

	15-Nov	21-Nov	Change		15-Nov	21-Nov	Change
BIST-100 Index	9.390	9.368	-0,2 % ▼	EUR/USD	1,0541	1,0473	-0,6 % ▼
TRY 2 Year Benchmark Rate	42,67 %	41,35 %	-132 bp ▼	USD/TRY	34,4185	34,4565	0,1 % ▲
Türkiye 5-Year CDS Premium	257	257	0 bp ●	EUR/TRY	36,1116	36,0904	-0,1 % ▼
MSCI EM Equity Index	1.085	1.085	0,0 % ●	Gold (USD/ounce)	2.561	2.670	4,2 % ▲
US 10-Year Bond Rate	4,43 %	4,43 %	0 bp ●	Brent Oil (USD/barrel)	71,0	74,2	4,5 % ▲

bp: basis point

At its meeting this week, CBRT kept the policy rate unchanged at 50% and stated that the level of policy rate will be determined to ensure the required tightness considering both the realized and expected inflation figures. Services production in Türkiye remained flat on an annual basis in September. House prices continued to decline in real terms in October. In the same period, central government gross debt stock increased by 40.1% yoy, below the inflation. Data releases and political developments in the US increased uncertainties regarding the Fed's interest rate cut path. On the other hand, data releases in the Euro Area pointed to a favorable course in inflation and a weak outlook in economic activity, which supported the expectations for future interest rate cuts. Next week, third quarter growth data to be announced in Türkiye as well as core PCE price index for October in US will be high on the agenda of the markets.

#### CBRT kept the policy rate unchanged at 50%.

At its meeting this week, CBRT kept the policy rate unchanged at 50% in line with market expectations. In the decision text published after the meeting, CBRT noted that the underlying trend of inflation displayed a decline in October. CBRT added that domestic demand continued to weaken and reached disinflationary level. In addition to the favorable course of core goods inflation, services inflation also displayed an improving trend. CBRT emphasized that food prices increased due to temporary supply conditions, while inflation expectations continued to improve, but continued to pose risks to the disinflation process. The text also underlined that increased coordination of fiscal policy will contribute to the disinflation process. In the decision, it was stated that the policy rate will be determined to ensure the required tightness considering both the realized and expected inflation figures.

This week CBRT changed the reserve requirement ratios as part of simplification steps in macroprudential framework as well. Accordingly, the reserve requirement ratio for short-term TRY deposits was raised from 15% to 17%, while the ratio for maintenance of TRY for FX deposits was lowered from 5% to 4%. Moreover, banks' target regarding TRY deposit share for legal persons was removed. In addition, the total target for KKM accounts' transition to TRY and renewals was reduced from 75% to 70%.

#### Services production remained flat on an annual basis.

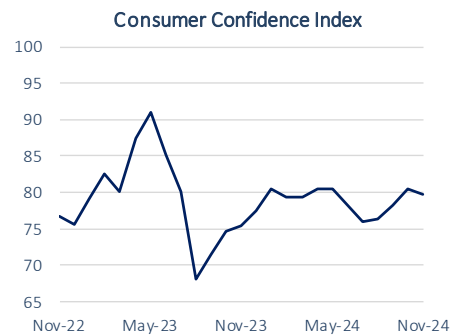
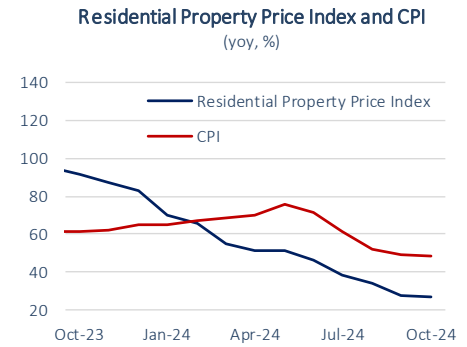
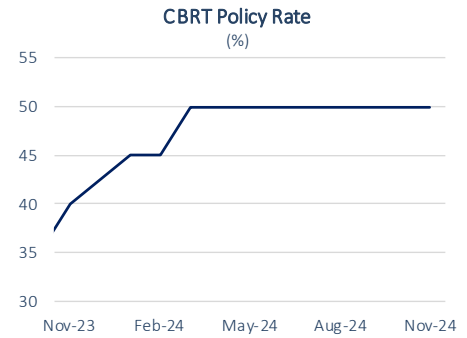
According to Turkstat data, services production index rose by 0.3% mom in September, while it remained flat yoy. Due to the accelerated house sales, real estate production index increased rapidly on an annual basis. On the other hand, the decline in transportation and storage as well as administrative and support sectors limited the services production. Thus, the data indicated that there was not a significant recovery in services production in September.

#### House prices rose by 26.8% yoy in October.

CBRT's house price index rose by 2.1% mom and 26.8% yoy in October. Thus, while the annual nominal increase in house prices continued to lose momentum, prices fell by 14.7% yoy in real terms. Despite the accelerating house sales in the same period, the pressure on house prices continued due to tight monetary policy.

#### The number of foreign visitors rose by 9.3% yoy in October.

According to the data released by the Ministry of Culture and Tourism, the number of foreign visitors to Türkiye increased by 9.3% yoy to 5.4 million in October. Thus, the total number of foreign visitors to Türkiye in the first 10 months of the year rose by 7% to 47.3 million people.



Source: CBRT, Datastream, MoCT, TurkStat

### Consumer confidence index fell to 79.8 in November.

Consumer confidence index fell by 1.0% mom to 79.8 in November. Thus, the index, which had increased consecutively in the previous three months, signaled a deterioration in expectations in November. In the related month, consumers' expectations for the general economic situation in the next 12 months declined the fastest by 2.0%. On the other hand, the sub-item regarding the financial situation of households in the current period rose by 2.1%, limiting the decline in the main index.

### Central government gross debt stock was 8.8 trillion TRY in October.

According to the data released by the Ministry of Treasury and Finance, central government gross debt stock increased by 1.7% mom and 40.1% yoy to 8.8 trillion TRY at the end of October. While 42.2% of the debt stock was composed of Turkish lira denominated debt, 57.8% of it was foreign currency denominated debt.

### Uncertainties regarding the path of interest rate cuts are increasing in the US.

Due to relatively quiet economic data agenda, political developments were highlighted in the US this week. Fed's interest rate cuts are expected to lose pace due to the recent data indicating a moderate course in economic activity as well as the expectation that the decisions of the elected Trump administration may put upward pressure on inflation.

October housing starts and existing home sales data released this week were in line with expectations, pointing to a moderate course in the housing market. On the other hand, preliminary data gave mixed signals on the course of economic activity. Philadelphia Fed manufacturing index remained in contraction territory with -5.5, well below the expectations, while jobless claims continued to decline in the week of November 16, presenting a positive outlook for the labor market.

### In Euro Area, preliminary data pointed out that economic activity remained weak.

In October, final CPI inflation in Euro Area was realized as 0.3% mom and 2.0% yoy, in line with the preliminary data. In this period, prices of unprocessed food products rose the fastest by 2.1% mom. In November, leading consumer confidence index recorded its fastest decline since September 2023 and came in at -13.7, below market expectations. In the same period, manufacturing and services PMI data also drew a negative picture, falling below both expectations and the threshold. The continued weak course of economic activity in the Euro Area and the decline in annual inflation to targeted levels indicate that the ECB will continue to cut interest rates in the upcoming period.

### Annual CPI inflation in the UK rose to 2.3%.

Annual CPI inflation in the UK rose to 2.3% in October from 1.7% in September. Thus, consumer inflation rose above the Bank of England's target of 2% again, indicating that inflationary risks persisted in the country. In addition to the higher-than-expected increase in core inflation, the expectations that the new government's budget proposal may create additional upward pressures on inflation strengthened the expectations that the BoE would adopt a cautious stance in interest rate cuts.

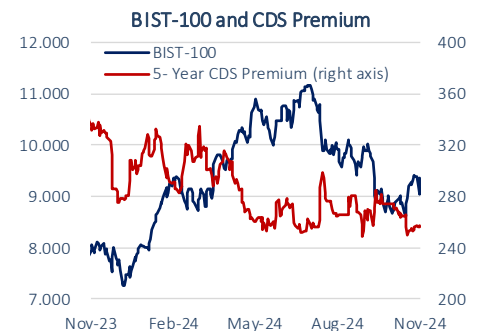
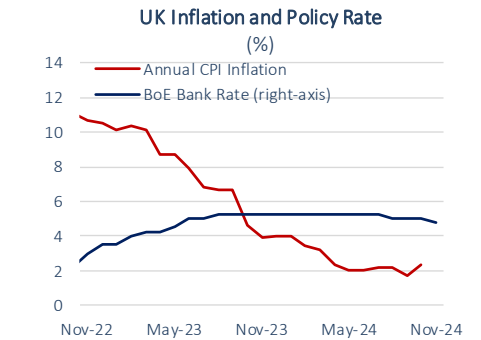
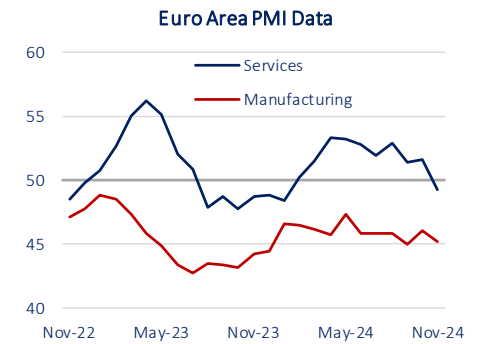
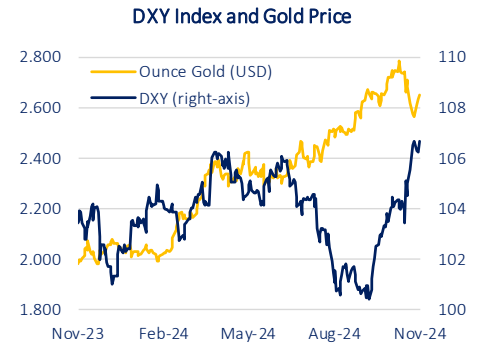
### Financial markets...

US stock market presented a mixed outlook this week due to the rising domestic and global uncertainties. Emergent market stock market index remained flat on a weekly basis. Parallel to rising geopolitical tensions, oil prices rose by 4.5% as of Thursday's close, while ounce gold prices increased by 4.2%. The US dollar continued to appreciate against other currencies. Due to diverging expectations regarding Fed's and ECB's interest rate cut paths, EUR/USD fell below 1.05.

Having an unfavorable outlook in the first half of the week, BIST 100 index recovered significantly following the CBRT meeting. Türkiye's 5-year CDS premium and USD/TRY followed a flat course. 2-year bond yields declined by 132 basis points to 41.35%.

### Next week's agenda...

The third quarter growth data to be announced in Türkiye and the core PCE price index in the US will come to the fore in the data agenda of next week. In Türkiye, real and sectoral confidence indices will be monitored as well.



Source: Datastream, MoTF

## Data Releases

		Period	Consensus	Prior
25 November	TR Real Sector Confidence Index, sa	November	-	102.2
	TR Capacity Utilization Rate, sa	November	-	75.2
	TR Sectoral Confidence Indices	November	-	-
	US Dallas Fed Manufacturing Index	November	-	-3.0
26 November	US Consumer Confidence	November	112.0	108.7
	US New Home Sales, units	October	728 thousand	738 thousand
27 November	US Core PCE, mom	October	0.3%	0.3%
	US GDP Growth, revision, yoy	2024 Q3	2.8%	2.8%
	US Durable Goods Orders, mom	October	0.1%	-0.7%
28 November	TR Economic Confidence	November	-	98.0
	TR Trade Balance	October	-	-5,1 billion USD
	Euro Area Consumer Confidence, final	November	-	-12.5
	Germany CPI Inflation, flash, yoy	November	2.3%	2.0%
29 November	TR GDP Growth, yoy	2024 Q3	-	2.5%
	Euro Area HICP Inflation, flash, yoy	November	2.4%	2.0%

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