

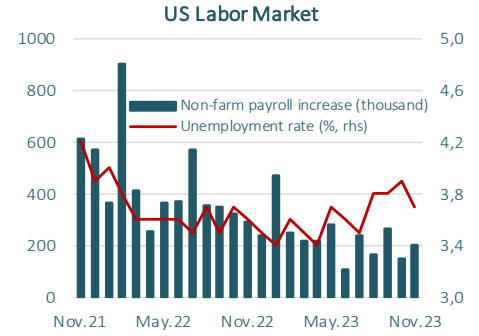
	1.Dec	8.Dec	Change		1.Dec	8.Dec	Change
BIST-100 Index	8.026	7.914	-1,4 % ▼	EUR/USD	1,0881	1,0761	-1,1 % ▼
TRY 2 Year Benchmark Rate	39,87 %	38,44 %	-143 bp ▼	USD/TRY	28,8885	28,8557	-0,1 % ▼
Türkiye 5-Year CDS Premium	331	329	-2 bp ▼	EUR/TRY	31,4415	31,1480	-0,9 % ▼
MSCI EM Equity Index	982	975	-0,7 % ▼	Gold (USD/ounce)	2.071	2.003	-3,3 % ▼
US 10-Year Bond Rate	4,22 %	4,25 %	2 bp ▲	Brent Oil (USD/barrel)	78,9	75,8	-3,9 % ▼

bp: basis point

In the US, non-farm payrolls rose above expectations by 199 thousand in November, while unemployment rate declined to 3.7%. Core PPI inflation in the Euro Area declined in October. In addition to the weak course of economic activity, the positive signals in inflation data strengthened the expectations that ECB could end the interest rate hikes. Turkish economy posted a current account surplus of 186 million USD in October, while industrial production increased by 1.1% yoy, indicating that production activities continued to lose momentum. Real effective exchange rate signaled a real depreciation of TRY in November, while ICI Türkiye Export Climate Index rose to 49.5. This week, meetings of major central banks and November CPI data in the US will be the highlights in global markets. In Türkiye, developments regarding the minimum wage negotiations as well as November budget data and CBRT Market Participants Survey results for December will be closely monitored. In addition, it is expected that Moody's will announce its scheduled assessment for Turkish economy.

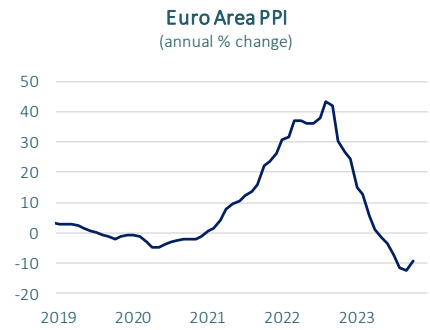
Non-farm payrolls in the US exceeded expectations in November.

In November, non-farm payrolls rose by 199 thousand, above market expectations, while unemployment rate declined to 3.7%. Following the strong employment data, expectations for the Fed to cut interest rates were postponed in the markets. Factory orders in the US fell by 3.6% mom in October, ahead of expectations. Durable goods demand also fell by 5.4% in this period. Services PMI for November was realized as 50.8, slightly above the threshold. The data indicated that the cooling in demand may accelerate in the last quarter due to the lagged effects of tight monetary stance.



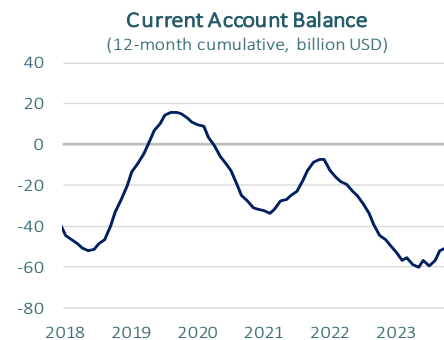
Economic activity in the Euro Area continues to remain weak.

Retail sales in the Euro Area recorded the first increase in the last four months in October with 0.1% mom. In the same period, producer prices posted a modest increase of 0.2%, while core PPI declined by 0.2%. In Germany, the region's largest economy, CPI fell by 0.4% mom in line with market expectations. According to the revised third quarter GDP figures, Euro Area economy contracted by 0.1% on a quarterly basis, in line with the preliminary data. In addition to the data pointing to a weak outlook in economic activity, the moderate course of inflation indicators supported the views that the ECB is nearing the end of its interest rate hikes.



Turkish economy posted a current account surplus of 186 million USD in October.

According to the CBRT, current account posted a surplus of 186 million USD in October, below market expectations. In this month, current account surplus excluding gold and energy became 5.1 billion USD. Thus, in January-October period, current account deficit widened by 4.2% yoy to 40.7 billion USD. In October, direct investments in the financial account posted the highest net inflow since April with 638 million USD, while portfolio investments posted net outflows (Our Balance of Payments report).



Industrial production lost momentum in October.

According to Turkstat data, seasonally and calendar adjusted industrial production index decreased by 0.4% mom for the fourth consecutive month in October, indicating that the contraction in production continued. Thus, while

Source: CBRT, Datastream

the annual increase in the index was limited with 1.1%, rise in capital goods production by 8.8% yoy was noteworthy. Unemployment rate decreased by 0.5 points to 8.5% in October, painting an optimistic outlook for the labor market despite the loss of momentum in economic activity.

Treasury posted a cash surplus of 95.3 billion TRY in November.

Treasury cash balance posted a surplus of 95.3 billion TRY in November. In this period, revenues and expenditures were realized as 751.6 billion TRY and 656.3 billion TRY, respectively. Interest payments, which have been on the rise recently, reached 82.1 billion TRY in November. In January-November period, Treasury cash deficit was realized as 428.5 billion TRY.

Real effective exchange rate declined in November.

CBRT's CPI-based real effective exchange rate index fell by 1.7% mom to 55.04 in November. Thus, TRY, which appreciated in real terms in the August-October period, depreciated slightly in November. On the other hand, the index remained slightly above its historical low of 47.62 recorded in December 2021. In addition, ICI Türkiye Export Climate Index rose by 1 point mom to 49.5 in November. Although the index remained below the threshold in line with the weak outlook in economic activity in the Euro Area, it signaled that exports may recover in the forthcoming period with the relatively favorable outlook in other export markets.

CBRT gross reserves at historical high...

In the week ended December 1st, CBRT's gross reserves were realized as 140.1 billion USD, reaching its historical high level. Net reserves became 34.8 billion USD in this week. Thus, gross and net reserves expanded by 41.7 billion USD and 39.2 billion USD, respectively, since May. In the said week, non-residents' equity portfolio posted a net inflow of 376 million USD while GDDS portfolio posted a net inflow of 152 million USD.

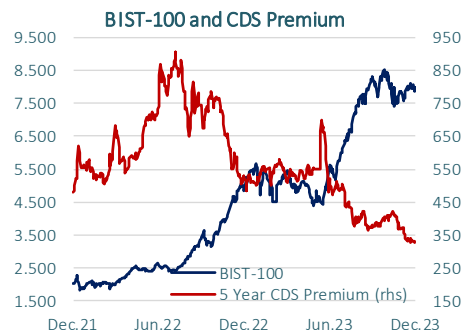
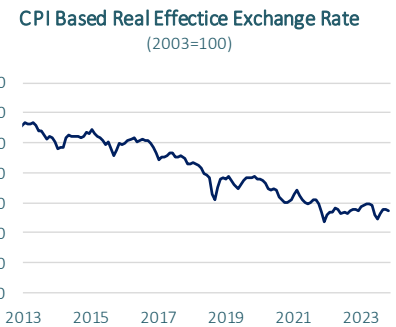
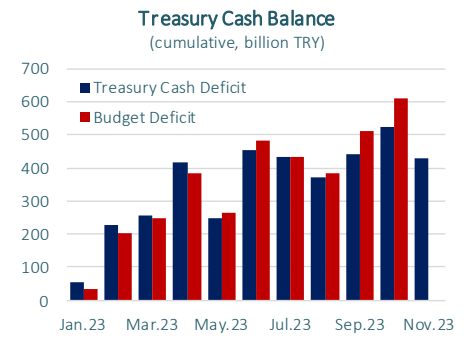
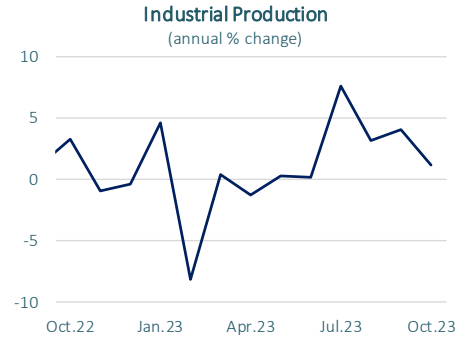
Financial markets...

Oil prices fell by 3.9% last week in line with concerns over global demand. Gold prices also declined by 3.3% last week after rising in the previous week. US 10-year bond yields rose slightly while US stock markets ended the week with a flat course. On the other hand, stock markets in emerging economies generally declined.

BIST-100 index ended the week at 7,914, falling by 1.4%. Türkiye's 5-year CDS premium decreased by 2 points last week, while the yield of the 2-year benchmark bond continued to decline. TRY appreciated slightly against USD, while depreciating against euro in line with the rise in EUR/USD.

This week's agenda...

This week, the meetings of major central banks US CPI data for November will be closely monitored in global markets. In Türkiye, the minimum wage negotiations, November budget data and CBRT Market Participants Survey will be closely tracked. In addition, it is expected that Moody's will publish the scheduled assessment for Turkish economy.



Source: CBRT, Turkstat, MoTF, ICI, Datastream

Data Releases

		Period	Consensus	Prior
11 December	TR Current Account Balance	October	186 million USD (A)	1.9 billion USD
	TR Industrial Production, yoy	October	1.1% (A)	4.0%
	TR Unemployment Rate	October	8.5% (A)	9.0%
12 December	US CPI Inflation, mom	November	0.0%	0.0%
	US Core CPI Inflation, mom	November	0.3%	0.2%
13 December	Fed Meeting	December	5.25% - 5.5%	5.25% - 5.5%
	US PPI Inflation, mom	November	0.1%	-0.5%
	Euro Area Industrial Production, mom	October	-0.3%	-1.1%
14 December	US Retail Sales, mom	November	-0.1%	-0.1%
	ECB Meeting	December	4.5%	4.5%
	BoE Meeting	December	5.25%	5.25%
15 December	TR Budget Balance	November	-	-95.5 billion TRY
	CBRT Survey of Market Participants	December	-	-
	US Industrial Production, mom		0.3%	-0.6%
	US Manufacturing PMI, flash	December	49.1	49.4
	US Services PMI, flash	December	50.5	50.8
	Euro Area Manufacturing PMI, flash	December	44.5	44.2
	Euro Area Services PMI, flash	December	49.0	48.7

(A) Actual

Economic Research Division

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

Aslı Gksun Őat Sezgin
Economist
asli.sat@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>

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