

	23-Feb	1-Mar	Change		23-Feb	1-Mar	Change
BIST-100 Index	9,374	9,097	-3.0 % ▼	EUR/USD	1.0818	1.0837	0.2 % ▲
TRY 2 Year Benchmark Rate	43.65 %	45.26 %	161 bp ▲	USD/TRY	30.9651	31.3099	1.1 % ▲
Turkey 5-Year CDS Premium	285	297	12 bp ▲	EUR/TRY	33.3225	33.9820	2.0 % ▲
MSCI EM Equity Index	1,028	1,025	-0.4 % ▼	Gold (USD/ounce)	2,036	2,083	2.3 % ▲
US 10-Year Bond Rate	4.26 %	4.18 %	-8 bp ▼	Brent Oil (USD/barrel)	81.6	83.6	2.4 % ▲

bp: basis point

Turkish economy grew by 4.5% in 2023. In February, consumer prices increased above expectations and ISO Türkiye manufacturing PMI index exceeded the threshold level for the first time in the last 8 months, indicating an increase in activity in the manufacturing industry. The economic confidence index decreased in February, while preliminary figures indicated that the foreign trade deficit contracted by 42.3% yoy. In the US, annualized growth data for the last quarter of 2023 was finally revised to 3.2%. This week, Fed Chair Powell's testimony before the House of Representatives' Financial Services Committee and the US Senate Banking Committee come to the fore in global agenda. The US non-farm payrolls data, the ECB meeting and final services PMI data in developed countries will be followed as well. This week, data agenda will be calm in Türkiye.

### Turkish economy grew by 4.5% in 2023.

According to the chain-linked volume index, the Turkish economy grew above expectations with 4.0% on an annual basis in the last quarter of 2023, and 4.5% in whole year. The gradual decline in contribution of private consumption expenditures to growth continued, realizing 6.7 points in the last quarter of the year, the lowest level in the last 9 quarters ([Our GDP Growth report](#)).

### CPI inflation exceeded expectations in February.

CPI increased above expectations with 4.53% mom and 67.07% yoy in February. In this period, according to the main groups, the fastest monthly price increase posted in the education with 12.76%, followed by the food and non-alcoholic beverages with 8.25%. In February, D-PPI increased by 3.74% mom and 47.29% yoy ([Our Inflation Report](#)).

### ICI Türkiye Manufacturing Index increased to 50.2 in February.

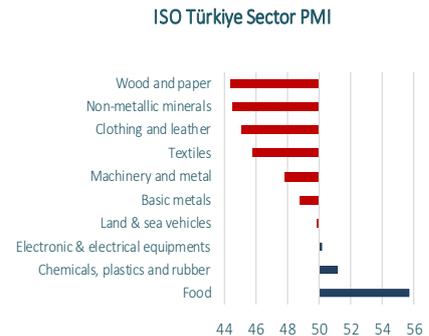
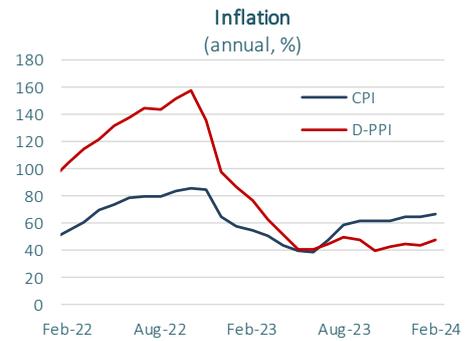
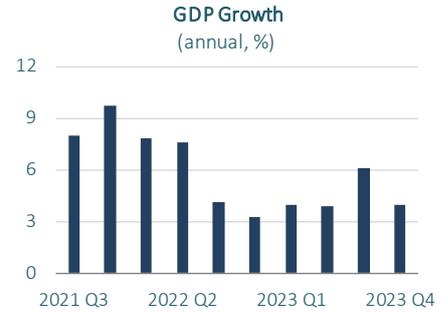
Türkiye manufacturing index announced by the Istanbul Chamber of Industry (ICI) was 50.2 in February, indicating an expansion in operating conditions for the first time in the last 8 months. According to sectoral PMI figures in terms of output increase was recorded in only 4 of the 10 sectors followed, it was noteworthy that the new orders sub-index pointed out an increase only in the food sector. In parallel with increasing transportation costs due to geopolitical tensions, the fastest increase in input prices was observed in the land and sea vehicles sector.

### Foreign trade deficit decreased by 42.3% yoy in February.

According to the preliminary foreign trade data for February, announced by the Ministry of Trade, exports increased by 13.6% yoy to 21.1 billion USD, while imports decreased by 8.5% yoy to 28.1 billion USD. Thus, the foreign trade deficit contracted by 42.3% to 7 billion USD in this period.

### Economic confidence index dropped to 99.0 in February.

Economic confidence index continued its course below the threshold level in February, decreasing by 0.4 pts on a monthly basis and came in at 99.0. In this



Source: Datastream, Istanbul Chamber of Industry

period consumer, real sector and retail trade confidence indices decreased by 1.3%, 0.9% and 1.0%, respectively, on a monthly basis. On the other hand, service and construction sector confidence indices increased by 1.6% and 1.0%, respectively.

#### Annualized GDP growth for Q4 was revised to 3.2% in the US.

US annualized GDP growth, which was previously announced as 3.3%, was revised to 3.2% at the last quarter of 2023. The decline in inventory investments led the revision of growth data, while government and private consumer spendings were updated slightly upwards. The personal consumption expenditures (PCE) price index, which is one of the key factors in Fed's decisions on monetary policy, increased by 0.3% mom, and by 2.4% yoy in January. In this month, core PCE also increased by 0.4% mom and 2.8% yoy. In January, personal income rose by 1.0% mom, well above market expectations.

#### US manufacturing data gave mixed signals in February.

Manufacturing PMI data in the US gave mixed signals. Final reading of manufacturing PMI in February was announced as 52.2, which is 0.7 pt above the flash data, indicating an expansion in the sector. The ISM manufacturing index, on the other hand, continued its course below the threshold level, decreasing by 1.3 pts compared to the previous month and came in at 47.8.

Consumer confidence index in the US decreased by 4.2 pts on a monthly basis in February, falling to 106.7 after a three-month increase. The present situation index, based on consumers' assessment of current business and labor market conditions, and the expectations index, based on consumers' short-term assessments for income, business and labor market conditions, deteriorated in February. It was stated that the decline was due to the uncertainties in the labor markets and political environment in the US rather than inflationary concerns.

#### Financial markets...

Last week, US stock markets increased thanks to PCE data, which was in line with expectations, as well as the continued upward trend in tech stocks. The barrel price of Brent crude oil completed the week at 83.6 USD with an increase of 2.4%, due to geopolitical tensions and the announcement of OPEC+ countries that they would extend their production cuts to the end of June. Last week, ounce price of gold increased by 2.3% to 2,083 USD.

Despite the upward trend in global markets, the BIST-100 index, which recently reached historical high levels, diverged negatively last week due to profit realizations. The index completed the week with a 3% decrease to 9,097, led by the sales in the banking sector. Türkiye's 5-year CDS risk premium increased by 12 bps to 297. TRY depreciated against USD and Euro last week.

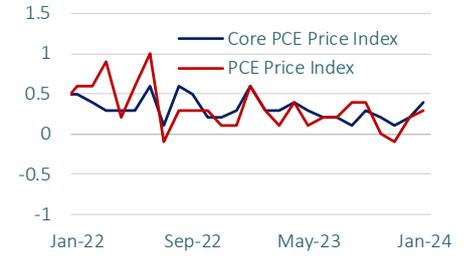
#### This week's agenda...

This week, the US non-farm payrolls and the ECB meeting come to the fore in the agenda of the markets. Services PMI final data of developed countries will also be announced. Additionally, Fed Chair Powell's testimony in the House of Representatives Financial Services Committee and the US Senate Banking Committee will be followed. This week, data agenda will be calm in Türkiye.

US GDP  
(annual, %)



US Personal Consumption Expenditures  
Indicators  
(monthly, %)



US Manufacturing PMI



Brent Crude Oil Price  
(USD/barrel)



Source: Datastream

Data Releases

		Period	Consensus	Prior
4 March	TR CPI Inflation, mom	February	4.53% (A)	6.7%
	TR D-PPI Inflation, mom	February	3.74% (A)	4.14%
	Euro Area Sentix Index	March	-11.0	-12.9
5 March	CPI Based Real Effective Exchange Rate	February	-	56.95
	USA Services PMI, final	February	-	51.3
	US N-Mfg PMI	February	53.0	53.4
	USA Factory Orders, mom	January	-2.8%	0.2%
	Euro Area Services PMI, final	February	50.0	50.0
	Euro Area PPI Inflation, mom	January	-	-0.8%
	China Caixin Services PMI	February	-	52.7
	USA ADP Employment Report	February	150k	107k
6 March	Euro Area Retail Sales, mom	January	0.1%	-%1.1
	Germany Trade Balance	January	21.5 billion Euro	22.2 billion Euro
	TR Treasury Cash Balance	February	-	-206.8 billion TRY
7 March	USA Trade Balance	January	-63.4 billion USD	-62.2 billion USD
	ECB Meeting	March	4.5%	4.5%
	China Trade Balance	February	107 billion USD	75.34 billion USD
	USA Nonfarm Payrolls	February	200k	353k
8 March	USA Unemployment Rate	February	3.7%	3.7%
	Euro Area GDP Growth, revised, yoy	2023 Q4	0.1%	0.1%
	Germany PPI Inflation, mom	January	-0.1%	-1.2%

(A) Actual

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