

	17-Nov	24-Nov	Change		17-Nov	24-Nov	Change
BIST-100 Index	7.853	7.960	1,4 % ▲	EUR/USD	1,0907	1,0939	0,3 % ▲
TRY 2 Year Benchmark Rate	40,60 %	41,05 %	45 bp ▲	USD/TRY	28,6545	28,8606	0,7 % ▲
Türkiye 5-Year CDS Premium	356	334	-22 bp ▼	EUR/TRY	31,2435	31,5815	1,1 % ▲
MSCI EM Equity Index	977	980	0,4 % ▲	Gold (USD/ounce)	1.980	2.002	1,1 % ▲
US 10-Year Bond Rate	4,44 %	4,48 %	4 bp ▲	Brent Oil (USD/barrel)	80,6	80,6	0,0 % ●

bp: basis point

Last week, CBRT raised the policy rate by 500 bps to 40%, above market expectations. Central government gross debt stock reached 6.3 trillion TRY as of October. Sectoral confidence indices followed a mixed course in November while real sector confidence index declined. In the US, the FOMC minutes pointed uncertainty regarding the course of economic activity, and flash PMI data for November confirmed this view. In Euro Area, flash PMI data for November came in above the expectations, but showed that economic activity in the region continued to weaken. This week, inflation data releases in the US and Euro Area will be on the top of the global agenda. In Türkiye, third quarter growth data and preliminary data for the last quarter of the year will be announced.

CBRT raised the policy rate to 40%.

At Monetary Policy Committee meeting last week, CBRT raised the policy rate by 500 bps to 40%, above market expectations. In the press release on interest rates, it was stated that headline inflation, which declined slightly in October, remained in line with the outlook presented in the last Inflation Report and that inflation expectations and pricing behavior started to recover slightly. It was also stated that domestic demand started to rebalance as the monetary tightening was reflected on financial conditions. In addition, CBRT pointed that the current level of monetary tightness was significantly close to the level required to establish the disinflation course and added that monetary tightening steps would slow down and the tightening cycle would be completed in a short period of time

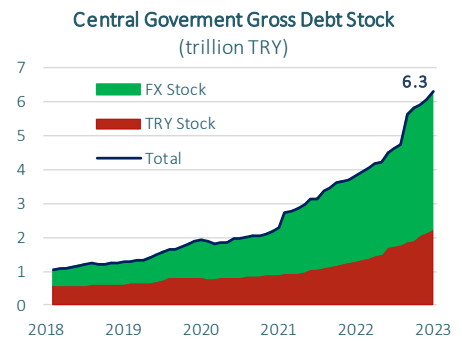
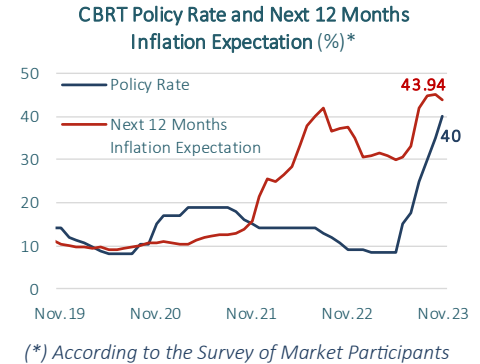
CBRT announced that upper limits to credit card and merchant commission rates will remain unchanged in December. An upper limit was set on the total interest cost of export and FX-earning services rediscount credits and this upper limit was determined to be 25.93%. In the announcement regarding advance loans with investment commitments, it was announced that banks can allocate loans to projects with an investment amount exceeding 1 billion TRY, taking into account the Technology/Strategy score that companies will receive for their investment projects.

Central government gross debt stock was 6.3 trillion TRY in October.

As of the end of October, central government gross debt stock, which increased by 65% yoy and came in at 6.3 trillion TRY. Of this debt, 2.2 trillion TRY was composed of TRY denominated debt and 4.1 trillion TRY was composed of FX denominated debt.

The number of foreign visitors reached 5 million in October.

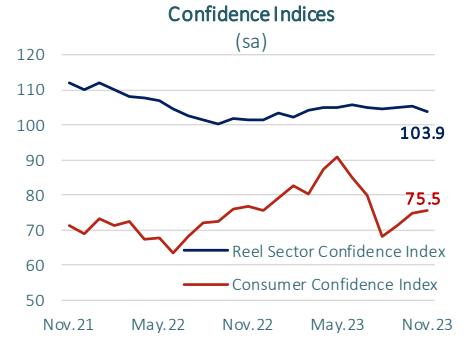
The number of foreign visitors to Türkiye increased annually by 3.8% and reached 5 million in October. Thus, in January-October period, the number of visitors increased by 11.6% yoy to 44.2 million people. The highest number of visitors came from Germany in October, while Russia ranked first with 5.8 million visitors in January-October period.



Source: Datastream, MoTF

Consumer confidence index was 75.5 in November.

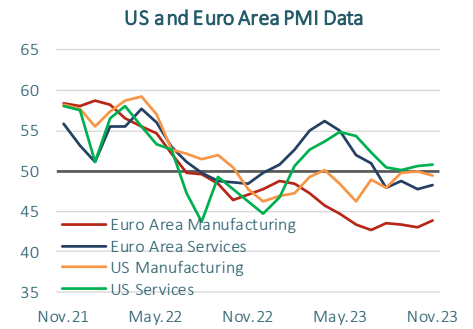
Seasonally adjusted consumer confidence index improved by 1.1% in November and came in at 75.5, the highest level in the last 4 months. Among the sub-indices, the improvement in consumers' expectations regarding the general economic situation and financial situation of household in the next 12 months was noteworthy. Seasonally adjusted real sector confidence index decreased by 1.4 pts to 103.9 in November, due to the deterioration in assessments regarding the orders in last three months, current orders and general outlook. In this period, sectoral confidence indices decreased for services and retail trade, but improved in construction sector.



Fed minutes signaled uncertainty about economic activity in the US.

Last week, the Fed released the minutes of the Federal Open Market Committee (FOMC) meeting that ended on November 1st. In the text, it was noted that the level of impact of the financial conditions created by monetary tightening on economic activity remained uncertain, while it was emphasized that FOMC members were cautious against inflation risks. It was also pointed out that economic activity in the country grew strongly in the third quarter and the favorable outlook in the labor market continued.

Despite the Fed's positive assessment of economic activity, data for the last quarter of the year point to a loss of momentum. In this period, flash manufacturing PMI decreased to 49.4, below market expectations and the threshold, while flash services PMI came in at 50.8, indicating that the expansion in the sector continued, albeit limited. Composite PMI remained unchanged compared to the previous month at 50.7.



Economic outlook in the Euro Area continues to weaken.

According to the preliminary data released in Euro Area, the weakness in economic activity continued in the last quarter of the year. Leading manufacturing and services PMI data for November showed that activity contracted in both sectors with 43.8 and 48.2, respectively. Manufacturing PMI remained below the threshold for the last 17 months, while services PMI remained in negative territory for the fourth consecutive month, presenting a negative outlook. Moreover, the consumer confidence index, which stood at -16.9 in November, showed that expectations on the demand side were also in the pessimistic zone.

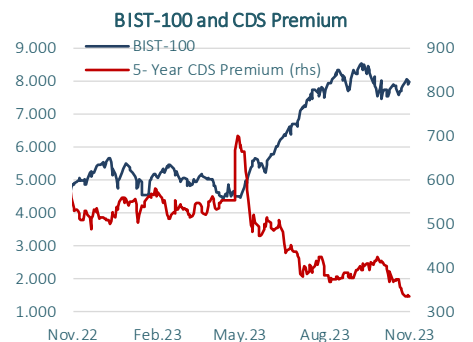
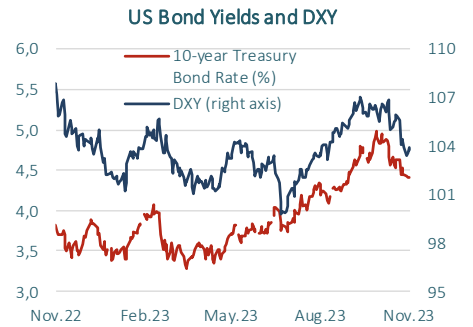
Financial markets...

Last week, global stock indices displayed a favorable outlook as expectations for an end to interest rate hikes strengthened following the FOMC minutes. US Treasury bond yields ended the week at 4.48% thanks to the increase in risk appetite, while the DXY dollar index fell to its lowest level in nearly three months. Following the news that the OPEC+ meeting scheduled for November 26 was postponed, oil prices declined slightly and ended the week at 80.6 USD/barrel. Gold prices rose by 1.1% to 2,002 USD/ounce.

BIST-100 index closed last week at 7,960, up by 1.4%. Türkiye's 5-year CDS premium continued to decline, falling by 22 bps to 334. Turkish lira continued to depreciate against the US dollar and Euro.

This week's agenda...

This week, domestic GDP growth data for third quarter, October PCE in the US and November inflation data for Euro Area stand out on the agenda.



Source: Datastream

Data Releases

		Period	Consensus	Prior
27 November	USA New Home Sales, units	October	721K	759K
28 November	USA Consumer Confidence	November	101.0	102.6
29 November	TR Economic Confidence	November	-	96.5
	TR Trade Balance	October	-	-5.0 billion USD
	USA GDP Growth, revision, yoy	2023 Q3	5.0%	4.9%
	Euro Area Consumer Confidence, final	November	-16.9	-16.9
30 November	TR GDP Growth	2023 Q3	-	3.8%
	USA Core PCE, mom	October	0.2%	0.3%
	USA Personal Consumption Expenditures, mom	October	0.2%	0.7%
26 October	Euro Area CPI Inflation, flash, yoy	November	2.8%	2.9%
	Euro Area Unemployment Rate	October	6.5%	6.5%
	China NBS Manufacturing PMI	November	49.8	49.5
1 December	TR ISO Türkiye Manufacturing PMI	November	-	48.4
	USA Manufacturing PMI, final	November	-	49.4
	USA ISM Manufacturing PMI	November	47.6	46.7
	Euro Area Manufacturing PMI, final	November	43.8	43.8
	China Caixin Manufacturing PMI, final	November	49.7	49.5

Economic Research Division

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

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

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

Berkay Arık
Asst. Economist
berkay.arik@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.