

	18-Oct	24-Oct	Change		18-Oct	24-Oct	Change
BIST-100 Index	8,794	8,873	0.9 % ▲	EUR/USD	1.0866	1.0827	-0.4 % ▼
TRY 2 Year Benchmark Rate	42.81 %	42.96 %	15 bp ▲	USD/TRY	33.9850	34.2181	0.7 % ▲
Turkey 5-Year CDS Premium	266	272	6 bp ▲	EUR/TRY	37.0099	37.0920	0.2 % ▲
MSCI EM Equity Index	1,155	1,135	-1.8 % ▼	Gold (USD/ounce)	2,720	2,736	0.6 % ▲
US 10-Year Bond Rate	4.08 %	4.20 %	13 bp ▲	Brent Oil (USD/barrel)	73.1	74.4	1.8 % ▲

bp: basis point

In its World Economic Outlook report published this week, the IMF maintained its global growth forecast for 2024 at 3.2%. PMI data released in the US and the Euro Area showed that the weak outlook in manufacturing activity conditions continued in October. Cautious statements from Fed and ECB officials were followed throughout the week. The uncertainties due to geopolitical tensions and upcoming elections in the US suppressed the risk appetite and investors turned to safe investment instruments. In Türkiye, confidence indices generally increased in October. CBRT's gross reserves continued to rise, reaching 159.4 billion USD in the week of October 18. A busy data agenda will be followed next week.

IMF published World Economic Outlook report.

In the World Economic Outlook report, IMF stated that the fight against inflation has been largely won and predicted that global inflation could fall to 3.6% in the last quarter of 2025. Having maintained its global growth forecast at 3.2% for 2024, the IMF revised its global growth forecast for 2025 downwards by 0.1 percentage points to 3.2%. Noting that the global economy showed an unexpected resilience despite the strong tightening steps; IMF also listed the prolonged tight monetary policy stance, geopolitical tensions, the risk of fragility in financial markets, possible deepening of the recession in China and the rise of protectionism as important factors that could put pressure on global growth. In its latest Article 4 Report, IMF had lowered its growth forecasts for Türkiye to 3% for 2024 and to 2.7% for 2025.

IMF Projections (yoy % change)

	October		Change*	
	2024	2025	2024	2025
Growth				
World	3.2	3.2	0.0	-0.1
US	2.8	2.2	0.2	0.3
Euro Zone	0.8	1.2	-0.1	-0.3
Japan	0.3	1.1	-0.4	0.1
China	4.8	4.5	-0.2	0.0
Türkiye	3.0	2.7	-0.6	0.0

(*) Difference from July 2024 projections

Preliminary PMI data were released in the US and Euro Area.

According to the preliminary data released during the week, manufacturing PMI in the US and Euro Area remained in the contraction zone with 47.8 and 45.9 respectively, despite exceeding September levels. Services PMI remained above the threshold in both regions. Challenging conditions in industrial sector increased the pressure on central banks to cut interest rates.

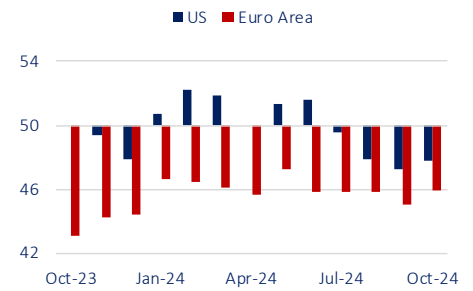
Fed released Beige Book.

According to the Beige Book report released in the US last week, economic activity remained unchanged in most regions compared to the previous reporting period. The report emphasized that employment has increased but it is still difficult to acquire skilled labor. Moreover, it was noted that the hurricane disaster caused disruptions in economic activity and tourism in the southeast regions of the country. On the consumer side, it was stated that price sensitivity increased and there was a tendency towards cheaper goods in some regions. In addition, it was reported that firms' profit margins declined in some regions due to the faster increase in input prices than sales prices.

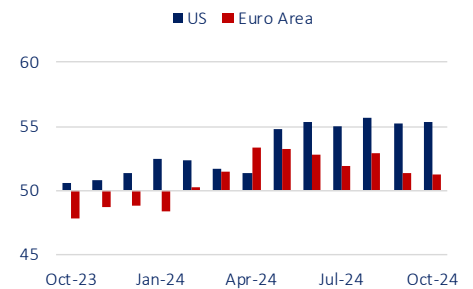
Cautious statements from Fed and ECB officials...

Statements of Fed and ECB officials were closely monitored throughout the week. Dallas Fed President Logan underlined that the Fed should be cautious in cutting interest rates due to the ongoing uncertainties in the economy, while San Francisco Fed President Mary Daly stated that she expected the Fed to continue to cut interest

Manufacturing PMI



Services PMI



Source: IMF, ECB, Datastream

rates to prevent further weakness in the labor market. ECB President Lagarde, on the other hand, expressed her hope that annual CPI inflation will come down sustainably to the 2% target in 2025 and that this will happen faster than the forecasts. Lagarde emphasized the importance of careful and data-driven decisions by the ECB in its future meetings.

Stimulus moves continue in China...

The People's Bank of China (PBoC) announced on Monday that it cut the benchmark lending rates by 25 basis points each. Thus, the benchmark 1-year prime lending rate for loans to businesses and households was cut from 3.35% to 3.10% and the benchmark 5-year prime lending rate for housing loans was cut from 3.85% to 3.60%. Following this interest rate cut, which is a continuation of the steps taken in the past weeks to revive the economy and solve the problems in the housing market, Chinese stock markets ended the week with an increase.

Confidence indices in Türkiye generally increased in October.

According to seasonally adjusted data, in October, consumer confidence index rose by 2.3 points to 80.6, the highest level since June 2023. While the household's assessment of the current financial situation remained relatively flat, improvements were observed in the sub-indices indicating the expectations for the financial and general economic situation for the next 12 months and the intention to spend on durable goods. Seasonally adjusted real sector confidence index increased by 3 points compared to the previous month and was realized as 102.2 in October. In this period, sectoral confidence index decreased by 1.7% mom in construction sector, while it increased by 0.1% and 1.5% in retail trade and services sectors, respectively. On the other hand, seasonally adjusted manufacturing industry capacity utilization rate decreased by 0.7 points to 75.2% in October.

CBRT's gross reserves maintained its upward trend.

According to the securities statistics released by CBRT, in the week of October 18, non-residents' price and FX rate adjusted equity portfolio decreased by 73.6 million USD, while GDDS portfolio increased by 487 million USD. In the week of October 18, CBRT's gross reserves continued to increase and reached a historic high of 159.4 billion USD.

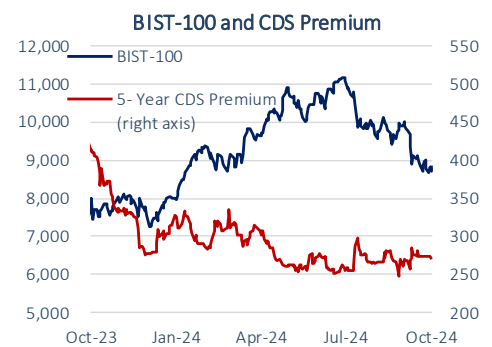
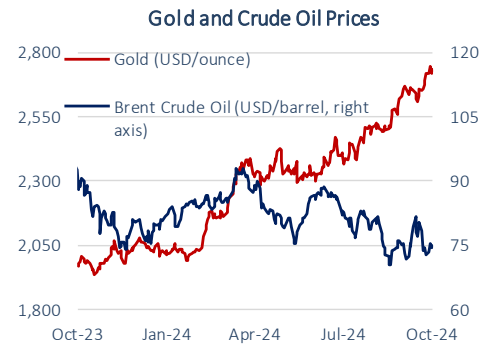
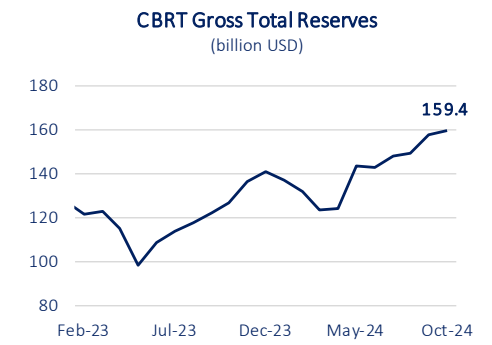
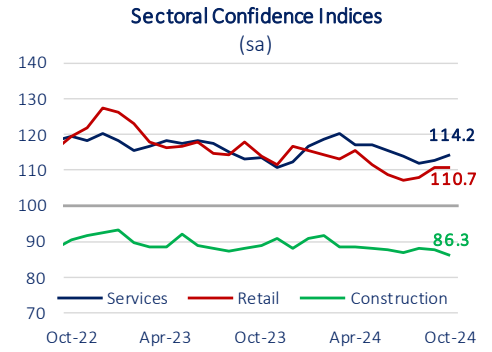
Financial markets...

This week, global risk appetite was generally under pressure due to geopolitical tensions and the upcoming elections in the US. The yield on US Treasury bonds rose by 13 basis points as of Thursday's close compared to the last trading day of last week, and DXY hit its highest level since late July at 104.43 at the close of the week. In a week when the ounce gold prices tested new record high levels, the barrel price of Brent crude oil rose by 1.8% amid rising tensions in the Middle East.

BIST-100 index diverged from emerging markets and rose by 0.9% as of Thursday's close compared to last Friday. Türkiye's 5-year CDS risk premium increased by 6 bps to 272 bps, while 2-year benchmark bond yield rose to 42.96%. USD/TRY and EUR/TRY rose by 0.7% and 0.2%, respectively.

Next week's agenda...

Next week, a busy data calendar will be followed. On the global side, the US non-farm payrolls data as well as the third quarter preliminary GDP data to be announced in the US and the Euro Area stand out. In addition, sectoral inflation expectations and ICI Türkiye manufacturing PMI will be closely monitored in Türkiye.



Source: Turkstat, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
28 October	USA Dallas Fed Manufacturing Business Index	October	-	-9.0
29 October	USA Consumer Confidence	October	98.8	98.7
30 October	TR Economic Confidence	October	-	95.0
	TR Sectoral Inflation Expectations	October	-	-
	USA GDP Growth, prelim, yoy	2024 Q3	3.0%	3.0%
	USA ADP Employment Report	October	-	143K
	Euro Area GDP Growth, flash, yoy	2024 Q3	0.8%	0.6%
	Euro Area Consumer Confidence, final	October	-	-12.5
	Germany GDP Growth, flash, yoy	2024 Q3	-0.3%	0.0%
	Germany CPI Inflation, harmonized, flash, yoy	October	2.0%	1.8%
31 October	TR Trade Balance	September	-	-4.99 billion USD
	TR Tourism Revenues	2024 Q3	-	14.88 billion USD
	TR Foreign Visitors, yoy	September	-	2.47%
	USA Core PCE, mom	September	-	0.1%
	Euro Area CPI Inflation, yoy	October	1.9%	1.7%
	Euro Area Unemployment Rate	September	6.4%	6.4%
	China NBS Manufacturing PMI	October	-	50.1
	China NBS Services PMI	October	-	50.1
	BoJ Meeting	October	0.25%	0.25%
1 November	Istanbul Chamber of Industry Manufacturing PMI	October	-	44.3
	USA Nonfarm Payrolls	October	140K	254K
	USA Unemployment Rate	October	4.1%	4.1%
	USA S&P Global Manufacturing PMI, final	October	-	47.8
	USA ISM Manufacturing PMI	October	47.6	47.2
	China Caixin Manufacturing PMI, final	October	-	49.5

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