 % ▼
MSCI EM Equity Index	964	971	0,7 % ▲	Gold (USD/ounce)	1.888	1.915	1,4 % ▲
US 10-Year Bond Rate	4,25 %	4,24 %	-1 bp ▼	Brent Oil (USD/barrel)	84,8	84,5	-0,4 % ▼

bp: basis point

Last week, CBRT raised its policy rate to 25%, beating the expectations. Confidence indices for August signaled that economic activity remained under pressure, while the continued increase in the number of foreign visitors supported the optimism regarding tourism revenues and the current account balance. BRICS Summit, Jackson Hole Symposium and flash PMI figures came to the fore on the global agenda. Although the data released in the US signaled loss of momentum in economic activity, the message that the tight monetary policy stance will be maintained was prominent at the Jackson Hole symposium. Flash PMI data in the Euro Area pointed that services sector loss momentum. This week, second quarter growth data in Türkiye, August nonfarm payrolls and revised growth data in the US, and Euro Area's August flash HICP inflation will be released.

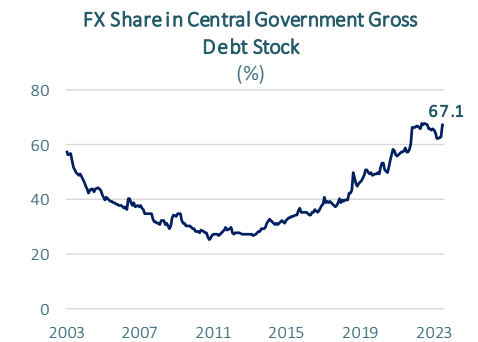
### CBRT raised the policy rate to 25%.

CBRT raised the policy rate by 750 basis points to 25% at its meeting held last week. In the statement released after the meeting, year-end CPI inflation was estimated to be close to the upper bound (62%) of the forecast range in the Inflation Report. While 2024 was pointed for the disinflation process, CBRT stated that the regulations to increase the share of Turkish lira deposits will strengthen the monetary transmission mechanism, and the decisions on selective credit and quantitative tightening will continue.



### BRSA's regulation on housing loans...

BRSA amended the maximum loan amount for consumer loans purposing housing acquisition and for housing collateralized loans excluding vehicle loans. Accordingly, the ratio of the loan amount to the value of the house taken as collateral will be declined by 75% if the consumer himself/herself or his/her spouse or the children under the age of 18 own at least one house.

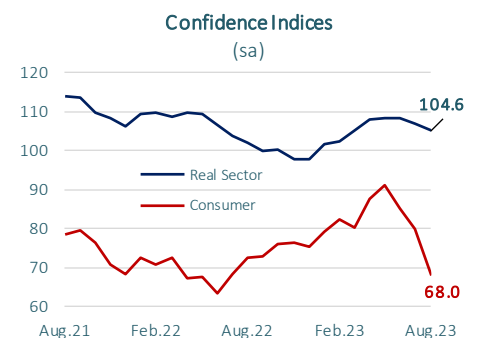


### Central government gross debt stock rose to 5.8 trillion TRY.

As of July, central government gross debt stock reached 5.8 trillion TRY. 1.9 trillion TRY of this amount was Turkish lira-denominated debt and 3.9 trillion TRY was FX-denominated debt. Thus, the ratio of FX debt stock to total debt stock was close to its highest level since 2003 with 67.1%.

### Confidence indices fell sharply in August.

In August consumer confidence index deteriorated by 15.1% on a monthly basis and recorded the fastest monthly decline in its history according to Turkstat data. The index came in at 68.0, and posted the weakest consumer confidence in the last one year. Sub-index indicating the current financial situation of households deteriorated significantly, while the rapid worsening in expectations for the next 12 months stood out as well. In August, real sector confidence index also decreased by 1.8 points to 105.0. Especially the deterioration in expectations for the next 3 months was behind the decline in real sector confidence.



Source: Datastream, MoTF, BRSA, CBRT, TurkStat

### The number of foreign visitors to Türkiye increased by 7.3% yoy in July.

In July, the number of foreign visitors to Türkiye increased by 7.3% yoy and reached to 7.1 million. Thus, in the first seven months of the year, the number of visitors rose by 16.2% yoy to 26.8 million. Favorable tourism data supported the optimistic expectations regarding the contribution of tourism revenues to the current account balance.

### Six new countries have joined BRICS.

In the BRICS summit held in South Africa last week, admission of new members to the union and the creation of an alternative international monetary system to the USD were discussed. In this context, Saudi Arabia, Iran, Egypt, the UAE, Argentina and Ethiopia were decided to be new members of the union as of early 2024.

### Jackson Hole symposium was monitored.

Last week Jackson Hole symposium was closely monitored by the markets. Fed members gave messages of commitment to monetary tightening by pointing to the inflation, which is far from the targeted level despite its downward trend in addition to the strong labor market. Fed Chairman Powell also said in his speech on Friday that the tight stance will be maintained. Lagarde, the President of ECB, stated that their main goal is to create a stable policy and that openness and flexibility are the two most important tools in policymaking.

Last week's data releases in the US presented a negative outlook for economic activity. According to flash data, manufacturing PMI fell by 2.3 points to 47 and services PMI decreased by 1.3 points to 51 in August. Thus, manufacturing PMI contracted for the fourth month in a row, while the services sector maintained its relatively robust stance, albeit losing momentum. On the other hand, housing market data for July showed that a permanent recovery in the housing market is still far away.

### Signals of slowdown in economic activity in the Euro Area continue.

Flash PMI figures for August signaled a contraction in economic activity in Euro Area. In this period, manufacturing PMI increased by 1 point to 43.7, but remained well below the expansion threshold, while services PMI fell beyond expectations to 48.3, below the threshold level for the first time since the beginning of the year. In this month, consumer confidence in the region also deteriorated to -16.0, despite improvement expectations.

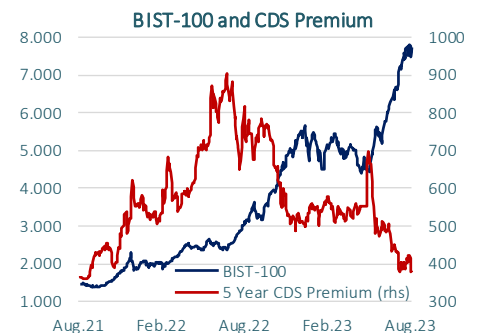
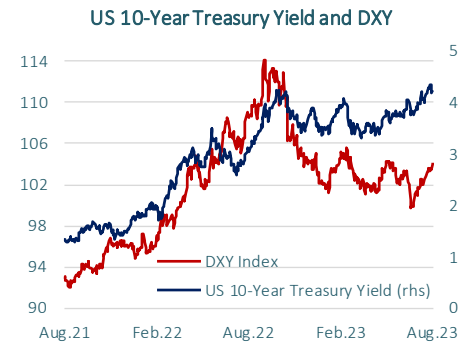
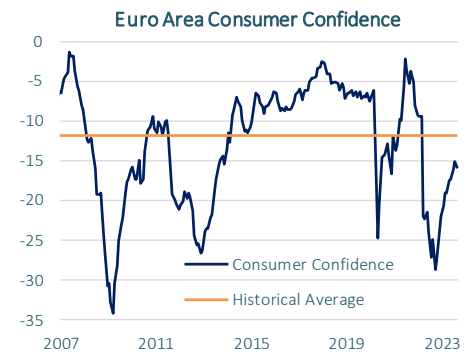
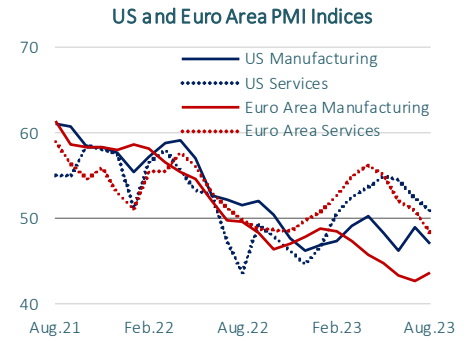
### Financial markets...

Expectations that the tight monetary policy in the US may continue limited the global risk appetite last week. Following the decline in the past four weeks, gold price showed a limited recovery, while oil prices fell by 0.4% on a weekly basis.

After having a volatile course last week, BIST-100 index closed the week up by 2.7%. TRY, which appreciated rapidly on Thursday due to CBRT's surprise interest rate decision, depreciated slightly on Friday. Türkiye's 5-year CDS premium fell by 42 bps to 383 bps at the end of the week.

### This week's agenda...

This week, second quarter growth data will be released in Türkiye. In addition, second quarter GDP revision and nonfarm payrolls data in the US, and August HICP data in the Euro Area will be closely monitored in the markets.



Source: Datastream, Ministry of Culture and Tourism

## Data Releases

		Period	Consensus	Prior
<b>28 August</b>	US Dallas Fed Manufacturing Index	August	-	-20.0
<b>29 August</b>	TR Trade Balance	July	-	-5.2 billion USD
	TR Economic Confidence	August	-	99.3
	US Consumer Confidence	August	116.0	117.0
<b>30 August</b>	US GDP Growth, revision, yoy	2023 Q2	2.4%	2.4%
	US Pending Home Sales, mom	July	-	0.3%
	Euro Area Consumer Confidence, final	August	-16.0	-16.0
	Germany CPI Inflation, flash, mom	August	0.3%	0.3%
<b>31 August</b>	TR GDP Growth	2023 Q2	-	4.0%
	US Core PCE, mom	July	0.2%	0.2%
	Euro Area CPI Inflation, flash, yoy	August	5.1%	5.3%
	Euro Area Unemployment Rate	July	6.4%	6.4%
	China NBS Manufacturing PMI	August	49.5	49.3
	China NBS Non-Manufacturing PMI	August	-	51.5
<b>1 September</b>	TR Istanbul Chamber of Industry Manufacturing PMI	August	-	49.9
	US Nonfarm Payrolls	August	170 thousand	187 thousand
	US Unemployment Rate	August	3.5%	3.5%
	US Manufacturing PMI, final	August	-	47.0
	US ISM Manufacturing PMI	August	47.0	46.4
	China Caixin Manufacturing PMI	August	49.4	49.2

---

## Economic Research Division

---

Alper Grler  
Division Head  
alper.gurler@isbank.com.tr

lker Őahin  
Economist  
ilker.sahin@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Caner Uygur Gndođdu  
Asst. Economist  
uygar.gundogdu@isbank.com.tr

---

Our reports are available on our website <https://research.isbank.com.tr>

### **LEGAL NOTICE**

This report has been prepared by Trkiye İŐ Bankası A.Ő. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İŐ Bankası A.Ő. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İŐ Bankası A,Ő, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.