

	10-Jan	16-Jan	Change		10-Jan	16-Jan	Change
BIST-100 Index	9,911	9,867	-0.4 % ▼	EUR/USD	1.0244	1.0298	0.5 % ▲
TRY 2 Year Benchmark Rate	39.88 %	39.25 %	-63 bp ▼	USD/TRY	35.3852	35.4287	0.1 % ▲
Turkey 5-Year CDS Premium	271	269	-2 bp ▼	EUR/TRY	36.2981	36.5090	0.6 % ▲
MSCI EM Equity Index	1,057	1,067	0.9 % ▲	Gold (USD/ounce)	2,690	2,714	0.9 % ▲
US 10-Year Bond Rate	4.77 %	4.61 %	-17 bp ▼	Brent Oil (USD/barrel)	79.8	81.3	1.9 % ▲

bp: basis point

World Bank kept its global growth forecasts for 2025 and 2026 unchanged, while revising its forecasts for Türkiye downwards. Core CPI and PPI data provided a positive outlook for the course of inflation in the US. Chinese economy grew above expectations in 2024. In Türkiye, current account posted a deficit for the first time after 5 months in November, while central government budget deficit was realized as 2.1 trillion TRY in 2024, in line with the target set for the whole year in the MTP. According to the January results of Survey of Market Participants, the year-end inflation expectation for 2025 decreased slightly. CBRT meeting stands out on next week's agenda. In addition, leading PMI data for January in the US and Euro Area will be closely monitored.

### The World Bank released its Global Economic Prospects Report.

In the World Bank's report published this week, it was stated that global growth has stabilized with inflation approaching targets and monetary easing supporting economic activity in both advanced and emerging economies. In this framework, it was noted that the global economy is expected to grow by 2.7% in 2025 and 2026, as it did last year. Compared to the June 2024 report, 2025 and 2026 growth forecasts for the US economy were revised upwards by 0.5 and 0.2 points to 2.3% and 2.0%, respectively. Growth expectations for the Euro Area for the same periods were revised downwards by 0.4 and 0.1 points to 1.0% and 1.2%. The World Bank's growth expectations for Türkiye were revised downwards by 1.0 and 0.5 points to 2.6% and 3.8% for this year and next year, respectively.

### World Bank GDP Growth Forecasts

	January Forecasts (%)		Difference* (% point)	
	2025	2026	2025	2026
World	2.7	2.7	0.0	0.0
US	2.3	2.0	0.5	0.2
Euro Area	1.0	1.2	-0.4	-0.1
China	4.5	4.0	0.4	0.0
Türkiye	2.6	3.8	-1.0	-0.5

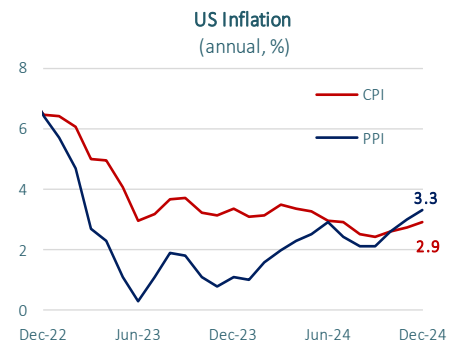
(\*): Difference from June projections

### Inflation data was followed in the US.

This week, global markets focused on the inflation data released in the US. In December, consumer prices rose by 0.4% mom, above the market expectations of 0.3%. The higher-than-expected increase was mainly driven by the 2.6% rise in energy prices in December, up from 0.2% in November. Core CPI, which excludes energy and food prices, rose by 0.2% in the related period, in line with the expectations. Thus, annual CPI inflation in the US economy was realized as 2.9% and annual core CPI inflation as 3.2% in 2024. On the other hand, producer price inflation in the country presented a more favorable outlook than expected. In December, PPI increased by 0.2% mom, below market expectations, while core PPI remained unchanged against expectations of 0.3% increase. On an annual basis, PPI and core PPI inflation were realized as 3.3% and 3.5%, respectively. In the Beige Book released by the Fed this week, it was stated that economic activity has recently revived to some extent with the contribution of the Christmas holiday, the labor market has maintained its balanced outlook and price increases have remained moderate. However, despite the Christmas holiday, the monthly rise in retail sales in December was realized as 0.4%, below market expectations (0.6%) and the lowest level in the last 4 months.

### China's economy grew above expectations.

In the last quarter of 2024, Chinese economy grew by 5.4% yoy, 0.4 points above expectations. Thus, growth throughout 2024 reached the economic administration's target of 5%. In December, industrial production and retail sales increased by 6.2% and 3.7%, respectively, exceeding market expectations. This



Source: Fed, PBOC, Datastream

indicated that the stimulus policies implemented to revive economic activity in the country signaled positive effects on both consumption and production.

#### In Türkiye, current account posted a deficit for the first time since May.

Current account posted a deficit of 2.9 billion USD in November, slightly below the market expectations of 3.1 billion USD. Thus, current account posted a deficit for the first time since May. In January-November period, current account deficit narrowed by 85.5% yoy to 5.6 billion USD. On the other hand, in the same period, current account excluding gold and energy posted the lowest surplus of the last 7 months with 3.4 billion USD (Our Balance of Payments report).

#### Central government budget posted a deficit of 829.2 billion TRY in December.

Central government budget deficit was realized as 829.2 billion TRY in December, close to the realization in the same period of the previous year. In this period, budget revenues increased by 60.4% yoy to 877.6 billion TRY, while budget expenditures rose by a more moderate rate of 22.3% yoy to 1.7 trillion TRY. In December, primary deficit narrowed by 6.4% yoy to around 754 billion TRY. Thus, the central government budget deficit, which was realized as 1.4 trillion TRY in 2023, rose to 2.1 trillion TRY in 2024 due to inflation and earthquake related expenditures, in line with the Medium Term Program (MTP) forecast announced in September 2024 (Our Budget Balance report).

#### Market participants' January inflation expectation is 4.1%.

According to the results of the CBRT's Survey of Market Participants released this week, participants' expect 4.1% monthly inflation in January. The year-end inflation expectation for 2025 decreased slightly compared to the previous survey period to 27.05%, while the year-end inflation expectation for 2026 rose to 18.67%. Participants expect CBRT to cut policy rate by 250 basis points in January. Survey participants' growth expectation for 2025 remained unchanged at 3.1%, while it was realized as 3.9% for 2026.

#### Trade sales volume index gained momentum in November.

According to data released by TURKSTAT, seasonally and calendar adjusted trade sales volume increased by 0.9% mom in November. This increase was mainly driven by the retail sales volume index, which rose by 1.9% mom due to the campaigns in November. In the related period, food and non-food sub-indices increased by 0.5% and 2.8%, respectively. According to calendar adjusted figures, trade and retail sales volume expanded by 8.7% and 16.4% yoy, respectively. The data indicated that the buoyant course in domestic demand continued in November.

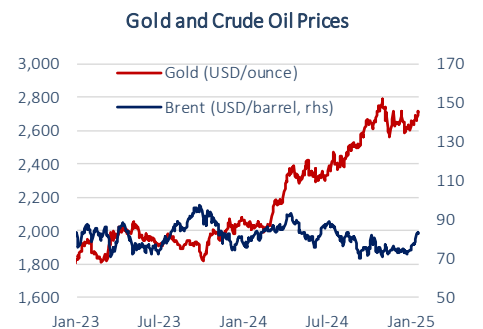
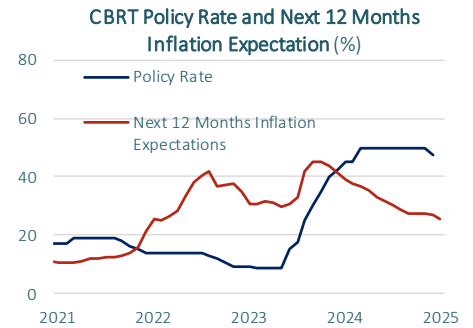
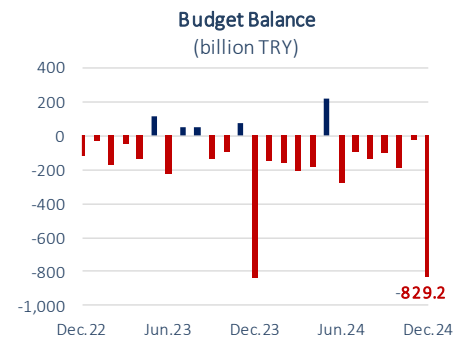
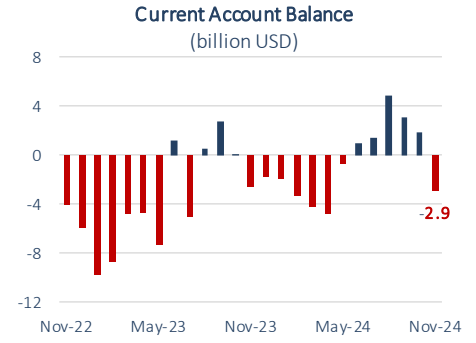
#### Financial markets...

This week, there was a recovery in global risk appetite following the inflation data released in the US. As of Thursday closings, US markets ended the week with increases, while EUR/USD parity rose by 0.5%. Gold prices increased by 0.9% in line with expectations for Fed's interest rate cuts and oil prices went up by 1.9% due to concerns over supply.

In Türkiye, BIST-100 index fell by 0.4% on a weekly basis as of Thursday's close, contrary to global markets. Türkiye's 5-year CDS risk premium decreased by 2 bps to 269 bps, while Turkish lira depreciated slightly against USD and EUR.

#### Next week's agenda...

CBRT meeting stands out on next week's agenda. In addition, leading PMI data for January in the US and Euro Area will be closely monitored.



Source: TURKSTAT, CBRT, BIST, Datastream

## Data Releases

		Period	Consensus	Prior
<b>20 January</b>	TR Central Government Gross Debt Stock	December	-	9.0 billion TRY
	China Central Bank Meeting	January	-	3.1%
<b>21 January</b>	TR House Sales, yoy	December	-	63.6%
<b>23 January</b>	CBRT Monetary Policy Meeting	January	45.0%	47.5%
	TR Consumer Confidence Index	January	-	81.3
	Euro Area Consumer Confidence, flash	January	-14.0	-14.5
<b>24 January</b>	USA Manufacturing PMI, flash	January	-	49.4
	USA Services PMI, flash	December	-	56.8
	USA Existing Home Sales, mom	December	-	4.8%
	USA Michigan Consumer Confidence, final	January	-	73.2
	Euro Area Manufacturing PMI, flash	January	45.2	45.1
	Euro Area Services PMI, flash	January	51.5	51.6

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