

| | 22-Nov | 28-Nov | Change | | 22-Nov | 28-Nov | Change |
|----------------------------|---------|---------|----------|------------------------|---------|---------|----------|
| BIST-100 Index | 9,550 | 9,640 | 0.9 % ▲ | EUR/USD | 1.0417 | 1.0553 | 1.3 % ▲ |
| TRY 2 Year Benchmark Rate | 40.55 % | 40.97 % | 42 bp ▲ | USD/TRY | 34.5434 | 34.6145 | 0.2 % ▲ |
| Türkiye 5-Year CDS Premium | 256 | 255 | -0 bp ● | EUR/TRY | 35.9977 | 36.5782 | 1.6 % ▲ |
| MSCI EM Equity Index | 1,087 | 1,080 | -0.7 % ▼ | Gold (USD/ounce) | 2,713 | 2,641 | -2.6 % ▼ |
| US 10-Year Bond Rate | 4.41 % | 4.24 % | -17 bp ▼ | Brent Oil (USD/barrel) | 75.2 | 73.3 | -2.5 % ▼ |

bp: basis point

Turkish economy grew by 2.1% yoy in the third quarter of the year, below the expectations. While CBRT's Financial Stability Report was closely monitored, sectoral inflation expectations continued to decline in November. In this period, economic confidence index also recorded a slight decline. In the US, personal consumption expenditures (PCE) price index was realized in line with expectations in October, while Fed minutes were released. According to flash data, annual CPI inflation in Euro Area was in line with the forecasts in November. This week, the course of global markets was influenced by the news regarding Donald Trump's cabinet choices and the expected tariffs. Next week, inflation data and Istanbul Chamber of Industry (ISO) Türkiye manufacturing PMI data will be released. On the global agenda, US non-farm payrolls and PMI data for leading economies stand out.

Turkish economy grew by 2.1% yoy in the third quarter.

According to chain linked volume index, in the third quarter of 2024, the Turkish economy grew below market expectations by 2.1% yoy, recording the weakest performance since the second quarter of 2020. According to seasonally and calendar adjusted data, the Turkish economy contracted by 0.2% in the third quarter. The data released in the previous period, which indicated a limited growth in the second quarter of the year, was revised downwards. Thus, in the third quarter, the Turkish economy slipped into a technical recession for the first time since 2018.

CBRT the published second Financial Stability Report of the year.

CBRT published the last Financial Stability Report of 2024. The report emphasized that the rebalancing in domestic demand became more evident in the second quarter of 2024, while the rise in food prices and the inertia in services inflation limited the improvement in inflation. In the report, CBRT stated that the narrowing foreign trade deficit and the surplus in the services balance led to an improvement in the current account balance, while portfolio investments and other financing supported international reserves. The report also stated that the annual budget deficit widened due to earthquake-related expenditures and increased current transfers.

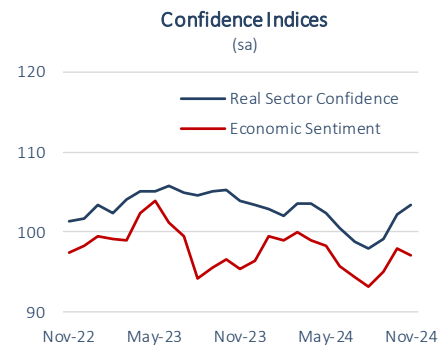
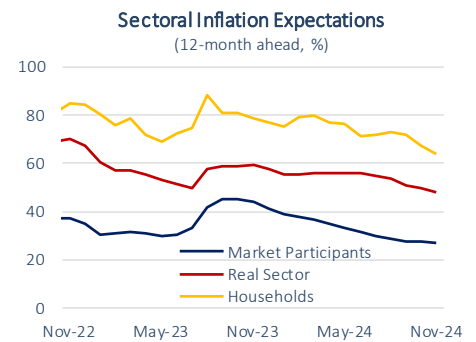
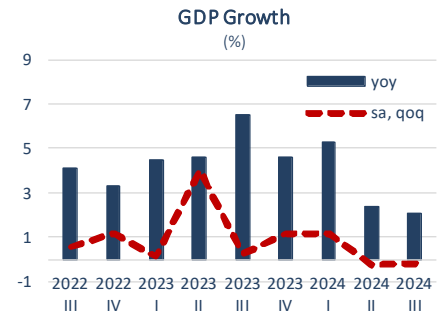
Sectoral inflation expectations continued to decline in November.

According to the data released by CBRT, 12-month-ahead inflation expectations decreased by 1.7 points to 47.8% for real sector and by 3.1 points to 64.1% for households. On the other hand, the proportion of households expecting a fall in inflation in the next 12 months decreased by 2.0 points to 26.3%.

Following the release of sectoral inflation expectations data, Minister of Treasury and Finance Mehmet Şimşek stated that there is a large rigidity in services inflation and emphasized that the improvement in expectations will have an easing effect on the rigidity in inflation. The statement also signaled that a tighter fiscal policy will be pursued next year.

Economic confidence index decreased by 0.9 points to 97.1 in November.

According to seasonally adjusted figures, real sector index increased for the third



Source: Datastream, EVDS

consecutive month in November by 1.2 points mom to 103.4, the highest level since April. In November, manufacturing industry capacity utilization rate increased by 0.4 points to 75.6% according to seasonally adjusted figures.

Seasonally adjusted confidence index decreased by 3.3 points to 111.0 for services sector, while it increased by 1.0 point to 111.7 for retail trade, and by 1.5 points to 87.8 for construction sector. Thus, following the announcement of the consumer confidence index last week, the economic confidence index also recorded a decrease of 0.9 points to 97.1 in November.

PCE inflation in the US was in line with expectations in October...

In the US, revised GDP data confirmed that the country's economy grew by 2.8% yoy in the third quarter of the year. In October, PCE price index rose by 0.2% mom and 2.3% yoy, in line with the expectations. Core PCE price index also rose by 0.3% mom and 2.8% yoy in October. Following the PCE data, which aligns with expectations, markets are pricing in a 25 basis point rate cut by the Fed at its December meeting, with a probability of approximately 65%. The minutes of the Fed's last meeting showed that the officials were in favor of gradual rate cuts and thought that the risks in the labor market had diminished slightly. The minutes also revealed that they discussed the possibility of suspending interest rate cuts if they fail to achieve the desired decline in inflation.

Annual HICP inflation in the Euro Area was realized as 2.3% in November.

According to the flash data released in Euro Area, annual HICP inflation was realized as 2.3% in November, in line with the expectations. In this period, energy prices fell by 1.9%, while services prices rose by 3.9%. In the same period, annual core HICP inflation was recorded slightly below expectations at 2.7%. In the region, the final consumer confidence index fell to -13.7 in November. The index fell due to concerns over Donald Trump's trade policies, but ECB President Christine Lagarde said the EU should avoid a trade war with the US and that tariffs will be negative for global growth in the long-term.

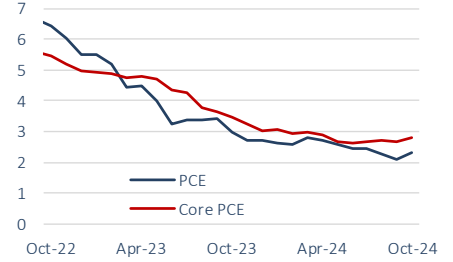
Financial Markets...

This week the course of the financial markets was influenced by the news regarding Donald Trump's decision about his cabinet and the tariffs he might impose. News about probable tariffs after Trump's inauguration had a positive impact on US stock market. As of Thursday's close, the ounce price of gold fell by 2.6% compared to last week's close to 2,641 USD, Brent crude oil price decreased by 2.5% to 73.3 USD per barrel due to demand concerns as well as the news regarding the ceasefire agreement in the Middle East. By Thursday's close, the BIST-100 index rose by 0.9% compared to last week's close, reaching 9,640. Türkiye's 5-year CDS premium remained relatively flat at 255 basis points this week, whereas the Turkish lira depreciated against the US dollar and the euro. The yield on the 2-year benchmark bond surged to 40.97%.

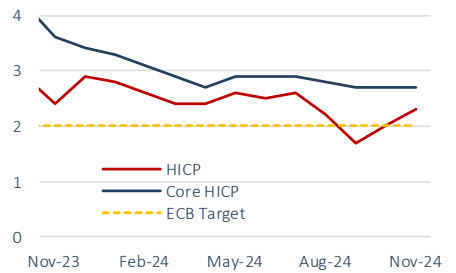
Next week's agenda...

Next week, inflation and ICI Türkiye manufacturing PMI data will be closely monitored in Türkiye. On the global data agenda, PMI data in advanced economies and non-farm payrolls in the US stand out.

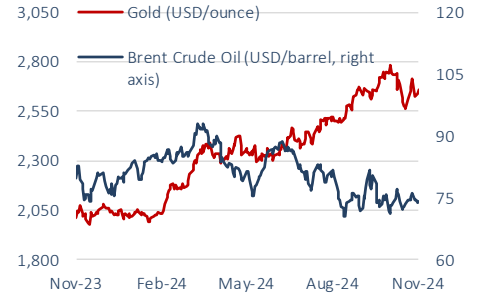
US Personal Consumption Expenditures Price Index (yoy, %)



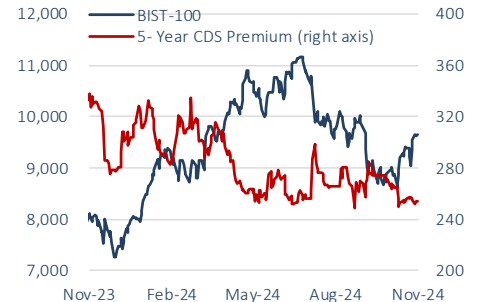
Euro Area Inflation Indicators (yoy, %)



Gold and Crude Oil Prices



BIST-100 and CDS Premium



Source: Datastream

Data Releases

| | | Period | Consensus | Prior |
|-----------------------------|---|------------------|-----------|---------------|
| 2 December | TR ICI Manufacturing PMI | November | - | 45.8 |
| | US Manufacturing PMI, final | November | - | 48.8 |
| | US ISM Manufacturing PMI | November | 47.5 | 46.5 |
| | Euro Area Manufacturing PMI, final | November | 45.2 | 45.2 |
| | Euro Area Unemployment Rate | October | 6.3% | 6.3% |
| 3 December | China Caixin Manufacturing PMI | November | 50.5 | 50.3 |
| | TR CPI Inflation, yoy | November | 46.60% | 48.58% |
| 4 December | TR D-PPI Inflation, yoy | November | - | 32.24% |
| | TR CPI Based Real Effective Exchange Rate | November | - | 64.82 |
| | US Services PMI, final | November | - | 57.0 |
| | US ISM Services PMI | November | 55.5 | 56.0 |
| | US Factory Orders, mom | October | 0.4% | -0.5% |
| | US ADP Employment Report | November | - | 233k |
| | Euro Area Services PMI, final | November | 49.2 | 49.2 |
| | Euro Area PPI Inflation, mom | October | - | -0.6% |
| | China Caixin Services PMI | November | - | 52.0 |
| | 5 December | US Trade Balance | October | -78.8 bn USD |
| Euro Area Retail Sales, mom | | October | - | 0.5% |
| 6 December | TR Treasury Cash Balance | November | - | -167.3 bn TRY |
| | US Nonfarm Payrolls | November | 183k | 12k |
| | US Unemployment Rate | November | 4.1% | 4.1% |
| | US Michigan Consumer Confidence, prelim | December | - | 71.8 |
| | Euro Area GDP Growth, final, yoy | 2024 Q3 | - | 0.9% |

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