

	7-Mar	13-Mar	Change		7-Mar	13-Mar	Change
BIST-100 Index	10,507	10,728	2.1 % ▲	EUR/USD	1.0832	1.0852	0.2 % ▲
TRY 2 Year Benchmark Rate	38.18 %	38.12 %	-6 bp ▼	USD/TRY	36.4861	36.4132	-0.2 % ▼
Turkey 5-Year CDS Premium	257	260	3 bp ▲	EUR/TRY	39.4995	39.7389	0.6 % ▲
MSCI EM Equity Index	1,129	1,106	-2.0 % ▼	Gold (USD/ounce)	2,911	2,988	2.6 % ▲
US 10-Year Bond Rate	4.32 %	4.28 %	-4 bp ▼	Brent Oil (USD/barrel)	70.4	69.9	-0.7 % ▼

bp: basis point

In the week trade wars remained on the agenda, reciprocal statements and steps taken by the US, Canada, and Europe were closely monitored. While core CPI and PPI data released in the US provided a positive outlook on the course of inflation, concerns over the budget negotiations were influential on the course of the markets. Industrial production recovered in the Euro Area. In Türkiye, the widening trend in the current account deficit continued in January. Industrial production recorded its fastest monthly decline since April 2024 in January, while the retail sales volume index gained momentum. The rise in house sales in February had drawn a notable upturn. Fed, BoJ and BoE meetings stand out on next week's agenda. In addition to the economic activity indicators to be announced in the United States, the budget balance and consumer confidence data to be released in Türkiye will be monitored.

Trade wars remained high on the agenda.

Last week, developments regarding trade wars and statements regarding the ceasefire in Ukraine were closely monitored. US President Donald Trump announced an additional 25% tariff on aluminum and steel imports from Canada. He also stated that if the European Union does not lift its whiskey tariff, he will impose a 200% tariff on all wines and alcoholic beverages imported from the EU. Canada and the European Union both retaliated against the United States with tariffs. Canada imposed 25% tariffs on steel, aluminum, sports equipment, and a few other US-imported products totaling approximately USD 21 billion. The European Commission also announced that tariffs on a total of EUR 26 billion worth of US products, including steel, aluminum, textiles, and some agricultural products, would go into effect next month.

On the other hand, Trump stated that he will invite Ukrainian President Zelensky to the White House again and that Russia is open to a ceasefire. Russian President Putin also said that they support the idea of ending the conflict between Russia and Ukraine peacefully. The markets weighed the statements as the likelihood of a ceasefire grew.

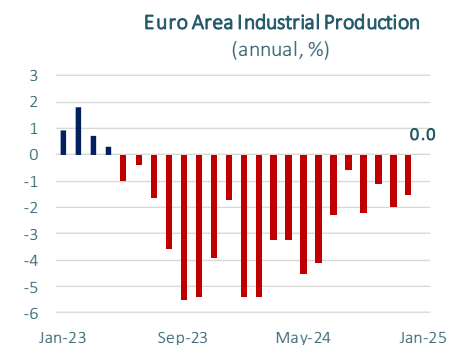
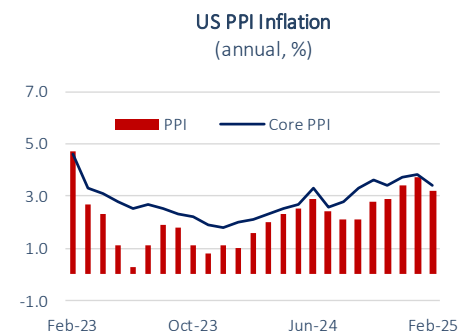
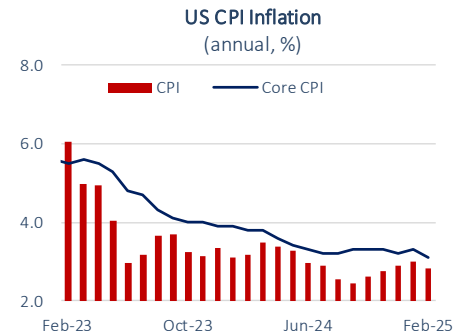
Budget debates in the US were also on the agenda of the markets this week. While fears that the opposition's wing would veto the spending bill and cause a government shutdown arose throughout the week, the news that the bill would be supported relieved the markets on the final trading day of the week.

US inflation data was in focus.

This week, global markets focused on the February inflation data released in the United States. Consumer prices rose by 0.2% during this period, falling short of market expectations of 0.3%. The 1% decline in fuel prices contributed to lower-than-expected inflation. Core CPI, which excludes energy and food prices, rose 0.2% month on month, falling short of expectations. Thus, annual and core CPI inflation were realized at 2.8% and 3.1%, respectively. In parallel, producer price inflation in the country also presented a more favorable picture than expected. Despite market expectations of an increase, PPI remained flat in February, while core PPI fell by 0.1%. On an annual basis, PPI and core PPI inflation were realized as 3.2% and 3.4%, respectively, 0.1 pp below the expectations. On the other hand, producer prices and core producer prices for January were revised upwards by 0.2 pp to 0.6% and 0.5% mom, respectively.

Positive signals regarding economic activity in the Euro Area were followed.

In January, industrial production in the Eurozone exceeded market expectations by



Source: Fed, Datastream

0.8% mom. The fact that the index, which was expected to contract by 0.9% year on year, had a flat outlook during this period was a positive development. The upward revision of the previous month's data also helped this development. In the coming months, the public sector's decision to increase defense spending in the region may boost industrial production.

Current account deficit expanded in January, industrial production index declined on a monthly basis.

In Türkiye, current account posted a deficit of 3.8 billion USD in January. Thus, the 12-month cumulative current account deficit reached 11.5 billion USD, the highest level since July (Our Balance of Payments report). In January, the seasonally and calendar-adjusted industrial production index decreased by 2.3% mom, the fastest monthly decline since April 2024. In this period, production in the manufacturing industry and electricity, gas, and steam sectors decreased by 3.0% and 0.8% mom, respectively, while durable goods production rose by 2.9%. In the same period, the 30.7% decline in the production of high-tech products and 13.1% decline in the production of capital goods were noteworthy. Despite the monthly decline in January, the index increased by 1.2% yoy and remained in positive territory for the third month in a row.

Retail sales volume index gained momentum in January.

According to Turkstat data, trade sales volume contracted by 4.1% mom on a seasonally adjusted basis in January, while it increased by 5.3% yoy on a calendar adjusted basis. In this period, retail sales volume index rose by 2.0% mom and 12.5% yoy, respectively. Thus, the index recorded the fastest monthly rise in the last 4 months. In January, computers, books, and communication devices sub-index increased by 32.2% yoy, while textiles, clothing, and footwear was the only sector where sales contracted (0.5%). According to another data released in January, the construction cost index increased by 26.6% yoy. In this period, the cost of building construction rose by 27.1% yoy, while the cost of construction of non-building structures increased by 25.1%. The monthly rise in the main index was 9.1%.

Home sales increased in February.

In February, house sales increased by 20.1% yoy to 112.8 thousand units. In this period, mortgaged sales, which expanded by 90.1% yoy, supported the positive outlook on the sector while other sales increased by 12.9%. In February, first and second-hand house sales rose by 18.2% and 21.0% yoy, respectively. On the other hand, sales to foreigners continued to decline by 21.1% yoy.

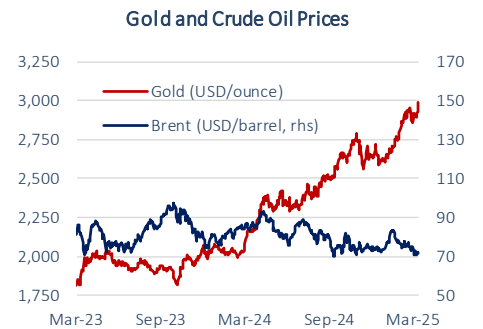
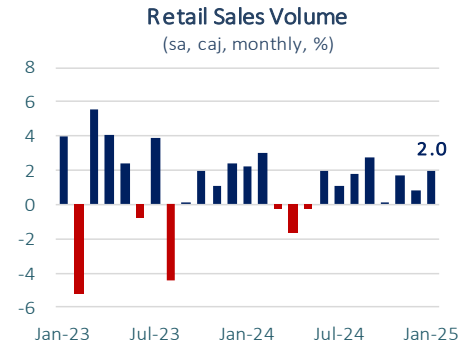
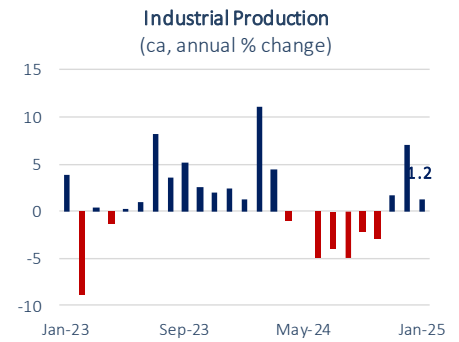
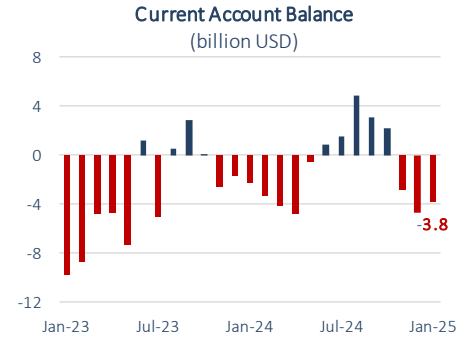
Financial markets...

In the week when US inflation data was closely monitored, developments regarding trade wars as well as statements about the Russia-Ukraine crisis and the ongoing budget negotiations in the US were on the agenda of the markets. Increasing recession concerns in the United States, as well as trade war uncertainties, put heavy selling pressure on the US stock market. During this time, data releases that raised expectations for the Fed's interest rate cuts failed to relieve selling pressure in equity markets while driving gold prices higher.

Contrary to global markets, the BIST-100 index increased by 2.1% on a weekly basis as of Thursday's close. Türkiye's 5-year CDS risk premium rose by 8 basis points to 262 basis points. USD/TRY fell by 0.2% during this time, while EUR/TRY rose by 0.6% due to the increase in EUR/USD parity.

Next week's agenda...

Fed, BoJ and BoE meetings stand out on the agenda for next week. At the meeting, Fed is not expected to change the policy rate. On the global front, economic activity indicators to be released in the US will come to the fore, while central government budget and consumer confidence data will be released in Türkiye.



Data Releases

		Period	Consensus	Prior
17 March	TR Budget Balance	February	-	-136.3 billion TL
	USA Retail Sales, mom	January	0,7%	-0.9%
	USA NY Fed Manufacturing Index	March	-	5.7
	China Retail Sales, yoy	February	4.0%	3.7%
	China Industrial Production, yoy	February	5.4%	6.2%
18 March	USA Capacity Utilization Rate	February	-	77.8%
	USA Industrial Production, mom	February	-	0.5%
	USA Housing Starts, units	December	-	1.37 million
19 March	Fed Meeting	March	4.25%-4.5%	4.25%-4.5%
	Euro Area CPI Inflation, final, mom	February	-0.3%	-0.3%
	BoJ Meeting	March	%0.5	%0.5
20 March	TR Central Government Gross Debt Stock	February	-	9.58 billion TL
	USA Existing Home Sales, units	February	-	4.08 million
	US Philadelphia Fed Business Index	March	-	18.1
	BoE Meeting	March	4.5%	4.5%
21 March	TR Consumer Confidence Index	March		82.1
	TR Foreign Visitors, yoy	February		6.1%
	Euro Area Consumer Confidence, flash	March	-	-13.6

Source: Datastream

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