

	7-Nov	13-Nov	Change		7-Nov	13-Nov	Change
BIST-100 Index	10,925	10,629	-2.7 % ▼	EUR/USD	1.1565	1.1631	0.6 % ▲
TRY 2 Year Benchmark Rate	39.87%	40.20%	33 bp ▲	USD/TRY	42.1896	42.2200	0.1 % ▲
Türkiye 5-Year CDS Premium	248	244	-4 bp ▼	EUR/TRY	48.7759	49.1108	0.7 % ▲
MSCI EM Equity Index	1,382	1,410	2.0 % ▲	Gold (USD/ounce)	3,999	4,171	4.3 % ▲
US 10-Year Bond Rate	4.09 %	4.11 %	2 bp ▲	Brent Oil (USD/barrel)	63.6	63.0	-1.0 % ▼

bp: basis point

This week, the 43-day long federal government shutdown ended in the US following an agreement on a temporary budget bill. While the economic impact of the shutdown was debated, hawkish messages from Fed officials and delays in data releases reduced expectations of an interest rate cut at the December meeting. In Türkiye, market participants' inflation expectations continued to rise in November. While the current account posted a surplus in September, preliminary data for the same period indicated that production maintained its moderate pace and demand indicators gained momentum. Next week, preliminary PMI data for the global economy will be released, along with October central government budget and November consumer confidence index figures for Türkiye.

Government shutdown in the US has ended.

The 43-day long federal government shutdown in the US ended when President Trump approved the temporary budget bill agreed upon by Democrats and Republicans, ensuring federal agencies would be funded through the end of January. White House National Economic Council Director Kevin Hassett, who said the government shutdown may have slowed economic growth in the US by 1 to 1.5 points, stated that the October employment report would be released without unemployment rate data. Meanwhile, a report by the ADP Research Institute pointing to an average weekly job loss of 11,250 in October rises the concerns about the country's job market. The Michigan consumer confidence index also points to worries about economic activity, falling to 50.3 in November, well below market expectations and the previous month's figure, marking its lowest level since June 2022.

Uncertainty persists regarding the Fed's December meeting.

Statements made by Fed officials throughout the week in the US indicated that members are cautious about an interest rate cut at the final meeting of the year in December. New York Fed President John Williams stated that inflation remains high and shows no signs of slowing, while economic activity has proven resilience, indicating that the December interest rate decision will be a balancing act. Boston Fed President Collins stated that interest rates should be kept steady for a while to balance inflation and employment risks in an environment of high uncertainty. Minneapolis Fed President Kashkari indicated that he did not support the latest rate cut and was undecided ahead of the December meeting, while San Francisco Fed President Daly stated that although she believes the policy rate is headed downward, the timing of a rate cut depends on the data. The fact that inflation data cannot be released in the country is increasing uncertainty and causing rate cut expectations to decline.

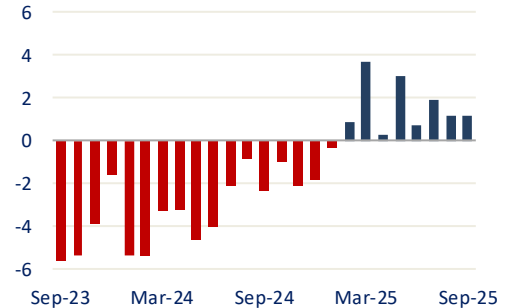
Industrial production in the Euro Area increased below expectations.

Industrial production in the Euro Area, which contracted in August, recorded a moderate growth of 0.2% in September, below expectations of 0.7%, while rising 1.2% on an annual basis. In the region, Sentix investor confidence in November fell by 2 points compared to the previous month, recording below expectations. During the same period, the ZEW economic sentiment index in Germany fell below the market expectations as well.

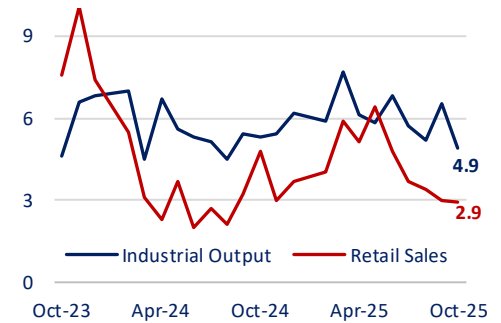
Industrial production in China increased below expectations.

Annual CPI inflation in China, which has remained below 1% since March 2023, stood at 0.2% in October. During the same period, PPI in the country declined by 2.1% yoy. Industrial production recorded growth of 4.9% yoy in October, below market expectations of 5.5%, marking its slowest annual increase since August 2024.

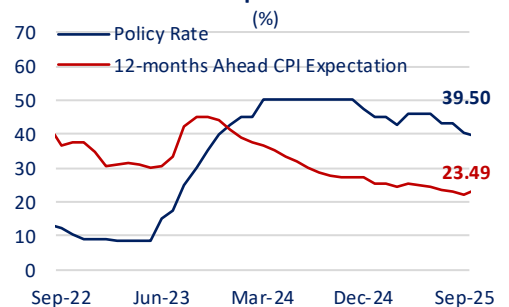
Euro Area Industrial Production
(annual % change)



Economic Activity in China
(annual % change)



Policy Rate and 12-months Ahead CPI Expectation
(%)



Source: Datastream

During the same period, the annual rise in retail sales in the country exceeded market expectations at 2.9%. The rapid rise in sales of gold, silver, and jewelry suggests that the increase in retail sales may have been driven more by investment good purchases rather than a general revival in demand.

In Türkiye, market participants' inflation expectations increased.

According to the results of Survey of Market Participants published by the CBRT, participants' inflation expectations increased by 0.4 points to 32.20% for the end of this year and by 1.08 points to 23.21% for the end of 2026. According to the survey, which recorded November inflation expectations at 1.59%, participants expect the CBRT to cut its policy rate by 100 basis points at December meeting. Participants' USD/TRY expectations for the end of this year stand at 43.42.

Current account posted a surplus of 1.1 billion USD in September.

After reaching a historically high surplus of 5.4 billion USD in August, the current account maintained a surplus of 1.1 billion USD in September. On the other hand, the current account deficit stood at 14.9 billion USD in January–September, and the 12-month cumulative deficit reached 20.1 billion USD. In September, the portfolio investments recorded a net capital inflow of 1.2 billion USD, while other investments posted a rapid outflow of 7 billion USD ([our Balance of Payments Report](#)).

Domestic economic activity indicators were monitored.

Industrial production increased by 2.9% yoy in September, marking its slowest annual growth since March. Services production rose by 3.1% yoy, while construction output continued its strong upward trend with a 29.9% yoy increase. Thus, in the third quarter of the year, industrial production expanded by 5.1%, services production by 3.3%, and construction production by 26.5% on an annual basis.

Demand indicators showed acceleration in September. Retail sales recorded its fastest rise in the past five months by 2.2% mom, while the annual increase reached 14.3%, a three-month high. Excluding watches and jewelry, retail sales rose moderately by 0.4% on a monthly and by 8.2% on an annual basis. Wholesale trade volume grew by 7% mom in September, and after two months of contraction, trade sales volume rebounded, rising by 4.7% mom and 10.3% yoy.

Housing market statistics...

Having displayed a strong outlook since the beginning of the year, house sales fell slightly by 0.5% yoy in October, totaling 164,306 units. As a result, total house sales in January–October increased by 16.2% yoy. In October, mortgaged sales accounted for 11.5% of total sales, while other sales made up 85.7%. Second-hand sales represented 66.6% of total house sales.

Financial markets...

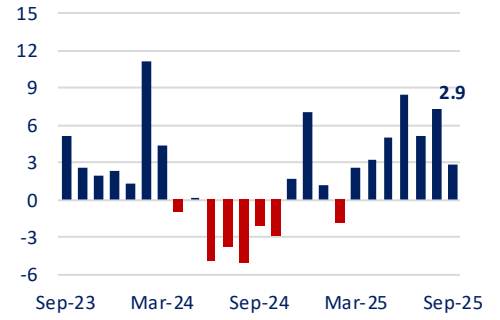
Global equity markets showed a mixed picture this week. U.S. stock markets were supported in the first half of the week by news that the government shutdown would be ended. However, on Thursday, markets experienced sharp declines due to rising concerns over high valuations of AI-related companies and uncertainty surrounding the Fed's final meeting of the year in December. Although the International Energy Agency's projection of a larger supply surplus and the higher-than-expected weekly increase in U.S. crude inventories exerted pressure on oil prices, the drone attack carried out by Ukraine on a Russian port led to a sharp rise in oil prices on Thursday.

As of Thursday's close, the BIST-100 index was down by 2.7% compared to last weeks close, while USD/TRY and EUR/TRY rose by 0.1% and 0.7%, respectively. The yield of 2-year benchmark bond closed Thursday at 40.20%, and the 10-year benchmark yield stood at 32.79%, marking its highest levels since mid-September.

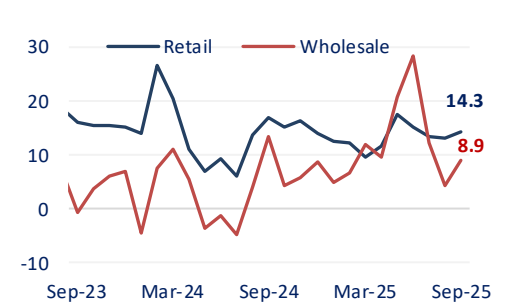
Next week's agenda...

Next week, preliminary PMI data for November will be released in major economies. In Türkiye, October central government budget and November consumer confidence index data will be monitored.

Industrial Production Index
(ca, %, yoy)



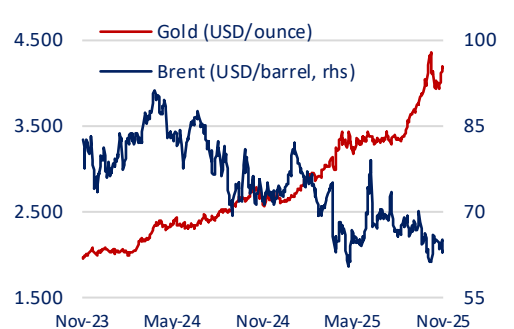
Sales Volume Indices
(annual % change)



US 10-Y Treasury Bond Yields and DXY Index



Gold and Crude Oil Price



Source: TURKSTAT, CBRT, BIST, Datastream

Data Releases

		Period	Consensus	Prior
November 17	TR Budget Balance	October	-	-309,6 billion TRY
	Japan GDP Growth, qoq	Q3	-0.6%	0.5%
November 18	TR Housing Price Index, yoy	October	-	32.2%
November 19	UK CPI Inflation, yoy	October	3.6%	3.8%
	Euro Area CPI Inflation, final, yoy	October	2.1%	2.1%
November 20	TR Consumer Confidence Index	November	-	83.6
	Euro Area Consumer Confidence, flash	November	-14.0	-14.2
November 21	TR Foreign Visitors, yoy	October	-	0.54%
	Euro Area Manufacturing PMI, flash	November	50.2	50.0
	Euro Area Services PMI, flash	November	53.0	53.0
	Germany Manufacturing PMI, flash	November	49.8	49.6
	Germany Services PMI, flash	November	54.0	54.6
	Japan CPI Inflation, yoy	October	-	2.9%
	Japan Manufacturing PMI, flash	November	-	48.2

US Data Releases

November 21	US Manufacturing PMI, flash	November	-	52.5
	US Services PMI, flash	November	-	54.8
November 13-20	US CPI Inflation, mom	October	0.2%	0.3%
November 14-21	US PPI Inflation, mom	October		
	US Retail Sales, mom	October	0.2%	-
November 17-24	US NY Fed Manufacturing Index	November	-	10.70
November 18-25	US Industrial Production, mom	October	-	-
November 19-26	US Housing Starts, units	October	-	-

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