

	6.Oct	13.Oct	Change		6.Oct	13.Oct	Change
BIST-100 Index	8.465	8.113	-4,2 % ▼	EUR/USD	1,0586	1,0509	-0,7 % ▼
TRY 2 Year Benchmark Rate	29,47 %	27,69 %	-178 bp ▼	USD/TRY	27,5405	27,7612	0,8 % ▲
Türkiye 5-Year CDS Premium	407	410	3 bp ▲	EUR/TRY	29,1344	29,1671	0,1 % ▲
MSCI EM Equity Index	937	963	2,7 % ▲	Gold (USD/ounce)	1.832	1.932	5,4 % ▲
US 10-Year Bond Rate	4,78 %	4,63 %	-15 bp ▼	Brent Oil (USD/barrel)	84,6	90,9	7,5 % ▲

bp: basis point

Last week, the conflicts in the Middle East were high on the agenda of the markets. In the IMF's World Economic Outlook Report, interest rate hikes, fiscal pressures and geopolitical risks were stated as putting pressure on growth, and inflation will remain above targeted levels until 2025. In the US, consumer and producer prices rose above expectations in September due to rising energy costs, pointing to the potential inflationary risks. In the Euro Area, industrial production fell more than expected on an annual basis. In Türkiye, retail sales declined by 4.7% mom in August, while industrial production decreased by 0.8%. In the same period, current account deficit became 619 million USD. In the week of October 6, outflows from the FX protected deposits accelerated, while total balance of said deposits declined to 3.2 trillion TRY. This week, the results of CBRT's Market Participants Survey will be closely monitored. Industrial production and retail sales data in the US and September HICP inflation in Euro Area will be announced.

IMF published World Economic Outlook.

In the World Economic Outlook Report published last week, IMF drew attention to the divergence among economies as well as the pressures on growth. Keeping its global growth forecast at 3% for 2023, the organization lowered it to 2.9% for 2024. Growth forecast for the US was increased led by consumption expenditures, while it was revised downwards for the Euro Area. Inflation is expected to remain above the central banks' target levels until 2025 by IMF. The global trade volume growths were also lowered from 2% to 0.9% for 2023 and from 3.7% to 3.5% for 2024.

US consumer prices hit the expectations in September.

In the US, CPI increased by 0.4% mom in September, while annual CPI inflation came in at 3.7%, above market expectations. Annual core CPI inflation was realized as 4.1%. The rise in consumer prices in September was mainly driven by the hike in housing rents. In the same period, rise in energy costs led producer prices to rise more than expectations with 0.5% mom, indicating that inflationary pressures persist.

Industrial production in the Euro Area contracted sharply on an annual basis.

In August, Euro Area industrial production expanded by 0.6% mom, but contracted sharper than expected by 5.1% yoy. According to seasonally adjusted figures, durable consumer goods production, which posted the highest monthly increase, had the deepest contraction on an annual basis. Industrial production, which lowered on an annual basis for the fourth time in a row, signaled the pressures on growth continued.

Current account deficit in Türkiye became 619 million USD in August.

According to the balance of payments data released by CBRT, current account deficit was 619 million USD in August, and came in at 43.1 billion USD in the first eight months of the year. In August, in addition to the decline in foreign trade deficit, net tourism and services revenues realized at historically high levels, and affected current account balance outlook positively. On the other hand, direct investments lost momentum in August, while non-residents became net sellers in the equity market for the first time since May. In this period, net reserves increased for the third consecutive month with 5.1 billion USD ([Our Balance of Payments report](#)).

Central government budget posted a deficit of 129.2 billion TRY in September.

According to data released by the Ministry of Treasury and Finance, central government budget revenues expanded by 113.2% yoy to 441.3 billion TRY in

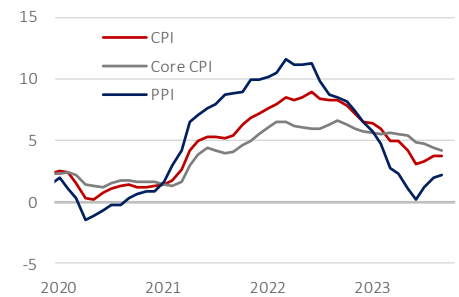
IMF Projections (annual % change)

	October		Change*	
	2023	2024	2023	2024
GDP Growth				
World	3.0	2.9	0.0	-0.1
US	2.1	1.5	0.3	0.5
Euro Area	0.7	1.2	-0.2	-0.3
Türkiye**	4.0	3.3	1.0	0.5

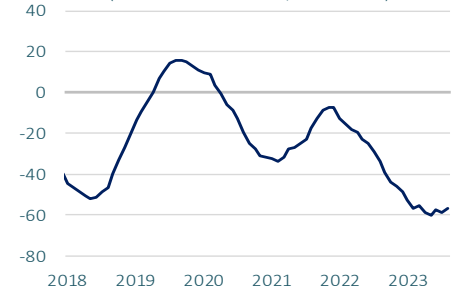
(*) Difference from July projections

(**) Projections published following the IMF visit

US Inflation Indicators (annual % change)



Current Account Balance (12-month cumulative, billion USD)



Source: CBRT, Ministry of Treasury and Finance, Datastream

September, while budget expenditures doubled yoy to 570.5 billion TRY. Thus, monthly budget deficit increased by 64.3% yoy to 129.2 billion TRY in September. In the first nine months of the year, central government budget deficit was realized as 512.6 billion TRY ([Our Budget Balance report](#)).

The gap between supply and demand indicators has shrunk.

Industrial production index decreased by 0.8% mom in August, while it increased by 3.1% yoy. In August, manufacturing industry production contracted by 1.3% mom. On the other hand, energy sector limited the monthly decline in industrial production by expanding 2.4% mom. The highest decline was posted in durable consumption goods with a monthly loss of 3.2%. Besides, unemployment rate decreased by 0.2 points mom to 9.2% in August.

In August, retail sales volume index at constant prices contracted rapidly by 4.7% mom, while the annual increase in the index lost momentum to 17.2%. Thus, the data pointed to a slowdown in domestic demand in line with the monetary tightening steps. Following the data releases, industrial production and retail sales indices, which have been historically close to each other but diverged since the second half of 2022, tended to close to some extent.

The decline in house sales continued in September.

According to Turkstat data, house sales contracted by 9.5% yoy to 103 thousand units in September. In this month, mortgaged sales fell by 50% yoy, while other sales decreased by 2.3% yoy. Thus, house sales fell by 14.9% yoy to 900 thousand units in the first nine months of the year.

In September total automotive production increased by 1.3% yoy and automobile production increased by 17.7% yoy according to the data released by Automotive Manufacturers Association. In the first nine months of the year, total automotive and automobile productions rose by 12% and 21% yoy, respectively. In this period, total automotive production was realized as 1.1 million units and automobile production as 688 thousand units.

Outflow from FX protected deposits gained momentum in the week of October 6.

BRSA weekly figures revealed that total balance of the FX protected deposits decreased by 74.6 billion TRY to 3.2 trillion TRY in the week of October 6. This was the highest weekly decline since August 21, when the targets set by the economic administration to exit from the FX protected deposits were announced. Compared to August 21, the total amount of the FX protected deposits balance decreased by 5.3%, while the total decline in said deposits balance was 179.3 billion TRY.

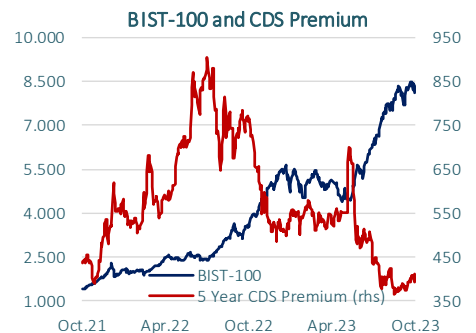
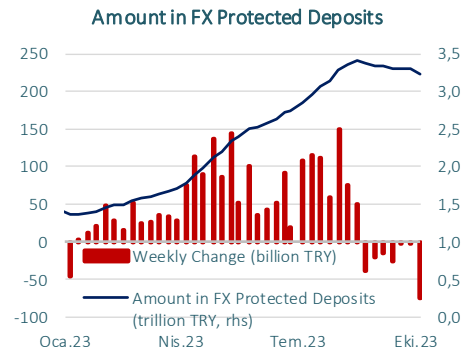
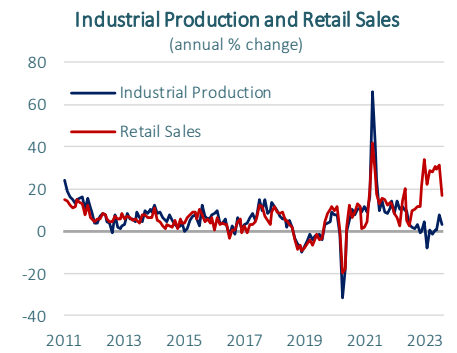
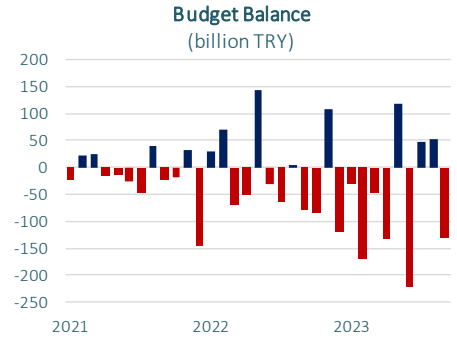
Financial markets...

US bond yields, which were hovering near 20-year highs, declined slightly last week. In line with the pressured risk appetite by the ongoing conflicts in the Middle East, ounce gold prices ended the week up by 5.4%. Brent crude oil also rose by 7.5% due to geopolitical developments.

BIST-100 index ended the week with a 4.2% decline. Türkiye's 5-year CDS premium rose by 3 bps to 410 last week, while the 2-year benchmark bond yield declined by 178 bps. Turkish lira depreciated slightly against USD and EUR.

This week's agenda...

This week, geopolitical developments will continue to be closely monitored. September industrial production and retail sales data in the US and September HICP inflation data in the Euro Area stand out on the data agenda of global markets. In Türkiye, results of CBRT's Market Participants Survey will be announced.



Source: Turkstat, BRSA, Datastream

Data Releases

		Period	Consensus	Prior
16 October	TR Budget Balance	September	-129.2 bn TRY (A)	51.3 billion TRY
	TR House Sales, yoy	September	-9.5% (A)	-1.1%
	US NY Fed Manufacturing Index	October	-7.00	1.90
	Euro Area Trade Balance	August	-	2.9 billion EUR
17 October	US Industrial Production, mom	September	-	94.7%
	US Capacity Utilization Rate	September	0.0%	0.4%
	US Retail Sales, mom	September	79.6%	79.7%
	US Housing Starts, units	September	0.3%	0.6%
18 October	US Housing Starts, units	September	1.380 million	1.283 million
	Euro Area CPI Inflation, mom	September	0.3%	0.5%
	China GDP Growth, yoy	2023 Q3	4.4%	6.3%
19 October	US Existing Home Sales, units	September	3.89 million	4.04 million
	US Philadelphia Fed Business Index	October	-6.4	-13.5
20 October	CBRT Survey of Market Participants	October	-	-
	China Central Bank Meeting	October	-	3.45%

(A) Actual

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