

	20-Dec	26-Dec	Change		20-Dec	26-Dec	Change
BIST-100 Index	9,725	9,949	2.3 % ▲	EUR/USD	1.0429	1.0422	-0.1 % ▼
TRY 2 Year Benchmark Rate	43.45 %	41.08 %	-237 bp ▼	USD/TRY	35.1588	35.1316	-0.1 % ▼
Turkey 5-Year CDS Premium	260	259	-1 bp ▼	EUR/TRY	36.7024	36.5569	-0.4 % ▼
MSCI EM Equity Index	1,072	1,085	1.2 % ▲	Gold (USD/ounce)	2,621	2,634	0.5 % ▲
US 10-Year Bond Rate	4.52 %	4.58 %	5 bp ▲	Brent Oil (USD/barrel)	72.9	73.3	0.4 % ▲

bp: basis point

This week, markets focused on the minimum wage announcement and the CBRT meeting. For 2025, the monthly net minimum wage was set as 22,104 TRY. CBRT cut the policy interest rate by 250 basis points to 47.5% and narrowed the interest rate corridor from -/+300 bps to -/+ 150 bps. In December, real sector confidence index declined in Türkiye, while sectoral confidence indices increased. Global markets followed a quiet data agenda due to the Christmas week. In the US, consumer confidence index in December and durable goods orders in November declined. In Türkiye, inflation data stands out in next week's data agenda. In addition, PMI data to be announced in the US, Euro Area and in Türkiye will be monitored.

Net minimum wage was set as 22,104 TRY.

The monthly net minimum wage for 2025 was increased by 30% to 22,104 TRY. Thus, the gross minimum wage became 26,004.71 TRY and the cost of a minimum wage employee to the employer became 30,555.53 TRY.

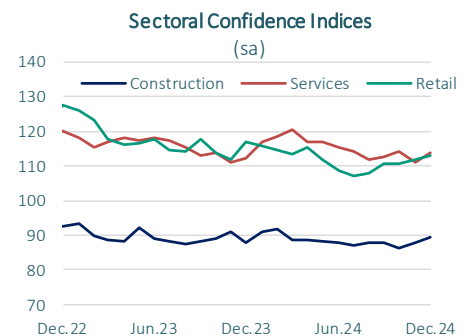
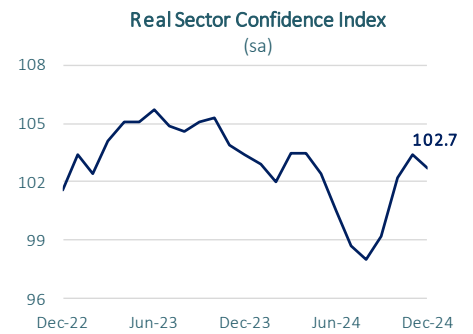
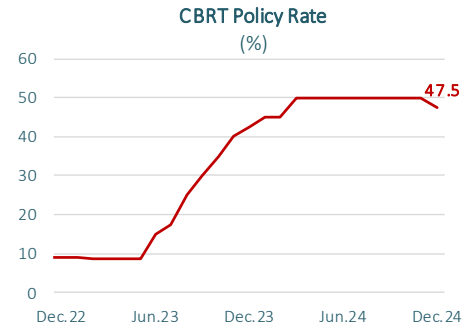
CBRT cut the policy rate by 250 basis points.

In its last meeting of the year, CBRT cut the one-week repo interest rate by 250 basis points to 47.5% in line with the rising expectations following the minimum wage announcement. In addition, CBRT narrowed the interest rate corridor from -/+300 bps to -/+ 150 bps. In the decision text published after the meeting, CBRT stated that the underlying trend of inflation remained almost flat in November and leading indicators for December pointed to a decline in the underlying trend. Moreover, CBRT emphasized that the decline in services inflation became more evident and unprocessed food inflation, which had been high in the previous 2 months, appeared mild in December. The Committee reiterated that inflation expectations and pricing behavior continue to pose risks to the disinflation process, and reiterated that the tight monetary policy stance will be maintained until the underlying trend of monthly inflation displays a significant and lasting decline and inflation expectations converge to the projected forecast range. The Committee stated that it would take its decisions with a cautious and meeting-based approach focused on the inflation outlook.

In its 2025 Monetary Policy text published this week, CBRT announced that it will hold 8 meetings next year instead of 12. According to the published meeting calendar, the closest meeting will be held on January 23rd. There are no meetings set in February, May, August and November. According to the Monetary Policy text, CBRT aims to terminate the foreign exchange rate protected deposit (KKM) scheme in 2025.

Confidence indices presented a mixed outlook.

According to seasonally adjusted data, real sector confidence index fell by 0.7 points mom to 102.7 in December. Thus, the upward trend of the index in the previous 3 months came to an end. In the related period, the sub-item that deteriorated the outlook in the real sector the most was fixed capital investments, which presented the most pessimistic assessment since



Source: TURKSTAT, CBRT, Datastream

November 2020, while current total orders also declined relatively rapidly. On the other hand, the assessment of export orders reached the highest level in the last 18 months, indicating that demand conditions in foreign markets may have started to recover. Sectoral confidence indices, on the other hand, recorded an increase in December. In this period, seasonally adjusted confidence indices in services, retail trade and construction sectors rose by 2.4%, 1.2% and 1.9%, respectively. Analyzing the sub-items, demand expectations for the next 3 months in the services sector, sales in the last 3 months in the retail trade sector and expectations for sales prices in the next 3 months in the construction sector were the main factors that increased confidence.

Sectoral inflation expectations declined in December.

According to CBRT's sectoral inflation expectations report, in December, annual inflation expectations for the next 12 months decreased by 0.1 point to 27.1% for market participants, by 0.2 point to 47.6% for the real sector and by 1 point to 63.1% for households. On the other hand, the proportion of households expecting a fall in inflation in the next 12 months remained unchanged compared to the previous month at 26.3%.

Consumer confidence in the US fell sharply.

Consumer confidence index in the US recorded the fastest decline in more than 3 years in December, coming in at 104.7, well below market expectations (113.3). Thus, the index indicated that consumers' optimism about future business conditions and incomes decreased significantly in December compared to the previous month. New orders for durable goods in the country also contracted by 1.1% mom in November, above the market expectations of 0.3% contraction. In this period, transportation equipment led the decline with a 2.9% decrease, while orders for durable goods excluding transportation fell by 0.1%. On the other hand, seasonally adjusted new home sales in the country rose by 5.9% mom in November, above the market expectations, indicating that the positive outlook in the housing market continued.

UK growth data for the 3rd quarter was revised downwards.

UK's growth data for the third quarter of the year, which was announced as 0.1% qoq according to preliminary data, was revised down to 0.0% according to final data. In parallel to this revision, annual growth data was decreased from 1% to 0.9%.

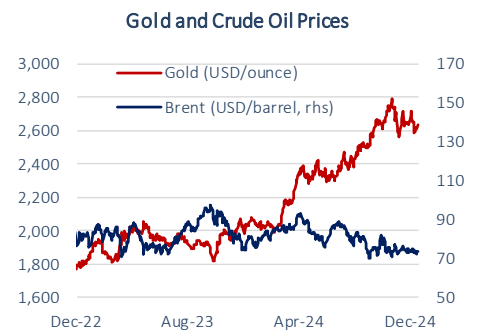
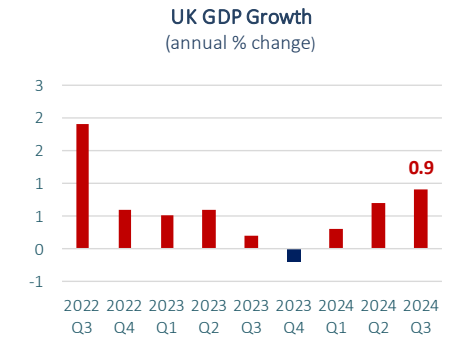
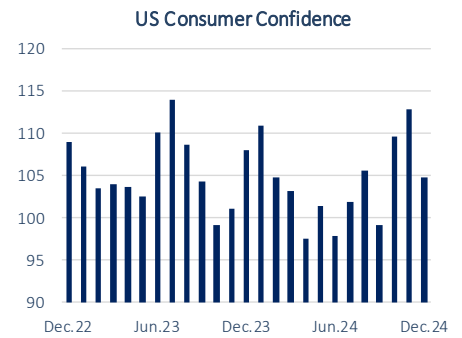
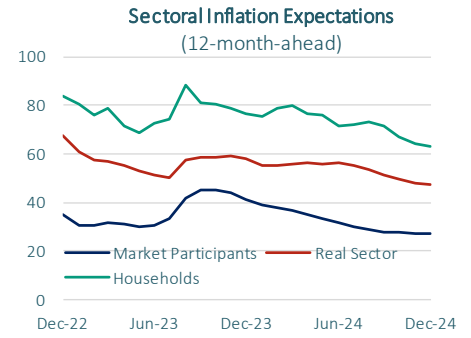
Financial markets...

Last week, volumes in global markets remained low due to the Christmas holidays. US stock markets ended the week on a rising note, while EUR/USD parity followed a flat course. On the other hand, ounce gold and oil prices rose by 0.5% and 0.4%, respectively.

In Türkiye, BIST-100 index rose by 2.3% on a weekly basis as of Thursday's close thanks to the purchases especially in the banking index on Wednesday. Türkiye's 5-year CDS risk premium decreased by 1 basis point to 259 basis points, while TRY appreciated slightly against USD and EUR.

Next week's agenda...

December inflation data to be announced in Türkiye will be high on next week's agenda. In addition to ISO Türkiye manufacturing PMI, final PMI data to be announced in the US and Euro Area will also be monitored.



Source: Fed, BIST, Datastream

Data Releases

		Period	Consensus	Prior
30 December	TR Economic Confidence	December	-	97.1
	USA Pending Home Sales, mom	November	0.7%	2.0%
31 December	China NBS Manufacturing PMI	December	50.3	50.3
2 January	TR ISO Türkiye Manufacturing PMI	December	-	48.3
	USA Manufacturing PMI, final	December	-	48.3
	Euro Area Manufacturing PMI, final	December	45.2	45.2
	China Caixin Manufacturing PMI, final	December	51.7	51.5
3 January	TR CPI Inflation, mom	January	-	2.24%
	TR D-PPI Inflation, mom	December	-	0.66%
	USA ISM Manufacturing PMI	December	48.3	48.4

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