

	9-Aug	15-Aug	Change		9-Aug	15-Aug	Change
BIST-100 Index	9,907	9,983	0.8 % ▲	EUR/USD	1.0916	1.0971	0.5 % ▲
TRY 2 Year Benchmark Rate	42.89 %	42.40 %	-49 bp ▼	USD/TRY	33.4839	33.6042	0.4 % ▲
Türkiye 5-Year CDS Premium	277	269	-8 bp ▼	EUR/TRY	36.6076	36.9048	0.8 % ▲
MSCI EM Equity Index	1,063	1,076	1.2 % ▲	Gold (USD/ounce)	2,431	2,456	1.0 % ▲
US 10-Year Bond Rate	3.94 %	3.93 %	-2 bp ▼	Brent Oil (USD/barrel)	79.7	81.0	1.7 % ▲

bp: basis point

This week, a busy data agenda was followed in Türkiye. Current account balance posted a surplus in June, while seasonally adjusted unemployment rate rose by 0.7 pts to 9.2%. Although retail sales volume recovered slightly on a monthly basis in June, services production index recorded a decline in this month. In July, house price index continued to decline in real terms, while house sales increased. According to the results of CBRT's Survey of Market Participants, inflation expectations for the year-end increased. US data releases supported global risk appetite. CBRT meeting, the minutes of the Fed meeting, flash PMI figures and the Jackson Hole summit will be monitored next week.

Current account posted a surplus in June.

Current account posted a surplus of 407 million USD in June for the first time since September 2023. Thus, current account deficit, which was 16.5 billion USD in the first half of the year, came in at 24.8 billion USD in June according to 12-month cumulative figures ([Our Balance of Payments report](#)).

Unemployment rate rose rapidly in June.

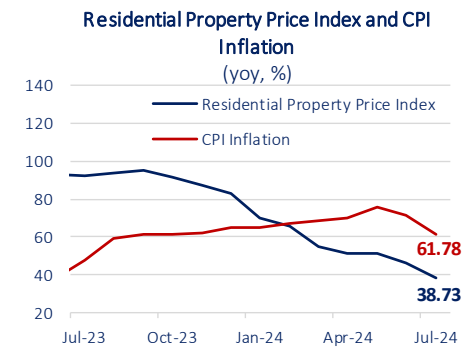
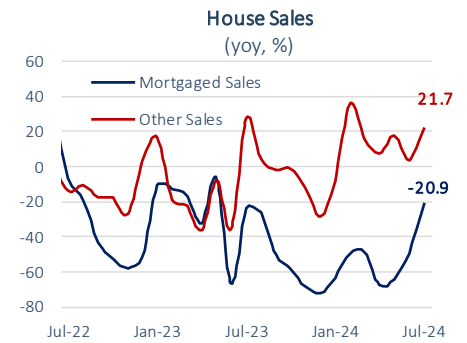
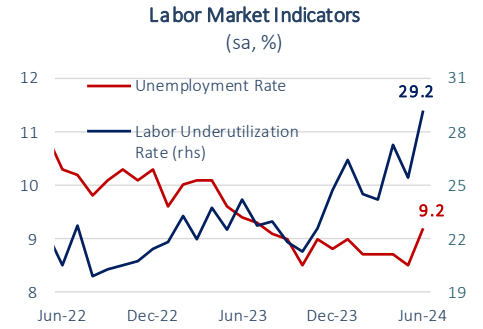
Seasonally and calendar adjusted unemployment rate increased by 0.7 pts to 9.2% in June and reached the highest level of the last 11 months. In this period, labour force and employment decreased by 107 thousand and 341 thousand people, respectively. The employment rate declined to 49.3%, while the idle labour force ratio, also known as the broadest-defined unemployment rate, was recorded at 29.2%, the highest level since May 2020, when pandemic measures were effective.

In June, seasonally and calendar adjusted trade sales volume index expanded by 1.0% mom after two months of contraction. In this month, wholesale trade volume and retail sales volume increased by 0.8% and 1.7%, respectively. In this period, on the other hand, services production index decreased by 1.1% compared to May.

House sales increased in July.

According to the newly adjusted house price index data, for which 2023 was decided as the base year, house prices increased by 38.7% yoy in July, while the decline in house prices in real terms was 14.3% in the same period. In this month, Istanbul was the region where house prices increased at the slowest pace in nominal terms with 26.8% yoy, while house prices increased by 39.4% and 37.0% in Ankara and Izmir, respectively.

House sales, on the other hand, expanded by 16% yoy to 127,088 units in July, the highest monthly figure for 2024. In this period, the share of mortgaged sales in total sales, which was limited by high interest rates, remained low at 9.0%.



Source: TURKSTAT, CBRT, Datastream

In July, central government budget posted a deficit of 96.8 billion TRY.

In July, central government budget expenditures increased by 81.6% yoy, while budget revenues rose by 44.9% yoy, below the headline inflation. Thus, central government budget deficit, which was realized as 96.8 billion TRY in July, came in at 844 billion TRY in the first seven months of the year, reaching 31.8% of the deficit projected for this year ([Our Budget Balance report](#)).

Market's year-end inflation expectations rose in August.

According to the CBRT's Survey of Market Participants, inflation expectations for the current year-end rose to 43.31% in August, while it decreased to 28.71% for 12 months ahead. Market participants' year-end expectations for USD/TRY became 37.28 and expectations for current account deficit declined to 25.5 billion USD.

US data for July gave mixed signals.

CPI in the US increased by 0.2% mom and 2.9% yoy in July. Annual inflation, which was slightly below expectations, fell to its lowest level since March 2021. Producer prices rose by 0.1% mom and 2.2% yoy in this month, and both figures remained below the market expectations.

Industrial production contracted more than the expectations by 0.6% mom in July, while retail sales rose by 1.0% mom, which also beat the expectations. In addition to the positive retail sales data, jobless claims fell to its lowest level in the last three weeks.

Japan's GDP grew above expectations in the second quarter.

In the second quarter of the year, annualized GDP growth in Japan came in at 3.1%, exceeding the market expectations of 2.1%. In this period, quarterly economic growth exceeded forecasts with 0.8%, thanks to sharp increase in private consumption expenditures.

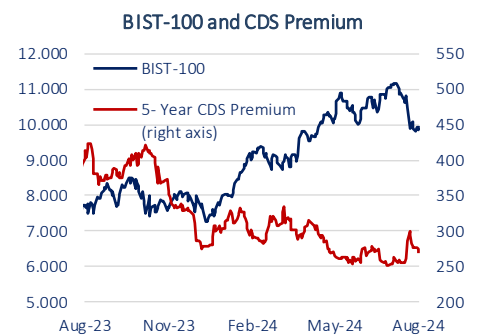
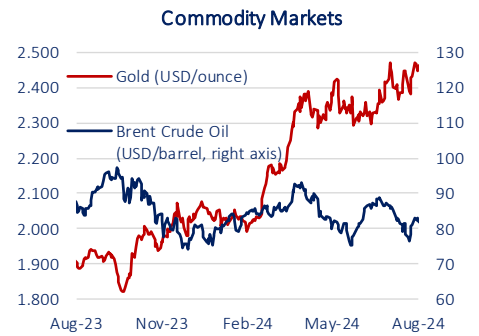
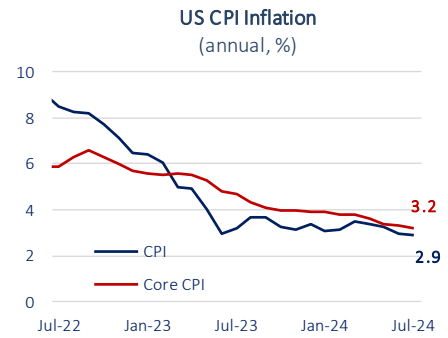
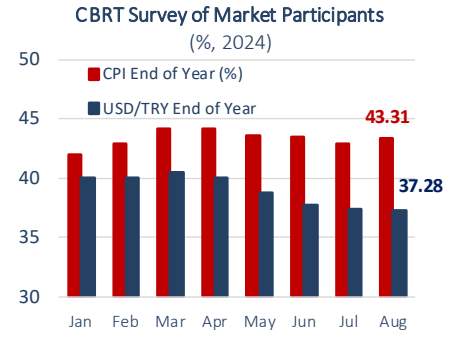
Financial markets...

Global risk appetite recovered this week as data flow in the US eased inflation and recession worries. Both gold and oil prices rose due as the concerns over economic activity eased and interest rate cut expectations strengthened.

BIST-100 index followed a volatile course throughout the week. Türkiye's 5-year CDS premium fell to 269 bps thanks to the recovery in global risk appetite, while Turkish lira depreciated against USD and euro.

The agenda for the coming week...

The CBRT meeting stands out on the agenda next week. The market expects CBRT to keep the policy rate at 50%. In addition, the minutes of the Fed meeting, the flash PMIs for the US and Euro Area and the Jackson Hole summit will be monitored next week.



Source: Ministry of Treasury and Finance, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
19 August	TR Labor Force Statistics	2024 Q2	-	-
20 August	CBRT Monetary Policy Meeting	August	50.0%	50.0%
	TR Agricultural Products PPI, yoy	June	-	53.08%
	TR Central Government Gross Debt Stock	July	-	7.9 trillion TRY
	Euro Area CPI Inflation, final, yoy	July	2.6%	2.6%
	China Central Bank Meeting	August	-	3.85%
22 August	TR Consumer Confidence Index	August	-	75.9
	US Manufacturing PMI, flash	August	-	49.6
	US Services PMI, flash	August	-	55.0
	US Existing Home Sales, units	July	3.89 million	3.89 million
	Euro Area Manufacturing PMI, flash	August	46.1	45.8
	Euro Area Services PMI, flash	August	52.2	51.9
	Euro Area Consumer Confidence, flash	August	-	-13.0
23 August	TR Foreign Visitors, yoy	July	-	9.1%
	US New Home Sales, units	July	631 thousand	617 thousand
	Japan CPI Inflation, yoy	July	-	2.8%

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