

	20.Sep	26.Sep	Change		20.Sep	26.Sep	Change
BIST-100 Index	9,900	9,829	-0.7 % ▼	EUR/USD	1.1162	1.1176	0.1 % ▲
TRY 2 Year Benchmark Rate	41.78 %	41.53 %	-25 bp ▼	USD/TRY	34.0926	34.1398	0.1 % ▲
Türkiye 5-Year CDS Premium	275	266	-9 bp ▼	EUR/TRY	38.0815	38.0220	-0.2 % ▼
MSCI EM Equity Index	1,106	1,163	5.1 % ▲	Gold (USD/ounce)	2,622	2,670	1.8 % ▲
US 10-Year Bond Rate	3.73 %	3.79 %	6 bp ▲	Brent Oil (USD/barrel)	74.5	71.6	-3.9 % ▼

bp: basis point

In its interim report, OECD revised growth forecast downwards and inflation forecast upwards for Türkiye. In the US, core personal consumption expenditures price index, the inflation indicator closely monitored by the Fed, posted a lower-than-expected increase in August. While August data pointed to a mild outlook compared to expectations, leading indicators for September signaled a weakening in economic activity. Preliminary PMI data in the Euro Area also presented a negative picture. Having announced a comprehensive stimulus package to support growth at the beginning of the week, the People's Bank of China cut interest rates in the following days. In Türkiye, BRSA and CBRT announced a series of new regulations in coordination to support financial stability. In September, inflation expectations declined in all sectors, while economic confidence index increased. Next week, markets will monitor inflation data in Türkiye and Euro Area, as well as US employment data. ICI Manufacturing PMI data will also be released in Türkiye.

OECD published its interim economic outlook report.

In its interim Global Economic Outlook report published this week, OECD stated that global growth remained resilient in 2024 and inflation continued to moderate. The organization raised its global growth forecast for 2024 by 0.1 percentage pts to 3.2%, while keeping it at 3.2% for 2025. OECD revised its growth forecasts for Türkiye downwards to 3.2% and 3.1%, respectively. Having revised its global inflation expectations downwards, OECD raised its inflation forecast for Türkiye slightly.

Annual core PCE inflation in the US came in at 2.7% in August.

In the US, durable goods orders remained flat in August despite the expectations of a decline, presenting a relatively resilient outlook. Preliminary services PMI for September came in above expectations at 55.4, confirming the positive outlook in the sector. On the other hand, manufacturing PMI remained below market expectations with 47.0, signaling a contraction in the sector for the third consecutive month and pointing to the ongoing weak course in the sector. In the same period, consumer confidence index recorded the fastest monthly decline since August 2021 and fell to 98.7.

Personal consumption expenditures (PCE) price index, which was announced on the last trading day of the week in the US, rose by 2.2% yoy in August, close to the Fed's inflation target. Core PCE prices, which the Fed monitors as an inflation indicator, rose by 0.1% mom, below expectations, while annual core PCE inflation came in at 2.7%. In addition to the relatively weak economic activity, the moderate trend in inflation supported the expectations that the Fed will continue to cut interest rates in its upcoming meetings.

In the Euro Area, flash PMI data pointed to continued weakness in activity.

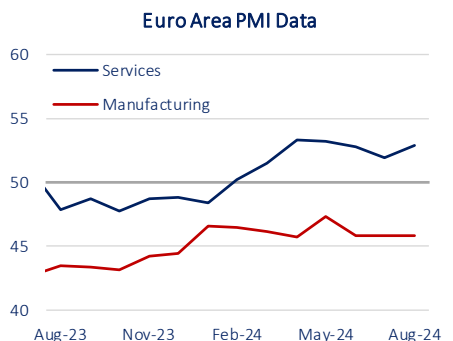
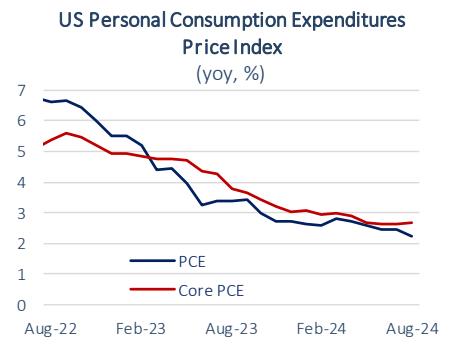
In the Euro Area, flash PMI data for September pointed out that economic activity followed a weak course. In this period, manufacturing PMI remained below the threshold with 44.8, while services PMI came in at 50.5, its lowest reading since February. The Ifo Business Climate index in Germany, also drew a negative picture due to the deterioration in assessments of the current situation.

A comprehensive stimulus package has been released in China.

The People's Bank of China (PBoC) announced a comprehensive stimulus package at the beginning of the week in order to achieve the country's 5% growth target. PBoC cut the 7-day reverse repo rate from 1.7% to 1.5% and reduced reserve requirements by 0.5 percentage pts to provide 1 trillion yuan (142 billion USD) of liquidity to the market. In

OECD	September Projections (%)		Change* (% points)	
	2024	2025	2024	2025
Growth				
World	3.2	3.2	0.1	0.0
USA	2.6	1.6	0.0	-0.2
Euro Area	0.7	1.3	0.0	-0.2
Türkiye	3.2	3.1	-0.2	-0.1

(*) From May 2024 projections



Source: CBRT, TurkStat, Datastream

addition, the package included a reduction in mortgage interest rates and a softening of the rules governing the purchase of second homes. Furthermore; funds, securities companies and insurance companies were allowed to use central bank resources for stock purchases. The PBoC also cut the 1-year medium-term lending rate to 2.0% from 2.3% by a decision taken during the week.

Regulations announced by the BRSA and the CBRT...

With its decision, the BRSA made it possible to restructure, the existing debt balances of personal credit cards whose minimum amount due for the period debt has not been paid and the debt balances of personal finance loans whose principal and/or interest payments are more than 30 days overdue, limited to 60 months. In addition, the BRSA increased the limit of 25.000 TRY to 50.000 TRY, which separates the minimum payment of credit card term debt at 20% and 40% rates. The CBRT also amended its regulation to make the maximum contractual interest rates to be applied in credit card transactions, varying according to the term debt, while limiting the monthly contractual interest rate to be used in the restructuring of credit cards.

12-month-ahead sectoral inflation expectations declined.

According to the data released by CBRT, 12-month-ahead annual inflation expectations decreased by 1.2 pts to 27.5% among market participants, by 2.7 pts to 51.1% in the real sector and by 1.5 pts to 71.6% among households. On the other hand, the proportion of households expecting a fall in inflation in the next 12 months declined to 29.0%.

Confidence indices presented a generally positive outlook in September.

After declining for four consecutive months, seasonally adjusted real sector confidence index rose by 1.2 pts mom to 99.2 in September. Expectations for export orders in the next three months and total amount of orders in the past three months supported the index, while volume of output in the next three months and assessments regarding the general business situation limited the increase in the index. In the same period, seasonally adjusted sectoral confidence indices increased by 0.6% and 2.5% in services and retail trade sectors, respectively, while decreasing by 0.2% in construction sector. Thus, economic confidence index, which is a composite of consumer, real sector and sectoral confidence indices, increased by 2.0% mom to 95.0.

The number of foreign visitors rose by 2.5% yoy in August.

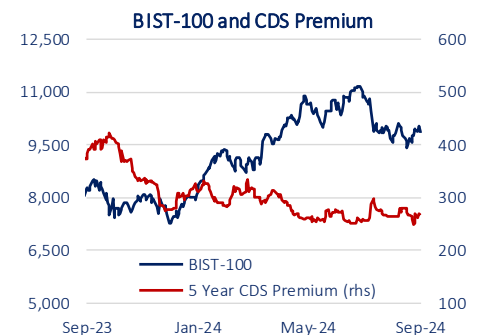
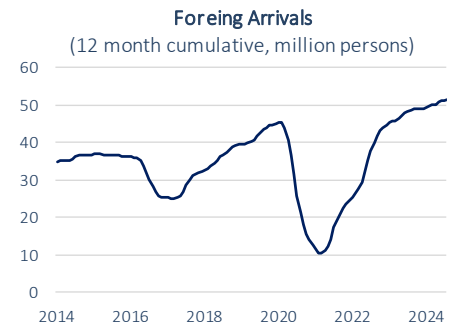
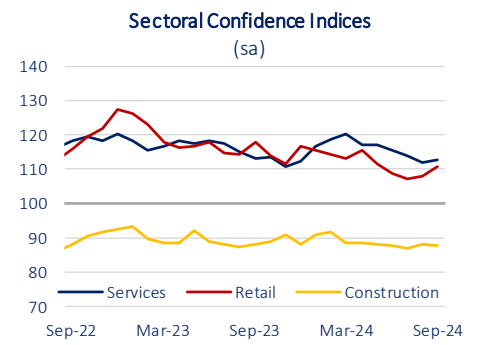
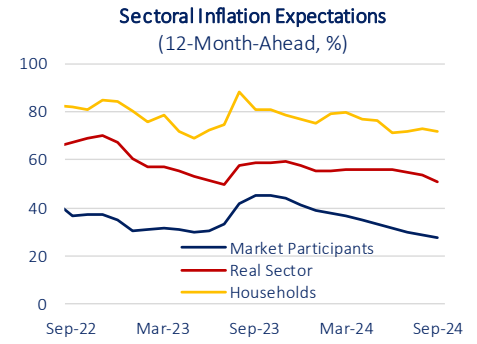
According to the data released by the Ministry of Culture and Tourism, the number of foreign visitors increased by 2.5% yoy to 6.8 million in August. Thus, in January-August period, the number of foreign visitors rose by 7.1% yoy to 35.8 million people.

Financial markets...

US stock markets followed a volatile course this week amid a heavy data flow, while the emerging markets stock index rose by 5.1% as of Thursday's close. Brent oil price continued its downward trend due to concerns over demand as well as expectations that some OPEC+ member countries may increase production. On the other hand, ounce gold price, which has been on the rise as major central banks have started their interest rate cut cycle, is set to close the week with gains. BIST-100 index diverged negatively from emerging markets this week and fell to 9,829 as of Thursday's close. On the other hand, according to the securities statistics released by CBRT, non-residents' GDDS portfolio increased rapidly by 1.6 billion USD in the week ending September 20th. This week, Türkiye's 5-year CDS premium decreased by 9 basis pts while Turkish lira followed a flat course against the US dollar.

Next week's agenda...

Next week, markets will monitor inflation data in Türkiye and Euro Area, as well as US employment data. Manufacturing PMI data will also be released in Türkiye. ICI Manufacturing PMI data will also be released in Türkiye.



Source: Datastream

Data Releases

		Period	Consensus	Prior
30 September	Germany CPI Inflation, flash, yoy	September	-	1.9%
	UK GDP Growth, final, yoy	2024 Q2	0.9%	0.9%
	China NBS Manufacturing PMI	September	49.5	49.1
	China NBS Non-Manufacturing PMI	September	-	50.3
	China Caixin Manufacturing PMI	September	50.5	50.4
	China Caixin Services PMI	September	-	51.6
01 October	TR Istanbul Chamber of Industry Manufacturing PMI	September	-	47.8
	US Manufacturing PMI, final	September	-	47.0
	US ISM Manufacturing PMI	September	47.3	47.2
	Euro Area CPI Inflation, flash, yoy	September	2.0%	2.2%
02 October	Euro Area Unemployment Rate	August	6.4%	6.4%
03 October	TR CPI Inflation, yoy	September	-	51.97%
	TR D-PPI Inflation, yoy	September	-	35.75%
	US Factory Orders, mom	August	-	5.0%
	US Services PMI, final	September	-	55.4
	US ISM Services PMI	September	51.7	51.5
	Euro Area HCOB Services PMI, final	September	50.5	50.5
04 October	TR CPI Based Real Effective Exchange Rate	September	-	62.34
	US Nonfarm Payrolls	September	145k	142k
	US Unemployment Rate	September	4.2%	4.2%

Economic Research Division

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

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@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>

LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.ř. 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 İř Bankası A.ř. 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 İř Bankası A.ř, 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.