

	21-Mar	27-Mar	Change		21-Mar	27-Mar	Change
BIST-100 Index	9.045	9.613	6,3 % ▲	EUR/USD	1,0814	1,0801	-0,1 % ▼
TRY 2 Year Benchmark Rate	50,36 %	48,71 %	-165 bp ▼	USD/TRY	37,3800	37,9122	1,4 % ▲
Türkiye 5-Year CDS Premium	323	316	-8 bp ▼	EUR/TRY	40,9011	40,9966	0,2 % ▲
MSCI EM Equity Index	1.131	1.131	-0,1 % ▼	Gold (USD/ounce)	3.024	3.056	1,1 % ▲
US 10-Year Bond Rate	4,25 %	4,37 %	12 bp ▲	Brent Oil (USD/barrel)	72,2	74,0	2,6 % ▲

bp: basis point

Uncertainties over tariffs and the trade war continued to be influential on the course of global markets this week. In particular, US President Donald Trump's announcement that a 25% tariff on automobiles not produced in the US would be imposed on April 2 raised concerns in the markets. According to the final data, the US economy grew by 2.8% in 2024. Leading indicators pointed that economic activity remained strong in the country in the first quarter of the year, while consumer confidence index declined rapidly due to the deterioration in inflation expectations. Preliminary PMI data in the Euro Area signaled a limited recovery in economic activity. In Türkiye, while the economy administration signaled that the volatility in the markets was temporary and would not cause permanent damage to the inflation outlook, CBRT emphasized that it would maintain its cautious stance. According to Turkstat data, unemployment rate declined to 8.2% in February, while broadly defined unemployment rate came in at 28.4%. Next week, US non-farm payrolls and Euro Area inflation data will be high on the global markets' data agenda. Inflation and ISO manufacturing PMI data will also be released in Türkiye.

Statements on tariffs continued to be high on the agenda.

Earlier this week, US President Donald Trump announced new tariffs on oil and natural gas imports from Venezuela. Trump's announcement on Wednesday that a 25% tariff on automobiles not produced in the US would take effect on April 2 added to trade war concerns and put more pressure on the markets. Richmond Fed President Tom Barkin explained that competition between companies is an important factor, so he does not expect the tax burden to be fully passed on to the end consumer. Boston Fed President Susan Collins said that she thought the impact of the tariffs on prices would be temporary, but that the long-term inflation outlook would depend on the retaliatory response of the tariff-imposed countries.

US economy grew by 2.8% in 2024 according to final data.

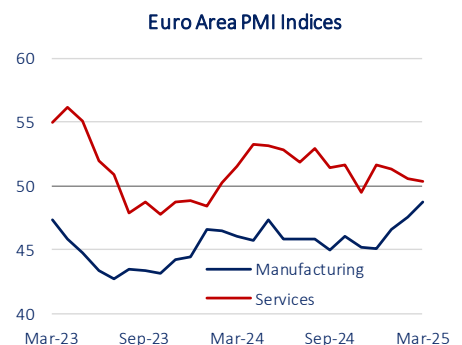
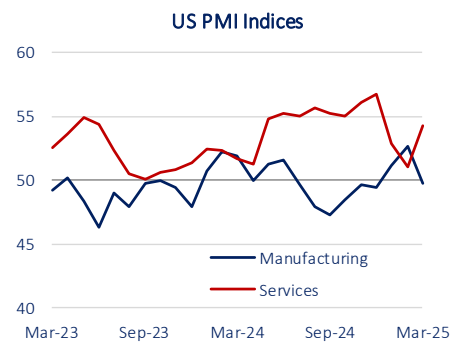
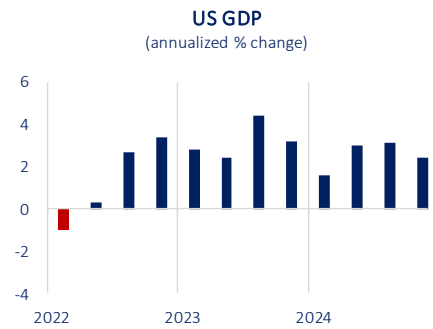
According to the final data released in the US, economic growth in the last quarter of 2024 was revised upwards by 0.1 pp to 2.4%. Thus, the US economy grew by 2.8% in 2024. In the last quarter of the year, corporate profits recorded the fastest increase since 2022 by 5.9% qoq, supported by the demand for goods brought forward by inflationary concerns.

According to the data released in the US this week, in February, durable goods orders rose by 0.9% mom despite the market's expectations of a 1% decline increasing for the second consecutive month. Preliminary PMI data for March pointed to divergence among sectors. Manufacturing PMI came in at 49.8, below expectations, indicating that the sector returned to contraction territory after two months of expansion. Services PMI on the other hand, came in at 54.3, indicating that activity in the sector gained momentum. While input prices in both sectors increased, the rise was more apparent in the manufacturing sector. Consumer confidence index fell sharply in March, largely due to inflation concerns and uncertainties over the trade war. In this period, the sub-index indicating consumers' expectations for the next period plunged to its lowest level in the last 12 years.

In February, personal consumption expenditures (PCE) price index inflation was realized in line with market expectations at 0.3% mom and 2.5% yoy. On the other hand, monthly core PCE inflation (0.4%) and annual core PCE inflation (2.8%) both exceeded market expectations and were realized above the previous month. This development reinforced the negative assessments regarding the inflation outlook.

Preliminary PMI data in the Euro Area gave relatively positive signals.

Manufacturing PMI in Euro Area remained in contraction zone with 48.7, but reached its highest level since January 2023 amid decisions to support the defense industry production and increase public spending in the region. In this period, services PMI also maintained its course above the threshold value with 50.4. Thus, composite PMI in Euro Area provided the most favorable outlook for economic activity in the last 7 months.



Source: Datastream

In Türkiye markets focused on the messages of economic administration.

Following the volatility in the markets last week, economic management's meetings and messages were closely monitored this week. In the meeting with international investors, Minister of Treasury and Finance Mehmet Şimşek stated that foreign demand was the main determinant of the fluctuations and that the rise in exchange rates would not cause permanent damage to inflation. CBRT Governor Karahan stated that the volatility in the markets was temporary as well and that the CBRT would do everything necessary within the framework of market rules. In the summary of the Monetary Policy Committee's interim meeting held last week, CBRT emphasized that it would maintain its prudent and tight stance and use all the tools at its disposal effectively.

Unemployment rate decreased to 8.2%

According to labor statistics released by Turkstat, unemployment rate fell to 8.2% in February, the lowest level since 2012. In this period, it was noteworthy that labor force declined faster with 244K people against 149K decrease in employment. Thus, employment rate and labor force participation rate declined to 48.8% and 53.2%, respectively. On the other hand, the labor underutilization rate reached 28.4% in February.

Confidence indices displayed a mixed outlook in March.

Services confidence index increased slightly by 0.2% mom in March, while retail trade confidence index and construction confidence index decreased by 2.5% and 0.5%, respectively. Expectations for the upcoming months deteriorated in all sectors. On the other hand, seasonally adjusted real sector confidence index released by CBRT increased by 0.4 points mom to 103.2 in the same period. Among sub-indices, the fastest increases were recorded in the general course of business and production for the next 3 months. Thus, economic confidence index rose by 1.6% mom to 100.8, exceeding the threshold for the first time since March 2024.

The real sector's inflation expectations continued to decline.

According to the sectoral inflation expectations compiled by CBRT based on the results of the surveys conducted in the first two weeks of the month, annual inflation expectations for the next 12 months decreased by 0.7 points to 24.6% for market participants, decreased by 0.8 points to 41.1% for the real sector and increased by 0.1 points to 59.3% for households in March. At the same time, the proportion of households expecting a fall in inflation in the next 12 months increased by 3 points to 31.3%.

Rapid decline in CBRT reserves...

Price and exchange rate adjusted data revealed that non-residents sold net 444 million USD in the equity market and net 448 million USD in the government securities market in the week of March 21. CBRT's gross total reserves fell to 163.1 billion USD, while FX reserves recorded the fastest decline in history with 8.7 billion USD on a weekly basis.

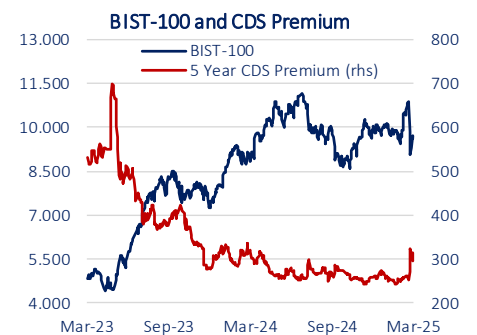
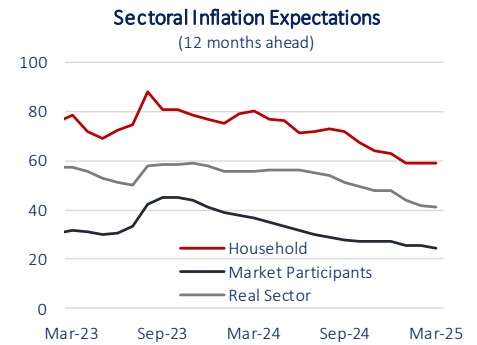
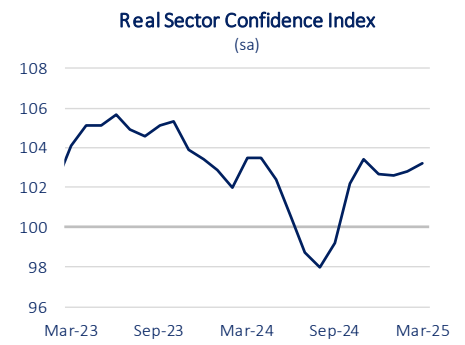
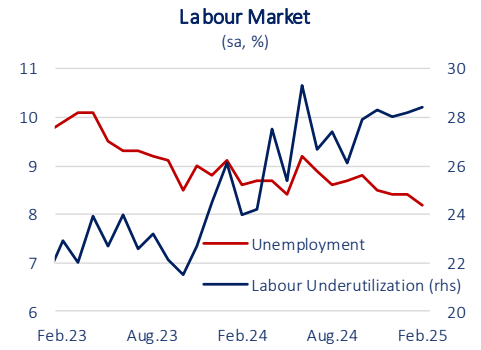
Financial markets...

Trump's tariff statements and trade war concerns continued to be influential on the course of global markets this week. US stock markets, which started the week with a recovery thanks to the news flow revealing that the Trump administration would be selective in tariffs and may exempt some countries, followed a volatile course with new tariff announcements in the following days. The price of Brent oil rose by 2.6% on a weekly basis, hitting a one-month high, due to the tariffs planned for countries buying oil from Venezuela and possible sanctions on Iran's oil trade. Gold prices, on the other hand, continued to be supported by the growing uncertainties over global trade and rose by 1.1% wov.

BIST 100 index, which closed the week of March 21 with a decline of 16.6%, rose by 6.3% on a weekly basis as of Thursday's close, supported by the bounceback. Türkiye's 5-year CDS premium declined to 316 basis points while USD/TRY rose by 1.4%. 2-year benchmark bond yield fell by 165 basis points to 48.71%.

Next week's agenda...

Next week, US non-farm payrolls and Euro Area inflation data will be high on the global markets' data agenda. Inflation and manufacturing PMI data will be closely monitored in Türkiye, which will be traded for 3 days due to the Eid holiday.



Source: CBRT, Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
31 March	US Dallas Fed Manufacturing Index	March	-	-8.3
	Germany CPI Inflation, flash, yoy	March	2.4%	2.6%
	China NBS Manufacturing PMI	March	50.5	50.2
	China NBS Non-Manufacturing PMI	March	-	50.4
1 April	US Manufacturing PMI, final	March	-	49.8
	US ISM Manufacturing PMI	March	50.3	50.3
	Euro Area HICP Inflation, flash, yoy	March	2.3%	2.3%
	Euro Area Unemployment Rate	February	6.2%	6.2%
2 April	China Caixin Manufacturing PMI	March	51.1	50.8
	TR Istanbul Chamber of Industry Manufacturing PMI	March	-	48.3
	US Factory Orders, mom	February	-	1.7%
3 April	TR CPI Inflation, mom	March	3.00%	2.27%
	TR D-PPI Inflation, mom	March	-	2.12%
	US Services PMI, final	March	-	54.3
	US ISM Services PMI	March	53.0	53.5
	Euro Area Services PMI, final	March	50.4	50.4
	Euro Area PPI Inflation, yoy	February	-	1.8%
4 April	China Caixin Services PMI	March	-	51.4
	TR CPI Based Real Effective Exchange Rate	March	-	74.96
	US Nonfarm Payrolls	March	128k	151k
	US Unemployment Rate	March	4.2%	4.1%

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