

	15-Dec	22-Dec	Change		15-Dec	22-Dec	Change
BIST-100 Index	7,994	7,558	-5.5 % ▼	EUR/USD	1.0894	1.1010	1.1 % ▲
TRY 2 Year Benchmark Rate	37.55 %	37.39 %	-16 bp ▼	USD/TRY	28.9511	29.1982	0.9 % ▲
Turkey 5-Year CDS Premium	286	281	-5 bp ▼	EUR/TRY	31.5850	32.1833	1.9 % ▲
MSCI EM Equity Index	1,001	992	-0.9 % ▼	Gold (USD/ounce)	2,018	2,053	1.7 % ▲
US 10-Year Bond Rate	3.93 %	3.91 %	-2 bp ▼	Brent Oil (USD/barrel)	76.6	79.1	3.3 % ▲

bp: basis point

Last week, CBRT increased the policy rate by 250 basis points to 42.5%, in line with expectations. In November, when the central government gross debt stock stood at 6.6 trillion TRY, number of foreign visitors decreased by 1% yoy. Consumer confidence index increased by 1.9 points on a monthly basis in December, reaching 77.4. Consumer confidence indices also increased in the US and Euro Area. In the US, where final GDP growth for the third quarter was revised downwards by 0.3 points and announced as 4.9%, personal consumption expenditures decreased by 0.1% mom. PBoC did not change the 1-year and 5-year interest rates at its meeting last week. Sectoral confidence indices and capacity utilization rate for December will be announced this week. Additionally, minimum wage negotiations and geopolitical developments will be followed.

#### CBRT increased the policy rate to 42.5%.

At its meeting last week, the CBRT increased the policy rate by 250 basis points to 42.5%, in line with expectations. Thus, as stated in the decision text of the November meeting, pace of monetary tightening was slowed down. In the text regarding the December decision, it was stated that monetary tightness is significantly close to the level required to establish the disinflation course and that the monetary tightening steps were anticipated to be completed as soon as possible. In addition to policy rate decisions, it was stated that CBRT will continue to implement quantitative tightening by extending the sterilization tools at its disposal in order to support the monetary tightening process.

In the announcement made after the CBRT meeting, it was stated that the securities maintenance ratio for foreign exchange liabilities will be reduced from 5% to 4% within the scope of simplification in macroprudential measures. In addition, it was stated that maximum interest rates for credit cards and maximum commission rates for merchants will remain unchanged. CBRT also announced that Turkish Lira deposit buying auctions will be held in line with the aim of increasing the diversification of sterilization instruments. In this regard, CBRT held its first deposit buying auction at the amount of 80 billion TRY on Friday. While 101.95 billion TRY bids were received for the auction, the average interest was realized at 42.18%.

#### Consumer confidence index increased to 77.4 in December.

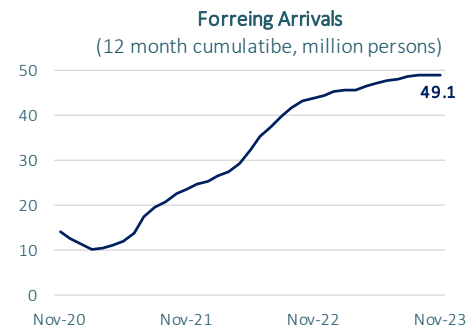
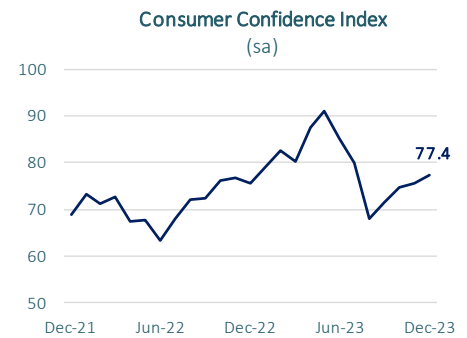
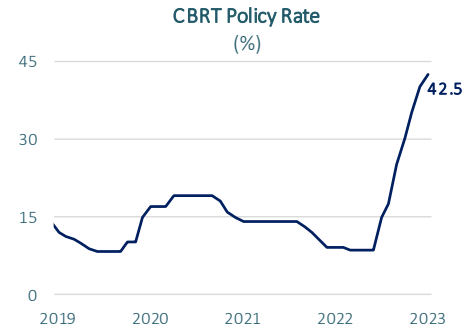
Consumer confidence index increased by 1.9 points mom in December, reaching 77.4. According to the sub-indices, there was an improvement in financial situation expectation of household and general economic situation expectation over the next 12 months.

#### The number of foreign visitors to Turkey reached 2.5 million in November.

While the number of foreign visitors to Turkey decreased by 1% on an annual basis in November to 2.5 million people, it increased by 10.8% to 46.7 million people in the January-November period. Thus, the number of foreign visitors, which was 44.6 million people in all of 2022, was exceeded. The country that sent the most visitors to Turkey in the 11-month period was Russia with 6.1 million people.

#### Central government gross debt stock was announced.

Central government gross debt stock stood at 6.6 trillion TRY in November. 4.3 trillion TRY of the debt stock is denominated in foreign currencies and 2.3 trillion TRY



Source: Datastream, CBRT, Ministry of Culture and Tourism

is denominated in local currency.

#### Residential property prices rose by 3.8% mom in October.

Residential property prices increased by 3.8% on a monthly basis and 86.5% on an annual basis in October. During this period, the real increase in residential property prices was 15.4% annually. The regions where residential property prices increased the fastest in nominal terms in October were Ağrı, Ardahan, Kars and Iğdır, with an increase of 127.1% on an annual basis.

#### Fitch announced its rating calendar for 2024.

Fitch Ratings, which revised Türkiye's credit rating outlook from negative to stable in September, published its rating calendar for 2024. According to the calendar, Türkiye's credit rating will be evaluated on March 8 and September 6 next year. Announcing the 2024 rating calendar, S&P also announced that it will evaluate Türkiye on May 3 and November 1. In the assessment made by Moody's, it was stated that although it will take time to eliminate the imbalances in the Turkish economy, the return to orthodox policies is positive for the credit rating. The report also stated that the country's credit outlook could be improved if the recovery in the current account balance and the increase in reserves continue, the tight monetary policy is sustainable and wage increases are realized in line with the CBRT's target. On the other hand, Moody's noted that headline inflation in Türkiye is still high and outlook could be revised to negative if the transition to orthodox policies is short-lived.

#### The rise in core PCE price index in the US was below expectations...

Last week, third-quarter final GDP growth in the US was revised downwards by 0.3 pp to 4.9%. In this period, consumption expenditures contributed 2.1 pp to growth. In the country, personal consumption expenditures (PCE) price index fell by 0.1% mom in November, while the increase in core PCE price index remained below expectations at 0.1%. Housing market data also gave mixed signals. In November, housing starts were realized above expectations with 1.56 million units, while existing home sales rose after 5 consecutive months of decline. On the other hand, new home sales posted a sharp monthly decline of 12.2%. In the same period, durable goods orders increased faster than expected by 5.4% mom, while consumer confidence index rose to 110.7 in December, recording its fastest rise since 2021.

#### China Central Bank kept interest rates unchanged.

The People's Bank of China kept the benchmark interest rates unchanged at its meeting last week, keeping the one-year prime lending rate (LPR) and the five-year lending rate at 3.45% and 4.20%, respectively.

#### Financial markets...

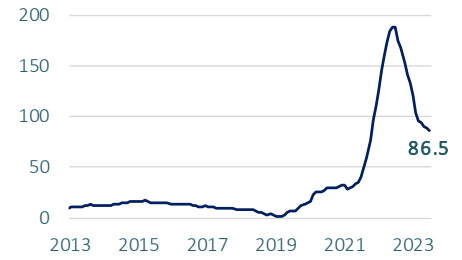
US stock markets closed the week higher while the US dollar remained under pressure. Brent crude oil price rose by 3.3% to 79.1 USD per barrel due to the tensions in the Red Sea while Angola announced its decision to leave OPEC due to the dispute over oil production quotas.

BIST-100 index closed the week with a 5.5% decline while Türkiye's 5-year CDS risk premium decreased by 5 bps to 281 bps. USD/TRY and Euro/TRY rose by 0.9% and 1.9%, respectively.

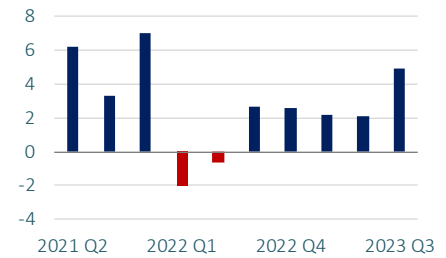
#### This week's agenda...

This week, sectoral confidence indices and capacity utilization rates for December will be announced. In addition, minimum wage negotiations and geopolitical developments will be monitored.

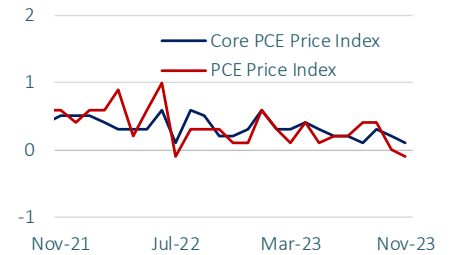
Residential Property Price Index  
(yoy, %)



US GDP  
(yoy, %)



US Personal Consumption Expenditures  
(mom, %)



Brent Crude Oil Price  
(USD/barrel)



Source: Datastream

Data Releases

		Period	Consensus	Prior
26 December	TR Capacity Utilization Rate	December	-	78.0%
	TR Real Sector Confidence Index	December	-	100.2
	US Dallas Fed Manufacturing Index	December	-	-19.9
28 December	TR Economic Confidence	December	-	95.3
	USA Pending Home Sales, mom	November	0.9%	-1.5%
	US Initial Jobless Claims	18.Dec	-	205 thousand
29 December	TR Trade Balance	November	-	-6.52 billion USD
	TR Services PPI, yoy	November	-	76.99%

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## Economic Research Division

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

Esra Mine Gngr  
Asst. Economist  
mine.gungor2@isbank.com.tr

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

Ogulcan Delil  
Asst. Economist  
ogulcan.delil@isbank.com.tr

Aslı Gksun Őat Sezgin  
Asst. Manager  
asli.sat@isbank.com.tr

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