

	14-Mar	20-Mar	Change		14-Mar	20-Mar	Change
BIST-100 Index	10,841	9,811	-9.5 % ▼	EUR/USD	1.0879	1.0851	-0.3 % ▼
TRY 2 Year Benchmark Rate	38.07 %	44.24 %	617 bp ▲	USD/TRY	36.5133	37.4600	2.6 % ▲
Türkiye 5-Year CDS Premium	256	300	44 bp ▲	EUR/TRY	39.7274	41.0223	3.3 % ▲
MSCI EM Equity Index	1,120	1,141	1.9 % ▲	Gold (USD/ounce)	2,984	3,044	2.0 % ▲
US 10-Year Bond Rate	4.31 %	4.23 %	-8 bp ▼	Brent Oil (USD/barrel)	70.6	72.0	2.0 % ▲

bp: basis point

This week, both global and domestic markets had a very busy agenda. While the Fed decisions were in line with market expectations, the Fed Chairman Powell's statement that the inflationary effects of tariffs could be temporary supported the risk appetite. The approval of the 500 billion EUR defence and infrastructure budget in Germany also had a positive impact on the expectations regarding the global economy. In Türkiye, in order to limit the volatility in the financial markets arising from the recent developments, CBRT raised the overnight lending rate to 46% with an off-calendar meeting.

Fed's decision and members' new macroeconomic forecasts were followed.

At its monetary policy meeting this week, Fed left the policy rate unchanged between 4.25%-4.50% in line with market expectations while deciding to shrink its balance sheet at a slower pace with winding down its holdings of Treasury bonds from 25 billion USD to 5 billion USD. The possible effects of protectionist trade policies on the US economy were reflected in Fed members' forecast revisions for macroeconomic indicators. For 2025, the Fed members revised down the US economic growth forecast while unemployment rate and inflation forecasts were revised upwards. Although the end-2025 policy rate forecast for 2025 was kept unchanged at 3.9%, the members adopted a more cautious stance towards the interest rate path as the dot plots suggest. Despite this cautious stance, the Fed meeting had a positive impact on the markets as the Central Bank maintained its two rate cut forecast within the year, slowed down the pace of balance sheet unwinding and the Fed Chair Powell stated that that the inflationary pressures brought by tariffs could be temporary.

Policy rates in the UK, China and Japan, where central bank decisions were also followed this week, were kept unchanged in line with expectations. The Swiss National Bank, on the other hand, cut its policy rate by 25 basis points to 0.25% last week.

Leading indicators for the first quarter of the year presented a mixed outlook in the US.

Retail sales in the US, where consumer confidence indicators have recently painted a negative picture, presented a weak outlook for domestic demand in the first two months of the year. Retail sales increased by 0.2% mom in February, well below expectations, while January's print of 0.9% decline was revised up to 1.2%. On the production side, a relatively mild course was observed. Industrial production in the country, which increased by 0.5% mom in January, also rose by 0.7% mom in February, above the expectations. In the week ending on March 15, initial jobless claims, which remained flat compared to the previous week, was at moderate levels with 223K.

"Debt brake" reform is approved in Germany.

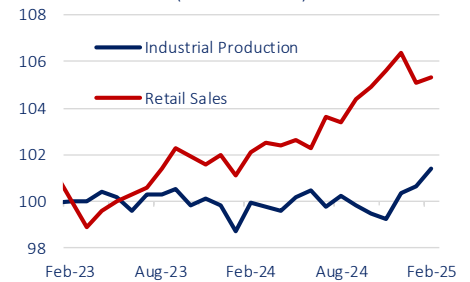
The Parliament of Federal Republic of Germany approved the draft law that envisages the establishment of a 500 billion euro fund for defense and infrastructure spending and the "debt brake" amendment. It is anticipated that the relevant plan will provide support to economic activity in the coming period. Following the Ifo confidence index released last week showing improvement in expectations, the ZEW index, which measures the confidence of investors and analysts in the economy, also pointed to a recovery in expectations.

Fed Projections

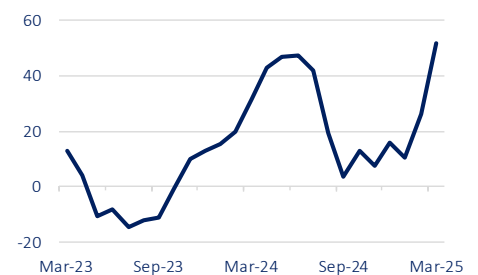
	Latest Projections (%)		Change* (% point)	
	2025	2026	2025	2026
GDP Growth	1.7	1.8	-0.4	-0.2
PCE Inflation	2.7	2.2	0.2	0.1
Core PCE	2.8	2.2	0.3	0.0
Policy Rate	3.9	3.4	0.0	0.0
Unemployment	4.4	4.3	0.1	0.0

(*) From December projections

US Leading Indicators (01.2023 = 100)



Germany ZEW Economic Confidence



Source: CBRT, TURKSTAT, Ministry of Treasury and Finance

Geopolitical developments remain high on the global agenda.

This week, the talks between the US and Russia were followed. Although an agreement to end the war has not been reached yet, Russian President Putin's statement that there will be no attacks on Ukraine's energy infrastructure for 30 days was regarded as a positive development. On the other hand, the end of the ceasefire in the Gaza Strip kept geopolitical risks high on the agenda.

Stock markets in the US recovered some of their recent losses.

In the US, Fed projections and Powell's messages helped stock markets to recover slightly, while the persistence of geopolitical risks in the Middle East limited the global risk appetite to some extent. The ounce price of gold rose by 2.0% to 3,044 USD this week, supported also by the mild course of the DXY index. Brent crude oil closed Thursday at 72 USD per barrel.

OECD lowered its global growth forecasts.

Citing trade wars and vulnerabilities in the inflation outlook, OECD revised its global growth forecasts downwards. Accordingly, the Organization lowered its global growth forecasts for 2025 and 2026 by 0.2 and 0.3 percentage points to 3.1% and 3.0%, respectively, while significantly lowering its forecasts for Canada and Mexico, which are expected to be most affected by the new tariffs. Noting that the tariffs will also lead to lower growth in the US compared to the previous forecasts, OECD raised its 2025 growth and year-end inflation forecasts for Türkiye from 2.6% to 3.1% and from 30.7% to 31.4%, respectively.

Budget balance and consumer confidence data is monitored.

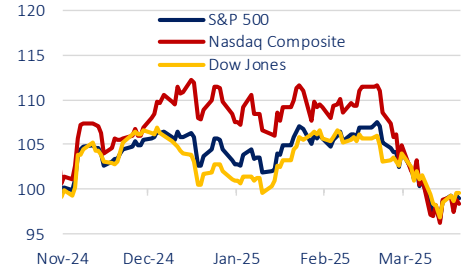
Central government budget deficit doubled in February compared to the previous year and became 310.1 billion TRY. Budget revenues and expenditures increased by 34.9% yoy and 49.8% yoy in this period (Our Budget Balance Report). In March, consumer confidence index increased to 85.9, the highest level since May 2023.

CBRT raised the overnight lending rate to 46% at the interim meeting.

In line with domestic developments, BIST-100 index fell by 9.5% to 9,811 this week compared to Thursday's close. Türkiye's 5-year CDS premium increased by 44 bps to 300 bps as of Thursday compared to the previous week's close. CBRT held an interim meeting in order to limit the volatility in the markets. CBRT raised the overnight lending rate by 200 basis points to 46% and took measures to regulate TRY and FX liquidity. In the next week, leading PMI data for major economies and February personal consumption expenditures (PCE) price index in the US will be high on the agenda. In Türkiye, confidence indices and labor statistics will be monitored.

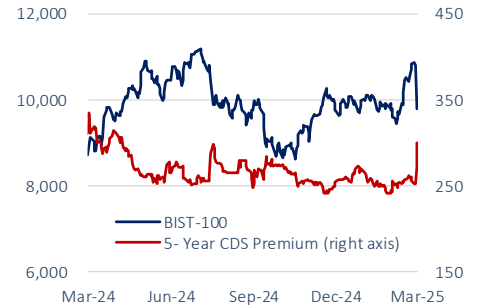
US Stock Exchange Indices

(05.11.2024 = 100)



OECD	Latest Projections (%)		Change* (% point)	
	2025	2026	2025	2026
GDP Growth				
World	3.1	3.0	-0.2	-0.3
United States	2.2	1.6	-0.2	-0.5
Euro Area	1.0	1.2	-0.3	-0.3
Türkiye	3.1	3.9	0.5	-0.1
CPI Inflation				
G20	3.8	3.2	0.3	0.3
United States	2.8	2.6	0.7	0.6
Euro Area	2.2	2.0	0.1	0.0
Türkiye	31.4	17.3	0.7	0.1

(*) From December 2024 Projections

BIST-100 and CDS Premium**Data Releases**

		Period	Consensus	Prior
24 March	US Manufacturing PMI, flash	March	-	52.7
	US Services PMI, flash	March	-	51.0
	Euro Area Manufacturing PMI, flash	March	48.0	47.6
	Euro Area Services PMI, flash	March	51.0	50.6
	Japan Manufacturing PMI, flash	March	-	49.0
25 March	TR Real Sector Confidence Index, SA	March	-	102.8
	TR Capacity Utilization Rate, SA	March	-	74.9%
	TR Sectoral Sentiment Indices	March	-	-
	US Consumer Confidence	March	94.0	98.3
26 March	US Durable Goods Orders, mom	February	-0.7%	3.2%
	UK CPI Inflation, yoy	February	-	3.0%
27 March	TR Trade Balance	February	-	-7.5 billion USD
	TR Unemployment Rate	February	-	8.4%
	US GDP Growth, final, yoy	2024 Q4	2.4%	2.3%
28 March	US Core PCE, mom	February	-	0.3%

Source: TURKSTAT, CBRT, Datastream

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