

	13-Oct	20-Oct	Change		13-Oct	20-Oct	Change
BIST-100 Index	8,113	7,511	-7.4 % ▼	EUR/USD	1.0509	1.0593	0.8 % ▲
TRY 2 Year Benchmark Rate	27.69 %	30.60 %	291 bp ▲	USD/TRY	27.7612	27.9483	0.7 % ▲
Türkiye 5-Year CDS Premium	410	425	16 bp ▲	EUR/TRY	29.1671	29.6191	1.5 % ▲
MSCI EM Equity Index	951	926	-2.7 % ▼	Gold (USD/ounce)	1,932	1,981	2.6 % ▲
US 10-Year Bond Rate	4.63 %	4.92 %	30 bp ▲	Brent Oil (USD/barrel)	90.9	92.2	1.4 % ▲

bp: basis point

Last week, rising geopolitical tensions in the Middle East led to a decline in global risk appetite. While stock market indices fell, gold and oil prices rose. Fed Chairman Powell's statements indicating that additional interest rate hikes may be necessary if economic activity remains strong was another factor suppressing risk appetite. In China, which grew above expectations in the third quarter of the year, benchmark interest rates remained unchanged. 12th Development Plan covering the period of 2024-2028 was submitted to the Turkish Grand National Assembly (TBMM) where the budget negotiations for 2024 started. Central government gross debt stock was 6.1 trillion TRY in September. According to the CBRT Survey of Market Participants, a limited increase was observed in the market's inflation expectations. This week, in the markets CBRT and ECB meetings will be high on the agenda. In addition, 3rd quarter growth data in the US and October readings of flash PMI data in the US and Euro Area will be closely monitored.

Fed Chairman Powell pointed out that further interest rate hikes may be necessary.

Industrial production in the US increased by 0.3% mom in September while capacity utilization rate was 79.7%, the highest level for the last 5 months. Retail sales also displayed a positive outlook in this period. On the other hand, housing market data showed that the pressure on the housing market continued due to the rise in loan rates and increasing prices. In September, housing starts in the country decreased by 7.2% yoy while existing home sales declined to the lowest level for the last 13 years.

In its Beige Book report published last week, the Fed emphasized that the short-term economic outlook points to a relatively weak growth and that the tightness of the labour market continued to decelerate. On the other hand, in his speech, Fed Chairman Powell stated that inflation is still very high and further rate hikes might be necessary if there is additional evidence pointing that the strong outlook in the economy continues.

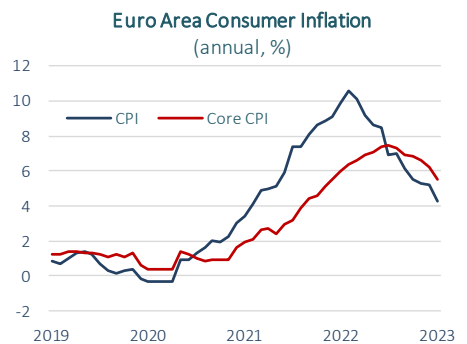
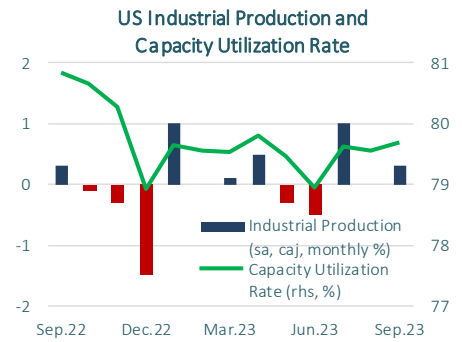
Annual CPI inflation in the UK was 6.7% in September.

According to the final data released in Euro Area, CPI inflation in September was confirmed as 0.3% mom and 4.3% yoy, respectively. Thus, annual CPI inflation fell below 5% for the first time since November 2021. In the UK, CPI inflation was realized as 0.5% mom and 6.7% yoy in September. It was observed that CPI inflation in the country accelerated on a monthly basis compared to August while on an annual basis, it remained flat.

Chinese economy grew above expectations in the third quarter.

In the third quarter of 2023, Chinese economy grew by 1.3% qoq and 4.9% yoy, according to seasonally adjusted figures. In September, industrial production increased above expectations by 4.5% yoy while retail sales rose by 5.5%. The data, which painted a positive picture, pointed out that the recovery in economic activity gained momentum in the country.

The People's Bank of China kept its benchmark interest rates unchanged at its October meeting. Thus, one-year and five-year loan interest rates remained at 3.45% and 4.20 %, respectively.



Source: Datastream, CBRT

In Türkiye, inflation expectations recorded a limited increase.

According to the CBRT Survey of Market Participants, which was published last week with a new list of participants, the year-end CPI inflation expectation increased from 67.22% to 68.01% and the 12-month ahead CPI inflation expectation from 44.94% to 45.28%. 2023 year-end USD/TRY expectation remained relatively flat at 30.05. GDP growth expectation for 2023 which was 3.9% in the previous survey was raised to 4.1% while the growth expectation for 2024 declined to 3.4%.

Central government gross debt stock was 6.1 trillion TRY in September.

As of end of September, central government gross debt stock increased by 67% yoy and reached 6.1 trillion TRY. Of this debt stock, 2.2 trillion TRY was composed of Turkish lira-denominated debt and 3.9 trillion TRY was composed of FX-denominated debt. Thus, the ratio of FX debt stock to total debt stock became 64.5%.

The 12th Development Plan was submitted to TBMM.

The 12th Development Plan covering the period 2024-2028 was submitted to the Parliament. According to the projections, GDP will reach 1.6 trillion USD and per capita GDP will reach 17,554 USD as of 2028. Annual average GDP growth is projected to be 5% in the period of 2024-28 and annual average employment growth is projected to be 3%, bringing unemployment rate down to 7.5% at the end of the period. By the end of the period, inflation is projected to gradually decrease to 4.7%. Moreover, under the assumption that exports will reach 375 billion USD and tourism revenues will reach 100 billion USD in 2028, the aim is to reduce the current account deficit to a level close to zero.

Last week, discussions on the 2024 Central Government Budget Law Proposal also started at the TBMM Plan and Budget Commission.

House price index rose by 90.3% yoy in August.

House price index rose by 5.5% mom and 90.3% yoy in August. Thus, the annual rate of increase in house prices remained above the consumer inflation although continued to lose momentum. In this period, the highest annual increase in the index was recorded in Çankırı, Kastamonu and Sinop with 125.8% while the rates of increase in İstanbul, Ankara and İzmir were 78.4%, 100.4% and 90.3% respectively.

Financial markets...

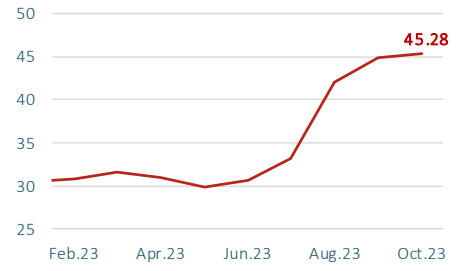
Last week, global risk appetite was under pressure due to the escalating tensions in the Middle East and expectations that Fed's tight monetary policy would continue. US 10-year government bond yield approached 5%, the highest level for the last 16 years. Brent crude oil prices rose by 1.4% to 92.2 USD per barrel while gold prices rose by 2.6% to 1,981 USD/ounce.

BIST-100 index closed last week with a 7.4% decline to 7,511. Türkiye's 5-year CDS premium rose by 16 bps to 425 bps while the 2-year benchmark bond yield increased by 291 bps. Turkish lira depreciated slightly against the USD and EUR.

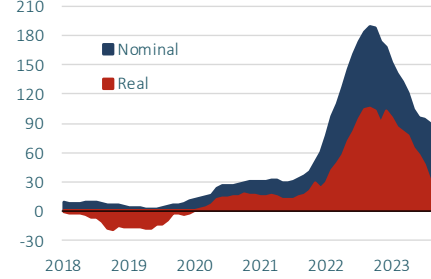
This week's agenda...

This week, geopolitical developments as well as CBRT and ECB meetings will be closely monitored. In the data agenda, the third quarter growth to be released in the US and the October readings of flash PMI figures for the US and the Euro Area stand out.

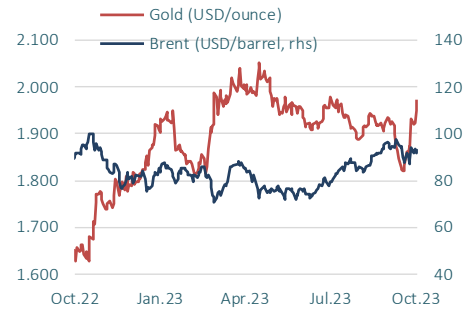
Next 12 Months Inflation Expectation (%)



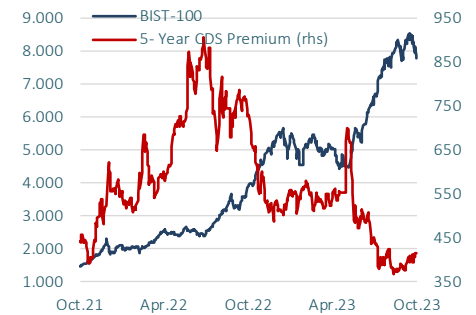
Residential Property Price Index (annual % change)



Gold and Crude Oil Prices



BIST-100 and CDS Premium



Source: Datastream

Data Releases

		Period	Consensus	Prior
23 October	TR Consumer Confidence Index	October	-	71.5
	Euro Area Consumer Confidence, flash	October	-18.2	-17.8
24 October	USA Manufacturing PMI, flash	October	-	49.8
	USA Services PMI, flash	October	-	50.1
	Euro Area Manufacturing PMI, flash	October	43.7	43.4
25 October	Euro Area Services PMI, flash	October	48.6	48.7
	TR Real Sector Confidence Index	October	-	104.4
	TR Capacity Utilization Rate	October	-	%77.3
26 October	USA New Home Sales, units	September	679K	675K
	CBRT Monetary Policy Meeting	October	-	%30.0
	USA Durable Goods Orders, mom	September	0.6%	0.1%
	USA GDP Growth, prelim, yoy	2023 Q3	4.1%	2.1%
	ECB Meeting	October	4.50%	4.50%
27 October	USA Core PCE, mom	September	0.3%	0.4%
	USA Michigan Consumer Confidence, final	October	-	63.0

(A) Actual

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