

	3-Jan	9-Jan	Change		3-Jan	9-Jan	Change
BIST-100 Index	10.075	10.001	-0,7 % ▼	EUR/USD	1,0308	1,0298	-0,1 % ▼
TRY 2 Year Benchmark Rate	39,97 %	39,91 %	-6 bp ▼	USD/TRY	35,3376	35,3291	0,0 % ●
Türkiye 5-Year CDS Premium	257	265	9 bp ▲	EUR/TRY	36,4629	36,3647	-0,3 % ▼
MSCI EM Equity Index	1.073	1.066	-0,6 % ▼	Gold (USD/ounce)	2.639	2.670	1,2 % ▲
US 10-Year Bond Rate	4,60 %	4,68 %	9 bp ▲	Brent Oil (USD/barrel)	76,5	76,9	0,5 % ▲

bp: basis point

In the US, December PMI data showed that the positive trend in the services sector continued, while non-farm payrolls rose well above expectations. In the same period, services PMI in Euro Area was realized above the threshold value again. Annual CPI inflation in China fell to 0.1% in December. In Türkiye, industrial production increased by 1.5% yoy in November, while unemployment rate decreased by 0.1 point mom to 8.6% in the same period. Next week, US inflation data will be high on the agenda. In Türkiye, budget balance and balance of payments data as well as the results of the CBRT Market Participant's Survey will be monitored.

In the US, service sector remained strong while non-farm payrolls exceeded expectations in December.

Data releases in the US this week showed that economic activity in the service sector maintained its favorable course. According to final data, services PMI, which came in at 56.8 in December, was revised downwards compared to the preliminary data, but remained at its highest level since March 2022. ISM services index, which was realized as 54.1 in the same period, showed that the expansion trend in the sector accelerated for the sixth month in a row.

Data flow regarding the labor market followed in the country this week gave positive signals. JOLTS job openings data, which exceeded expectations with 8.1 million people in November, was the highest level in the last 6 months. In addition, non-farm payrolls displayed the fastest rise in the last 9 months with 256K in December, well above the expectations of 160K.

Annual CPI data in China escalated deflation concerns.

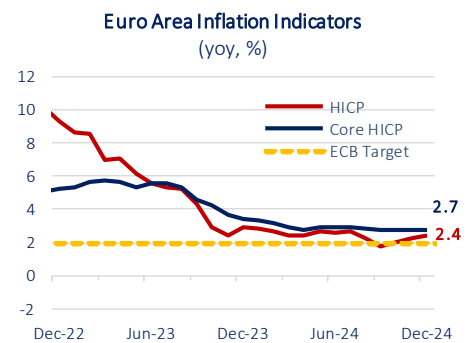
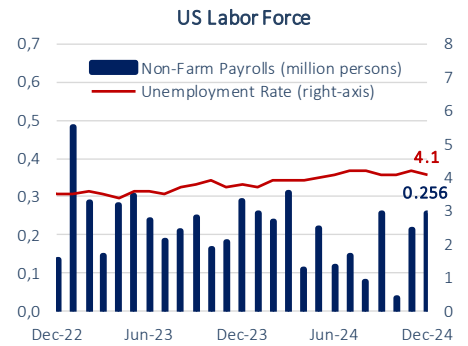
Struggling to recover domestic demand, CPI did not change in December on a monthly basis, but recorded a limited annual increase of 0.1%. Thus, annual CPI inflation extended its downward trend for the fourth month in a row, rising concerns over deflation. Producer prices in the country continued to decline on an annual basis by 2.3% in December.

Services sector in the Euro Area signaled growth.

According to the final data, services PMI in Euro Area came in at 51.6 in December. The above-threshold index value, indicated that the contraction in the sector in November, was not permanent. Leading inflation figures for December were in line with market expectations. In this period, annual CPI inflation rose to 2.4% yoy, while core CPI remained unchanged at 2.7%. On the other hand, rising by 1.6% mom, producer prices recorded the fastest monthly increase since August 2022 in November, which was resulted by the rapid rise in energy prices. Thus, annual decline in PPI came down to 1.2%.

In Türkiye, industrial production index increased in November.

Industrial production index increased by 2.9% mom and 1.5% yoy in November. In this period, production rose by 1.2% yoy in manufacturing industry and 11.1% yoy in electricity, gas, steam and air conditioning sector. While the production of 15 out of 24 sectors operating under the manufacturing industry increased on an annual basis, the sharp rises in the production of other transportation vehicles (23.7%) and fabricated metal products (14.8%) stood out. On the other hand, production in mining and



Source: CBRT, TURKSTAT, Ministry of Treasury and Finance

quarrying sector contracted by 6.6% yoy in November, limiting the increase in total industrial production. Thus, the annual contraction in industrial production, which has been continuing since April 2024, came to an end in November.

Unemployment rate hit 8.6% in November.

In November, unemployment rate decreased by 0.1 point compared to the previous month to 8.6%. This development was mainly driven by the limited decline in employment by 168K persons despite the decrease in labor force by 252K persons. Thus, labor force participation rate and employment rate decreased by 0.4 and 0.2 points to 54.2% and 49.6%, respectively. On the other hand, the idle labor rate, the broadest defined unemployment rate, increased by 0.6 points to 28.2% in the same period. In November, headline unemployment rate was estimated as 7.0% for men and 11.7% for women.

Treasury cash balance posted a deficit of 323.9 billion TRY in December.

According to the data released by the Ministry of Treasury and Finance, Treasury cash balance posted a deficit of 323.9 billion TRY in December. In this period, revenues and expenditures amounted to 882.7 billion TRY and 1.2 trillion TRY, respectively. Thus, Treasury cash deficit became 2.1 trillion TRY in 2024, while primary deficit became 929.2 billion TRY.

Real effective exchange rate increased slightly in December.

CPI-based real effective exchange rate increased slightly by 0.1% mom to 67.12 in December, reaching its highest level since February 2021. Thus, Turkish lira appreciated by 20.9% in real terms in 2024.

CBRT introduced changes in loan growth-based reserve requirement.

In its press release published last weekend, CBRT announced changes in loan growth-based reserve requirements in order to ensure that loan growth and composition remain in line with the disinflation path. Accordingly, the monthly growth limit for foreign currency commercial loans has been reduced from 1.5% to 1%, while the monthly growth limit for Turkish lira commercial loans was set as 2.5% for SME loans and 1.5% for other commercial loans. In addition, Turkish lira SME loans extended through the Small and Medium Enterprises Development Organization (KOSGEB) or in the scope of funding provided by international development finance institutions to support sustainability will be exempt from the loan growth limit.

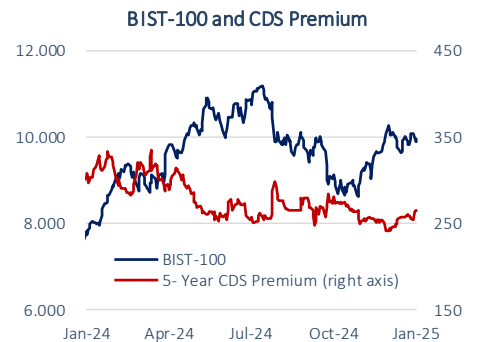
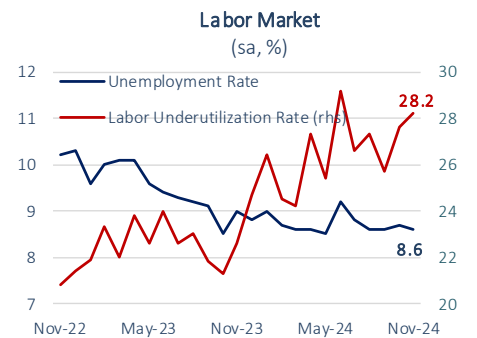
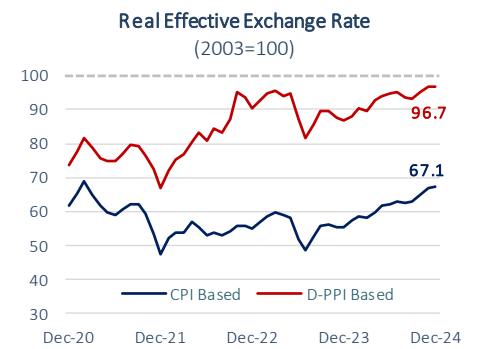
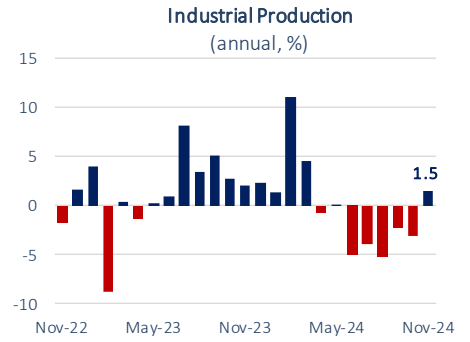
Financial markets...

This week's Fed minutes and officials' statements suggesting that Fed's interest rate cuts will slow down in 2025 weighed on risk appetite in the markets. US stock indices declined on a weekly basis as of Thursday's close. Brent crude oil price, which rose by 0.5% to 76.9 USD per barrel last week due to seasonal demand and supply concerns, is set to end this week above 78 USD. As the December non-farm payrolls data released on the last trading day of the week in the US came in well above expectations, EUR/USD parity fell below 1.0250 and US 10-year benchmark bond yield hovered above 4.75%.

In Türkiye, BIST-100 index followed a relatively parallel course with emerging markets and declined by 0.7% as of Thursday's close compared to last Friday. Türkiye's 5-year CDS risk premium rose by 9 bps to 265 bps in this period. USD/TRY followed a flat outlook, while EUR/TRY declined by 0.3%.

Next week's agenda...

Next week, inflation and industrial production data for December in the US and Euro Area will be high on the agenda. In Türkiye, balance of payments and services production data as well as the results of the Market Participants Survey will be monitored.



Source: Datastream, CBRT, Ministry of Trade

Data Releases

		Period	Consensus	Prior
13 January	TR Current Account Balance	November	-	1.9 billion USD
	TR Trade Sales Volume Index	November	-	-
	China Trade Balance	December	99.8 billion USD	97.4 billion USD
14 January	USA PPI Inflation, mom	December	0.3%	0.4%
15 January	TR Budget Balance	December	-	-16.6 billion TRY
	TR Services Production Index	November	-	-2.0%
	USA CPI Inflation, mom	December	0.3%	0.3%
	Fed Beige Book	-	-	-
	Euro Area Industrial Production, yoy	November	-1.9%	-1.2%
	UK CPI Inflation, yoy	December	2.7%	%2.6
16 January	USA Retail Sales, mom	December	0.5%	0.7%
	USA Philadelphia Fed Manufacturing Index	January	-	-16.4
17 January	CBRT Survey of Market Participants	January	-	-
	TR Housing Price Index, yoy	December	-	29.4%
	USA Industrial Production, mom	December	0.2%	-0.1%
	USA Housing Starts, units	December	1.3 million	1.3 million
	Euro Area CPI Inflation, final, yoy	December	2.4%	2.2%
	China GDP Growth, yoy	2024 Q4	5.1%	4.6%
	China Industrial Production, yoy	December	5.4%	5.4%
	China Retail Sales, yoy	December	3.5%	3.0%

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