

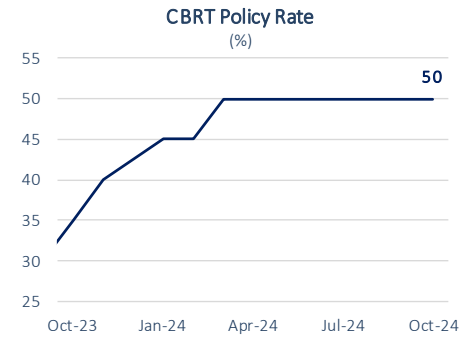
	11-Oct	17-Oct	Change		11-Oct	17-Oct	Change
BIST-100 Index	8,876	9,002	1.4 % ▲	EUR/USD	1.0937	1.0831	-1.0 % ▼
TRY 2 Year Benchmark Rate	42.42 %	42.86 %	44 bp ▲	USD/TRY	34.2442	34.1245	-0.3 % ▼
Türkiye 5-Year CDS Premium	267	265	-3 bp ▼	EUR/TRY	37.4896	36.9653	-1.4 % ▼
MSCI EM Equity Index	1,160	1,135	-2.1 % ▼	Gold (USD/ounce)	2,656	2,693	1.4 % ▲
US 10-Year Bond Rate	4.07 %	4.10 %	2 bp ▲	Brent Oil (USD/barrel)	79.0	74.5	-5.8 % ▼

bp: basis point

In Türkiye, CBRT kept the policy rate at 50% in line with expectations. Central government budget posted a deficit of 100.5 billion TRY in September. In the same period, house sales gained momentum, while the house price index continued to decline in real terms. Additionally, the IMF has finalized its Article IV assessments for Türkiye. In the US, data releases for September presented a mixed outlook for economic activity. Data releases in the Euro Area, on the other hand, provided a positive outlook for the disinflation process as the ECB cut interest rates by 25 basis points. As for China, data releases raised concerns about the course of economic activity. Next week, real sector confidence index, capacity utilization rate, and sectoral confidence indices will be released in Türkiye. Other than that, the IMF's World Economic Outlook Report will be monitored closely, while flash PMI data in the US and Euro Area will be high on the agenda as well.

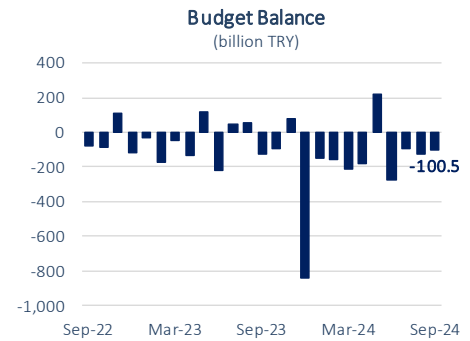
### CBRT kept the policy rate unchanged.

At its meeting held on October 17, CBRT kept the policy rate at 50% in line with expectations. In the decision text, CBRT stated that the underlying trend of inflation increased slightly in September, while the slowdown in domestic demand continued and approached levels that support disinflation. In the text, it was stated that core goods inflation remained low and services inflation is expected to improve in the last quarter. The text also pointed out that recent data have increased uncertainties regarding the pace of improvement in inflation while also emphasizing that inflation expectations and pricing behavior continue to pose risk factor for the disinflation process.



### Central government budget posted a deficit of 100.5 billion TRY in September.

In September, budget revenues increased by 88.5% yoy, while budget expenditures rose by 63.4% yoy due to the increases in personnel expenditures and current transfers. Thus, central government budget deficit narrowed by 22.3% yoy to 100.5 billion TRY in this period. The cumulative budget deficit in the January-September period reached 1.1 trillion TRY, constituting 50% of the Medium Term Program target for the whole year ([Our Budget Balance report](#)).

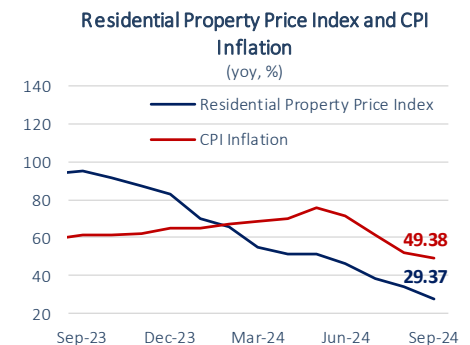


### House sales increased by 37.3% yoy in September.

In September, house sales in Türkiye reached 141 thousand units, the highest level since December 2022. Thus, house sales recorded an increase of 37.3% yoy in this period. Despite the strong outlook in the sales, house prices continued to lose momentum in September. In this period, house price index increased by 27.4% yoy, the lowest level since June 2020, while real house prices declined by 14.7% yoy.

### IMF finalized its assessment of Türkiye as part of Article IV.

IMF finalized and published its assessment for Türkiye as part of Article IV. The IMF referenced the turnaround in economic policies in the report, stating that the implementation of tight economic policies has reduced economic imbalances and revived confidence. In the assessment, growth forecasts for 2024 and 2025 are 3.0% and 2.7%, while inflation forecasts are 43% and 24%, respectively.



Source: CBRT, Datastream, TURKSTAT

### US data for September presented a mixed outlook for economic activity.

In September, US industrial production and retail sales data provided a mixed picture. Retail sales rose by 0.4% in September, exceeding market expectations, while industrial production fell by 0.3%, faster than expected. In addition, the 0.8% increase in industrial production reported in August was revised down to 0.3%.

### The ECB cut reference interest rates by 25 basis points.

Data releases in the Euro Area this week presented a positive outlook for economic activity and the disinflation process. Industrial production expanded for the first time this year on a yearly basis by 0.1%, and the monthly increase in industrial production exceeded expectations with 1.8%. Harmonized Index of Consumer Prices (HICP) also indicated that inflationary pressures continued to ease in the region. The final reading verified a 0.1% mom drop in consumer prices in September, and a 0.1 percentage point reduction in the HICP's annual increase to 1.7%. In this period, HICP excluding food and energy prices remained unchanged on a monthly basis.

Following the positive data flow in the region this week, the European Central Bank (ECB) cut its benchmark interest rates by 25 bps at its meeting on October 17, in line with market expectations. In addition to the third rate cut of this year after June and September, ECB is expected to continue its rate cuts at the December meeting.

### Data released in China this week presented a mixed outlook.

In the third quarter of the year, Chinese economy grew by 4.6% yoy, slightly above the expectations. Although the data exceeded expectations, it pointed to the weakest growth recorded in the country since the beginning of 2023. Foreign trade data for September also pointed to a loss of momentum in both exports and imports, raising concerns over domestic and global demand. Inflation data released last weekend also indicated that deflationary pressures increased in September. On the other hand, industrial production and retail sales data for September pointed to a better-than-expected recovery in economic activity. While the data flow in the country this week presented a mixed outlook on the course of economic activity, the view that the previously announced stimulus packages were not enough gained strength. On the other hand, the start of the stimulus program announced by the People's Bank of China (PBoC) to support the markets positively affected the Asian stock markets on the last trading day of the week.

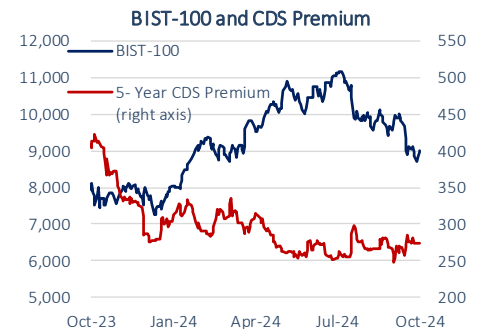
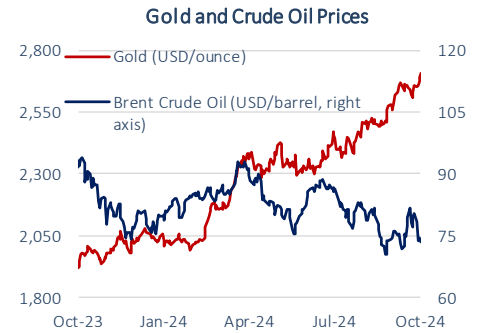
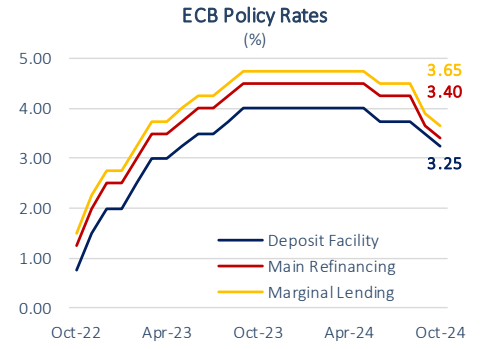
### Financial markets...

This week, the price of an ounce of gold reached 2,693 USD as of Thursday's close, up by 1.4% compared to last week's Friday close. On the other hand, Brent crude oil price fell by 5.8% to 74.5 USD per barrel due to OPEC and International Energy Agency's forecasts for global oil demand growth and the data flow that raised concerns about economic activity in China.

BIST-100 index, which started the week with a decline, recorded an increase of 1.4% as of Thursday's close compared to last Friday's close. Türkiye's 5-year CDS fell by 3 bps to 265 bps this week, while the 2-year benchmark bond yield rose to 42.86%. Turkish lira appreciated slightly against the US dollar, while EUR/TRY declined sharply by 1.4% due to the expectations that ECB would cut interest rates and the 25 bps rate cut.

### Next week's agenda...

Capacity utilization rate and confidence indices will be announced in Türkiye next week. In addition, leading PMI data to be released in the US and Euro Area will be high on the agenda. IMF's World Economic Outlook Report will also be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
21 October	TR Central Government Gross Debt Stock	September	-	8.3 billion TRY
	PBoC Meeting	October	-	-
22 October	IMF World Economic Outlook Report	October	-	-
23 October	TR Consumer Confidence Index	October	-	78.2
	Euro Area Consumer Confidence Index, öncü	October	-12.5	-12.9
	US Existing Home Sales, units	September	3.90m	3.86m
	US Fed Beige Book	October	-	-
24 October	Euro Area Manufacturing PMI, flash	October	45.1	45.0
	Euro Area Services PMI, final	October	51.5	51.4
	US Manufacturing PMI, flash	October	-	47.3
	US Services PMI, flash	October	-	55.2
	US New Home Sales, units	September	708k	716k
25 October	TR Capacity Utilization Rate, sa	October	-	75.9
	TR Real Sector Confidence Index, sa	October	-	99.2
	TR Sectoral Confidence Indices	October	-	-
	US Durable Goods Orders, mom	September	-0.9%	0.0%
	US Michigan Consumer Sentiment Index, final	October	-	68.9

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## Economic Research Division

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

Dr. Mustafa Kemal Gndođdu  
Asst. Manager  
kemal.gundogdu@isbank.com.tr

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

Oktaı Erkan Temizkan  
Asst. Economist  
erkan.temizkan@isbank.com.tr

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