

	6-Sep	12-Sep	Change		6-Sep	12-Sep	Change
BIST-100 Index	9,771	9,521	-2.6 % ▼	EUR/USD	1.1083	1.1074	-0.1 % ▼
TRY 2 Year Benchmark Rate	42.35 %	42.18 %	-17 bp ▼	USD/TRY	33.9505	33.9086	-0.1 % ▼
Turkey 5-Year CDS Premium	272	270	-2 bp ▼	EUR/TRY	37.5489	37.5554	0.0 % ●
MSCI EM Equity Index	1,075	1,076	0.1 % ▲	Gold (USD/ounce)	2,497	2,559	2.5 % ▲
US 10-Year Bond Rate	3.71 %	3.68 %	-3 bp ▼	Brent Oil (USD/barrel)	71.1	72.0	1.3 % ▲

bp: basis point

In the US, although CPI posted an anticipated monthly increase of 0.2% in August, monthly core CPI and PPI inflation were slightly above expectations. The European Central Bank cut its policy rate for the second time this year, in line with expectations. In China, inflation and import indicators revealed that domestic demand conditions remained weak. In Türkiye, current account posted a surplus of 566 million USD in July, in line with expectations. In the same period, the unemployment rate dropped to 8.8%, while industrial production contracted by 3.9% yoy. Fitch raised Türkiye's credit rating by one notch from "B+" to "BB-". According to the Market Participants Survey, the market's inflation expectations improved slightly in September. The Fed meeting stands out on the agenda of the markets next week. In Türkiye, housing statistics as well as the central government budget will be announced.

Inflation data was announced in the US.

In the US, CPI posted an anticipated monthly increase of 0.2% in August, while annual inflation came in at 2.5%, 0.1 pp below market expectations and the lowest level in the last 3.5 years. Core CPI, which excludes food and energy prices, rose by 0.3% mom, exceeding expectations. During this period, the core PPI also exceeded expectations, rising by 0.3% mom and 2.4% yoy. Core inflation indicators exceeded expectations, limiting the expectations for a 50 bps rate cut at the Fed's meeting to be held next week.

ECB made the second interest rate cut of the year.

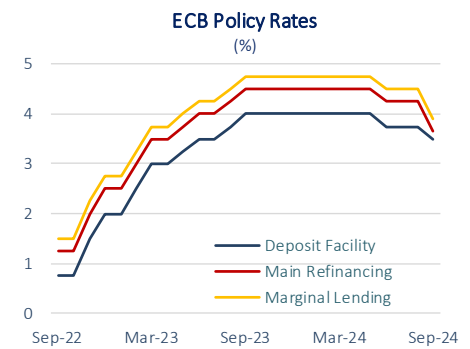
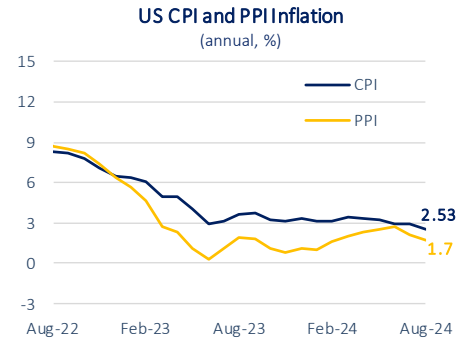
European Central Bank (ECB) cut interest rates in line with market expectations at its meeting yesterday, lowering the refinancing rate from 4.25% to 3.65% and the deposit facility rate from 3.75% to 3.50%. At the press conference following the meeting, President Christine Lagarde said that the risks to economic growth were to the downside, while noting the need to be attentive to the risk of below-target inflation. Lagarde also stated that they were not pre-committing to a particular rate path and that they will maintain a data-dependent approach on future rate cuts. The ECB did not change its inflation forecasts for the 2024-2026 period, but revised its economic growth forecasts downward by 0.1 pp for each year.

OPEC revised its global oil demand forecasts downwards.

OPEC lowered its daily global oil demand growth forecasts to 2.03 million barrels in 2024 and 1.74 million barrels in 2025. The International Energy Agency (IEA), on the other hand, left its forecasts for daily oil demand growth unchanged at 900 thousand and 950 thousand barrels per day for 2024 and 2025, respectively. Both organizations noted the continued contraction in China's oil demand in their reports. While weak expectations for global oil demand were influential in the decline in oil prices during the week, unfavorable weather conditions in the US limited the downward pressure on oil prices.

Fitch upgraded Türkiye's credit rating to "BB-".

Fitch upgraded Türkiye's credit rating by one notch to "BB-" and revised its credit rating outlook from "positive" to "stable". Stating that Türkiye's international reserve composition has strengthened due to decreasing dollarization and capital inflows, the agency emphasized that the premature easing of monetary policy or the abandonment of the current policy direction would increase inflationary pressures and this could have a negative impact on the credit rating.



Source: ECB, Datastream

The current account continued to post a surplus in July.

After June, the current account posted a surplus in July. In this period, the current account surplus was realized as 566 million USD, in line with market expectations, while the 12-month cumulative current account deficit decreased to 19.1 billion USD, the lowest level since April 2022. In the first 7 months of the year, the current account deficit, which was recorded as 16 billion USD, decreased by 61.8% yoy ([Our Balance of Payments report](#)).

The unemployment rate fell to 8.8% in July.

According to seasonally adjusted figures, the unemployment rate decreased by 0.4 percentage points mom to 8.8% in July. In the same month, labor force and employment increased by 123 thousand and 235 thousand people, respectively, compared to the previous month. In the same period, the composite measure of labour underutilization decreased by 2.7 points to 26.5%. Thus, the deterioration in labor force indicators recorded in June was largely recovered.

Industrial production contracted by 3.9% yoy in July.

In July, the calendar-adjusted industrial production index contracted by 3.9% yoy. Moreover, the annual contraction in the previous month was revised up to 5% from 4.7%. According to seasonally and calendar adjusted figures, industrial production increased by 0.4% mom. While the 5.1% decline in manufacturing industry production contributed significantly to the annual decline in the index, the increases in the mining and quarrying sector and the electricity, gas, steam, and air conditioning sector, which grew by 3.3% and 8.2% respectively, mitigated the decline in the main index. While 16 out of 24 sectors operating under the manufacturing industry posted annual losses in production, the sharpest decline was observed in the manufacture of basic pharmaceutical products and pharmaceutical materials with 23.3%.

In July, the trade sales volume index decreased by 3.4% yoy, the fastest annual decline since May 2020. The seasonally and calendar-adjusted index also fell by 0.6% mom in the same period. Among the sub-indices that make up the trade sales volume index, only the retail trade index recorded a monthly and annual increase in July.

The market's inflation expectations declined in September.

According to the CBRT's Survey of Market Participants, inflation expectations for the current year-end decreased from 43.31% to 43.14% and for the 12-month ahead period from 28.71% to 27.49%. Market participants' USD/TRY expectations for the year-end also declined slightly to 37.16. According to the survey, the market expects CBRT to start rate cuts in the next 3 months.

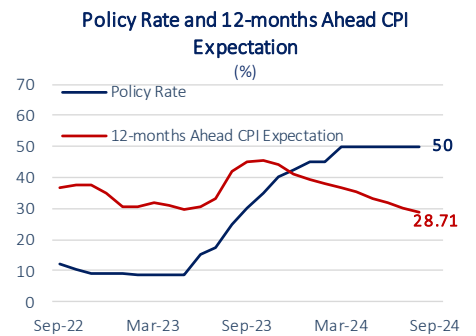
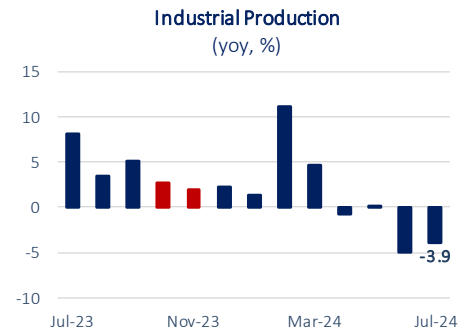
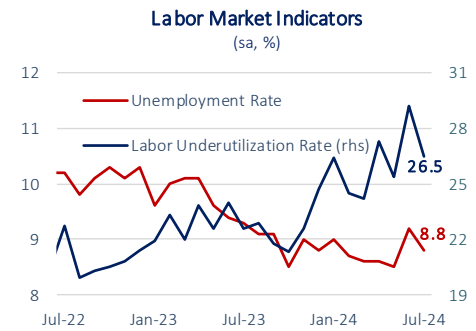
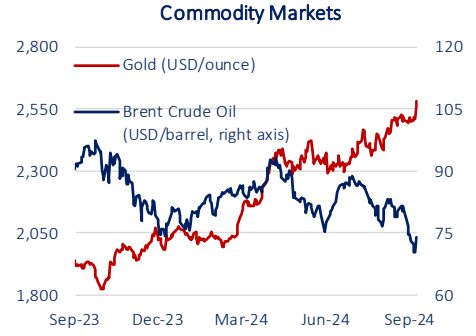
Financial markets...

Due to investors' cautious stance on US inflation data and the ECB meeting, US stock markets displayed a volatile course throughout the week. However, with the support of tech stocks, US stock markets are poised to close the week in positive territory, despite the inflation data exceeding expectations. Brent crude oil price, which fell below 70 USD during the week due to concerns over global oil demand, remained above 72 USD on the last trading day of the week due to the hurricane in the Gulf of Mexico. On the other hand, the price of gold ounce approached 2,570 USD, reaching historical highs due to geopolitical tensions as well as investors' risk aversion ahead of the Fed meeting.

The BIST-100 index, which has been under selling pressure for two weeks, fell to 9,420 in mid-week, the lowest level in the last 5.5 months. As of Thursday's close, TRY appreciated slightly against the US dollar compared to last Friday, while it remained flat against the euro. On a weekly basis, Türkiye's 5-year CDS risk premium fell by two basis points to 270.

Next week's agenda...

CBRT and Fed meetings stand out on the agenda for the coming week. In Türkiye, central government budget and gross debt stock as well as housing sales and price statistics will be released.



Source: Turkstat, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
16 September	TR Budget Balance	August	-	96.8 billion TRY
	USA NY Fed Manufacturing Index	September	-4.0	-4.7
17 September	TR House Sales, yoy	August	-	16%
	TR Housing Price Index, yoy	August	-	38.7%
	USA Retail Sales, mom	August	0.1%	1.0%
	USA Industrial Production, mom	August	0.1%	-0.6%
	TR Housing Price Index, yoy	August	77.9%	77.8%
18 September	Fed Meeting	August	2.2%	2.2%
	USA Housing Starts, units	Ağustos	1.3 million	1.2 million
	Euro Area CPI Inflation, final, yoy	Ağustos	2.2%	2.2%
19 September	CBRT Monetary Policy Meeting	September	-	50%
	Philadelphia Fed Business Index	September	2.7	-7.0
	USA Existing Home Sales, units	August	3.9 million	3.9 million
	BoE Meeting	September	5.0%	5.0%
20 September	TR Consumer Confidence Index	September	-	76.4
	TR Central Government Gross Debt Stock	August	-	8.1 trillion TRY
	Euro Area Consumer Confidence, flash	September	-13.0	-13.5
	China Central Bank Meeting	September	-	3.35%
	BoJ Meeting	September	0.25	0.25

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