

	22-Mar	29-Mar	Change		22-Mar	29-Mar	Change
BIST-100 Index	9,112	9,142	0.3 % ▲	EUR/USD	1.0805	1.0793	-0.1 % ▼
TRY 2 Year Benchmark Rate	47.79 %	45.44 %	-235 bp ▼	USD/TRY	32.0132	32.3460	1.0 % ▲
Türkiye 5-Year CDS Premium	318	303*	-14 bp ▼	EUR/TRY	34.5972	34.9195	0.9 % ▲
MSCI EM Equity Index	1,039	1,043	0.4 % ▲	Gold (USD/ounce)	2,164	2232*	3.2 % ▲
US 10-Year Bond Rate	4.22 %	4.19%*	-2 bp ▼	Brent Oil (USD/barrel)	85.4	87.5*	2.4 % ▲

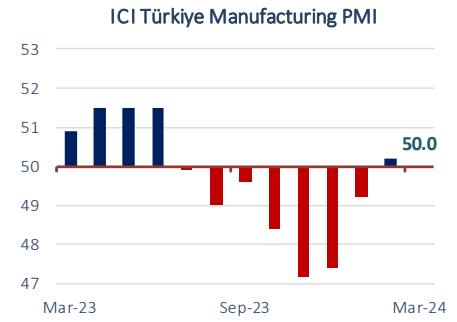
bp: basis point

(\*) 28 March data

Local elections, which was held on Sunday, was high on the agenda last week. On the other hand, data agenda of the markets was relatively quiet in both Türkiye and in the world. In Türkiye, economic confidence index rose to the threshold level of 100 in March, while Istanbul Chamber of Industry manufacturing PMI presented a flat outlook. Core PCE, which is closely monitored by the Fed, increased by 2.8% yoy, the lowest annual increase since March 2021. This week, March inflation in Türkiye, US non-farm payrolls data and Euro Area inflation data will be announced. In addition, developments following the local elections will be monitored.

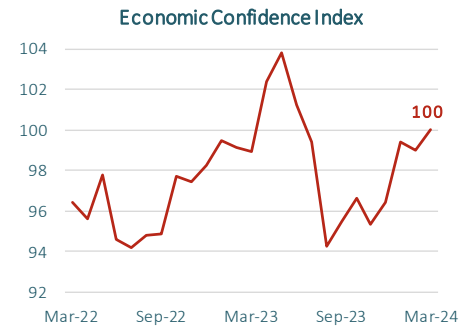
### ICI Türkiye Manufacturing PMI came in at 50 in March.

Istanbul Chamber of Industry Türkiye manufacturing PMI index came in at 50.0 in March and ended the first quarter of the year with a flat outlook. On the other hand, according to sectoral PMI data, activity in almost all sectors, except food, slowed down in March. Stagnant demand and the ongoing rapid increases in input costs put pressure on the sectoral activities, while the persistence of negative outlook in the textile sector stood out.



### Economic confidence index reached the threshold value of 100.0 pts in March.

Economic confidence index, which has been hovering below the threshold level since July 2023, increased by 1.0 point in March compared to the previous month and reached the threshold level of 100. In this period, the improvement in consumer, real sector and services sector confidence indices underpinned the rise in overall economic confidence. On the other hand, the weakness in retail trade and construction sectors as a result of the current tight monetary policy affected the confidence indices in these sectors and the economic confidence index downwards.



### In 2023, the unemployment rate was 9.4%.

According to the annual labor force statistics released by TURKSTAT, the unemployment rate in 2023 was recorded as 9.4%, down by 1.0 pp compared to 2022. In 2023, labor force and employment increased by 562 thousand and 880 thousand persons, respectively. Thus, in 2023, the employment rate increased by 0.8 pts compared to the previous year and reached 48.3%. Last year, employment increased in all sectors except agriculture, and the surge of employment in the service sector by 852 thousands people stood out. In 2023, construction sector employment increased by 151 thousand people.

### S&P raised its growth expectation for the Turkish economy.

S&P, which published its second quarter economic outlook report last week, stated that growth in the US was expected to be 2.5% in 2024. The report predicted that inflation in the US would approach the 2% target this year, but would remain above the target as a reflection of the stickiness in services

S&P Global Ratings GDP Growth Forecasts				
Country	2024	2025	2026	2027
USA	2,5	1,5	1,7	1,9
Argentina	-3,5	3,3	2,2	2,5
Brazil	1,8	2,0	2,1	2,2
Mexico	2,5	1,8	2,2	2,3
Sth. Africa	1,3	1,5	1,4	1,4
Türkiye	3,0	3,0	2,8	2,8

Source: ICI, TURKSTAT, S&P Global, Datastream

inflation. Growth in the US is expected to remain under pressure with the lagged effects of high interest rates as of the second half of 2024, while the effects of this situation may be felt in developing economies. In the report, the growth forecast for Türkiye was raised from 2.4% to 3.0% for 2024 and from 2.7% to 3.0% for 2025.

### Positive outlook in the US economy...

Data released in the US last week signalled that the positive outlook continued in the first quarter of the year. Although the consumer confidence index in the country remained below expectations with 104.7 in March, the Michigan consumer sentiment index, which was announced in the following days, reached its highest level since July 2021 with 79.4. In February, durable goods orders in the country increased by 1.4% mom, exceeding expectations. Personal consumption expenditures (PCE) price index, which was announced on Friday last week, rose by 0.3% mom in February and remained slightly below the market expectations. While PCE inflation in the US rose moderately by 2.5% yoy, core PCE, closely monitored by the Fed, posted the lowest annual increase since March 2021 with 2.8% yoy.

### Interest rate cut expectations in Euro Area...

In March, economic confidence index in Euro Area increased by 0.8 pts compared to the previous month and reached 96.3. It was noteworthy that industrial confidence, one of the sub-items of the economic confidence index, rose to its highest level in the last six months. Despite the ongoing weakness in economic activity in the Euro Area, ECB Chief Economist Lane's statement last week that wage increases are converging to normal levels and opening the door for the ECB to cut interest rates, was perceived positively by the markets. ECB Governing Council Member Stournaras also said that 4 rate cuts each by 25 bps could be made until the end of 2024.

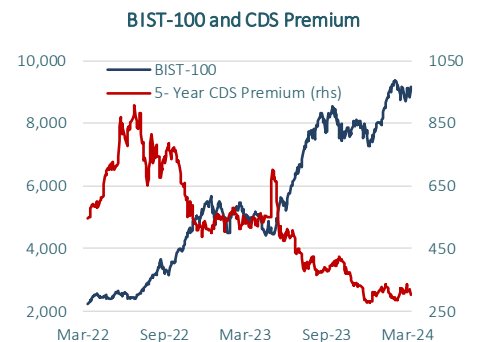
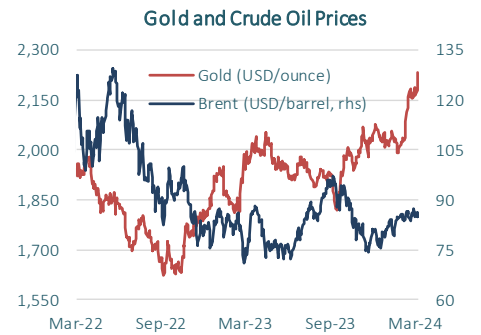
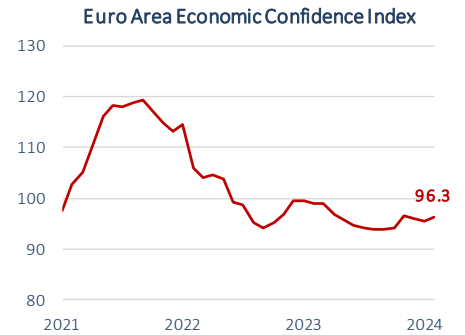
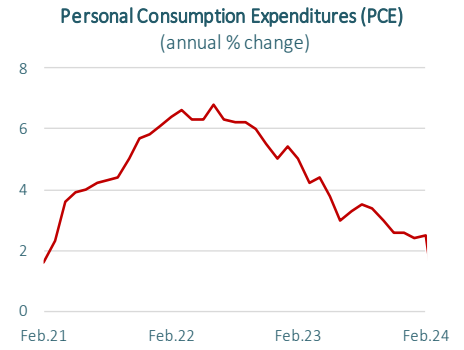
### Financial markets...

Last week, global markets displayed a mixed outlook. Gold prices rose by 3.2% to close the week at a record high of 2,232 USD/ounce. Brent crude oil prices ended the week at 87.5 USD per barrel due to the ongoing supply concerns.

BIST-100 index, which was under pressure in the first half of the week, closed the week at 9,142 with a 0.3% rise thanks to rising risk appetite in the following days. Türkiye's 5-year CDS premium decreased by 7 bps to 306 bps, while the 2-year benchmark bond yield ended the week at 45.44%. Last week, USD/TRY and EUR/TRY increased by 1.0% and 0.9%, respectively.

### This week's agenda...

This week, developments after the local elections and March inflation data will be monitored. This week, US non-farm payrolls data and Euro Area inflation data will be released.



Source: Datastream

Data Releases

		Period	Consensus	Prior
1 April	TR ICI Manufacturing PMI	March	50.0 (A)	50.2
	US ISM Manufacturing PMI	March	48.4%	47.8
	China Caixin Manufacturing PMI, final	March	51.1(A)	50.9
2 April	US Factory Orders, mom	February	1.0%	-3.6%
	Euro Area HCOB Manufacturing PMI, final	March	45.7	45.7
	Germany CPI Inflation, flash, mom	March	0.6%	0.4%
3 April	Germany HCOB Manufacturing PMI, final	March	41.6	41.6
	TR CPI Inflation, mom	March	3.50%	4.53%
	TR D-PPI Inflation, mom	March	-	3.74%
	US ISM Services PMI	March	52.6	52.6
	US ADP Employment Report	March	130k	140k
	Euro AREA HICP CPI Enflation, flash, yoy	March	2.6%	2.6%
	Euro Area Unemployment Rate	February	6.4%	6.4%
4 April	China Caixin Services PMI	March	-	52.5
	TR CPI Based Real Effective Exchange Rate	March	-	58.55
	US Trade Balance	February	-67.0 billion USD	-67.4 billion USD
	Euro Area PPI Inflation, mom	February	-0.7%	-0.9%
	Euro Area HCOB Services PMI, final	March	51.1	51.1
	Germany HCOB Services PMI, final	March	49.8	49.8
5 April	TR Treasury Cash Balance	March	-	-198.3 billion TRY
	US Unemployment Rate	March	3.9%	3.9%
	US Non-Farm Payrolls	March	200k	275k
	Euro Area Retail Sales, mom	February	-0.3%	0.1%

(A) Actual

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