

	15-Mar	22-Mar	Change		15-Mar	22-Mar	Change
BIST-100 Index	8.829	9.112	3,2 % ▲	EUR/USD	1,0887	1,0805	-0,8 % ▼
TRY 2 Year Benchmark Rate	48,39 %	47,79 %	-60 bp ▼	USD/TRY	32,1144	32,0132	-0,3 % ▼
Türkiye 5-Year CDS Premium	312	318	6 bp ▲	EUR/TRY	34,9810	34,5972	-1,1 % ▼
MSCI EM Equity Index	1.035	1.039	0,4 % ▲	Gold (USD/ounce)	2.156	2.164	0,4 % ▲
US 10-Year Bond Rate	4,30 %	4,22 %	-9 bp ▼	Brent Oil (USD/barrel)	85,3	85,4	0,1 % ▲

bp: basis point

Last week, CBRT raised the policy rate to 50%. In March, consumer confidence index followed a flat course, while real sector confidence index reached the highest level of the last 4 months. Fed, BoE and PBoC kept their policy rates unchanged at their meetings held on last week, when BoJ hiked interest rates for the first time in 17 years. Fed members' projections released after the meeting supported the global risk appetite as members continued to anticipate a 75 bps rate cut for this year. Flash PMI figures revealed last week that, in March, manufacturing and services sectors continued to expand in the US, while the divergence between sectors continued in the Euro Area. This week, February personal consumption expenditures (PCE) inflation in the US will be closely monitored. Domestic data agenda will be calm this week.

CBRT raised the policy rate to 50%.

CBRT raised the policy rate by 500 bps to 50% at its meeting last week. The CBRT also changed its operational framework and decided to set the overnight borrowing and lending rates with +/- 300 bps margin compared to the one-week repo auction rate. In the statement released after the meeting, it was stated that recent indicators point to the ongoing resilience in domestic demand, while stickiness in services inflation, inflation expectations, food prices and geopolitical developments keep inflation pressures alive. In the statement, it was emphasized that the tight monetary stance will be maintained until the underlying trend of monthly inflation displays a significant, lasting decline and inflation expectations converge to the projected forecast range. It was also stated that real appreciation of Turkish Lira and the improvement in inflation expectations will bring down the underlying trend of monthly inflation would decline, and disinflation would be established in the second half of the year.

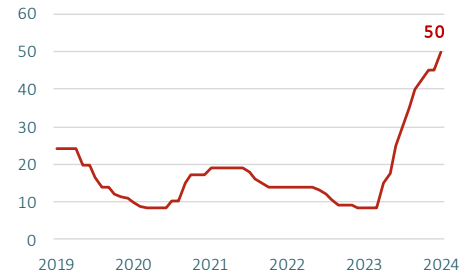
Confidence indices sent mixed signals in March.

Consumer confidence index, which increased only by 0.02% mom, remained flat at 79.4 in March. Among the sub-indices, it was noteworthy that financial situation of household and general economic situation expectations over next 12 months improved compared to February, while evaluations for the current period deteriorated. In March, real sector confidence index increased by 1.5 pts mom to 103.5, the highest level of the last 4 months, while manufacturing capacity utilization rate rose by 0.2 pts mom to 77.2%. In this period, among sectoral confidence indices, services increased by 1.5% mom, while retail trade and construction declined by 1.0% and 3.6%, respectively.

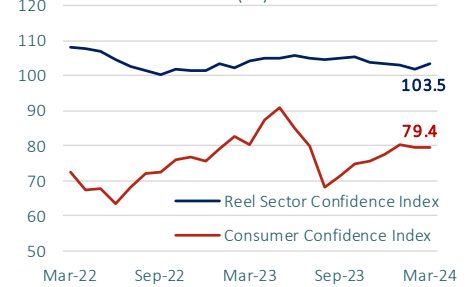
Number of foreign visitors increased by 22.7% yoy in February.

According to the data released by the Ministry of Culture and Tourism, the number of foreign visitors increased by 22.7% yoy to 2.3 million in February. In this period, the 12-month cumulative figures reveal that number of visitors reached a record high of 49.7 million. In February the highest number of visitors came from Iran with 226 thousand people, while Russia and Germany followed this country.

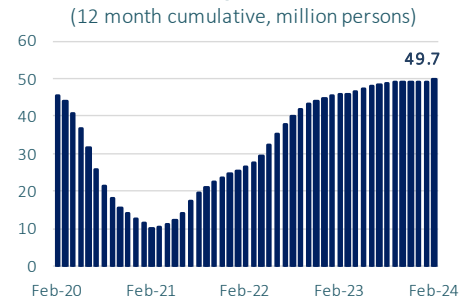
CBRT Policy Rate (%)



Confidence Indices (sa)



Foreign Arrivals



Source: CBRT, TurkStat, KTB, Datastream

Fed kept policy rate unchanged in line with expectations.

At its meeting held on last week, the Fed left policy rate between 5.25%-5.50% in line with market expectations. In the statement published after the meeting, it was stated that economic activity had been expanding at a solid pace while inflation had eased over the past year but remained elevated. According to the Fed members' projections published after the meeting, the expectation of 75 bps rate cut for this year was preserved, and the growth forecast for 2024 was revised upwards from 1.4% to 2.1%. Furthermore, core PCE inflation forecast was revised upwards from 2.4% to 2.6%. In his speech after the meeting, Fed Chair Powell stated that the policy rate was probably at its peak and it might be appropriate to start cutting rates that year, and the strong outlook in the labor market alone was not a reason to delay rate cuts.

In the US, flash PMI figures for March painted a positive outlook regarding economic activity. In this period, manufacturing PMI came in at 52.5, pointing a better-than-expected performance for the sector, while services PMI came in at 51.7, indicating that the expansion in the services sector continued, albeit loss of momentum.

Major central bank meetings were monitored closely.

Last week, the Bank of England (BoE) and the People's Bank of China (PBoC) kept interest rates unchanged. The Bank of Japan (BoJ) raised its policy rate for the first time in 17 years to 0.0%-0.1%, and ended its negative interest rate policy which was implemented since 2016.

The decline in manufacturing production in the Euro Area deepened.

Flash manufacturing PMI in the Euro Area fell to 45.7 in March, the lowest level of this year, signaling the deepening of deterioration in the sector. On the other hand, services flash PMI came in at 51.1 in the same period, indicating that the improvement trend in the sector was preserved. Despite remaining below its long-term average, Euro Area consumer confidence reached the highest level in two years in March with -14.9.

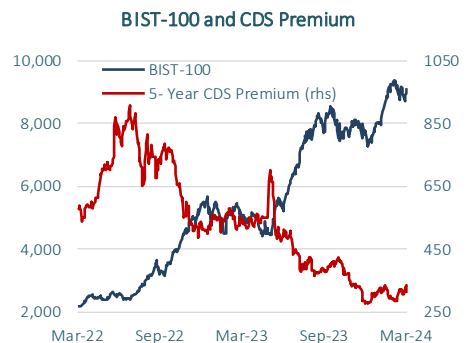
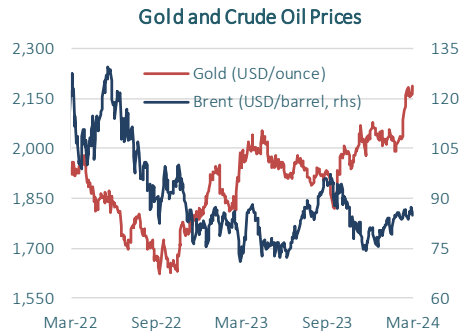
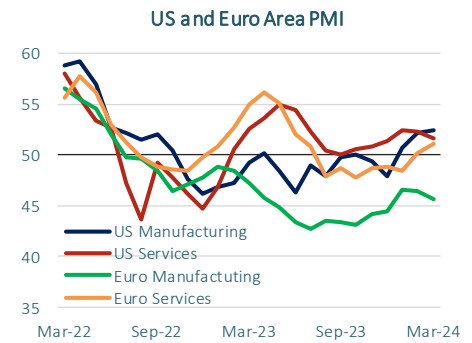
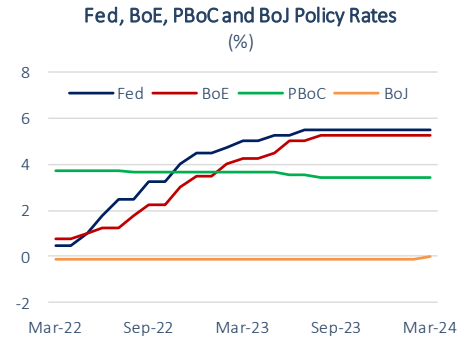
Financial markets...

Last week, Fed members' expectations for a 75 bps interest rate cut for this year led to global risk appetite to increase. The ounce price of gold, which tested the 2,200 USD level during the week and posted a new record, ended the week at 2,164 USD with a weekly increase of 0.4%. Although remained under pressure due to rise in US oil inventories, Brent crude oil price rose by 0.1% on a weekly basis to 85.4 USD per barrel.

BIST-100 index, which maintained its volatile outlook, closed last week at 9,112 with a 3.2% increase. Türkiye's 5-year CDS premium ended the week at 318 bps, while the 2-year benchmark bond yield at 47.79%. The Turkish lira appreciated by 0.3% and 1.1% against the US dollar and the euro, respectively.

This week's agenda...

This week US personal consumption expenditures (PCE) inflation for February will be closely monitored. In Türkiye, there is a relatively quiet data agenda.



Source: Fed, BoE, PBoC, BoJ, Datastream

Data Releases

		Period	Consensus	Prior
25 March	USA New Home Sales, units	February	673K	661K
26 March	USA Consumer Confidence	March	106.7	106.7
	USA Durable Goods Orders, mom	February	1.0%	-6.2%
27 March	FOMC Minutes	March	-14.9	-14.9
28 March	TR Economic Confidence	March	-	99.0
	USA GDP Growth, final, yoy	2023 Q4	3.2%	3.2%
	USA Michigan Consumer Confidence, final	March	77.0	76.5
	USA Pending Home Sales, mom	February	-	-4.9%
29 March	TR Trade Balance	February		-6.2 billion USD
	USA Core PCE, mom	February	0.3%	0.4%

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