

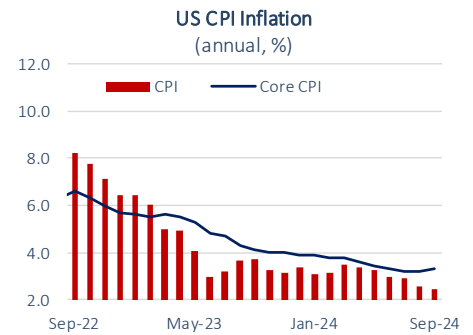
	4-Oct	10-Oct	Change		4-Oct	10-Oct	Change
BIST-100 Index	9,109	8,964	-1.6 % ▼	EUR/USD	1.0976	1.0935	-0.4 % ▼
TRY 2 Year Benchmark Rate	41.30 %	41.92 %	62 bp ▲	USD/TRY	34.2500	34.1519	-0.3 % ▼
Turkey 5-Year CDS Premium	278	269	-9 bp ▼	EUR/TRY	37.4801	37.4291	-0.1 % ▼
MSCI EM Equity Index	1,179	1,157	-1.9 % ▼	Gold (USD/ounce)	2,652	2,629	-0.9 % ▼
US 10-Year Bond Rate	3.98 %	4.09 %	11 bp ▲	Brent Oil (USD/barrel)	78.1	79.4	1.7 % ▲

bp: basis point

September CPI data released in the US this week came in above market expectations. Fed minutes for last meeting showed that officials agreed that the 50 basis point rate cut would not be an indicator for future rate cuts. ECB accounts, on the other hand, showed that members advocated a gradual easing. In Türkiye, current account posted the highest surplus since 2019 with 4.3 billion USD in August. In the same period, annual contraction in industrial production became more evident with 5.3%, while retail sales volume increased by 13.3%. According to the CBRT Survey of Market Participants, year-end inflation expectations of the market increased in October. CBRT and ECB meetings stand out on next week's agenda. In addition, central government budget balance to be announced in Türkiye and industrial production and retail sales data to be announced in the US will be closely monitored by the markets.

Inflation data was released in the US.

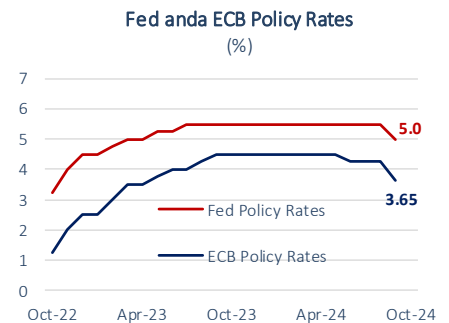
In the US, CPI increased by 0.2% mom in September, above the market expectations of 0.1%. In this period, food prices increased by 0.4% while energy prices decreased by 1.9%. Thus, annual CPI inflation fell to 2.4% in September from 2.5% in August. Core CPI inflation, which excludes energy and food prices, also came in above the expectations with 0.3% mom and 3.3% yoy in September. PPI in the country remained unchanged in September, below expectations. Following the inflation data, market expectations are still shaped as Fed will cut interest rates by 25 basis points at its next meeting.



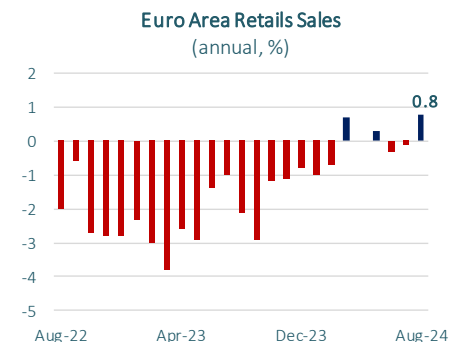
On the other hand, according to Fed minutes for September meeting, some members were in favor of a 25 basis points rate cut, while a significant majority supported a 50 basis points rate cut. However, the minutes indicated that Fed officials agreed that the 50 bps rate cut would not be an indicator for future rate cuts.

Retail sales in Euro Area recorded an increase in August.

In August, retail sales in the Euro Area increased by 0.2% mom in line with market expectations, but rose by 0.8% yoy, below the market expectations (1.0%). Sentix confidence index in the region was realized above market expectations in October, increasing by 1.6 points compared to the previous month and rising for the first time after three consecutive months of decline.



Accounts of the European Central Bank (ECB) meeting held on September 11-12 showed that the members advocated a gradual easing. Pointing out that inflation may be more sticky in core indicators and the service sector and may not fall in line with expectations, accounts noted that the recent decline in headline inflation was largely due to the fall in energy prices.



Source: Fed, ECB, Datastream

Türkiye's current account posted a surplus of 4.3 billion USD in August.

Following June and July, Türkiye's current account posted a surplus in August thanks to the annual decline in foreign trade deficit and favorable tourism revenues. In this period, current account surplus was realized as 4.3 billion USD, in line with market expectations and the highest level of the last 5 years. Thus, current account deficit narrowed to 9.7 billion USD in the first 8 months of the year and to 11.3 billion USD according to 12-month cumulative figures. In August, portfolio investments and other investments recorded net capital outflows of 881 million USD and 2.2 billion USD, respectively ([Our Balance of Payments report](#)).

Industrial production decreased by 5.3% yoy in August.

Seasonally and calendar adjusted industrial production index decreased by 1.6% mom in August. According to calendar adjusted figures, the annual decline in the index continued for the third month in a row and signaled the most significant contraction since February 2023, when the earthquake disaster struck, with 5.3% yoy. Thus, industrial production contracted by 4.7% yoy in the third quarter of the year. Although seasonally adjusted unemployment rate decreased by 0.3 points mom to 8.5% in August, the idle labor rate, the broadest defined unemployment rate, rose by 0.7 points mom to 27.2%. The rapid contraction in the industrial production index and the rise in the idle labor rate indicated that the effects of tight monetary policy on production became more evident in August. On the other hand, monthly and annual increases of 2.2% and 13.3% in retail sales volume, signaled that the expected slowdown in demand conditions has not yet been fully achieved.

Market participants' inflation expectations rose in October.

According to the October results of the CBRT's Survey of Market Participants, the year-end CPI inflation expectation rose by 1.0 point compared to the previous month to 44.11%. On the other hand, participants' 12-month-ahead CPI inflation expectation decreased slightly compared to the previous month and was realized as 27.44%. Market participants' USD/TRY expectations for the year-end also decreased slightly to 36.63. Participants' growth expectation for 2024 was realized as 3.1%.

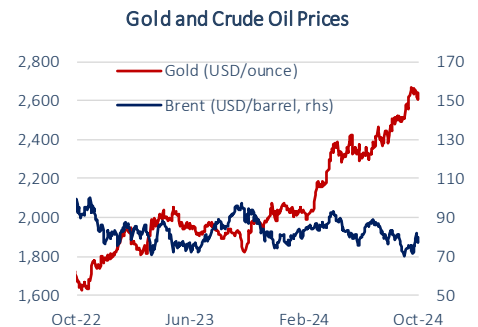
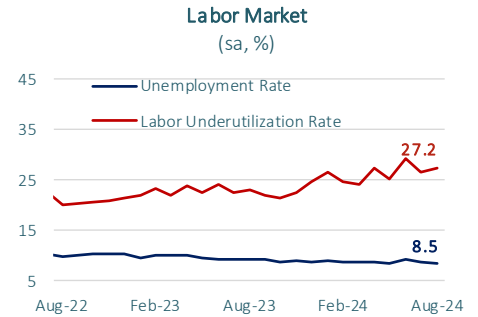
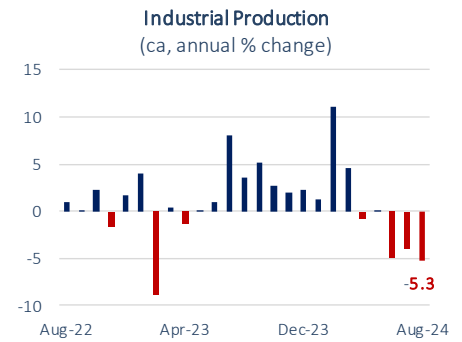
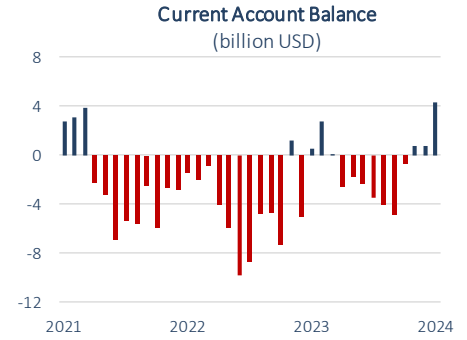
Financial markets...

This week, global equity markets followed a mixed course due to the ongoing tensions in the Middle East and higher-than-expected US inflation figures. MSCI Emerging Markets Index declined by 1.9% on a weekly basis as of Thursday's close, while S&P 500 and Euro Stoxx 50 rose by 0.5% and 0.3%, respectively. The price per barrel of Brent crude oil rose by 1.7% on a weekly basis, while the price of ounce of gold declined by 0.9%.

In Türkiye, BIST-100 index declined by 1.6% on a weekly basis in line with other emerging markets. Türkiye's 5-year CDS risk premium decreased by 9 basis points to 269 basis points, while TRY appreciated against USD and euro.

Next week's agenda...

CBRT and ECB meetings stand out on next week's agenda. In addition, the central government budget will be announced in Türkiye, while US industrial production and retail sales will be closely monitored by the markets.



Source: TURKSTAT, CBRT, BIST, Datastream

Data Releases

		Period	Consensus	Prior
14 October	China Trade Balance	September	89.8 billion USD	91.0 billion USD
15 October	TR Budget Balance	September	-	129.6 billion TRY
	USA NY Fed Manufacturing Index	October	2.4	11.5
	Euro Area Industrial Production, yoy	August	-1,2%	2.2%
17 October	CBRT Monetary Policy Meeting	October	-	50.0%
	TR House Sales, yoy	September	-	9.9%
	USA Industrial Production, mom	September	-0.1%	0.8%
	USA Retail Sales, mom	September	0.3%	0.1%
	USA Capacity Utilization Rate	September	77.8%	78.0%
	USA Philadelphia Fed Index	October	3.0	1.7
	ECB Meeting	October	3.4%	3.65%
	Euro Area CPI Inflation, final, mom	September	-0.1%	0.1%
18 October	USA Housing Starts, units	September	1.35 million	1.36 million
	China GDP Growth, yoy	Q3	4.6%	4.7%
	China Retail Sales, yoy	September	2.4%	2.1%
	China Industrial Production, yoy	September	4.6%	4.5%

Source: Datastream

Economic Research Division

Alper Grler
Head Division
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

H. Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

Ođulcan Delil
Asst. Economist
ogulcan.delil@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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