

	30-Aug	5-Sep	Change		30-Aug	5-Sep	Change
BIST-100 Index*	9,833	9,937	1.1 % ▲	EUR/USD	1.1047	1.1110	0.6 % ▲
TRY 2 Year Benchmark Rate*	42.10 %	42.36 %	26 bp ▲	USD/TRY	34.0711	33.9195	-0.4 % ▼
Türkiye 5-Year CDS Premium	275	269	-6 bp ▼	EUR/TRY	37.4873	37.7599	0.7 % ▲
MSCI EM Equity Index	1,100	1,076	-2.2 % ▼	Gold (USD/ounce)	2,503	2,516	0.5 % ▲
US 10-Year Bond Rate	3.91 %	3.73 %	-18 bp ▼	Brent Oil (USD/barrel)	78.8	72.7	-7.8 % ▼

(\*) Latest available data in last week: 29 August

This week the Medium Term Program for the 2025-2027 period was announced, while a busy data agenda was followed during the week. Turkish economy grew by 2.5% yoy in the second quarter of the year, below the expectations, while ICI manufacturing PMI for August remained below the threshold at 47.8, indicating that the weakness in the sector continued in the third quarter. In August, monthly CPI inflation was realized as 2.47%, in line with market expectations. According to leading data released by Ministry of Trade, foreign trade deficit narrowed by 33.6% yoy in January-August period. This week, global stock markets presented a negative outlook due to recession concerns as well as the sell-off in technology stocks. In the US, data for August pointed to a weak course in the manufacturing sector, while non-farm payrolls growth came in below the expectations. Next week, US inflation data and ECB meeting will be closely monitored. In Türkiye, balance of payments, industrial production and retail sales data will be released. In addition, Fitch is expected to publish its credit rating assessment for Türkiye this evening.

### Medium Term Program was announced in Türkiye.

The Medium Term Program for the period 2025-2027 was announced this week. In the program achieving price stability was set as the primary target, while GDP growth forecasts for 2024-2027 were revised downwards by 0.5 points compared to last year's MTP forecasts and were announced as 3.5%, 4.0%, 4.5% and 5.0%, respectively. In the program, year-end CPI inflation forecasts were revised upwards to 41.5% for 2024 and 17.5% for 2025, staying within the forecast range announced in the CBRT's last Inflation Report. In the program, the budget deficit to GDP ratios were projected to be 4.9%, 3.1%, 2.8% and 2.5%, respectively.

### Turkish economy grew by 2.5% yoy in the second quarter of the year.

According to chain linked volume index, Turkish economy grew below the expectations by 2.5% yoy in the second quarter of the year recording the weakest performance since the second quarter of 2020, when the effects of the pandemic were felt the most on economic activity. While the contribution of consumption expenditures to growth continued to decline, investment expenditures made the lowest contribution to growth since the third quarter of 2022 with 0.1 pp. According to seasonally and calendar adjusted figures, Turkish economy posted a limited growth of 0.1% qoq in the second quarter of the year ([Our Economic Growth report](#)).

### ICI Türkiye Manufacturing PMI came in at 47.8 in August.

Istanbul Chamber of Industry Türkiye Manufacturing PMI increased by 0.6 points mom in August, but remained below the threshold for the fifth consecutive month at 47.8, indicating that the weak course in the sector continued. In this period, challenging market conditions caused new orders to slow down for the 14th consecutive month, while new export orders pointed to a relatively more favorable outlook in external demand conditions. Sectoral PMI data revealed that production contracted in all sectors for the first time in nearly two years, while the operating conditions in textile sector displayed the most unfavorable outlook.

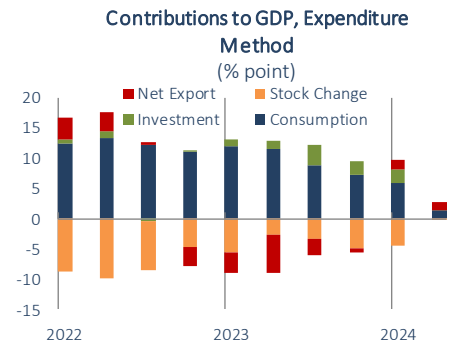
### Annual CPI inflation fell to 51.97% in August.

In August, CPI increased by 2.47% mom, in line with market expectations. Annual CPI inflation, which peaked in May (75.45%), continued to decline for the third consecutive month in August with the support of base effect, falling to 51.97%, the lowest level in almost a year. In August, prices rose in all expenditure groups except food and non-alcoholic beverages, while housing group pushed up the monthly CPI inflation at most by 8.51% due to the rise in natural gas prices ([Our Inflation Report](#)).

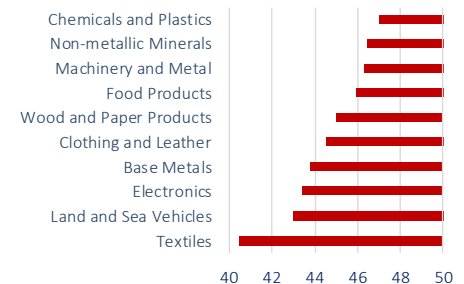
### Medium Term Program Estimates

	2024(RE)	2025(P)	2026(P)	2027(P)
GDP Growth (%)	3.5	4.0	4.5	5.0
CPI Inflation (%)	41.5	17.5	9.7	7.0
Unemployment Rate (%)	9.3	9.6	9.2	8.8
C.A Balance/GDP (%)	-1.7	-2.0	-1.6	-1.3
Budget Balance/GDP (%)	-4.9	-3.1	-2.8	-2.5

RE: Realization Estimate, P: Program



### ICI Türkiye Sectoral PMI



Source: ICI, TURKSTAT, Datastream

### Foreign trade deficit narrowed by 33.6% yoy in January-August period.

According to the leading foreign trade data released by the Ministry of Trade, exports increased by 2.4% yoy to 22.1 billion USD in August, while imports declined by 10.8% yoy to 27 billion USD. Thus, foreign trade deficit, which was 4.9 billion USD in August, narrowed by 33.6% yoy to 54.9 billion USD in January-August period.

### CPI-based real effective FX rate declined for the first time since March.

According to data released by the CBRT, CPI-based real effective FX rate fell to 62.34 in August, recording the first decline since March.

### Non-farm payrolls in the US rose below expectations in August.

In the US, non-farm payrolls rose by 142K in August, below the market expectations, while the data for July was revised downwards. Although the unemployment rate in the country fell to 4.2% in August from 4.3% in July, employment data pointed out that the weak outlook in the labor market continued.

According to final data, August manufacturing PMI in the US came in at 47.9, the lowest level of the year. Thus, the index, which remained below the threshold in August once again after July, showed that the contraction trend in the sector continued. In the same period, ISM manufacturing index came in at 47.2, confirming the negative outlook in the sector. On the other hand, data on services sector continued to paint a positive picture in August. In this period, final services PMI came in at 55.7, the highest level since March 2022, while ISM services index came in at 51.5, indicating that the expansion in operating conditions gained moderate pace.

### Producer prices in the Euro Area rose above expectations in July.

Euro Area PPI rose by 0.8% mom in July, well above the market expectations. This increase was mainly driven by the 2.8% rise in energy prices in this period. Due to the rapid monthly increase in PPI, the annual change in producer prices came down from -3.3% in June to -2.1% in July. In the region, where the quarterly growth data for the second quarter was revised from 0.3% to 0.2%, final PMI data for August were realized as 45.8 and 52.9 for manufacturing and services sectors, respectively, indicating that the divergence between the two sectors continued.

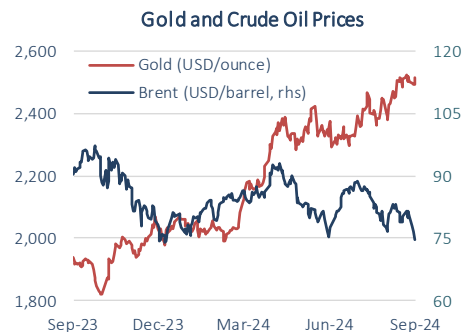
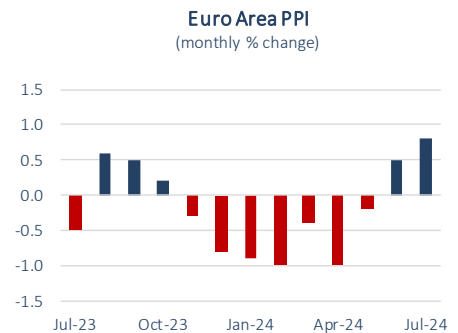
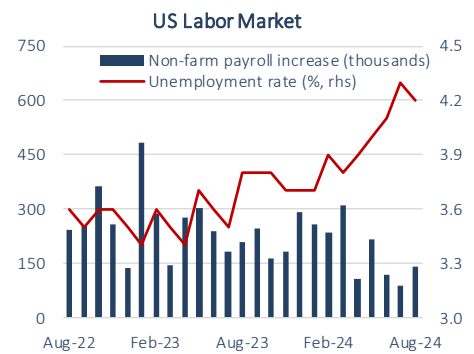
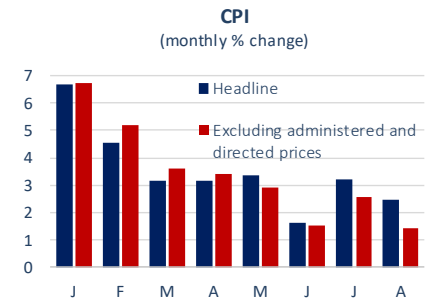
### Financial markets...

US markets, which were closed on the first trading day of the week, displayed a negative outlook due to the data released on Tuesday as well as the sell-off in technology stocks. As investors adopted a cautious approach ahead of the US non-farm payrolls data, the declines in stock market indices continued throughout the rest of the week, albeit with a momentum loss. The price of Brent crude oil, which declined throughout the week due to concerns over demand, failed to recover even though OPEC+ countries agreed to postpone the oil production increase planned for October by 2 months. Thus, as of Thursday, the price of Brent crude oil fell by 7.8% compared to last Friday to 72.7 USD/barrel. On the other hand, ounce gold price is about to close the week above 2,500 USD.

Although BIST-100 index tested above 10,000 during the week, it closed Thursday at 9,937, posting a limited increase compared to last week's close. TRY appreciated slightly against USD. Türkiye's 5-year CDS risk premium decreased by 6 bps to 269 bps.

### Next week's agenda...

Next week, US inflation data for August and ECB meeting will be closely monitored in the markets. In Türkiye, balance of payments, industrial production, retail sales and employment data for July as well as the results of CBRT's Market Participants Survey will be announced.



Source: Datastream, CBRT, Ministry of Trade

### Data Releases

		Period	Consensus	Prior
9 September	Euro Area Sentix Index	September	-12.8	-13.9
	China CPI Inflation, yoy	August	0.7%	0.5%
	China PPI Inflation, yoy	August	-1.4%	-0.8%
	Japan GDP Growth, final, qoq	2024 Q2	0.8%	0.8%
10 September	TR Unemployment Rate	July	-	9.2%
	TR Industrial Production, yoy	July	-	-4.7%
	China Trade Balance	August	83.9 billion USD	84.7 billion USD
11 September	TR Trade Sales Volume Index, yoy	July	-	-1.1%
	USA CPI Inflation, mom	August	0.2%	0.2%
12 September	TR Current Account Balance	July	-	407 million USD
	USA PPI Inflation, mom	August	-	0.1%
	ECB Meeting	September	3.65%	4.25%
13 September	CBRT Survey of Market Participants	September	-	-
	USA Michigan Consumer Confidence, prelim	September	68.0	67.9
	Euro Area Industrial Production, yoy	July	-	-3.9%

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