

	12-Jul	18-Jul	Change		12-Jul	18-Jul	Change
BIST-100 Index	11,065	11,139	0.7 % ▲	EUR/USD	1.0906	1.0896	-0.1 % ▼
TRY 2 Year Benchmark Rate	40.68 %	42.13 %	145 bp ▲	USD/TRY	33.0214	33.0488	0.1 % ▲
Turkey 5-Year CDS Premium	254	262	8 bp ▲	EUR/TRY	36.0352	36.0836	0.1 % ▲
MSCI EM Equity Index	1,124	1,106	-1.6 % ▼	Gold (USD/ounce)	2,411	2,445	1.4 % ▲
US 10-Year Bond Rate	4.19 %	4.19 %	0 bp ●	Brent Oil (USD/barrel)	85.0	85.1	0.1 % ▲

bp: basis point

IMF published the July update of its World Economic Outlook Report. In the US, NY Fed manufacturing index signaled a weak beginning to the third quarter. ECB kept policy rates unchanged at its July meeting in line with expectations. In Türkiye, central government budget deficit was realized as 747.2 billion TRY in the first half of the year. Real house prices continued to decline in May, while house sales continued to fall in June, mainly led by decrease in mortgaged sales. Today, Moody's assessment on Türkiye's credit rating is expected. Next week, CBRT meeting as well as July consumer and sectoral confidence indices will be monitored in Türkiye. In addition, flash PMI figures for July will be released in the US and Euro Area.

IMF published the update of the World Economic Outlook Report.

IMF published the July update of its World Economic Outlook Report. The organization maintained its 2024 forecast for global economic growth at 3.2%, while raising its 2025 forecast by 0.1 point to 3.3%. IMF revised its growth forecast for Türkiye upwards by 0.5 points to 3.6% for 2024 and downwards by 0.5 points to 2.7% for 2025.

NY Fed manufacturing index declined in July.

In the US, New York Fed manufacturing index signaled a slowdown in July. New orders and employment indices continued to decline, while rise in input costs, an important indicator for the course of inflation, drew attention. On the other hand, firms' expectations for the next 6-month period deteriorated slightly compared to June, but remained generally optimistic.

ECB kept policy rates unchanged in line with expectations.

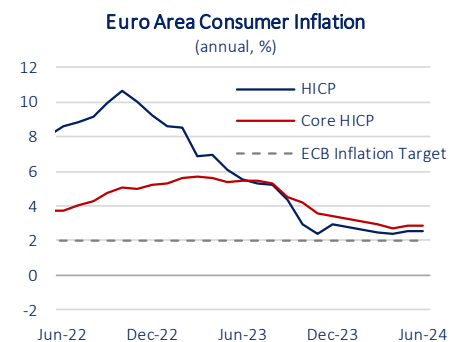
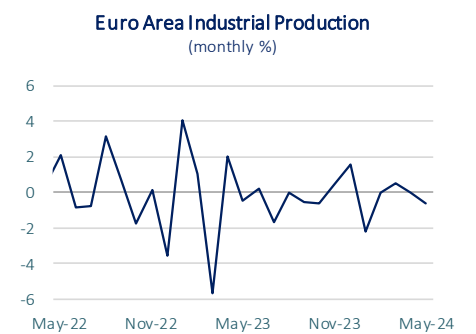
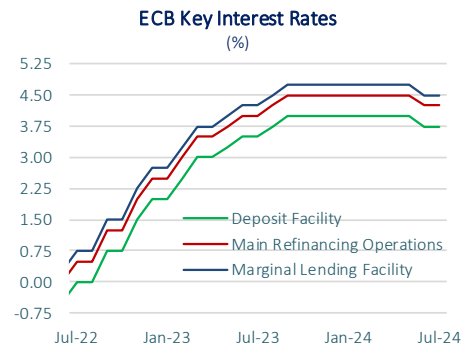
ECB kept policy rates unchanged at its July meeting. ECB President Lagarde underlined in her statement after the meeting that there is not a precommitted particular rate path and that decisions will continue to be data-dependent. Lagarde stated that they will continue to monitor the dynamics of underlying inflation and the strength of the monetary policy transmission for interest rate decisions. Markets expect the ECB to make two more rate cuts in the rest of the year, one of which will be at its September meeting.

Industrial production in the Euro Area continued to decline in May.

Industrial production in the Euro Area contracted lower than the expectations by 0.6% mom and 2.9% yoy in May. On the other hand, among the sub-items of the index, production weakened in all groups except energy and non-durable consumer goods.

Euro Area and UK inflation data were released.

In Euro Area, final HICP inflation was realized as 0.2% mom and 2.5% yoy in June, in line with the market expectations and the flash figures released at the beginning of the month. Rise in services prices with 4.1% pushed annual inflation upwards, while core HICP inflation was realized as 2.9% yoy, in parallel with the expectations. On the other hand, CPI inflation in the UK was realized as 0.1% mom



Source: IMF, ECB, Datastream

and 2.0% yoy in June. Thus, annual consumer inflation in the country realized at the level of the Bank of England's 2% target for the second consecutive month, fueling the debate on the possibility of interest rate cuts. Meanwhile, core CPI remained above the headline inflation by 0.2% mom and 3.5% yoy.

In Türkiye, budget deficit became 747.2 billion TRY in the first half of the year.

In Türkiye, central government budget posted a deficit of 275.3 billion TRY in June. In this month, budget revenues increased by 120.4% yoy to 591.2 billion TRY, while budget expenditures rose by 77.6% yoy to 866.5 billion TRY. In June, primary budget deficit was realized as 176 billion TRY. Thus, budget deficit, which widened by 54.6% yoy in the first 6 months, was realized as 747.2 billion TRY, 28.2% of the year-end target ([Our Budget Balance report](#)).

Housing market continues to lose momentum.

According to CBRT figures house price index rose by 45.0% yoy in May, the slowest annual increase since October 2021. Thus, the real decline in house prices was recorded as 14.9% in May. On the other hand, according to data released by Turkstat, house sales decreased by 5.2% yoy to 79,313 in June. Higher financing costs in line with the tight monetary policy continued to weigh on house sales. In June, mortgaged sales halved on an annual basis, while the share of mortgaged sales in total sales decreased to 8.6%. In the first half of the year, total house sales decreased by 3.7% yoy to 545 thousand units.

Services production continues to lose momentum.

According to seasonally and calendar adjusted data released by Turkstat, services production index increased by 1.3% mom in May. In this month services production increased in all sub-sectors compared to the previous month, while the real estate sector recording the highest increase by 6.5%. On an annual basis, the index edged up by 0.8% yoy in May, indicating that the sector continued to lose momentum.

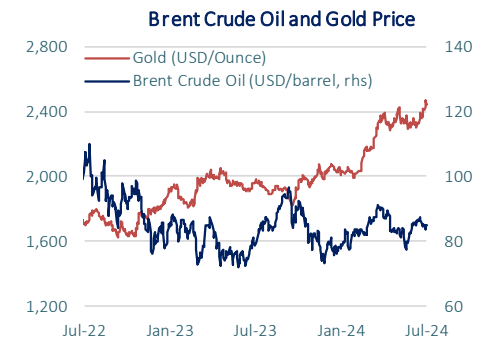
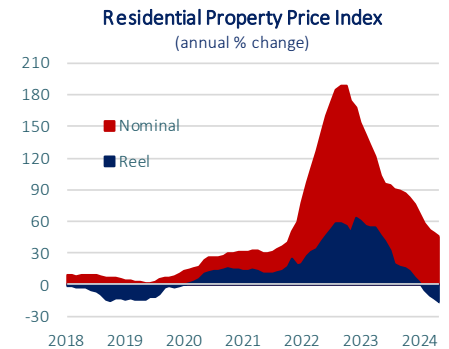
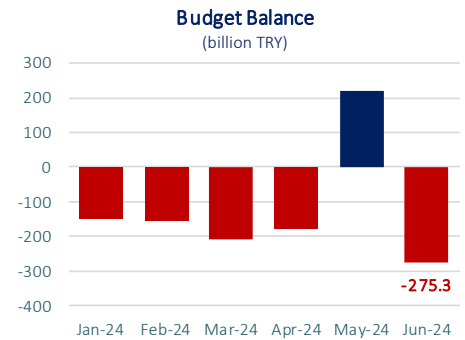
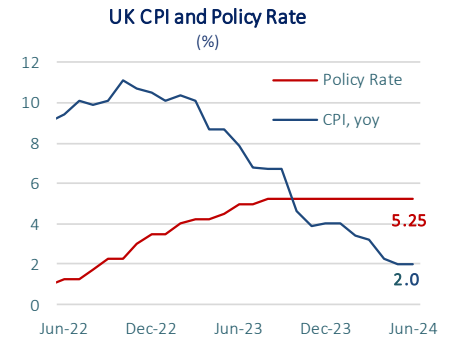
Financial markets...

As the assassination attempt against former US President and Republican Party's candidate for the 2024 elections Donald Trump increased expectations that Trump would win the elections, the US dollar started the week by appreciating against emerging market currencies. US stock markets, which rose in the first half of the week due to the positive inflation data released last week, turned down as of the middle of the week because of the uncertainty led by the political agenda in the country. Gold prices are set to end this week with gains, while the price per barrel of Brent crude oil displayed a relatively flat outlook.

BIST-100 index, which was closed for trading on the first day of the week due to a public holiday, displayed a volatile course since Tuesday and rose to 11,139 as of Thursday's close. TRY depreciated slightly against the US dollar and euro. Türkiye's 5-year CDS risk premium increased by 8 basis points to 262.

Next week's agenda...

Today, credit rating agency Moody's is expected to publish its assessment for Türkiye. Next week, CBRT meeting stands out on the agenda. The Bank is not expected to change its policy rate at this meeting. In addition, consumer and sectoral confidence indices in Türkiye and flash PMI data for July in the US and Euro Area will be released.



Source: Turkstat, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
22 July	China Central Bank Meeting	July	-	3.45%
	CBRT Survey of Market Participants	July	-	43.52%
	TR Central Government Gross Debt Stock	June	-	7.6 trillion TRY
23 July	USA Existing Home Sales, units	June	4 million	4.11 million
	Euro Area Consumer Confidence, flash	July	-13.2	-14
	TR Consumer Confidence Index	July	-	78.3
24 July	CBRT Monetary Policy Meeting	July	-	50%
	USA Manufacturing PMI, flash	July	-	51.6
	USA Services PMI, flash	July	-	55.3
	USA New Home Sales, units	June	0.64 million	0.62 million
	Euro Area Manufacturing PMI, flash	July	46.3	45.8
25 July	Euro Area Services PMI, flash	July	53.0	52.8
	USA Durable Goods Orders, mom	June	0.3%	0.1%
	USA GDP Growth, prelim, yoy	2024 Q2	1.8%	%1.4
	TR Capacity Utilization Rate	July	-	76.2%
26 July	TR Real Sector Confidence Index	July	-	100.5
	USA Core PCE, mom	June	-	0.1%
	USA Michigan Consumer Confidence, final	July	66	66

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