

| | 3-Nov | 10-Nov | Change | | 3-Nov | 10-Nov | Change |
|----------------------------|---------|---------|----------|------------------------|---------|---------|----------|
| BIST-100 Index | 7,706 | 7,771 | 0.8 % ▲ | EUR/USD | 1.0729 | 1.0681 | -0.4 % ▼ |
| TRY 2 Year Benchmark Rate | 37.60 % | 41.69 % | 409 bp ▲ | USD/TRY | 28.3775 | 28.5251 | 0.5 % ▲ |
| Türkiye 5-Year CDS Premium | 365 | 377 | 13 bp ▲ | EUR/TRY | 30.4141 | 30.5200 | 0.3 % ▲ |
| MSCI EM Equity Index | 948 | 956 | 0.8 % ▲ | Gold (USD/ounce) | 1,992 | 1,937 | -2.8 % ▼ |
| US 10-Year Bond Rate | 4.56 % | 4.63 % | 7 bp ▲ | Brent Oil (USD/barrel) | 84.9 | 81.4 | -4.1 % ▼ |

bp: basis point

According to the data releases last week, industrial production and retail sales decreased mom in September, while unemployment rate came in at 9.1%. ICI Export Climate Index was realized as 48.5 in this month, indicating that the deterioration in the export climate deepened. In September, current account posted a surplus of 1.9 billion USD. Treasury cash deficit reached 523.8 billion TRY in the first ten months of the year. Fed officials' statements were closely monitored in global markets. While data releases for Euro Area intensified recession concerns, the decline in producer prices signaled an improvement in the inflation outlook. This week, US inflation and Euro Area growth data as well as October figures of central government budget and November issue of CBRT's Survey of Market Participants stand out on the data agenda.

Industrial production contracted by 0.1% in September.

In September, domestic industrial production decreased by 0.1% mom according to seasonally and calendar adjusted figures, while it increased by 4.0% yoy according to calendar adjusted figures. Thus, industrial production continued to decline on a monthly basis for the third consecutive month. The annual change in the index was 4.9% in the third quarter. In September, retail sales also contracted by 0.7% mom. In this period, food sales remained unchanged compared to the previous month, while non-food sales decreased by 1.2%. Supply and demand indicators continued to converge in September. Despite the relatively weak outlook in supply and demand indicators, labor market posted a more positive outlook. Unemployment rate was realized as 9.1% in September.

Turkish economy posted a current account surplus of 1.9 billion USD in September.

Current account surplus realized above market expectations with 1.9 billion USD in September. Thus, 12-month cumulative current account deficit narrowed to 51.7 billion USD. In this period, inflows stemming from services became 6.3 billion USD. Under services, travel item recorded a net inflow of 5 billion USD. In September, direct investments posted a net outflow of 337 million USD. Yet, portfolio investments posted a net inflow of 1 billion USD ([Our Balance of Payments report](#)).

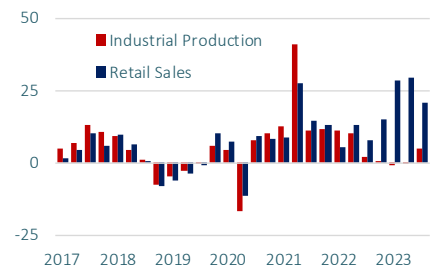
The exit from the FX-protected deposits accelerated in the week of November 3.

According to the weekly data released by the BRSA, the total FX-protected deposits balance decreased by 86.2 billion TRY to 2.92 trillion TRY in the week ending November 3. This was the fastest weekly decline since August 21, when the targets set by the economic administration for the exit from the FX-protected deposits were announced. Total decline in the FX-protected deposits compared to August 18 was 486.3 billion TRY.

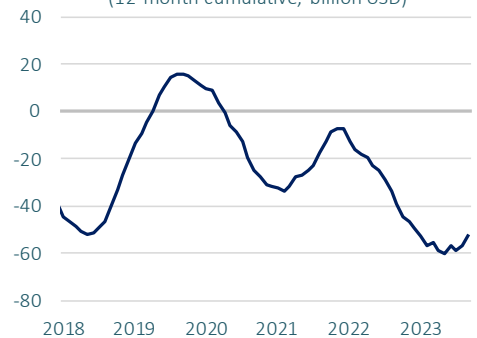
ICI Turkey Export Climate Index hit its lowest level of the year in October.

The Turkish Export Climate Index, published by the Istanbul Chamber of Industry, declined for the seventh consecutive month in October to 48.5, indicating the lowest level of this year. The deterioration in the economic outlook of the Euro Area, our main export market, was the main source of the weakness in export expectations. CPI-based real effective exchange rate also recorded a limited

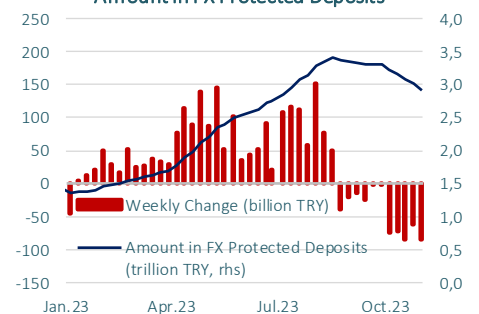
Industrial Production and Retail Sales
(quarterly average, annual % change)



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



Amount in FX Protected Deposits



Source: TurkStat, CBRT, MoTF, BRSA, ICI, Datastream

increase of 0.79% in October and rose to 55.90. Thus, although the index reached its highest level in the last five months, it remained close to its historical lows.

Treasury posted a cash deficit of 82.2 billion TRY in October.

Treasury cash balance posted a deficit of 82.2 billion TRY in October. In this period, revenues and expenditures were realized as 481.3 billion TRY and 563.5 billion TRY, respectively, while 10% of expenditures (56.5 billion TRY) was composed of interest payments. Thus, Treasury cash deficit widened by 226% yoy in January-October period and reached 523.8 billion TRY.

Fed officials' speeches were closely monitored in global markets.

Fed Chairman Powell's hawkish remarks at the IMF conference last week put pressure on global markets. Powell emphasized that they are not sure about the adequacy of the tightening steps taken and that they may continue to tighten if necessary. Powell stated that in addition to further tightening, they are also focusing on the duration of the tight monetary policy stance. On the other hand, Fed official Goolsbee stated that they came a long way in the fight against inflation and if the inflation outlook continues to improve, they will start to discuss the duration of the high level of interest rates. Another Fed member Kashkari stated that rate cuts are not on the agenda and that they will continue to monitor economic indicators. US bond yields, which followed a volatile course in the first days of the week, followed an upward trend after Powell's hawkish statements and partially compensated for the decline recorded in the previous week.

Economic activity in the Euro Area is losing momentum.

Retail sales in Euro Area contracted by 0.3% mom and 2.9% yoy in September. While the decline in sales of non-food products was the main driver of the monthly contraction, the decline in fuel sales stood out in the annual decrease. Having contracted yoy for the last 16 months, the index showed that the weakness in demand still persists. Producer prices, which posted a monthly increase of 0.5% in September, fell by 12.4% yoy. In its Regional Economic Outlook Report for Europe, IMF assessed that economic activity started to cool down and inflation started to decline as a result of tight monetary policy.

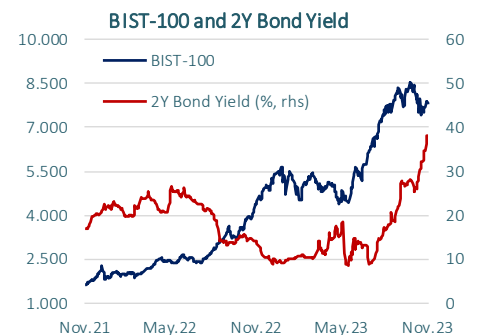
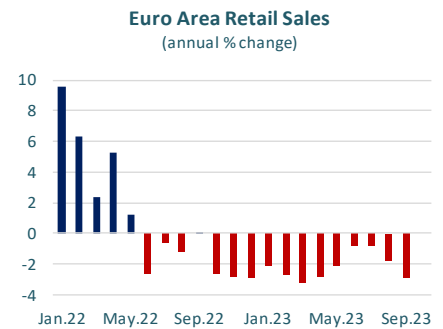
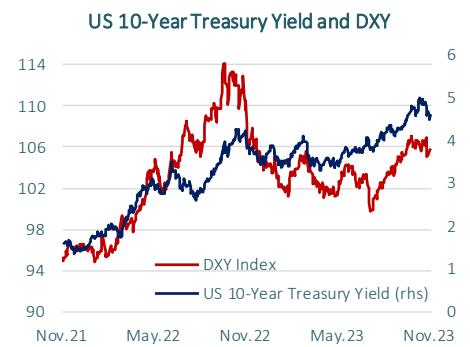
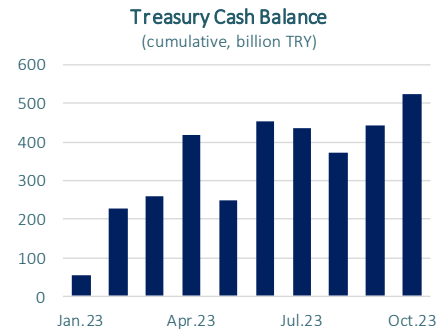
Financial markets...

Gold price, which tested the 2,000 USD/ounce level in the previous weeks in line with the statements from Fed Chairman Powell and the fact that geopolitical risks remained relatively lower on the global agenda, closed 2.8% lower last week. Brent crude oil price also declined as concerns over the spread of the war in the Middle East eased.

BIST-100 index, supported by the relative decline in geopolitical tensions, ended the week with a 0.8% rise. Turkey's 5-year CDS premium rose by 13 basis points to 377 last week, while the 2-year benchmark bond yield increased rapidly. Turkish lira remained relatively flat against USD and EUR.

This week's agenda...

This week, US inflation indicators for October and Euro Area's preliminary third quarter GDP data will be released. In Türkiye, October budget balance and CBRT's November issue of Survey of Market Participants will be released.



Source: Datastream

Data Releases

| | | Period | Consensus | Prior |
|--------------------|--------------------------------------|-----------|-------------------|--------------------|
| 13 November | TR Current Account Balance | September | 1.876 bln USD (A) | -0.619 bln USD |
| | TR Retail Sales, yoy | September | 13.8% (A) | 17.2% |
| 14 November | US CPI Inflation, mom | October | 0.1% | 0.4% |
| | US Core CPI Inflation, mom | October | 0.3% | 0.3% |
| | Euro Area GDP Growth, flash, yoy | 2023 Q3 | 0.1% | 0.1% |
| 15 November | TR Budget Balance | October | - | -129.2 billion TRY |
| | US PPI Inflation, mom | October | 0.1% | 0.5% |
| | US Retail Sales, mom | October | -0.1% | 0.7% |
| | US NY Fed Manufacturing Index | November | -2.60 | -4.60 |
| | Euro Area Industrial Production, mom | September | -0.7% | 0.6% |
| | Euro Area Trade Balance | September | - | 11.9 billion EUR |
| 16 November | CBRT Financial Stability Report | 2023 - II | 0.3% | 0.3% |
| | US Industrial Production, mom | October | -0.4% | 0.3% |
| | US Philadelphia Fed Business Index | November | -11.0 | -9.0 |
| 17 November | CBRT Survey of Market Participants | November | - | - |
| | US Housing Starts, units | October | 1.345 million | 1.358 million |
| | Euro Area CPI Inflation, final, yoy | October | 2.9% | 2.9% |

(A) Actual

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