

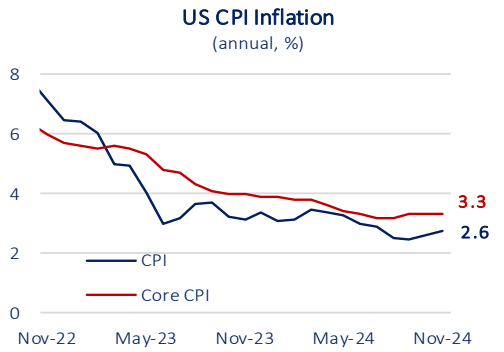
	6-Dec	12-Dec	Change		6-Dec	12-Dec	Change
BIST-100 Index	10.081	10.059	-0,2 % ▼	EUR/USD	1,0568	1,0467	-1,0 % ▼
TRY 2 Year Benchmark Rate	41,82 %	43,44 %	162 bp ▲	USD/TRY	34,7376	34,8701	0,4 % ▲
Turkey 5-Year CDS Premium	243	244	0 bp ●	EUR/TRY	36,7109	36,3640	-0,9 % ▼
MSCI EM Equity Index	1.105	1.113	0,7 % ▲	Gold (USD/ounce)	2.633	2.681	1,8 % ▲
US 10-Year Bond Rate	4,15 %	4,32 %	17 bp ▲	Brent Oil (USD/barrel)	71,1	73,4	3,2 % ▲

bp: basis point

The markets followed a busy data agenda and news in this week. November CPI inflation data in the US, which was in line with market consensus, supported the expectations for Fed's rate cut. In parallel with expectations, ECB decreased the key interest rates by 25 bps, the fourth rate cut of the year. Inflation data released in China pointed out that deflationary pressure continued. In Türkiye, unemployment rate rose to 8.8% in October, while supply and demand indicators pointed to a limited deterioration. In the same period, current account posted a surplus of 1.9 billion USD. Next week, markets will focus on the Fed meeting. In addition, budget balance and housing statistics will be released in Türkiye.

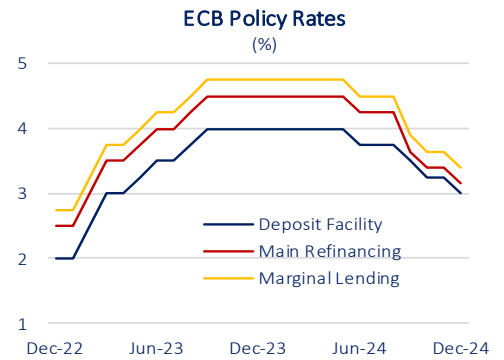
CPI inflation in the US recorded an increase.

In November, monthly and annual CPI inflation in the US was realized as 0.3% and 2.7%, respectively, in line with the expectations. In November, monthly and annual core CPI inflation remained unchanged compared to the previous month and were realized as 0.3% and 3.3%, respectively. In November, PPI, on the other hand, exceeded the expectations by recording the highest increase of the last 5 months with 0.4% mom. Thus, annual PPI inflation was realized as 3.0%, the highest level since February 2023. Given the higher-than-expected PPI inflation and the above-target CPI inflation, market assessments suggest that the Fed will adopt a more cautious approach to rate cuts in 2025.



Final growth data were released in Euro Area.

GDP data for the third quarter of 2024 confirmed that economic growth in the Euro Area was realized as 0.4% and 0.9% on a quarterly and annual basis, respectively. Thus, the economy recorded the fastest quarterly growth in 2.5 years and the fastest annual growth in 1.5 years in the third quarter. Despite the positive growth data, Sentix index, which measures investor confidence, fell by 4.7 points mom to -17.5 in December due to the political uncertainties in the region and reached its lowest level since November 2023.



OPEC revised its growth expectations for oil demand downwards.

OPEC revised downward its expectations for oil demand growth in 2024 and 2025 in its latest monthly report. The report revised the oil demand growth forecast for 2024 from 1.82 million barrels to 1.61 million and for 2025 from 1.54 million to 1.45 million barrels. The report projects a rise in global daily oil demand from 102.21 million barrels in 2023 to 103.82 million barrels in 2024 and 105.27 million barrels in 2025.

ECB made its fourth interest rate cut of the year.

At its meeting this week, the ECB cut the reference interest rates by 25 basis points in line with market expectations. In this regard, deposit facility, main refinancing operations and marginal lending facility interest rates decreased to 3.00%, 3.15% and 3.40%, respectively. In the monetary policy statement, it was stated that the disinflation process continued in line with the projections, and it



Source: IMF, ECB, Datastream

was underlined that the data-dependent approach would continue. Furthermore, headline inflation forecasts for 2024 and 2025 were revised down by 0.1 points from the September projections to 2.4% and 2.1%, respectively, while the 2026 forecast was kept unchanged at 1.9%.

Unemployment rate was 8.8% in October.

In October, seasonally adjusted unemployment rate increased slightly by 0.1 point mom to 8.8%. In this period, employment rate increased by 0.2 points to 49.9% while labor force participation rate rose by 0.3 points to 54.7%. On the other hand, the labor underutilization rate, which is the broadest defined unemployment data, increased by 1.9 points mom to 26.6% in same period, indicating that the weak course in industrial production was also reflected in the labor market.

Current account posted a surplus for the fifth month in a row.

Current account posted a surplus of 1.9 billion USD in October thanks to the decline in foreign trade deficit on an annual basis and positive data on passenger transportation and tourism revenues. Thus, current account deficit, which contracted by 90.9% yoy to 3.3 billion USD in January-October period, decreased to 7.7 billion USD according to 12-month cumulative figures. In October, portfolio investments and other investments recorded a capital inflow of 587 million USD and 2.8 billion USD, respectively (Our Balance of Payments report).

Inflation data for November was announced in China.

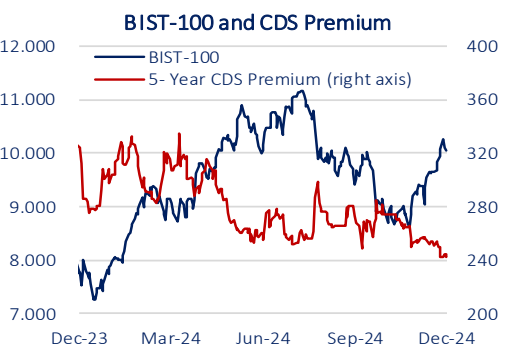
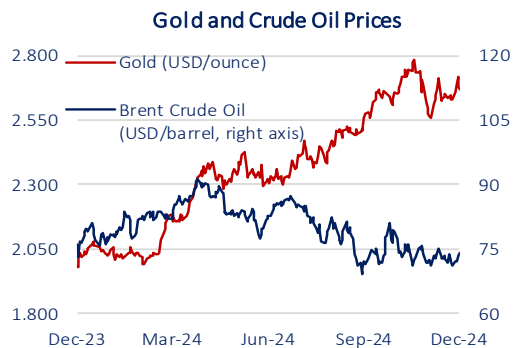
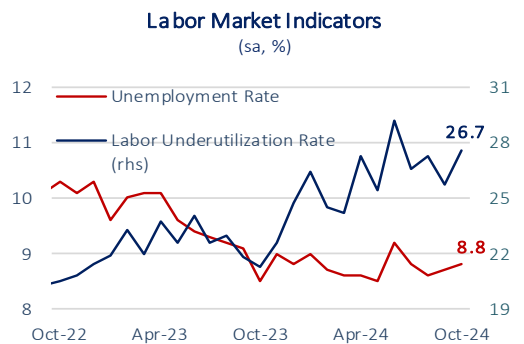
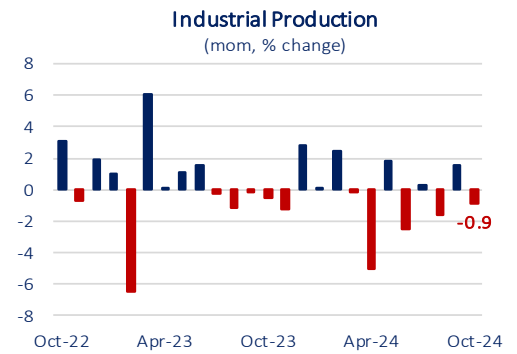
In China, November CPI inflation, which fell to 0.2% yoy, was realized below expectations and at the lowest level in the last 5 months. During the same period, China's annual PPI inflation remained negative for the 26th consecutive month, with a rate of -2.5%. The weak inflation data in China reinforced the views that the stimulus packages did not have the expected effect and deflationary pressures remained strong.

Financial markets...

This week, global equity markets followed a mixed course, following the rising tensions in the Middle East, China's antitrust probe against Nvidia and higher-than-expected PPI in the US. As of Thursday's close, MSCI Developed Market Index declined by 0.8% on a weekly basis, while Emerging Markets Index rose by 0.7%. The price per barrel of Brent crude oil rose by 3.2% as of Thursday's close compared to last Friday due to the ongoing tensions in the Middle East. On the domestic side, BIST-100 index diverged from emerging markets, declining by 0.22% as of Thursday's close compared to last Friday. In this period, Türkiye's 5-year CDS risk premium followed a flat course, ending up at 244 bps. USD/TRY rose by 0.4% while EUR/TRY declined by 0.9%.

Next week's agenda...

On next week's agenda, Fed's monetary policy meeting stands out. Furthermore, central bank meetings in Japan, the UK and China will be closely monitored. Next week, preliminary PMI data for December in the US and Euro Area will be released. In Türkiye, November data on budget balance and housing market will be followed.



Source: Turkstat, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
16 December	TR Budget Balance	November	-	-186.3 billion TRY
	TR Services Production Index, yoy	October	-	0.0%
	USA Manufacturing PMI, flash	December	-	49.7
	USA Services PMI, flash	December	-	56.1
	USA NY Fed Manufacturing Index	December	-	31.2
	Euro Area Manufacturing PMI, flash	December	45.8	45.2
	Euro Area Services PMI, flash	December	49.5	49.5
	China Retail Sales, yoy	November	4.6%	4.8%
17 December	TR House Prices, yoy	November	-	26.8%
	ABD Industrial Production, mom	November	0.1%	-0.3%
	USA Retail Sales, mom	November	0.5%	0.4%
	EU Zew Economic Sentiment	December	-	12.5
18 December	TR House Sales, yoy	November	-	76.1%
	Fed Meeting	December	4.25%-4.50%	4.5%-4.75%
	USA Housing Starts, units	November	1.34 million	1.31 million
	Euro Area CPI Inflation, final, yoy	November	2.3%	2.0%
	UK CPI Inflation, yoy	November	-	2.3%
	US GDP Growth, yoy, final	2024 Q3	2.9%	3.0%
19 December	USA Existing Home Sales, units	November	3.9 million	3.9 million
	USA Philadelphia Fed Manufacturing Index	December	-	-5.5
	BoE Meeting	December	4.75%	4.75%
	BoJ Meeting	December	0.50%	0.25%
	20 December	TR Consumer Confidence Index	December	-
CBRT Survey of Market Participants		December	-	-
TR Central Government Gross Debt Stock		November	-	8.8 trillion TRY
TR Foreign Visitors, yoy		November	-	9.3%
US Core PCE, mom		November	-	0.3%
US Michigan Consumer Confidence, final		December	-	71.8
Euro Area Consumer Confidence, flash		December	-14.0	-13.7
Germany PPI Inflation, yoy		November	-	-1.1%
PBoC Meeting		December	-	-
Japan CPI Inflation, yoy		November	-	2.3%

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