

	14.Jun	20.Jun	Change		14.Jun	20.Jun	Change
BIST-100 Index	10,471	10,740	2.6 % ▲	EUR/USD	1.0700	1.0700	0.0 % ●
TRY 2 Year Benchmark Rate	42.98 %	43.41 %	43 bp ▲	USD/TRY	32.6273	32.8060	0.5 % ▲
Türkiye 5-Year CDS Premium	277	268	-8 bp ▼	EUR/TRY	35.0877	35.1962	0.3 % ▲
MSCI EM Equity Index	1,077	1,096	1.8 % ▲	Gold (USD/ounce)	2,333	2,360	1.2 % ▲
US 10-Year Bond Rate	4.21 %	4.25 %	4 bp ▲	Brent Oil (USD/barrel)	82.6	85.7	3.7 % ▲

bp: basis point

In the US, data releases this week pointed to some deceleration in domestic demand, while industrial production rose above expectations in May. In Euro Area, PMI data remained weak, while consumer confidence continued to recover. Final HICP data for May confirmed the improving trend in inflation in the region. In the UK, annual CPI inflation fell to the targeted level (2%) in May, while BoE maintained its cautious stance on monetary policy. In Türkiye, consumer confidence index fell to its lowest level in six months in June. Central government budget posted a surplus in May, and budget deficit became 471.9 billion TRY in the first five months of the year. Next week, CBRT Monetary Policy Committee meeting will be closely monitored. In the US, personal consumption expenditures (PCE) price index for May and first quarter final GDP data will be released.

### US data indicated a weak course in domestic demand.

In May, retail sales in the US increased by 0.1% mom, below expectations. In this period, retail sales, excluding autos contracted by 0.1%, which also signaled a cooling of domestic demand. April data, which previously indicated that there was no change in sales, was also revised downward, indicating that sales fell by 0.2% in that month. Housing starts also remained below expectations in May, while industrial production expanded by 0.9% mom, well above expectations, largely offsetting the weak outlook in the first four months of the year.

Leading indicators for June also supported the expectations of a slowdown in economic activity. Although the NY Fed manufacturing index came in above expectations, it remained in a negative zone for the seventh month in a row. Philadelphia Fed Business Index, on the other hand, remained below market expectations despite being in a positive zone. In the week of June 15, jobless claims were realized at the highest level since August 2023, according to the four-week moving averages.

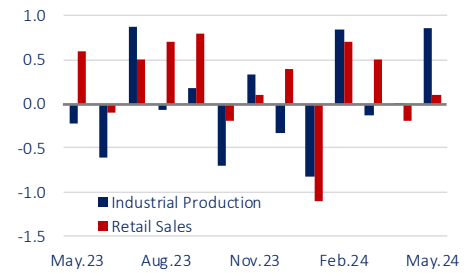
### In the Euro Area, PMI remained below expectations.

In the Euro Area, June PMI data remained below expectations, indicating that the weak course in economic activity continued. Despite expectations for an increase compared to the previous month, manufacturing PMI fell to 45.6, the lowest level of 2024. Services PMI maintained its course above the threshold for the fifth month, but remained well below market expectations, giving a negative signal. In the same month, the consumer confidence index reached its highest level since February 2022, indicating that consumer confidence continued to recover. According to the final data for May, HICP increased by 0.2% mom and 2.6% yoy, in line with the preliminary data, confirming the improving trend in inflation. In the same period, core HICP also increased by 0.4% mom, in parallel with market expectations.

### Inflation in the UK came down to the targeted level.

Annual CPI inflation in the UK fell to 2.0% in May, reaching the target level

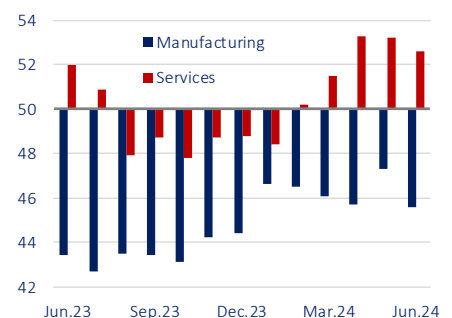
US Industrial Production and Retail Sales  
(monthly % change)



US Initial Jobless Claims  
(thousand, 4-week moving average)



Euro Area PMI



Source: Datastream

for the first time since July 2021. However, the annual core CPI inflation recorded 3.5%. The Bank of England (BoE) kept its policy rate unchanged at 5.25% at its meeting this week. BoE Governor Bailey emphasized that they need to be sure that inflation will stay low, and that's why they decided to hold the policy rate unchanged.

In its meeting this week, the People's Bank of China kept its benchmark interest rates unchanged in line with market expectations, setting the 1-year and 5-year loan prime rates at 3.45% and 3.95%, respectively. In Japan, core inflation came in below expectations in May, reinforcing expectations that BoJ will not raise interest rates at its next meeting.

### Consumer confidence index fell to its lowest level in the last six months.

According to data released by Turkstat, consumer confidence index decreased by 2.7% mom to 78.3 in June, the lowest level in the last 6 months. Thus, the index signaled that expectations for the economic outlook deteriorated in June. Among the sub-indices, expectations for household financial and general economic situations in the next 12 months decreased by 4.4% and 2.8% mom, respectively.

### Budget posted a surplus of 219.4 billion TRY in May.

Central government budget revenues increased by 83.3% yoy to 1 trillion TRY in May, while budget expenditures rose by 83% yoy to 787.7 billion TRY. Thus, central government budget posted a surplus of 219.4 billion TRY in May, while budget deficit narrowed to 471.9 billion TRY in the first five months of the year. ([Our Budget Balance report](#))

### Central government's gross debt stock was realized as 7.6 trillion TRY.

According to the data released by the Ministry of Treasury and Finance, central government gross debt stock increased by 61.4% yoy to 7.6 trillion TRY as of May 31. FX-denominated debt made up 4.6 trillion TRY of this debt stock, while Turkish Lira-denominated debt accounted for 3.0 trillion TRY. Thus, the share of FX-denominated debt in gross debt stock declined to 60.8%.

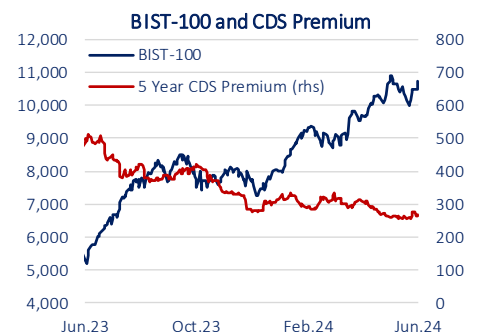
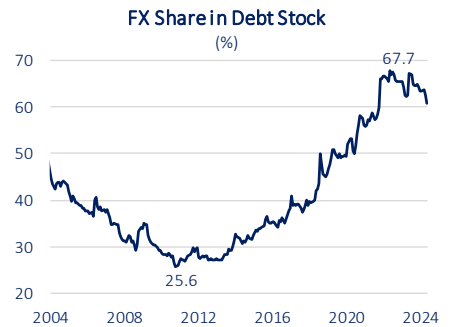
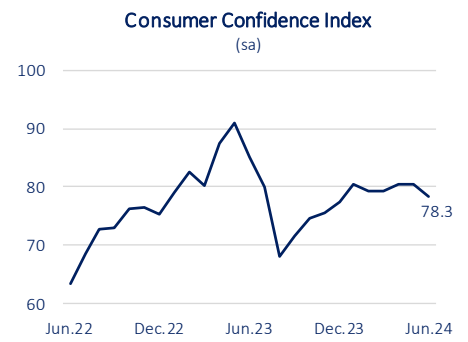
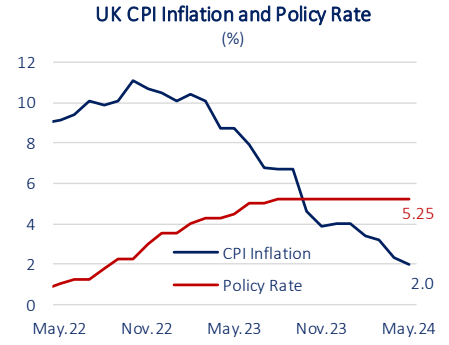
### Financial markets...

Recent US data signaled a cooling in domestic demand, strengthening expectations for a rate cut in September. Thus, US stock markets were positive this week, while gold prices also followed an upward trend. After testing below 80 USD in early June, the price of Brent crude oil per barrel continued to rise this week, reaching above 85 USD as of Thursday.

This week, domestic markets were closed for the first three days of the week due to the Eid holiday. BIST-100 index presented a positive outlook, rising to 10,740 as of Thursday. Türkiye's 5-year CDS premium declined while its 2-year bond yield increased. The Turkish lira depreciated against the USD and the euro.

### Next week's agenda...

CBRT Monetary Policy Committee meeting will be high on the agenda next week. In the US, May personal consumption expenditures (PCE) price index and first quarter final GDP data will be released.



Source: TurkStat, MoTF, Datastream

## Data Releases

		Period	Consensus	Prior
<b>24 June</b>	TR Capacity Utilization Rate	June	-	76.3%
	TR Real Sector Confidence Index	June	-	105.4
<b>25 June</b>	TR Foreign Visitors, yoy	May	-	8.7%
	TR Housing Price Index, yoy	April	-	52.0%
<b>26 June</b>	US Consumer Confidence	June	100.0	102.0
	US New Home Sales, mom	May	-	-4.7%
<b>27 June</b>	CBRT Monetary Policy Meeting	June	50.00%	50.00%
	TR Economic Confidence	June	-	98.2
<b>28 June</b>	US GDP Growth, final, yoy	2024 Q1	1.3%	1.3%
	US Durable Goods Orders, mom	May	0.3%	0.6%
	Euro Area Consumer Confidence, final	June	-14.0	-14.0
	TR Trade Balance	May	-	-9.9 billion USD
	US Core PCE, mom	May	-	0.2%
	US Michigan Consumer Confidence, final	June	-	65.6

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