

	21-Jun	27-Jun	Change		21-Jun	27-Jun	Change
BIST-100 Index	10,771	10,681	-0.8 % ▼	EUR/USD	1.0691	1.0702	0.1 % ▲
TRY 2 Year Benchmark Rate	42.80 %	41.84 %	-96 bp ▼	USD/TRY	32.8322	32.8041	-0.1 % ▼
Türkiye 5-Year CDS Premium	273	276	3 bp ▲	EUR/TRY	35.1202	35.1544	0.1 % ▲
MSCI EM Equity Index	1,087	1,082	-0.5 % ▼	Gold (USD/ounce)	2,320	2,327	0.3 % ▲
US 10-Year Bond Rate	4.26 %	4.29 %	3 bp ▲	Brent Oil (USD/barrel)	85.2	86.4	1.3 % ▲

bp: basis point

At its meeting this week, CBRT kept the policy rate unchanged at 50% in line with expectations. Economic confidence index recorded a significant decline in June, while manufacturing industry capacity utilization rate was realized at the lowest level of the last 10 months. The number of foreign visitors to Türkiye increased by 14% yoy in May. The Financial Action Task Force (FATF) announced that Türkiye has been removed from the gray list. In the US, core PCE price index showed more moderate increases compared to April, indicating that inflationary pressures have eased. According to the final data, economic growth in the US was realized as 1.4% in the first quarter of the year. While the impact of global data flow on the markets remained limited last week, Fed officials' statements stood out on the agenda. In addition to June inflation data and ISO manufacturing PMI data to be announced in Türkiye next week, US non-farm payrolls data for June will be closely monitored.

CBRT kept the policy rate unchanged in line with expectations.

At its meeting held on June 27th, CBRT kept the policy rate unchanged at 50% in line with market expectations. In the press release, CBRT stated that the decline in the underlying trend of monthly inflation registered a temporary pause in May, while domestic demand, which was still at inflationary levels, continued to slow down. In the text, inflation expectations, geopolitical developments, food prices and the rigidity in services inflation were evaluated as the factors keeping inflationary pressures alive. It was reiterated that the Monetary Policy Committee maintains its cautious stance and monetary tightness will be maintained until a permanent decline in the underlying trend of monthly inflation is achieved. Additionally, the statement that the CBRT closely monitors liquidity conditions was included in the text. Furthermore, it was stated that the CBRT will diversify and effectively use sterilization tools when necessary.

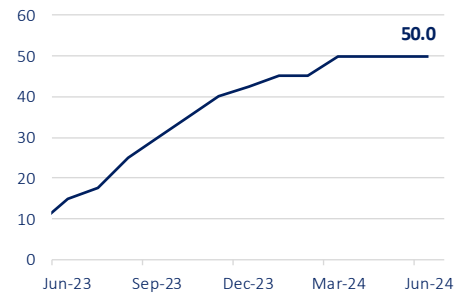
Economic confidence index fell to the lowest level of the last 7 months.

According to data released by CBRT, seasonally adjusted real sector confidence index fell by 1.9 points to 100.5 in June, the lowest level since September 2022. The decline in real sector confidence was mainly driven by the rapid deterioration in assessments regarding current total orders, total employment for the next three months and fixed capital investment expenditures. In the same period, sectoral confidence decreased by 2.6% in retail trade, 1.5% in services and 0.5% in construction sectors. Thus, economic confidence index, which is calculated by consumer confidence index, real sector confidence index and sectoral confidence indices, was realized as 95.8 in June, the lowest level in the last 7 months. In this period, seasonally adjusted manufacturing industry capacity utilization rate fell to 76.2%, the lowest level of the last 10 months.

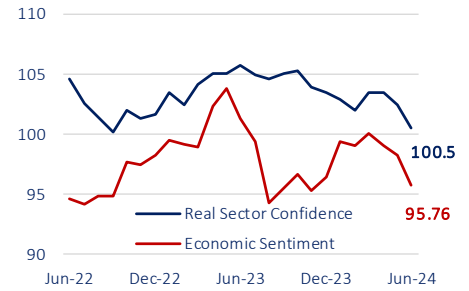
House prices continued to fall in real terms.

CBRT's house price index rose by 48.4% yoy in April, presenting the slowest annual increase since October 2021. Thus, the annual decline of house prices in real terms continued for the third month in a row. In April, the area consisting of Ağrı, Ardahan, Kars and Iğdır was the region where prices increased the fastest by 94.7% yoy, while price increases in Istanbul continued to lag behind Ankara and Izmir.

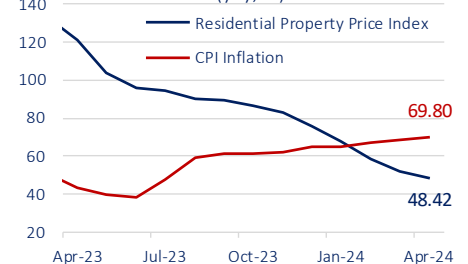
CBRT Policy rate



Confidence Indices (sa)



Residential Property Price Index and CPI Inflation (yoy, %)



Source: TURKSTAT, CBRT, Datastream

Number of foreign visitors increased by 14% yoy in May.

According to border statistics released by the Ministry of Culture and Tourism, the number of foreign visitors to Türkiye increased by 14% yoy to 5.1 million in May. Among all foreign visitors in May, Russia ranked first with a share of 14.4%, and Germany ranked second with 14.2%. On the other hand, the total number of foreign visitors in the first 5 months of 2024 increased by 12.5% yoy to 15.8 million people.

Foreign trade deficit narrowed to 6.5 billion USD in May.

According to foreign trade statistics released by Turkstat, exports increased by 11.3% yoy to 24.1 billion USD in May, while imports contracted by 10.4% yoy to 30.6 billion USD. Thus, foreign trade deficit, that was 9.9 billion USD in April, narrowed by 48% yoy to 6.5 billion USD in May. In this period, the import coverage ratio also improved rapidly compared to April and became 78.7%.

PCE price index in the US was realized in line with expectations.

In the US, personal consumption expenditures (PCE) price index remained unchanged on a monthly basis in May in line with market expectations, while the annual increase in the index slowed down to 2.6%. In this period, core PCE price index also showed more moderate monthly and annual increases of 0.1% and 2.6% compared to April, indicating that inflationary pressures have eased. On the other hand, according to final data, US economy grew by 1.4% yoy in the first quarter of 2024, recording the lowest growth since the second quarter of 2022.

Fed officials' statements stood out on the agenda.

This week, Fed officials' statements were closely monitored. San Francisco Fed President Daly stated that a possible deterioration in the labor market is a significant risk and the Fed should be careful in its efforts to bring inflation under control, whereas Fed Board member Bowman pointed out that he did not support a rate cut under current conditions. On the other hand, Fed Board member Cook stated that a rate cut would be appropriate on the condition that a significant decline in inflation is achieved, while Atlanta Fed President Bostic noted that he expects a rate cut in the last quarter of the year.

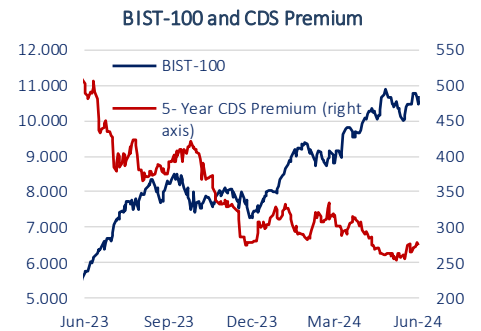
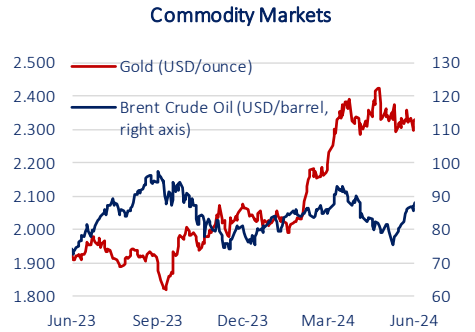
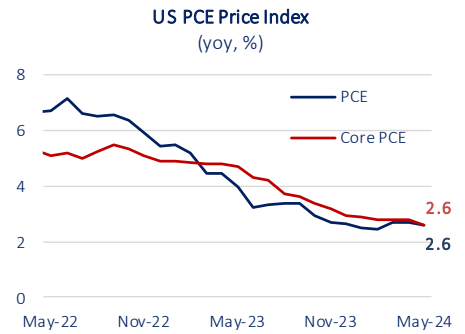
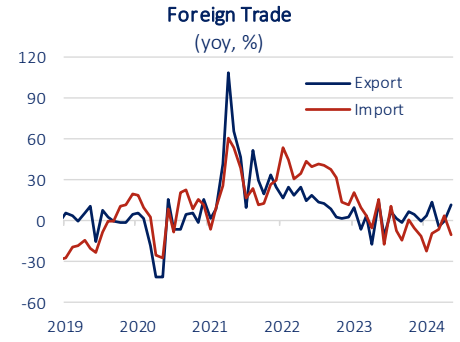
Financial markets...

This week, the impact of global data agenda on financial markets was limited. While the volatility in technology companies played a decisive role in the limited positive closing of the US stock markets compared to previous week, ounce gold prices remained almost flat at 2,327 USD. Despite the unexpected increase in US oil stocks, Brent crude oil price rose by 1.3% wow and reached 86.4 USD/barrel due to concerns over geopolitical developments.

BIST-100 index, which struggled to find a direction, posted a weekly loss of 0.8% as of Thursday's close at 10,681. 2-year benchmark bond yield fell by 96 basis points to 41.84%, while the 5-year CDS premium rose slightly to 276 basis points. The Financial Action Task Force (FATF) announced that Türkiye was removed from the gray list as of June 28, 2024.

Next week's agenda...

Next week, inflation and ICI manufacturing PMI data for June will be released in Türkiye, while PMI data of leading economies and US non-farm payrolls data will be announced in global markets.



Source: Datastream

Data Releases

		Period	Consensus	Prior
1 July	TR Istanbul Chamber of Industry Manufacturing PMI	June	-	48.4
	US Manufacturing PMI, final	June	-	51.7
	US ISM Manufacturing PMI	June	49.0	48.7
	Euro Area Manufacturing PMI, final	June	45.6	45.6
	China Caixin Manufacturing PMI	June	51.2	51.7
2 July	Euro Area CPI Inflation, flash, yoy	June	2.5%	2.6%
	Euro Area Unemployment Rate	May	6.4%	6.4%
3 July	TR CPI Inflation, yoy	June	72.60%	75.45%
	TR D-PPI Inflation, yoy	June	-	57.68%
	US ADP Employment Report	June	-	152 thousand
	US Services PMI, final	June	-	55.1
	US Factory Orders, mom	May	-	0.7%
	US Trade Balance	May	-	-74.6 billion USD
	Euro Area Services PMI, final	June	52.6	52.6
	Euro Area PPI Inflation, yoy	May	-	-5.7%
	China Caixin Services PMI	June	-	54.0
	4 July	CPI Based Real Effective Exchange Rate	June	-
Germany Industrial Orders, mom		May	1.0%	-0.2%
5 July	TR Treasury Cash Balance	June	-	234.7 billion TRY
	US Nonfarm Payrolls	June	180 thousand	272 thousand
	US Unemployment Rate	June	4.0%	4.0%
	Euro Area Retail Sales, mom	May	0.2%	-0.5%

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