

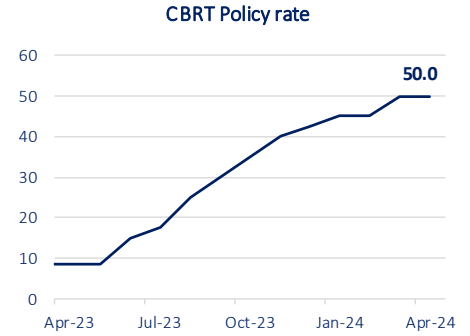
	19-Apr	25-Apr	Change		19-Apr	25-Apr	Change
BIST-100 Index	9,693	9,717	0.2 % ▲	EUR/USD	1.0654	1.0729	0.7 % ▲
TRY 2 Year Benchmark Rate	45.44 %	44.89 %	-55 bp ▼	USD/TRY	32.4941	32.5152	0.1 % ▲
Türkiye 5-Year CDS Premium	314	310	-4 bp ▼	EUR/TRY	34.6278	34.8871	0.7 % ▲
MSCI EM Equity Index	1,004	1,029	2.4 % ▲	Gold (USD/ounce)	2,390	2,332	-2.5 % ▼
US 10-Year Bond Rate	4.62 %	4.71 %	9 bp ▲	Brent Oil (USD/barrel)	87.3	89.0	2.0 % ▲

bp: basis point

At its Monetary Policy Committee meeting, CBRT kept the policy rate unchanged at 50%, in line with market expectations. House prices rose by 58.3% yoy in February, below the annual CPI inflation for the first time since December 2019. In April, the consumer confidence index reached its highest level since June 2023, and real sector confidence index remained unchanged on a monthly basis. According to preliminary data, US GDP growth in the first quarter of the year was realized as 1.6%, well below market expectations, and the annual increase in PCE price index exceeded expectations. In the Euro Area, preliminary PMI data for April indicated that the divergence in manufacturing and services sectors widened. Ounce gold price fell by 2% last week, while oil prices posted a limited increase. In the domestic agenda of next week, inflation data for April will be essential. Fed meeting will be monitored in global markets.

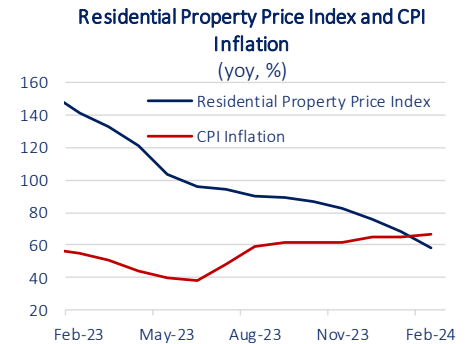
#### CBRT kept the policy rate unchanged in line with expectations.

The Monetary Policy Committee has decided to keep the policy rate unchanged at 50%. In the press release after the meeting, it was stated that despite an ongoing decline, the underlying trend of monthly inflation was higher than expected in March and domestic demand remains resilient. The assessment that the stickiness in services inflation, high inflation expectations, geopolitical risks, and increase in food prices keep inflationary pressures alive, was kept. It was stated in the text that monetary policy decisions in March have led to a significant tightening in financial conditions, and considering the lagged effects of the monetary tightening, the Committee decided to keep the policy rate unchanged. In addition, it was reiterated that the Committee remains highly attentive to inflation risks. The CBRT also raised the upper limit of the remuneration rates applied to required reserves in order to increase the share of Turkish lira deposits and to support the transition from FX-protected deposits (KKM) to Turkish lira deposits.



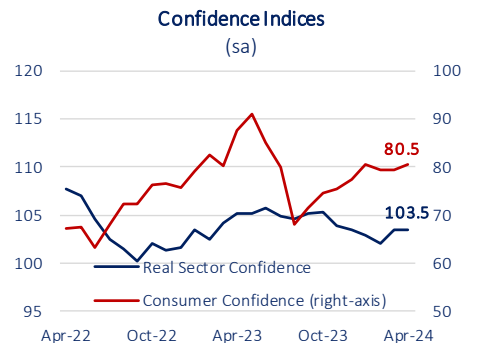
#### House prices increased below annual inflation for the first time since 2019.

According to the data released by CBRT, house prices continued to lose momentum in February. In this period, house prices rose by 2.2% mom and 58.3% yoy, respectively. Thus, house prices fell by 5.1% yoy in real terms for the first time since December 2019. The region where house prices increased the fastest in February was Ağrı, Ardahan, Kars and Iğdır with 87.7%. Moreover, price increases in Istanbul (45.6%) remained below those in Izmir (57.4%) and Ankara (72.9%).



#### Consumer confidence index was at its highest level since June...

According to seasonally adjusted data, consumer confidence index rose by 1.4% mom to 80.5 in April, the highest level since June 2023. During this period, consumer confidence was generally positively influenced by expectations for the next 12 months. Regarding the next 12 months, household financial situation expectations reached the highest level of the last 10 months, and the improvement in general economic situation expectations also attracted attention. In April, evaluations regarding the current situation limited consumer confidence in general. The sub-index of the general economic situation at present compared to the past 12 months decreased by 16.5% on a monthly basis. Thus, the sub-index recorded its lowest level since July 2022.



Source: TURKSTAT, CBRT, Datastream

### Real sector confidence index remained unchanged in April.

According to seasonally adjusted figures, real sector confidence index remained unchanged on a monthly basis and was realized as 103.5 in April. When analyzing the index's sub-items, it was observed that evaluations regarding the general outlook and fixed capital investment expenditures improved in April, whereas evaluations for the next 3 months drew a complicated picture. Moreover, the rapid decline in the total number of orders in the last 3 months was noteworthy during this period. On the other hand, according to the sectoral confidence indices released by Turkstat, the retail trade sector improved by 1.9% mom in April, while services sector declined by 2.8%. In this period, confidence index in construction sector remained unchanged compared to March. On the other hand, according to seasonally adjusted data, manufacturing industry capacity utilization rate decreased by 0.2 points mom to 77% in April.

### US data signaled a slowdown in economic activity.

According to annualized preliminary data, the US economy grew by 1.6% in the first quarter of 2024, well below expectations. Thus, the US recorded its lowest GDP growth since the 2nd quarter of 2022. The rapid increase in imports in the first quarter had a negative impact on GDP growth, according to the sub-item analysis. On the other hand, consumption expenditures remained strong in this period, and the core personal consumption expenditures price index rose by 3.7% yoy, above expectations, indicating that inflationary pressures continued despite the slowdown in economic growth. Core PCE price index increased by 0.3% mom in March, in line with expectations. Thus, annual core PCE inflation remained flat at 2.8%. The release of the data did not significantly alter expectations over the Fed's rate cuts.

In the US, preliminary PMI data for April also presented a relatively negative outlook for economic activity. Manufacturing PMI came in at 49.9, below the threshold and market expectations, indicating a slight contraction in the sector. During the same period, the service PMI reached 50.9, marking its lowest level in the previous 5 months, yet it stayed above the threshold.

### PMI data in the Euro Area presented a mixed outlook.

In April, Euro Area manufacturing PMI remained in the negative zone with 45.6, below market expectations and March figures. At 52.9, service sector PMI, which remained above the threshold for the third consecutive month, presented the most positive outlook in the last 11 months. Consumer confidence index in the region improved slightly in April but remained below the threshold.

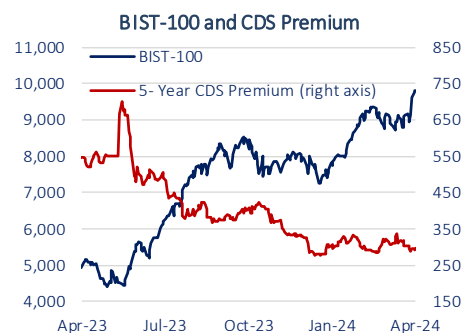
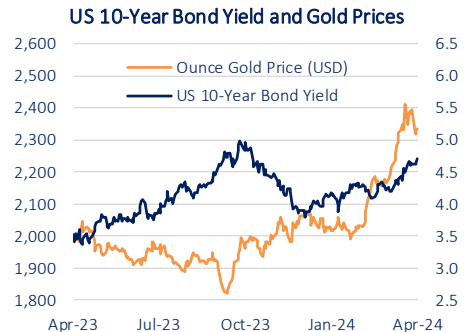
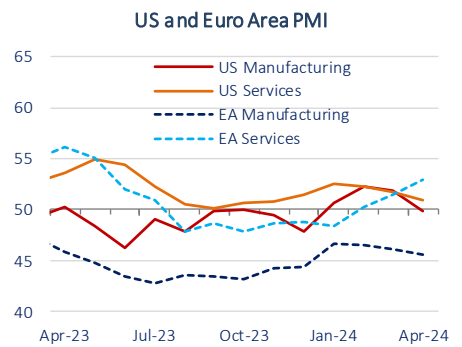
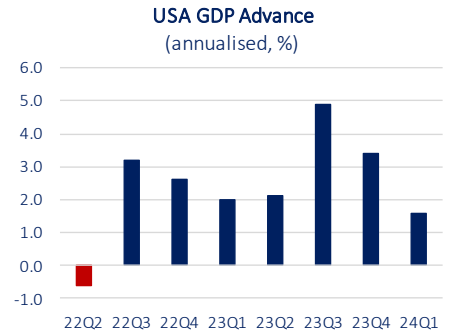
### Financial markets...

Last week, global stock market indices generally followed an upward trend as geopolitical concerns eased, albeit to a limited extent. MSCI world and emerging markets indices rose by 1.6% and 2.4%, respectively, while US stock markets, which declined last Friday, ended the week higher on reaction purchases. Ounce gold price fell by 2.5% to 2,332 USD this week in line with the partial slowdown in geopolitical risks, while the US 10-year bond yield rose to 4.71% during the week, the highest level since November 2023, as expectations for the Fed's rate cuts were postponed.

Domestic markets followed a cautious course throughout the week, with the CBRT's policy rate decision being the focal point. BIST-100 index ended the week with an increase of 0.2% to 9,717, while the banking index fell by 4.0%. 5-year CDS premium decreased by 4 basis points and USD/TRY exchange rate closed the week with a flat course.

### This week's agenda...

Next week, April CPI figures and Istanbul Chamber of Industry (ICI) Manufacturing PMI data will be released in Türkiye. Meanwhile, Euro Area CPI data for April, US non-farm payrolls and Fed meeting will be high on the global agenda.



Source: Datastream

Data Releases

		Period	Consensus	Prior
29 April	TR Economic Confidence	April	-	100.0
	Euro Area Consumer Confidence, final	April	-14.7	-14.7
	Germany CPI Inflation, flash, yoy	April	2.5%	2.2%
30 April	TR Trade Balance	March	-	-6.8 billion USD
	TR Foreign Visitors, yoy	March	-	22.7%
	Euro Area CPI Inflation, flash, yoy	April	2.4%	2.4%
	Euro Area GDP Growth, flash, yoy	2024 Q1	0.2%	0.1%
	Germany GDP Growth, flash, yoy	2024 Q1	-	-0.4%
	China Caixin Manufacturing PMI	April	51.0	51.1
	Fed Meeting	May	5.25%-5.50%	5.25%-5.50%
1 May	US Manufacturing PMI, final	April	-	49.9
	US ADP Employment Report	April	-	184 thousand
2 May	TR Istanbul Chamber of Industry Manufacturing PMI	April	-	50.0
	US Factory Orders, mom	March	-	1.4%
	Euro Area Manufacturing PMI, final	April	-	45.6
3 May	TR CPI Inflation, mom	April	-	3.16%
	TR D-PPI Inflation, mom	April	-	3.29%
	US Nonfarm Payrolls	April	210 thousand	303 thousand
	US Unemployment Rate	April	3.8%	3.8%
	Euro Area Unemployment Rate	March	6.5%	50.9

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