

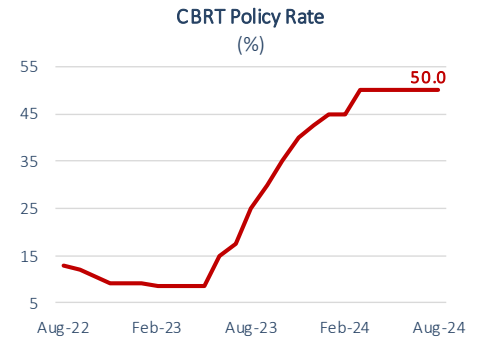
	16-Aug	22-Aug	Change		16-Aug	22-Aug	Change
BIST-100 Index	9,822	9,921	1.0 % ▲	EUR/USD	1.1028	1.1112	0.8 % ▲
TRY 2 Year Benchmark Rate	42.32 %	42.13 %	-19 bp ▼	USD/TRY	33.6632	33.7100	0.1 % ▲
Türkiye 5-Year CDS Premium	268	267	-0 bp ●	EUR/TRY	37.0609	37.6923	1.7 % ▲
MSCI EM Equity Index	1,094	1,101	0.7 % ▲	Gold (USD/ounce)	2,507	2,483	-1.0 % ▼
US 10-Year Bond Rate	3.89 %	3.86 %	-3 bp ▼	Brent Oil (USD/barrel)	79.7	77.2	-3.1 % ▼

bp: basis point

CBRT kept the policy rate at 50%, in line with expectations. In July, foreign visitor arrivals increased by 2.6% yoy, while central government debt stock rose by 39.2%. In August, consumer confidence, contrary to recent months, improved slightly. Preliminary PMI data released in the US and Euro Area showed that the divergence between sectors continued to deepen. In the US, FOMC minutes and statements made throughout the week generally pointed to a rate cut in September, while global risk appetite increased. Real sector confidence index and capacity utilization data will be released in Türkiye next week. On the global data agenda, personal consumption expenditures in the US and preliminary CPI inflation data in the Euro Area stand out.

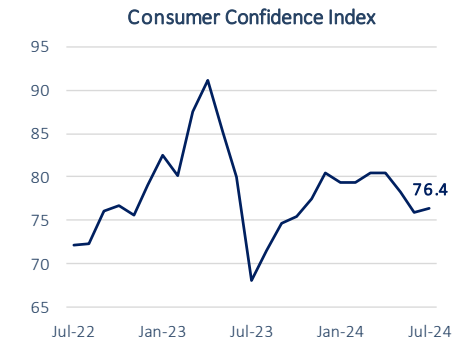
CBRT kept the policy rate unchanged.

In line with expectations, the CBRT kept the policy rate at 50% at its meeting on August 20. In the press release, it was stated that the underlying trend of monthly inflation increased slightly in July compared to the previous month yet remained below the second quarter average. CBRT reiterated that the tight monetary policy stance will be maintained until the underlying trend of monthly inflation declines significantly and sustainably and inflation expectations converge to the projected forecast range. In the text, it was stated that leading economic indicators pointing to a slowdown in domestic demand in the third quarter diminished inflationary effects.



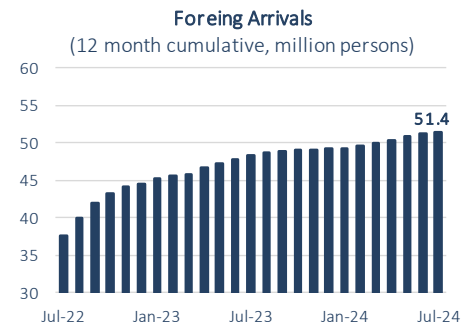
Consumer confidence index recorded an increase in August.

The consumer confidence index rose by 0.5 points to 76.4 in August. The rapid recovery in expectations for the financial situation of households in the current period mainly drove the rise in the index, which had been on a downward trend in the previous months. During this period, expectations for households' financial situation and the general economic situation in the next 12 months also showed a limited improvement.



Foreign visitor arrivals increased moderately in July.

In July, the number of foreign visitors coming to Türkiye increased moderately by 2.6% yoy to 7.3 million people. Thus, the number of foreign visitors in January-July period increased by 8.3% yoy and reached 29 million people. In this period, Russia was the country that sent the highest number of visitors to Türkiye with a share of 12.5%, while Germany ranked second with a share of 12.1%.



Central government debt stock rose by 39.2% yoy in July.

Central government debt stock increased by 39.2% yoy to 8.1 trillion TRY in July. In this period, the share of FX-denominated debt in total debt stock was realized as 59.6%.

Source: TURKSTAT, CBRT, MoTF, MoCT, Datastream

Rate cut expectations are strengthening in the US in September.

Although inflation remained high, it has been gradually decreasing to the Fed's 2% target level, and the factors contributing to the improvement in the inflation outlook will continue to support disinflation in the coming period, according to the Fed minutes released this week. The minutes showed that most FOMC members thought it would be reasonable to cut the policy rate at the September meeting if the upcoming data were as expected.

This week, Minneapolis Fed President Kashkari stated that the inflation outlook is improving and signaled that the Fed is open to a rate cut at its next meeting due to the increasing likelihood of a weakening labor market. On the other hand, Fed member Bowman pointed to the ongoing upside risks to inflation and stated that she remains cautious about the rate cut process. The downward revision of 818 thousand people in the US non-farm payroll data covering the April 2023–March 2024 period also strengthened expectations for a rate cut in September. In this context, Fed Chair Powell's speech at the Jackson Hole meeting this evening will be closely monitored.

Flash PMI data in the US and Euro Area pointed to continued divergence between sectors.

Flash PMI data released in the US and Euro Area for August indicated that the divergence between manufacturing and services sectors has become more profound. In the US, manufacturing PMI fell to 48.0, the lowest level of the year, indicating that operating conditions in this sector deteriorated slightly further. On the other hand, services PMI exceeded expectations with 55.2, indicating that the strong course in the sector continued.

In the Euro Area, manufacturing PMI hit its lowest level of the year with 45.6, while services PMI came in at 53.3, marking the seventh consecutive month of growth in the sector.

Financial markets...

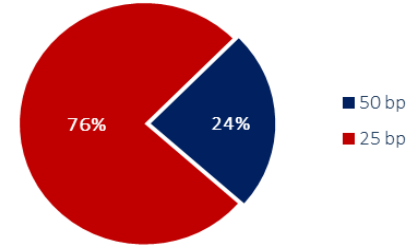
This week, global risk appetite increased as Fed minutes and statements from Fed officials pointed to a rate cut in September. The ounce price of gold was recorded at 2,483 USD as of Thursday's close, down 1% compared to last week's Friday close, while Brent crude oil price fell by 3.1% to 77.2 USD per barrel as geopolitical tensions remained on the back burner and concerns over economic activity.

As of Thursday's close, BIST-100 index posted a moderate increase of 1% compared to last Friday's close. Türkiye's 5-year CDS premium and benchmark bond yield followed a flat course, while the depreciation of the Turkish lira accelerated slightly this week.

Next week's agenda...

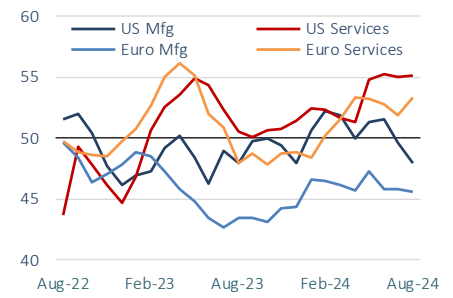
The real sector confidence index, capacity utilization rate, and foreign trade data will be released in Türkiye next week. In addition, revised GDP growth and personal consumption expenditures (PCE) to be announced in the US and CPI inflation data to be released in the Euro Area stand out on next week's agenda.

Rate Cut Expectations for Fed's September Meeting (%)*

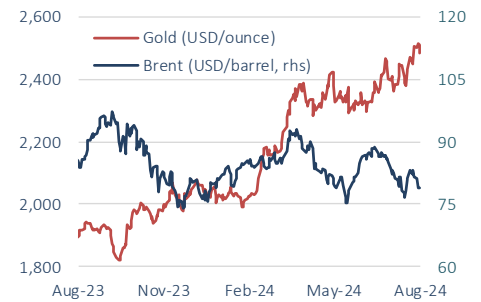


*As of August 22

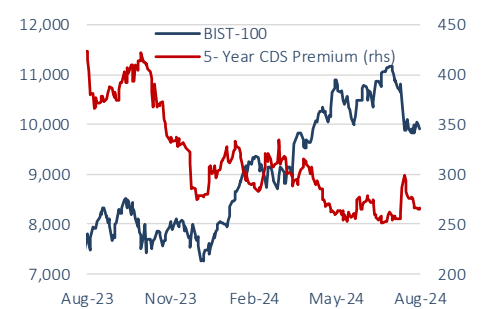
US and Euro Area PMI Data



Gold and Crude Oil Prices



BIST-100 and CDS Premium



Source: BIST, CME Group, Datastream

Data Releases

		Period	Consensus	Prior
26 August	TR Capacity Utilization Rate, sa	August	-	75.9%
	TR Real Sector Confidence Index, sa	August	-	98.7
27 August	US Durable Goods Orders, mom	July	4.0%	-6.7%
	TR Sectoral Inflation Expectations	August	-	-
28 August	US Consumer Confidence Index	August	100.1	100.3
	TR Trade Balance, final	July	-	-7.2 billion USD
29 August	TR Economic Confidence Index	August	-	94.4
	Euro Area Consumer Confidence Index, final	August	-	-13.4
	Germany CPI Inflation, mom, flash	August	0.1%	0.3%
	US GDP Growth, annualized, revised	2024 Q2	2.8%	2.8%
	US Pending Home Sales, mom	July	-	4.8%
30 August	Euro Area CPI Inflation, yoy, flash	August	2.2%	2.6%
	Euro Area Unemployment Rate	July	-	6.5%
	US Personal Consumption Expenditures (PCE), mom	July	0.2%	0.1%
	US Michigan Consumer Confidence Index	August	-	67.8

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