

	1-Nov	7-Nov	Change		1-Nov	7-Nov	Change
BIST-100 Index	8,885	8,946	0.7 % ▲	EUR/USD	1.0834	1.0804	-0.3 % ▼
TRY 2 Year Benchmark Rate	43.02 %	43.17 %	15 bp ▲	USD/TRY	34.3020	34.2177	-0.2 % ▼
Türkiye 5-Year CDS Premium	265	251	-14 bp ▼	EUR/TRY	37.1049	36.7740	-0.9 % ▼
MSCI EM Equity Index	1,122	1,141	1.6 % ▲	Gold (USD/ounce)	2,735	2,707	-1.0 % ▼
US 10-Year Bond Rate	4.36 %	4.34 %	-2 bp ▼	Brent Oil (USD/barrel)	73.1	75.6	3.5 % ▲

bp: basis point

This week, CBRT's last Inflation Report of the year and October inflation data as well as the US elections and the Fed's meeting were at the top of the agenda. In Türkiye, consumer prices rose above market expectations on a monthly basis in October, while CBRT revised its inflation forecasts upwards in the last Inflation Report of the year. After Donald Trump won the presidential elections in the US on Tuesday, the value of the US dollar and stock markets surged. Fed cut its policy rate by 25 basis points in line with market expectations. Next week, central government budget and balance of payments data as well as the results of CBRT's Market Participants Survey will be released in Türkiye. October inflation data to be released in the US will also be closely

### CBRT published the last Inflation Report of the year.

In the last Inflation Report of the year, CBRT revised its year-end inflation forecast for 2024 upwards by 6 points to 44.0%. The forecast range was set between 42% and 46%. The year-end forecasts for 2025 and 2026 were also revised upwards by 7 and 3 points to 21% (range 16%-26%) and 12% (range 6% -18%), respectively. At the press conference, CBRT Governor Fatih Karahan stated that domestic demand continued to slow down to the levels supportive of disinflation. He noted that the current account deficit continued to decline due to this slowdown, but the underlying trend of inflation declined slower than projected. He also stated that the tight monetary policy stance will be maintained to ensure the continuation of the disinflation process.

### Consumer prices rose above expectations in October.

In October, CPI increased by 2.88% mom, above market expectations. However, due to the high base effect, annual CPI inflation continued its downward trend for the fifth month in a row, falling to 48.58%, the lowest level since July 2023. In October, prices increased on a monthly basis in all main expenditure groups except transportation and alcoholic beverages & tobacco groups. In this period, the highest price increase was recorded in the clothing and footwear group with 14.32%, followed by food and non-alcoholic beverages with 4.33%, which pushed up the CPI by 1.03 points. In the same period, domestic producer price index (D-PPI) rose by 1.29% mom, while annual D-PPI inflation was realized as 32.24%, the lowest level since March 2021 ([Our Inflation Report](#)).

### CPI-based real effective exchange rate continued to rise in October.

According to the data released by CBRT, CPI-based real effective exchange rate rose to 64.82 in October. Thus, the index, which increased by 3.1% mom and 15.2% yoy, reached its highest level since March 2021. In the same period, the D-PPI-based real effective exchange rate index rose by 1.81 points compared to the previous month and became 93.62.

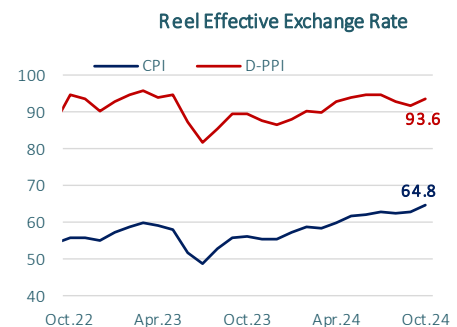
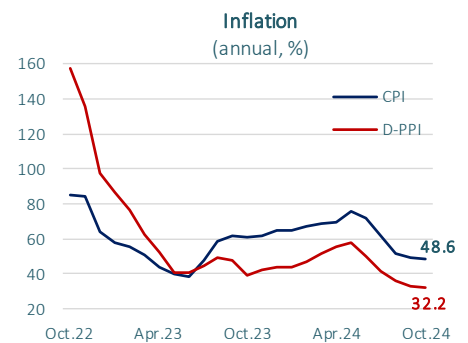
### Treasury cash balance posted a deficit of 167.3 billion TRY in October.

According to the data released by the Ministry of Treasury and Finance, Treasury cash balance posted a deficit of 167.3 billion TRY in October. Thus,

#### IV. Inflation Report

	Projections		Change* (% point)	
	2024	2025	2024	2025
CPI Inflation	44.0	21.0	6.0	7.0
Food Prices Inflation	41.8	22.5	6.3	7.5
Oil Prices	81.1	78.8	-3.1	-4.1

(\*): Difference from the previous Inflation Report



Source: TURKSTAT, CBRT, Datastream

total cash deficit was realized as 1.7 trillion TRY in the first ten months of the year.

### The Fed cut its policy rate by 25 basis points.

According to unofficial results, Republican candidate Donald Trump won the presidential elections held in the US on November 5. Republicans also gained the majority in the Senate and the House of Representatives. Having started to cut interest rates in September, the Fed cut the policy rate by 25 basis points to 4.50%-4.75% in line with expectations at its meeting held this week. In the decision text, the emphasis on the improvement in inflation weakened slightly. Fed Chair Powell adopted a cautious tone in his remarks after the meeting and shared his expectation that the presidential elections would not have an impact on monetary policy in the short term. Powell also stated that economic data as well as the policies of the new government will be closely monitored for future rate cuts. Factory orders in the US fell by 0.5% mom in September, in line with the expectations. On the other hand, ISM services index and services PMI final data were realized above the threshold and expectations, indicating that the activity in the sector remained buoyant.

### A busy data agenda was followed in the Euro Area.

Producer prices in the Euro Area fell by 0.6% mom in September, in line with market expectations. The decline in energy and capital goods prices were the main drivers of this fall. In the related period, the annual decline in PPI was realized as 3.4%. In the region, final services and manufacturing PMI data for October were revised upwards by 0.4 and 0.1 points to 51.6 and 46.0, respectively. Thus, the composite PMI rose to the threshold level, indicating that the recovery in the region's economy in the third quarter continued in October.

### In China, Caixin services PMI remained above the threshold in October.

Caixin services PMI rose by 1.7 points mom to 52 in October, the highest level in the last three months. Thus, the index extended its above-threshold course for the 22nd month and continued to present a positive outlook for the sector's activities. On the other hand, country's exports increased by 12.7% yoy in October, well above the expectations, while imports contracted faster than expected by 2.3% yoy due to the weak course of domestic demand.

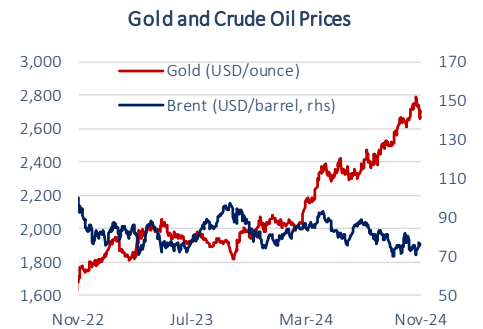
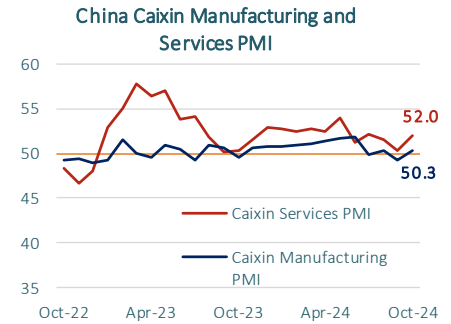
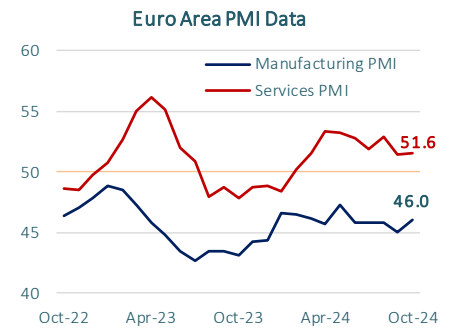
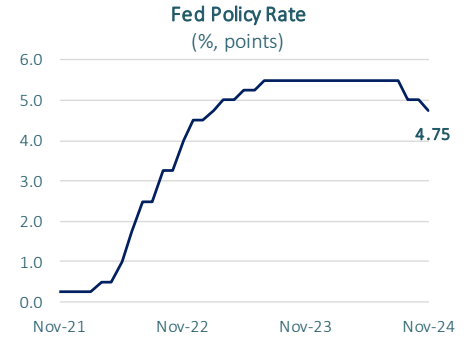
### US elections were influential on the course of the markets.

The US election results caused the US dollar to appreciate rapidly against the currencies of developed countries. US stock markets also reached historic high levels since Wednesday. Gold prices fell by 1.0% on the back of the strengthening dollar and the removal of uncertainties regarding the US elections. On the other hand, expectations that Trump would pursue policies favoring fossil fuels caused Brent crude oil prices to rise by 3.5%.

In line with emerging markets, BIST-100 index rose by 0.7% on a weekly basis, thanks to the rapid rise on Wednesday. Türkiye's 5-year CDS risk premium decreased by 14 bps to 251 bps, while TRY appreciated against USD and EUR.

### Next week's agenda...

October inflation data to be released in the US will be high on next week's agenda. In Türkiye, budget and current account balance data as well as the results of CBRT's Market Participants' Survey will be announced.



Source: Fed, ECB, BIST, Datastream

## Data Releases

		Period	Consensus	Prior
<b>14 October</b>	China Trade Balance	September	89.8 billion USD	91.0 billion USD
<b>15 October</b>	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%
<b>17 October</b>	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%
<b>18 October</b>	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

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