

	1.Mar	8.Mar	Change		1.Mar	8.Mar	Change
BIST-100 Index	9.097	9.155	0,6 % ▲	EUR/USD	1,0837	1,0937	0,9 % ▲
TRY 2 Year Benchmark Rate	45,26 %	48,29 %	303 bp ▲	USD/TRY	31,3099	31,8400	1,7 % ▲
Türkiye 5-Year CDS Premium	297	320	23 bp ▲	EUR/TRY	33,9820	34,8289	2,5 % ▲
MSCI EM Equity Index	1.025	1.037	1,2 % ▲	Gold (USD/ounce)	2.083	2.178	4,5 % ▲
US 10-Year Bond Rate	4,18 %	4,09 %	-9 bp ▼	Brent Oil (USD/barrel)	83,6	82,1	-1,8 % ▼

bp: basis point

Fitch upgraded Türkiye's sovereign credit rating by one notch and updated its outlook as "positive". In Türkiye, CBRT continued its additional tightening steps last week in which a busy data agenda monitored. Fed Chairman Powell said the Fed was not far from having confidence in the inflation outlook in his speech in Senate Banking Committee. ECB did not change its policy rate in its meeting and revised its inflation and growth projections for 2024 downwards. In the Region, January PPI data pointed to a decline in inflationary pressures, while retail sales confirmed the sluggish demand. This week, US inflation data for February will be closely monitored. In Türkiye, January balance of payments data and March Market Participants Survey will be released.

Fitch raised Türkiye's credit rating.

International credit rating agency Fitch raised Türkiye's credit rating by one notch to B+ and updated its credit outlook from "stable" to "positive". Thus, Türkiye's credit rating was raised for the first time since 2013. Citing increased confidence in the durability and effectiveness of policies implemented since the pivot in June 2023 as the reason for the upgrade in the credit rating, the agency stated that the economic policy stance is consistent with the goal of achieving a significant decline in inflation and reducing the current account deficit. Fitch also stated that the credit rating could be upgraded again if the disinflation is achieved permanently and confidence in the existing policies increases further. According to Fitch's calendar, the next assessment of Türkiye is scheduled for September 6.

CBRT announced additional tightening measures.

Last week, CBRT announced additional tightening measures to support its tight monetary policy stance. Accordingly, the monthly growth limits for TL commercial loans and general purpose loans were lowered to 2% from 2.5% and 3.0%, respectively. According to the decision, loans targeting exports, investment, agriculture and tradesmen, as well as loans extended to public institutions and the earthquake zone will remain exempt from this restriction. Banks exceeding the 2% growth limit for the specified loans will hold additional reserves equal to the amount exceeded.

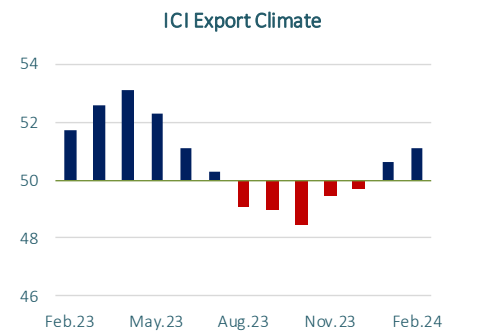
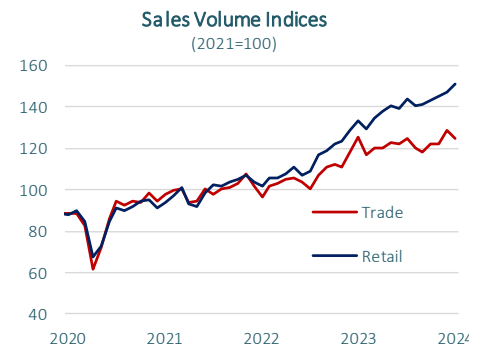
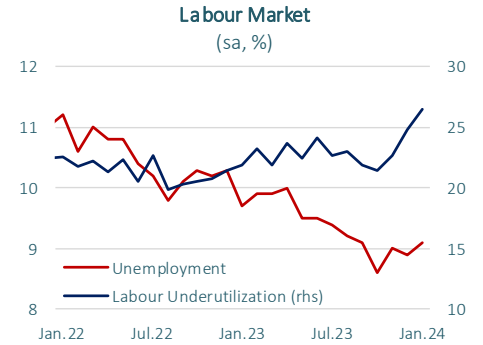
Unemployment rate rose to 9.1% in January.

According to TurkStat data, seasonally adjusted unemployment rate rose by 0.2 pts mom to 9.1% in January. In this month, labour force increased by 245 thousand people while the employment surged by 160 thousand. On the other hand, the underutilization rate, which is composed of time-related underemployment, potential labour force and unemployed, maintained its upward trend and came in at 26.5%.

Trade sales volume index, which was released for the first time by TurkStat, contracted by 3.2% mom and 0.4% yoy in January. The decline in wholesale trade was the main driver of the decline in the index, while retail sales volume as a sub-indices expanded by 2.6% mom. The highest monthly increase in retail sales volume was recorded in electronic goods and furniture.

Export climate index signaled a recovery in February.

Türkiye Manufacturing Export Climate Index announced by the Istanbul Chamber of Industry rose to 51.1 in February, the highest level since June 2023. According to the statement, the moderate optimistic outlook in the main export markets as well as the growth in the Middle East market had a positive impact on the export climate. On the other hand, the ongoing slowdown in Germany and France, Türkiye's major export markets, limited the rise in the index.



Source: CBRT, MoTF, TurkStat, ICI, Datastream

According to the IMF report published last week, trade in the Suez Canal contracted by 50% in the first two months of the year due to the attacks in the Red Sea. IMF pointed that the rising tension in region led to increase in both delivery times and transportation costs in trade from the Far East to EU countries. This situation is expected to have a positive impact on Türkiye's export performance.

Treasury cash deficit was 198.3 billion TRY in February.

In February, Treasury cash deficit and primary cash deficit were realized as 198.3 billion TRY and 143.8 billion TRY, respectively. Revenues, which were weak in the last year due to the earthquake disaster, rose by 170.2% yoy while expenditures increased by 100.4% yoy in this month.

Powell's speech in Senate was closely monitored.

In his speech in the Senate, Fed Chairman Powell stated that the Fed will not start cutting interest rates until the Fed is confident that inflation is moving towards the 2% target, while expressing that the Fed's confidence in the inflation outlook has been improving. Markets are pricing that the Fed will start the rate cuts at its June meeting.

Last week, data releases in the US for the first quarter painted a mixed picture for the US economy. Factory orders fell by 3.6% mom in January, the sharpest decline since the pandemic. Although non-farm employment in the country increased by 275K people in February, above the market expectations, the increase in employment in the previous month was revised downward from 353K to 229K. In this period, the rise in average hourly earnings did not meet the expectations. In February, unemployment rate rose by 0.2 pts to 3.9%.

ECB kept the policy rate unchanged.

ECB kept the policy rate unchanged at its meeting held on last week. In the statement released after the decision, it was stated that although most measures of underlying inflation have eased further, domestic price pressures remain high due to the growth in wages. Stating that tight financing conditions helped to reduce inflation, ECB lowered its inflation forecasts for 2024 and 2025 to 2.3% and 2.0%, respectively, while revising its economic growth forecast for 2024 downwards by 0.2 pp to 0.6%. On the other hand, the Region's GDP growth for the last quarter of 2023 was announced as 0.1% yoy, in line with the preliminary data.

Euro Area PPI fell more than market expectations by 0.9% mom in January, confirming the improvement in the inflation outlook in line with the ECB's statement. In this period, retail sales in the Euro Area increased by 0.1% mom, while the services final PMI revised to 50.2 in February and March Sentix confidence index exceeded the expectations. Thus, the recent data releases in Euro Area positively affected the expectations for economic activity.

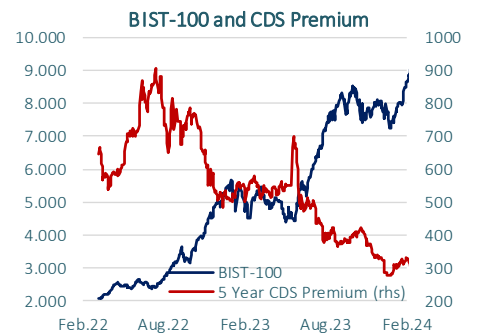
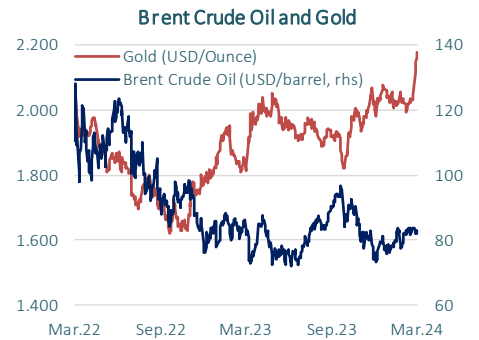
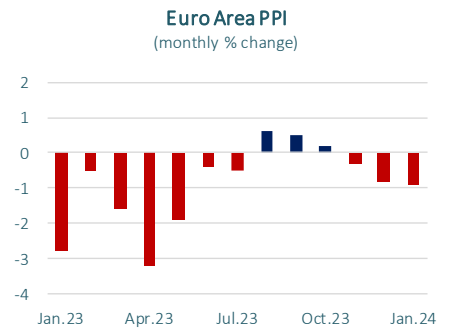
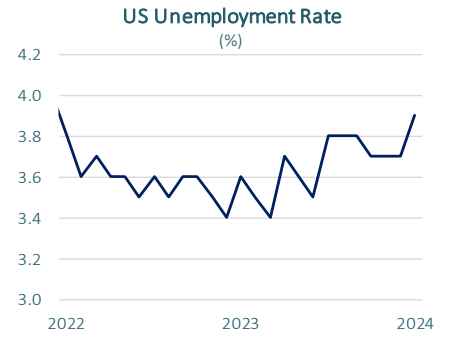
Financial markets...

Last week, US stock markets had declined as investors adopted a cautious stance ahead of Powell's speech then followed a generally favorable course after the speech. Ounce gold price rose by 4.5% on a weekly basis to a historic high due to expectations that interest rate cuts are approaching if no additional risks emerge.

BIST-100 index ended the week with a rise of 0.6%. Türkiye's 5-year CDS premium increased by 23 bps last week due to the higher-than-expected February inflation at the beginning of the week and the following accelerated depreciation in TRY, while the 2-year benchmark bond yield increased by 303 bps. The CPI-based real effective exchange rate announced by the CBRT, rose in a relatively rapidly by 2.5% mom to 58.55 in February.

This week's agenda...

This week, US inflation data for February will come to the fore in the markets, while Euro Area industrial production data for January will also be monitored. In Türkiye, balance of payments and industrial production data for January and CBRT's Market Participants Survey for March stand out on the agenda.



Source: ECB, Datastream

Data Releases

		Period	Consensus	Prior
11 March	TR Unemployment Rate	January	9.1% (A)	8.9%
	TR Trade Sales Volume, yoy	January	-0.4% (A)	8.6%
	Japan GDP Growth, final, qoq	2023 Q4	0.1% (A)	-0.1
12 March	TR Current Account Balance	January	-2.80 billion USD	-2.09 billion USD
	TR Industrial Production, yoy	January	-	1.6%
	US CPI Inflation, yoy	February	3.1%	3.1%
	US Core CPI Inflation, yoy	February	3.7%	3.9%
13 March	Euro Area Industrial Production, yoy	January	-2.8%	1.2%
14 March	TR House Sales, yoy	February	-	-17.8%
	TR Services Production, yoy	January	-	-
	US PPI Inflation, yoy	February	1.2%	0.9%
	US Retail Sales, mom	February	0.7%	-0.8%
15 March	TR Budget Balance	February	-	-150.7 billion TRY
	CBRT Survey of Market Participants	March	-	-
	US Industrial Production, mom	February	0.0%	-0.1%
	US NY Fed Manufacturing Index	March	-7.5	-2.4
	US Michigan Consumer Confidence, prelim	March	76.6	76.9

(A) Actual

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