

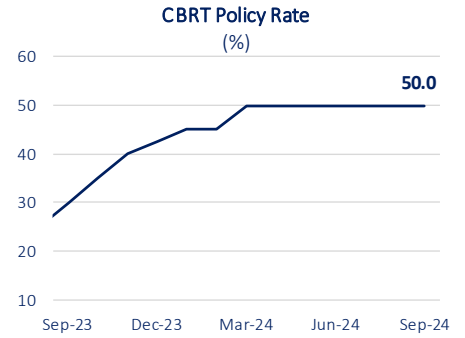
	13-Sep	19-Sep	Change		13-Sep	19-Sep	Change
BIST-100 Index	9,685	9,976	3.0 % ▲	EUR/USD	1.1076	1.1161	0.8 % ▲
TRY 2 Year Benchmark Rate	42.17 %	42.09 %	-8 bp ▼	USD/TRY	33.8762	34.0253	0.4 % ▲
Türkiye 5-Year CDS Premium	268	252	-16 bp ▼	EUR/TRY	37.4458	37.7940	0.9 % ▲
MSCI EM Equity Index	1,082	1,100	1.6 % ▲	Gold (USD/ounce)	2,576	2,586	0.4 % ▲
US 10-Year Bond Rate	3.65 %	3.74 %	9 bp ▲	Brent Oil (USD/barrel)	71.6	74.9	4.6 % ▲

bp: basis point

CBRT kept the policy rate unchanged at its meeting this week in line with expectations, stating that inflation expectations and pricing behavior remained as risk factors for disinflation. In August, central government budget posted a deficit of 129.6 billion TRY. In the same period, house sales increased by 9.9% yoy, while house prices continued to decline in real terms. Consumer confidence index rose to 78.2 in September. Fed cut its policy rate by 50 basis points, while members' projections indicated that further rate cuts are possible until the end of the year. Next week, preliminary PMI data for the US and Euro Area as well as the final US growth data for the 2nd quarter stand out on the global data calendar. In Türkiye, real sector and sectoral confidence indices will be announced.

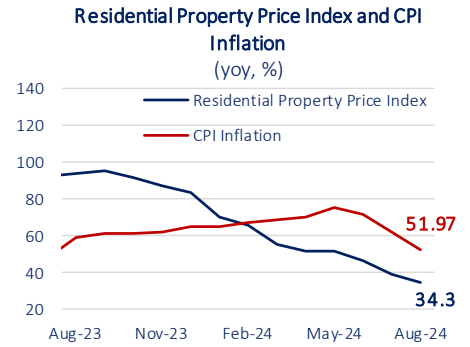
CBRT kept the policy rate at 50%.

At its meeting this week, CBRT kept the policy rate unchanged at 50% in line with market expectations. In the decision text published after the meeting, CBRT stated that monthly inflation indicators did not show a discernable improvement in August, while the decline in services inflation is expected to occur in the last quarter of the year. The assessment that inflation expectations and pricing behavior continue to pose risks to the disinflation process showed that CBRT maintained its cautious stance. On the other hand, the statement that “monetary policy stance will be tightened in case a significant and persistent deterioration in inflation is foreseen” was changed to “monetary policy tools will be used effectively”, which supported the expectations that the CBRT may reassess its current stance in the upcoming period.



In August, central government budget posted a deficit of 129.6 billion TRY.

In August, central government budget revenues recorded a limited rise of 12.5% yoy and became 690.7 billion TRY. On the other hand, budget expenditures rose by 45.8% yoy to 820.3 billion TRY. Thus, central government budget posted a deficit of 129.6 billion TRY in August, while primary budget deficit became 32.5 billion TRY. Total budget deficit in January-August period was realized as 973.5 billion TRY, reaching 45.3% of the target set for 2024 in the Medium Term Program ([Budget Balance report](#)).



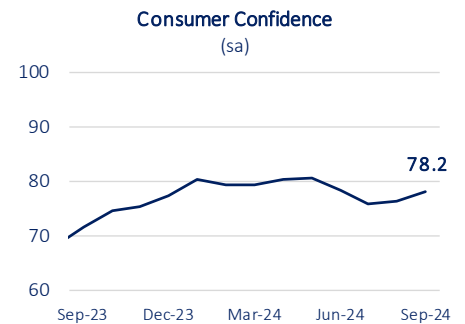
In August, house sales increased by 9.9% yoy.

House sales, which have generally displayed a weak outlook since the second half of 2022, rose by 9.9% yoy to 134,155 units in August, following the increase in July. In this period, declining by 17.1% yoy mortgaged sales continued their weak course, while other sales rose by 14.1% yoy. In January-August period, house sales posted a limited annual increase of 1.1%.

In August, house prices recorded a rapid monthly rise in line with the positive outlook in housing market. In this period, increasing by 3.6% house prices recorded the highest rise of the last 3 months and was realized above the monthly CPI inflation. On the other hand, annual increase in house price index was realized as 34.3% in August, the slowest level in the last 3 years. Thus, the annual deceleration in house prices continued its 11th month and prices fell by 11.6% yoy in real terms.

Consumer confidence index increased in September.

Seasonally adjusted consumer confidence index increased by 1.8 points mom to 78.2 in September. In this period, expectations regarding the financial situation of households for the current and over the next 12 months period improved moderately, while



Source: CBRT, TURKSTAT, Ministry of Treasury and Finance

expectations for the general economic situation for the next 12 months improved rapidly. In September, negative assessments regarding the possibility of buying a car and a home (or building a home) over next 12 months limited the rise in consumer confidence.

The Fed cut policy rate by 50 basis points.

This week, markets also focused on the Fed's interest rate decision. While expectations for the amount of the cut diverged ahead of the meeting, the Fed cut the policy rate by 50 basis points and set the policy rate in the range of 4.75%-5.00%. In the decision text of the meeting, it was stated that economic activity remained strong, but employment growth slowed down. Consequently, in the projections of Fed officials, the unemployment rate forecast for end-2024 was revised up by 0.4 points from June to 4.4% in September, while the GDP growth forecast for the same period was revised downwards to 2.0%. In the projections, the year-end expectation for core personal consumption expenditures inflation was also revised downwards to 2.6%, indicating that the Fed expects inflation to decline along with the slowdown in economic activity. In the September projections, that signaled implications in line with the soft landing scenario, the policy rate expectation for the year-end was 4.4%. In this context, the markets' expectations that the Fed may cut interest rates by 2 additional 25 basis points until the end of the year have strengthened. Fed Chairman Powell stated that he did not see any downside risk in the economy. Industrial production and retail sales data for August came in above the expectations and confirmed these assessments.

Other major central banks kept their interest rates unchanged.

The meetings of the central banks of China, UK and Japan were also followed last week. These central banks kept interest rates unchanged in line with market expectations. The People's Bank of China kept its 1-year and 5-year loan prime rates at 3.35% and 3.85%, respectively, while the Bank of England kept its policy rate unchanged at 5.0%. The Bank of Japan, whose rate hike decision in July had a significant impact on the markets, kept its policy rate unchanged at 0.25% at its September meeting.

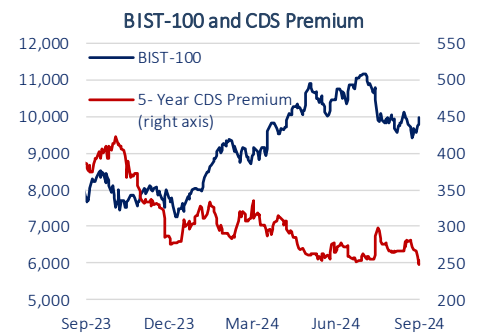
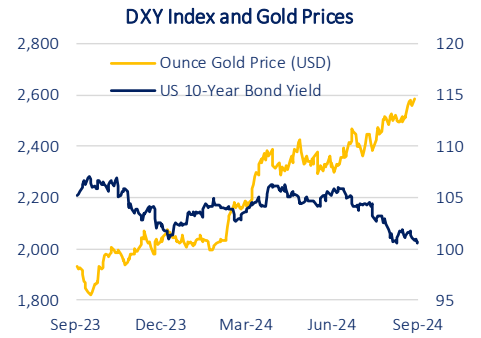
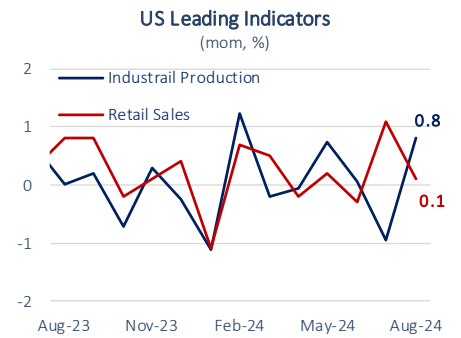
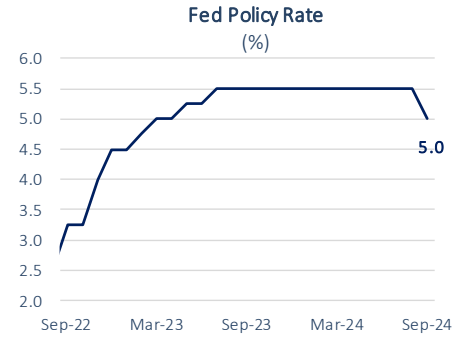
Financial markets...

The Fed meeting shaped global markets throughout the week. US stock markets, which followed a flat course before the Fed's interest rate decision, rapidly overturned the volatility experienced after the decision. S&P 500 index posted a weekly increase of 1.7% as of Thursday's close, while the weekly rise in Nasdaq Composite index reached 2.5%. Ounce gold prices, which increased by 0.4% wow as of Thursday, seems to end the last trading day of the week above 2,600 USD. DXY index, which declined by 0.5% wow as of Thursday, is moving slightly above 100 on the last day of the week.

BIST-100 index, which started the week with losses, increased by 3.0% wow to 9,976 as of Thursday's close, in line with the developments in global markets. Türkiye's 5-year CDS premium decreased by 16 bps to 252 bps, while the 2-year benchmark bond yield is at 42.09%.

Next week's agenda...

Next week, preliminary PMI data for the US and Euro Area as well as US final growth data for the 2nd quarter stand out on the global data calendar. In Türkiye, real sector and sectoral confidence indices will be announced.



Source: Datastream, CBRT, Ministry of Trade

Data Releases

		Period	Consensus	Prior
23 September	US Manufacturing PMI, flash	September	-	47.9
	US Services PMI, flash	September	-	55.7
	Euro Area Manufacturing PMI, flash	September	45.5	45.8
	Euro Area Services PMI, flash	September	52.3	52.9
24 September	TR Real Sector Confidence Index	September	-	98.5
	TR Sectoral Sentiment Indices	September	-	-
	TR Capacity Utilization Rate	September	-	75.4%
	TR Foreign Visitors, yoy	August	-	2.60%
	US Consumer Confidence	September	102.9	103.3
	Japan Manufacturing PMI, flash	September	-	49.8
25 September	US New Home Sales, units	August	700 thousand	739 thousand
26 September	US GDP Growth, final, yoy	2024 Q2	2.9%	3.0%
	US Durable Goods Orders, mom	August	-2.8%	9.8%
	US Pending Home Sales, mom	August	-	-5.5%
27 September	TR Trade Balance	August	-	-7.3 billion USD
	TR Economic Confidence	September	-	93.10
	US Core PCE, mom	August	-	0.2%
	US Michigan Consumer Confidence, final	September	-	69.0
	Euro Area Consumer Confidence, final	September	-	-13.5

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