

	17-Oct	23-Oct	Change		17-Oct	23-Oct	Change
BIST-100 Index	10,209	10,608	3.9 % ?	EUR/USD	1.1651	1.1617	-0.3 % ?
TRY 2 Year Benchmark Rate	40.62 %	40.60 %	-2 bp ?	USD/TRY	41.8951	41.9754	0.2 % ?
Türkiye 5-Year CDS Premium	274	267	-7 bp ?	EUR/TRY	48.8424	48.6336	-0.4 % ?
MSCI EM Equity Index	1,362	1,381	1.5 % ?	Gold (USD/ounce)	4,249	4,125	-2.9 % ?
US 10-Year Bond Rate	4.01 %	3.99 %	-2 bp ?	Brent Oil (USD/barrel)	61.3	66.0	7.7 % ?

bp: basis point

CBRT cut the policy rate in line with expectations by 100 basis points at its meeting on Thursday. The consumer confidence index for October stood at 83.6, close to its annual average recorded this year. On the global front, uncertainties over trade policies continued ahead of the US President Trump's critical meeting with Chinese President Xi on October 30. Trump's cancellation of the planned meeting with Russian President Putin and the EU countries' agreement on the new sanctions against Russia also stood out on the agenda. As the government shutdown in the US continues, today's CPI data came in below expectations supporting the expectations for the Fed's interest rate cuts ahead of next week's meeting. In the Euro Area, October's preliminary PMI data pointed to a positive outlook, particularly in the services sector. Fed and ECB meetings are high on the next week's agenda. Also, the third-quarter growth figures for the US and the Euro Area are awaited. In Türkiye, tourism data for the third quarter, September employment figures, and October manufacturing industry capacity utilization ratio will be released.

#### CBRT cut its policy rate by 100 basis points.

At its meeting yesterday, CBRT cut its policy rate by 100 basis points to 39.5%, in line with market expectations. In the note released after the meeting, it was stated that the underlying trend in inflation rose in September, while recent data indicated that demand conditions were at a disinflationary levels. However, the slowdown in the disinflationary trend is also noted, and it was stated that the risks posed by the recent price developments, particularly in the food prices, have become more pronounced. The statement that monetary policy stance would be tightened in the case of a significant deviation in the inflation outlook from the interim targets was preserved.

#### The consumer confidence index stood at 83.6 in October.

According to data released by Turkstat, the consumer confidence index declined by 0.3 points mom to 83.6 in October, remaining close to the annual average of 83.8. Sub-indices for this period indicated to a continued fragility regarding inflation expectations. While the buying time condition of durable goods at present sub-index was at the highest level of this year, the assessment on spending money on durable goods over next 12 months compared to the past 12 months recorded a rapid monthly decline. Saving time condition at present reached its lowest level since August 2022.

#### In line with the upward trend in gold prices, households' demand for gold remains high.

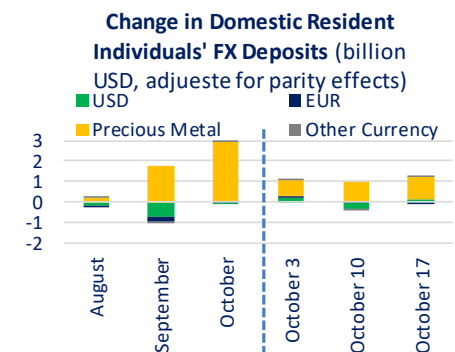
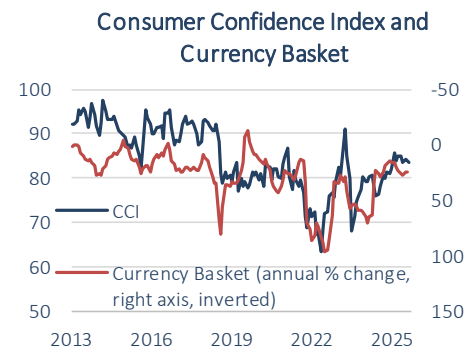
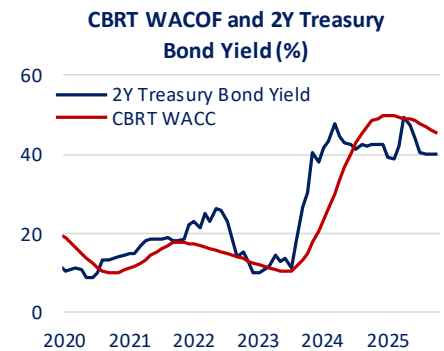
According to foreign exchange deposit data adjusted for parity effects, foreign currency deposits of households increased by 1.2 billion USD in the week to October 17 compared to the previous week, extending its rise to the third consecutive week. The said level corresponded to the highest weekly increase since the week of March 21, 95% of this movement being stemmed from the rise in the precious metal deposit accounts. During the last three weeks, the increase in precious metal deposit accounts of the households became 2.9 billion USD. In the week to October 17, the foreign currency deposit volume of corporates also recorded an increase of 1 billion USD, adjusted for parity effects, largely due to the increases of EUR and USD deposit accounts.

#### CBRT's gross reserves reached 198.4 billion USD.

In the week to October 17, the CBRT's gross reserves increased by 8.7 billion USD on a weekly basis to 198.4 billion USD, while its net international reserves also increased by 0.4 billion USD to 79.6 billion USD. The rise in gold prices continued to have an upward impact on the said numbers during this period. Gold reserves account for 56% of the gross international reserves as of October 17.

#### Developments regarding the US President Trump's diplomatic negotiations...

US President Trump stated that he expects that a very fair and strong agreement will be reached in trade negotiations with Chinese President Xi Jinping, while stating that if no



Source: Fed, ECB, Datastream

agreement is reached, a total tariff of 155% will be imposed on imports from China. Although uncertainties surrounding the meeting prevailed at the beginning of the week, yesterday's White House announcement stated that the two leaders would meet on Thursday, October 30, at the Asia-Pacific Economic Cooperation (APEC) Summit. The meeting is expected to cover important topics such as rare earth elements, fentanyl and soybean trade, as well as Taiwan.

Trump canceled his planned meeting with Russian President Putin, citing his belief that the meeting would not lead to any results. Subsequently, it was announced that the two largest Russian oil producers were blacklisted by the US. These companies are estimated to account for approximately half of Russia's total oil exports. EU countries also agreed on the 19th package of sanctions aimed at a phased ban on LNG imports from Russia. In addition to the sanction decisions, oil prices are about to close the week with a sharp rise on the news flows that the US plans to buy oil to increase its strategic petroleum reserves and that the US crude oil stocks declined on a weekly basis last week, contrary to expectations of an increase.

The news that the US has ended trade negotiations with Canada was also followed. The reason for the decision was stated as a broadcast of an advertisement in Canada containing negative statements by the former US President Reagan about tariffs.

#### The outlook for the US economy ahead of the next week's Fed meeting...

In the US, where the government shutdown continues and the release of many data has been suspended, inflation data was released today. Monthly inflation in the US was 0.3% in September, 0.1 percentage point below expectations. Monthly core CPI inflation was also announced at 0.2%, 0.1 percentage points below market forecasts, while annual core CPI inflation fell 0.1 percentage points compared to the previous two months and became 3.1%.

#### Preliminary PMI data in the Euro Area pointed to an increase in economic activity.

The preliminary manufacturing PMI data for October, released in the Region, rose to 50, 0.2 points above both the previous month and expectations, exiting the contraction zone. The preliminary services PMI data for the same period was also recorded at 52.6, well above expectations and higher than the level recorded in the previous month. The services PMI reached its highest level since August 2024, presenting a positive outlook for the sector's activity.

#### News flow regarding Asian economies...

In Japan, Takaichi, who supports expansionary monetary and fiscal policies, won the lower house vote and became the country's first female prime minister. The Takaichi administration is said to be preparing a stimulus package that is expected to exceed the amount announced last year. However, data released this week shows that CPI inflation gained momentum in September, reaching 2.9% yoy. Export data, which had been declining yoy for the past four months in Japan, recorded a 4.9% increase in September, signaling a positive performance.

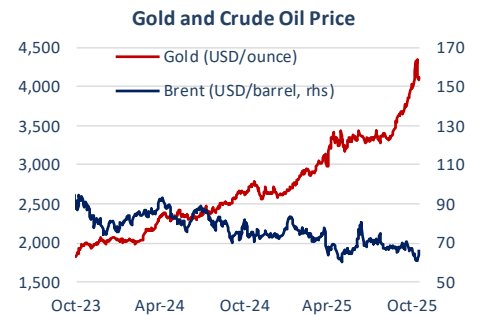
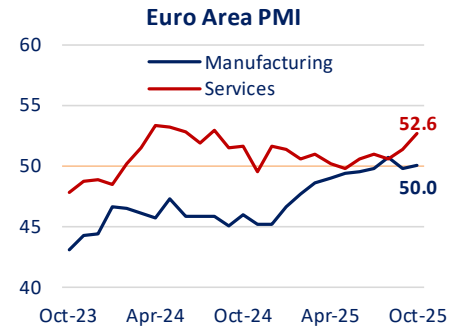
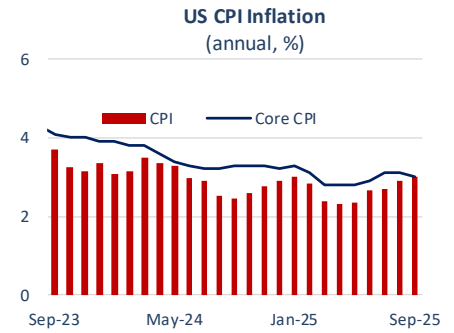
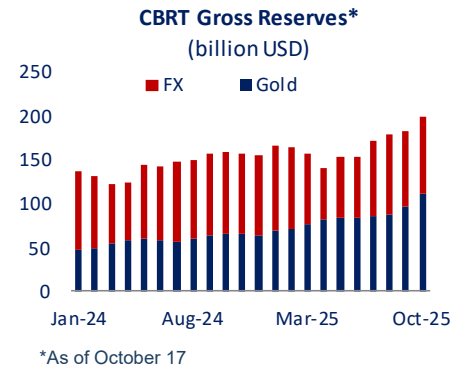
In China, third-quarter growth data was monitored. The country's economy grew by 4.8% yoy in the Q3, showing a loss of momentum compared to the previous quarter. Quarterly growth, on the other hand, became 1.1%, 0.1 percentage point higher than the previous quarter.

#### Financial markets...

Gold prices, which have been on an upward trend for about nine weeks, are set to close this week with a weekly decline. The news over the planned meetings between US and China as well as US and Russia had a negative impact on global risk appetite during most of the week, while US stock markets, where companies' third-quarter balance sheet announcements were followed, showed limited gains as of Thursday's close. In Türkiye, the BIST-100 index is expected to close the week with gains, thanks to the positive performance followed during the last trading day of the week.

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

Fed and ECB meetings, as well as the third-quarter growth data releases in the US and the Euro Area, are high on the next week's agenda. In Türkiye, the third-quarter tourism data, September employment figures, and October manufacturing industry capacity utilization ratio will be released.



Source: TURKSTAT, CBRT, BIST, Datastream

## Data Releases

		Period	Consensus	Prior
<b>October 27</b>	TR Capacity Utilization Rate, SA	October	-	74%
	TR Real Sector Confidence Index, SA	October	-	100.2
	TR Unemployment Rate	September	-	8.5%
	Germany Ifo Business Climate	Q3	87.8	87.7
<b>October 30</b>	TR Economic Confidence	October	-	98.0
	Euro Area GDP Growth, flash, yoy	Q3	1.2%	1.5%
	Euro Area Unemployment Rate	September	6.3%	6.3%
	Euro Area Consumer Confidence, final	October	-	-14.2
	ECB Meeting	October	2-2,15%	%2-2.15
<b>October 31</b>	TR Tourism Revenues	Q3	-	16.3 milyar USD
	TR Foreign Visitors, yoy	September	-	2.05%
	Euro Area CPI Inflation, flash, yoy	October	2.1%	2.2%

## US Data Releases

<b>October 27</b>	US Durable Goods Orders, mom	September	-	-
<b>October 28</b>	US Consumer Confidence	October	94.2	94.2
<b>October 29</b>	Fed Meeting	October	3.75-4.0%	4.0-4.25%
<b>October 30</b>	US GDP Growth, prelim, yoy	Q3	3.0%	3.8%
<b>October 31</b>	US Personal Consumption Expenditures, mom	September	0.3%	0.3%
<b>October 21-28</b>	US Nonfarm Payrolls	September	50k	22k
	US Unemployment Rate	September	4.3%	4.3%
	US Factory Orders, mom	August	1.4%	-1.3%
<b>October 22-29</b>	US Retail Sales, mom	September	0.4%	0.6%

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