

	5-Jan	12-Jan	Change		5-Jan	12-Jan	Change
BIST-100 Index	7,629	7,986	4.7 % ▲	EUR/USD	1.0941	1.0949	0.1 % ▲
TRY 2 Year Benchmark Rate	41.37 %	40.94 %	-43 bp ▼	USD/TRY	29.8202	30.0636	0.8 % ▲
Turkey 5-Year CDS Premium	302	305	3 bp ▲	EUR/TRY	32.6307	32.9539	1.0 % ▲
MSCI EM Equity Index	1,002	996	-0.6 % ▼	Gold (USD/ounce)	2,045	2,049	0.2 % ▲
US 10-Year Bond Rate	4.04 %	3.95 %	-9 bp ▼	Brent Oil (USD/barrel)	78.8	78.3	-0.6 % ▼

bp: basis point

The World Bank's Global Economic Prospects report published last week indicated that the risk of a global recession has diminished, while geopolitical risks were highlighted. The Bank announced its growth forecast regarding the global and Turkish economy for 2024 as 2.4% and 3.1%, respectively. In the US, CPI exceeded market expectations in December, while PPI fell by 0.1% mom. Recent data in Euro Area displayed a negative outlook for the last quarter of 2023. Moody's upgraded Türkiye's rating outlook from "stable" to "positive." Central government budget in Türkiye posted a deficit of 1.375 trillion TRY in 2023. Current account balance recorded a 2.7 billion USD deficit, while industrial production declined by 1.4% mom and signaled the slowdown in production activities continued in November. This week, US industrial production and capacity utilization data and Euro Area final inflation data for December will be released. In Türkiye, the results of CBRT's Survey of Market Participants for January stand out.

### The World Bank published its Global Economic Prospects report.

In its Global Economic Prospects report published last week, the World Bank claimed that the five-year period between 2020 and 2024 was the worst economic period in the last 30 years. The report pointed out that the risk of a global recession was mitigated by the positive performance of the US economy, while geopolitical developments are still posing risks to the global economy. The organization kept its global growth forecast for 2024 at 2.4% while revising its forecast for 2025 from 3% to 2.7%. In the report, Turkish economy is estimated to grow by 4.2% in 2023, while growth forecasts for 2024 and 2025 were revised from 4.3% and 4.1% to 3.1% and 3.9%, respectively.

### US CPI exceeded expectations in December.

In the US, consumer prices rose above expectations in December. Monthly and annual inflation were at 0.3% and 3.4%, respectively. Core CPI, excluding food and energy prices, which increased by 0.3% mom. However, annual core inflation maintained its downward trend by coming in at 3.9% in December. Annual PPI inflation came in at 1% in December, confirming the easing in inflationary pressures. Despite the slightly higher-than-expected CPI inflation in December, the probability of a rate cut by Fed in March approached 80%.

### Negative outlook continues in the Euro Area.

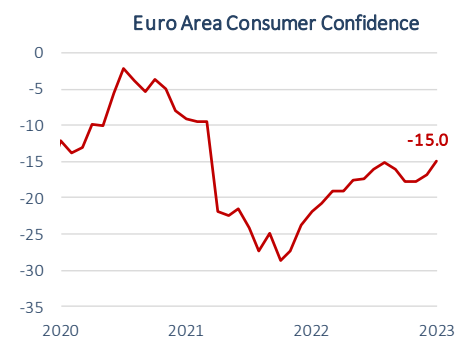
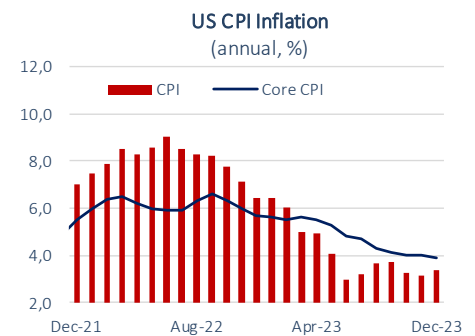
Last week, data releases for the last quarter of 2023 were closely monitored in Euro Area. Accordingly, unemployment rate in the Euro Area decreased by 0.1 pp to 6.4% in November, while youth unemployment rate dropped to 14.5%. On the other hand, retail sales in the Euro Area declined by 0.3% mom and 1.1% yoy in November, strengthening the negative perception regarding the demand conditions in the region.

In Germany, the largest economy in the Region, seasonally and calendar-adjusted industrial production decreased by 0.7% mom and 4.9% yoy in November. Thus, the slowdown in the country's industrial production continued for the sixth month in a row. The weak industrial production, accompanied by the drop in factory orders, supported expectations that the country might have contracted in the last quarter of 2023.

### World Bank GDP Growth Forecasts

	January		Difference*	
	2023	2024	2023	2024
<b>Growth</b>				
World	2.6	2.4	0.5	0.0
US	2.5	1.6	1.4	0.8
Euro Area	0.4	0.7	0.0	-0.6
Türkiye	4.2	3.1	1.0	-1.2

(\*): Difference from June projections



Source: World Bank, Datastream

### Central government budget posted a surplus deficit of 842.5 billion TRY in December.

Central government budget balance posted a deficit of 842.5 billion TRY in December. In this period, budget expenditures were realized at 1.392 trillion TRY, while budget revenues were realized at 550 billion TRY. Thus, central government budget deficit, which was realized as 1.375 trillion TRY in 2023, stood below the 1.633 trillion TRY deficit projected in the MTP ([Our budget balance report](#)).

### Current account deficit surpassed expectations in November.

In Türkiye, current account balance posted a deficit of 2.7 billion USD in November, higher than market expectations. The balance of payments-defined foreign trade deficit, which remained high at 4.4 billion USD, and the decline in travel revenues to 2.3 billion USD due to the end of the tourism season played a significant role in the current account figures. In November, direct investments recorded the highest net capital inflow of this year with 921 million USD, while portfolio investments also posted the highest net capital inflow of 2023 with 5.4 billion USD. 12-month cumulative deficit continued to narrow by declining to 49.6 billion USD ([Our balance of payments report](#)).

### Industrial production index declined in November.

Industrial production fell by 1.4% mom in November, while it recorded a 0.2% annual increase. The 7.3% monthly loss in durable consumer goods stood out in November. Seasonally adjusted unemployment rate rose to 9.0% in November. In the said period, employment rate decreased by 0.4 pp to 48.2%, while labor force participation rate decreased by 0.2 pp to 52.9%. In November, on the other hand, retail sales fell by 0.2% mom and increased by 12.8% yoy.

### Moody's revised Türkiye's rating outlook to positive.

Moody's kept Türkiye's "B3" credit rating unchanged while revising the rating outlook from "stable" to "positive." In its statement, Moody's assessed that the main reason for the revision of the outlook is that tight monetary policy increases the likelihood of bringing inflation down to sustainable levels. The institution announced that inflation may rise in the first half of the year but will start to decline in the second half = and will end the year around 45%. It was also stated that Türkiye's rating could be upgraded if Türkiye continues its tight monetary policy, bringing inflation down to reasonable levels and reducing macroeconomic imbalances.

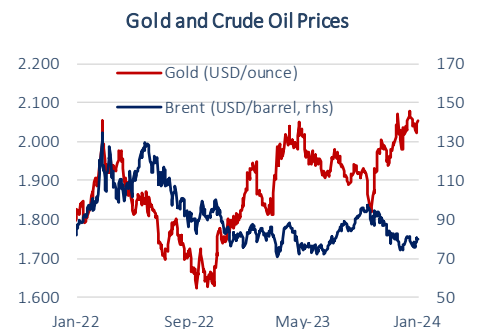
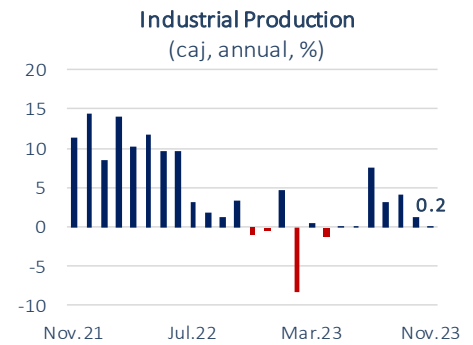
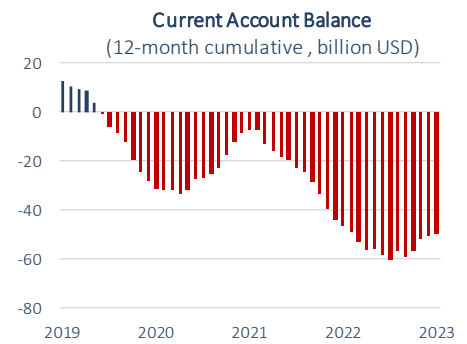
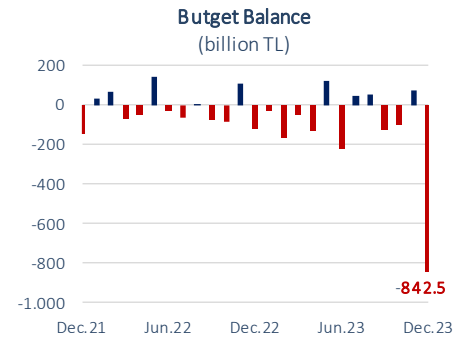
### Financial markets...

Last week, global equity markets followed a positive course. Oil prices, which remained under pressure until mid-week, recovered some of their losses due to the rising tension in the Middle East on Friday but ended the week with a 0.6% decline. Gold prices, which followed a downward trend throughout the week, ended the week with an increase at 2,049 USD/ounce as geopolitical tensions triggered safe-haven purchases and lower-than-expected US PPI data.

BIST-100 index, which had a favorable outlook, closed the week at 7,986 with an increase of 4.7%. 2-year benchmark bond yield declined on a weekly basis, while the depreciation in Turkish lira continued.

### This week's agenda...

This week, industrial production data will be released in the US, EA, and China. In Türkiye, January results of CBRT's Survey of Market Participants are followed.



## Data Releases

		Period	Consensus	Prior
<b>15 January</b>	TR Budget Balance	October	-842.5 billion TL (A)	75.6 billion TL
<b>16 January</b>	Euro Area Industrial Production, mom	November	-0.3	-0.7
	Euro Area Trade Balance	November	-	10.9 billion EUR
<b>17 January</b>	USA Industrial Production, mom	December	0.0%	0.2%
	USA Retail Sales, mom	December	0.4%	0.3%
	USA Capacity Utilization Rate	December	78.7%	78.8%
	Euro Area CPI Inflation, final, mom	December	0.2%	-0.6%
	China GDP Growth, yoy	Q4	5.3%	4.9%
	China Retail Sales, yoy	December	8.0%	10.1%
<b>18 January</b>	China Industrial Production, yoy	December	6.6%	6.6%
	USA New Home Sales, mom	December	1.44 million	1.56 million
	US Philadelphia Fed Business Index	January	-8.0	-12.8
<b>19 January</b>	CBRT Survey of Market Participants	January	-	-
	TR House Sales, yoy	December	-	-20.6%
	USA Existing Home Sales, mom	December	3.82 million	3.82 million
	USA Michigan Consumer Confidence, prelim	January	69.6	69.7

(A) Actual

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