



# Monthly Economic Review July 2014



## Global Economy

- ◆ Rising tensions in Iraq led to deterioration of global risk perception while concerns over global oil supply heightened.
- ◆ According to the latest revision, the U.S. economy contracted by 2.9% in the first quarter of the year, the worst quarterly performance since the first quarter of 2009. On the other hand, economic activity continued to exhibit a positive outlook in the second quarter of the year.
- ◆ At its meeting held on June 18<sup>th</sup>, the U.S. Federal Reserve (Fed) decided to reduce the amount of monthly asset purchase program by 10 billion USD in line with the expectations. Fed Chairman Yellen stated again that the timing of interest rate hikes would be depended on the course of economic recovery and there was no mechanical formula for this process.
- ◆ Economic activity across Eurozone continued to recover gradually, while the annual CPI increase was realized as 0.5% in June, far below the target.
- ◆ At its meeting held in July, ECB announced details of targeted long-term refinancing operations program. Accordingly, total amount of the financing operations could reach as much as 1 trillion Euro.
- ◆ In Japan, core inflation increased by 3.4% yoy in May and reached its highest level since April 1982. Excluding the effect of the higher tax on prices, core inflation was realized as 1.4%.
- ◆ China manufacturing Purchasing Managers' Index (PMI) was realized as 50.7 in June, above the threshold for the first time since December 2013.

## Turkish Economy

- ◆ Turkish economy registered a real growth rate of 4.3% yoy, parallel to the expectations in the first quarter of 2014.
- ◆ After having displayed a better than expected performance in the first quarter, industrial production kept its strength in April. According to the calendar adjusted figures, the industrial production index increased by 4.6% yoy in April.
- ◆ Consumer and real sector confidence indices deteriorated in June. According to Markit, manufacturing PMI fell to 48.8 in June, indicating a contraction in the manufacturing industry.
- ◆ In the first five months of 2014 foreign trade deficit contracted significantly. In this period, exports increased by 7.4% yoy while imports decreased by 5.6% yoy. During the same period, foreign trade deficit narrowed by 24.9% and became 31.6 billion USD.
- ◆ Current account deficit continued to narrow in April and came in parallel with the market expectations at 4.8 billion USD. The cumulative current account deficit in the first four months of 2014 reached 16.4 billion USD which was significantly lower than the deficit recorded in the same period of the previous year (24.7 billion USD).
- ◆ The annual increase in CPI, which followed a steady upward trend over the last 6 months approaching double-digit levels, lost momentum in June and decreased to 9.16%.
- ◆ At its meeting held on June 24<sup>th</sup>, CBRT cut the one-week repo rate by 75 basis points to 8.75%, while keeping O/N borrowing rate and O/N lending rate unchanged at 8% and 12%, respectively.

## Contents

<b>Turkish Economy</b>	<b>1</b>
<b>Banking Sector</b>	<b>12</b>
<b>Graphs</b>	<b>14</b>
<b>Tables</b>	<b>17</b>

## Türkiye İş Bankası A.Ş. - Economic Research Division

### İzlem Erdem - Manager

izlem.erdem@isbank.com.tr

### Alper Gürler - Unit Manager

alper.gurler@isbank.com.tr

### Hatice Erkiletlioğlu - Asst. Manager

hatice.erkiletlioglu@isbank.com.tr

### Doğuhan Atış - Sub-Manager

doguhan.atis@isbank.com.tr

### Kıvılcım Eraydın - Economist

kivilcim.eraydin@isbank.com.tr

### Bora Çevik - Economist

bora.cevik@isbank.com.tr

### Eren Demir - Asst. Economist

eren.demir@isbank.com.tr

### M. Kemal Gündoğdu - Asst. Economist

kemal.gundogdu@isbank.com.tr

### Gamze Can - Asst. Economist

gamze.can@isbank.com.tr

## Volatility in domestic financial markets...

After the measures taken by ECB at its June meeting, the risk appetite in domestic markets increased significantly in line with the global markets. In addition, Turkey's GDP growth and current account deficit figures were welcomed by the markets. However, the positive market sentiment turned negative in the second week of June due to the conflicts in Iraq. Owing to the increasing geopolitical risks in the region, Turkish Lira depreciated and the stock market dropped.

Risk premium of Turkish Eurobonds, which increased to 234 basis points in the last week of May, receded to 201 basis points after the ECB's June meeting, the lowest level in almost a year. In the following days, however, risk premiums increased again due to the concerns over Iraq and reached 222 basis points as of June 30<sup>th</sup>.

## USD/TRY increased due to the developments in Iraq.

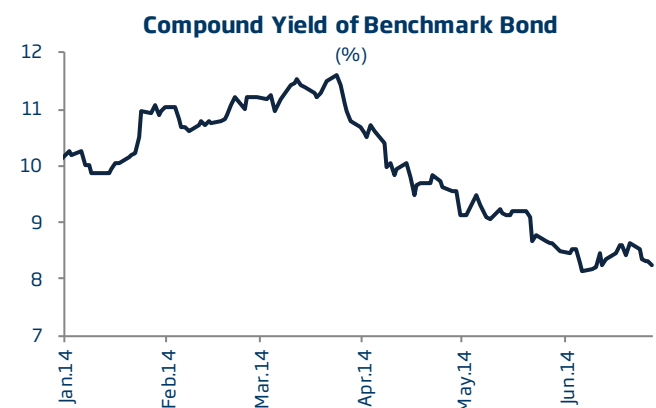
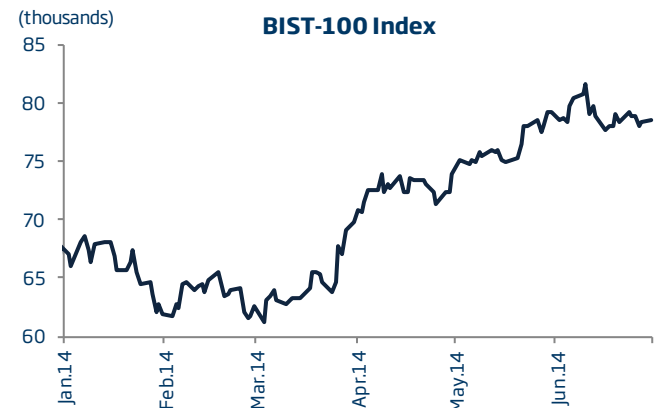
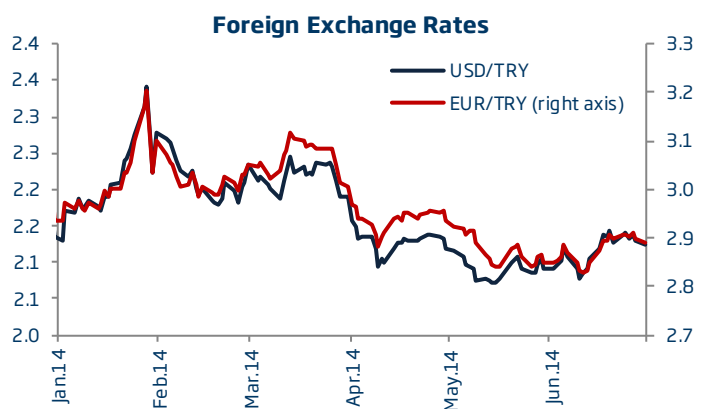
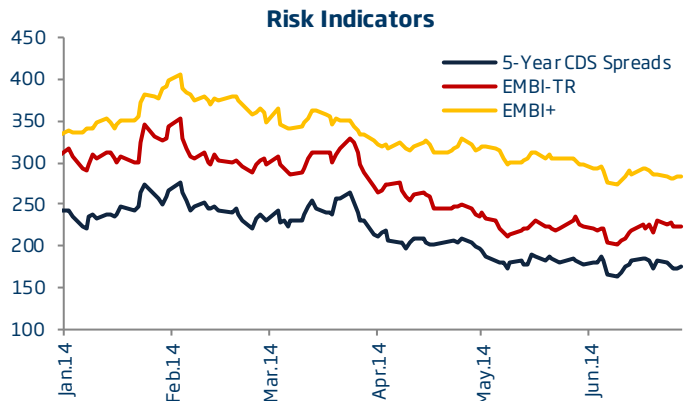
TRY appreciated against USD in the beginning of June due to the measures taken by ECB and the latest data releases pointing a favorable domestic economic outlook. However, escalating tensions in Iraq led to a depreciation in the TRY. As of June 30<sup>th</sup>, USD/TRY was realized as 2.1179. EUR/TRY displayed a similar outlook and rose to 2.9003 on June 30<sup>th</sup> after receding to 2.811 on June 11<sup>th</sup>.

## BIST-100 index fell below 79.000 level.

Having seen profit-taking sales in the first few days of June, Borsa İstanbul climbed rapidly and exceeded the level of 81.000 points after the ECB meeting. However, in the following days, BIST-100 index declined due to the increasing geopolitical risks. After falling to 77.646 on June 16<sup>th</sup>, BIST-100 index rose again as the expectations of further central bank rate cuts strengthened. However, Fitch's credit rating downgrades for leading Turkish banks adversely affected the stock market. As of June 30<sup>th</sup>, BIST-100 index was realized as 78.489.

## Benchmark interest rate fell to its lowest level in 7 months.

In the first week of June, benchmark bond yield fell to its lowest level in seven months with 8.15% in line with the lower risk perception. After rising slightly due to the developments in Iraq, benchmark bond yield decreased again thanks to the expectation of further CBRT rate cuts and was realized again as 8.15% as of June 30<sup>th</sup>.



Source: JP Morgan, Reuters, BIST

## Turkish economy grew in line with the expectations in the first quarter of the year.

Turkish economy registered a real growth rate of 4.3% yoy, parallel to the expectations. Turkstat did not make updates to the previous growth figures.

Analyzing the calendar adjusted figures, it was seen that GDP increased by 4.4% yoy in the first quarter of 2014. Seasonal and calendar adjusted GDP growth, on the other hand, was realized as 1.7% qoq.

### GDP (1998 Prices)

Period	Calendar Adjusted GDP* (%)	Seasonally and Calendar Adjusted GDP** (%)
2011 Q1	12.6	2.6
2011 Q2	9.3	0.4
2011 Q3	8.7	1.2
2011 Q4	5.2	0.9
2012 Q1	2.5	-0.1
2012 Q2	3.1	0.9
2012 Q3	1.7	0.2
2012 Q4	1.3	0.4
2013 Q1	3.5	1.9
2013 Q2	4.1	1.4
2013 Q3	4.1	0.4
2013 Q4	4.5	0.9
2014 Q1	4.4	1.7

\*Change compared to the same period of previous year

\*\*Quarter over quarter change

## Domestic demand decelerated in the first quarter.

Domestic consumption, which exhibited a moderate course in 2013, decelerated in the first quarter of 2014 due to the measures taken by BRSA and CBRT. Private domestic consumption expenditures grew by 2.9% yoy and

contributed to growth by 2.1 points. On the other hand, public consumption expenditures which rose by 8.6%, the highest increase of the last 10 quarters thanks to the base effect, made a limited contribution to growth by 0.2 point. Thus, with losing momentum in the first quarter of the year compared to 2013, the contribution of total consumption expenditures to growth was realized as 2.9 points.

Analyzing the seasonally and calendar adjusted figures, it was noteworthy that the final consumption expenditure of resident households declined by 0.5% qoq. On the other hand, public consumption expenditures increased by 4.4% qoq before local elections. Thus, total consumption expenditures registered a limited increase of 0.8% and pointed out the downward pressure on domestic demand.

## Private investment expenditures declined.

Private investment expenditures which positively contributed to the growth in the last two quarters of 2013, contracted by 1.3% yoy in the first quarter of 2014 owing to the heightened political uncertainty. Thus, private investment expenditures limited growth by 0.3 point. On the other hand, public investment expenditure grew by 4.1% in the same period, while annual growth rate was realized as 22.9% in 2013. Hence, together with the decline in private investment expenditures total investment expenditures limited growth by 0.1 point in the first quarter of the year.

## Net exports had a positive impact on growth.

Exports which displayed a downward trend in the second half of 2013, had a positive impact on growth with increasing by 11.4% yoy in the first quarter of the year. Thus, net exports contributed to growth by 2.7 points also thanks to the limited increase in imports in the same period.

It was seen that the composition of growth changed in the first quarter of 2014 compared to the 2013. In fact,

### Expenditure Approach - Contribution to GDP (1998 Prices) (% ,points)

	2012					2013					2014
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q3 Annual	Q1	
<b>Consumption</b>	<b>0.2</b>	<b>-0.4</b>	<b>0.4</b>	<b>0.9</b>	<b>0.3</b>	<b>3.1</b>	<b>4.1</b>	<b>3.2</b>	<b>4.4</b>	<b>3.7</b>	<b>2.9</b>
Private	-0.3	-0.8	-0.1	-0.1	-0.3	2.4	3.3	3.1	3.5	3.1	2.1
Public	0.5	0.4	0.5	1.0	0.6	0.7	0.8	0.2	0.9	0.6	0.9
<b>Investment</b>	<b>-0.4</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-0.4</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>1.1</b>	<b>-0.1</b>
Private	-0.4	-1.4	-1.1	-1.5	-1.1	-1.0	-0.2	0.7	0.9	0.1	-0.3
Public	0.0	0.2	0.3	1.1	0.4	1.4	1.1	0.7	0.6	0.9	0.2
<b>Change in Stock</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-0.8</b>	<b>-1.4</b>	<b>-1.5</b>	<b>0.1</b>	<b>2.9</b>	<b>1.9</b>	<b>1.4</b>	<b>1.6</b>	<b>-1.2</b>
<b>Net Exports</b>	<b>5.5</b>	<b>5.9</b>	<b>2.6</b>	<b>2.3</b>	<b>4.0</b>	<b>-0.7</b>	<b>-3.4</b>	<b>-2.2</b>	<b>-3.0</b>	<b>-2.3</b>	<b>2.7</b>
Exports	2.8	5.4	3.4	4.0	3.9	1.3	0.0	-0.6	-0.4	0.0	2.9
Imports	2.7	0.5	-0.8	-1.7	0.1	-2.0	-3.4	-1.5	-2.6	-2.4	-0.2
<b>GDP</b>	<b>3.1</b>	<b>2.7</b>	<b>1.5</b>	<b>1.3</b>	<b>2.1</b>	<b>2.9</b>	<b>4.5</b>	<b>4.3</b>	<b>4.4</b>	<b>4.0</b>	<b>4.3</b>

Numbers may not add to total due to rounding

Source: Calculated from Turkstat figures.

Source: Turkstat, CBRT

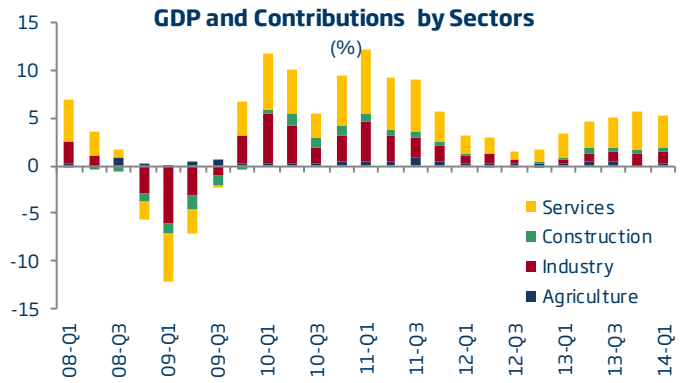
investment expenditures had an adverse impact growth, the contribution of consumption expenditures decreased and the positive impact of net exports on growth became evident. Thus, Turkey's economy exhibited a more balanced growth composition.

**Services sector grew by 5.7% yoy in the first quarter of the year.**

GDP figures by production approach revealed that services sector, which have the highest share, grew by 5.7% yoy in the first quarter of the year. The highest contribution to the GDP growth was originated from the services sector, while contributions of both agriculture and construction sectors were limited in the first quarter of the year. Construction sector lost momentum and grew by 5.6% yoy, while industrial sector displayed the strongest growth performance for the last 9 quarters, rising by 4.9% yoy.

**We expect around 4% GDP growth in 2014.**

CBRT's monetary tightening and BRSA's measures to slow down the growth in consumer loans and credit cards were influential on the domestic demand in the first quarter of 2014, albeit at a slower pace. The leading indicators for the second quarter of 2014 also show that moderate course in the domestic demand has been kept in parallel to these measures. On the other hand, in addition to the downward trend in imports stemming from slowdown domestic demand, the anticipated recovery in Turkey's main trading



partners, especially in the EU is also expected to support the growth via net exports in the second half of 2014.

Monetary policy easing actions taken by the European Central Bank (ECB) in June is anticipated to be influential on domestic demand by easing financial conditions in the second half of the year. Moreover, in line with the improvement in the domestic financial markets, probable interest rate cuts by CBRT's will be decisive on the course of domestic demand. In addition, the contribution of net exports to growth may increase in the forthcoming period in parallel to the recovery in domestic demand in the Euro Area countries thanks to the ECB's actions. In this context, we anticipate that the Turkish economy will grow by around 4% in 2014.

Source: Turkstat, CBRT

## Industrial production kept its strength in April.

After having displayed a better than expected performance in the first quarter, industrial production kept its strength in April. According to the calendar adjusted figures, the industrial production index increased by 4.6% yoy in April. Seasonal and calendar adjusted industrial production index increased by 1% mom.

Among the main industry groups, the highest seasonal and calendar adjusted increase was registered in capital goods production in April. This points out that the investment expenditures, which were relatively weak in the first quarter, has started to recover in the second quarter of the year. The rise in intermediate goods showed that export oriented sectors kept their favorable performances while the decline in durable goods production was evaluated as an indication of the continued pressure on consumption expenditures.

According to Markit, manufacturing PMI fell to 48.8 in June, indicating a contraction in the manufacturing industry. This is the lowest level since August 2013 and mainly stemmed from the deterioration in output, new orders, exports and purchasing activity conditions.

## Real sector and consumer confidence indices declined.

Real Sector Confidence Index declined by 1.1 points yoy in June and was realized as 110.7. The seasonally adjusted index also decreased by 0.7 point mom. The seasonally adjusted Capacity Utilization Rate (CUR), however, increased by 0.5 points mom in June and was realized as 74.8%.

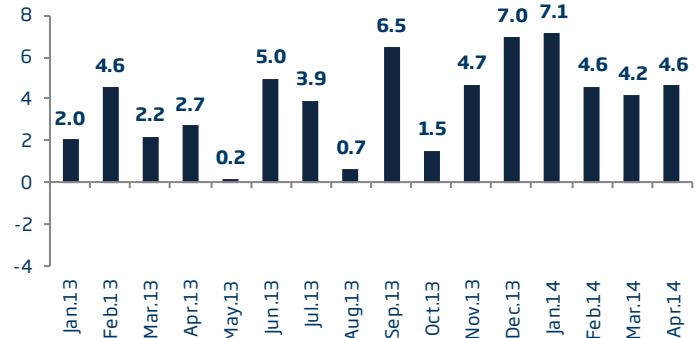
According to Turkstat, the Consumer Confidence Index continued to decline in June after having declined in May. The index, which reached its year-high level in April 2014, decreased to 76 in May and further declined to 73.7 in June. Especially, the decline in the consumers' possibility of saving in the next 12 months index was noteworthy.

## Unemployment rate is at 9.7%.

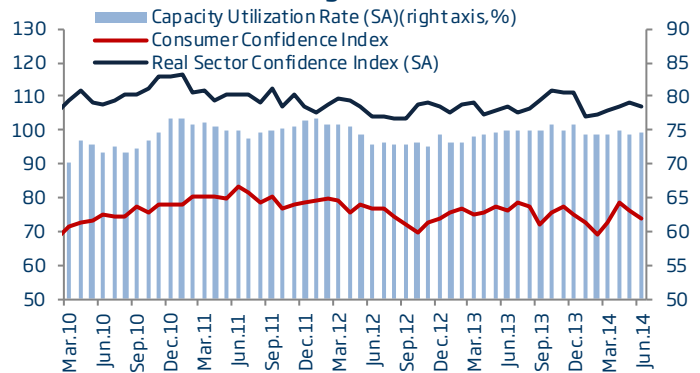
According to the Household Labor Force Survey, the unemployment rate increased from 9.4% in March 2013 to 9.7% in March 2014. The seasonally adjusted unemployment rate also increased from 9% in February to 9.1% in March.

The non-agricultural unemployment and youth unemployment rates were realized as 11.6% and 16.7%, respectively as of March.

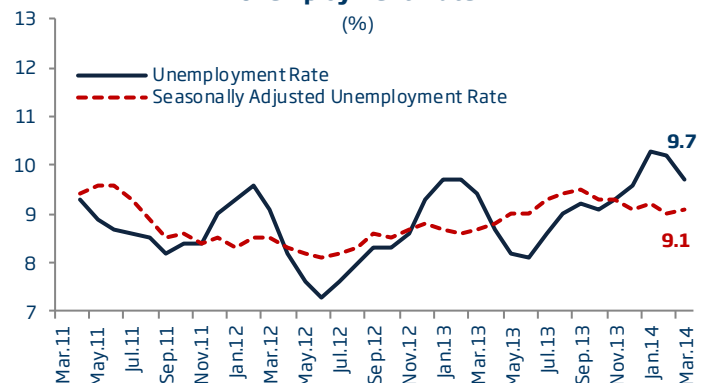
**Industrial Production Index\***  
(annual % change)



**Leading Indicators**



**Unemployment Rate**  
(%)

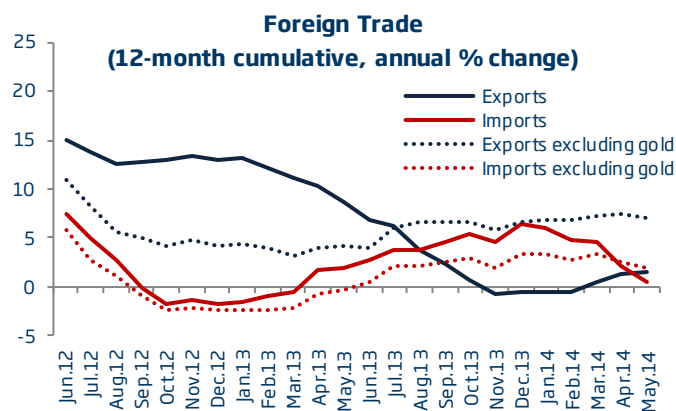


Source: Turkstat, CBRT

## Foreign trade deficit came in 7.1 billion USD in May, lower than expectations.

In May, Turkey's exports were realized as 13.8 billion USD (up 3.6% yoy) while imports came in 20.9 billion USD (down 10.3% yoy). Having fallen for the fifth consecutive month, foreign trade deficit decreased by 28.7% yoy in May and became 7.1 billion USD. The import coverage ratio increased by 8.8 points yoy and reached 65.9%.

According to seasonally and calendar adjusted figures, exports exhibited a flat course while imports rose slightly in May. Adjusted data revealed that exports rose by 0.3% mom and imports expanded by 2.9% mom.



## In the first five months of 2014 foreign trade deficit narrowed by 24.9% yoy.

In the first five months of 2014 foreign trade deficit contracted significantly. In this period exports increased by 7.4% yoy while imports decreased by 5.6% yoy. During the same period, foreign trade deficit narrowed by 24.9% and became 31.6 billion USD.

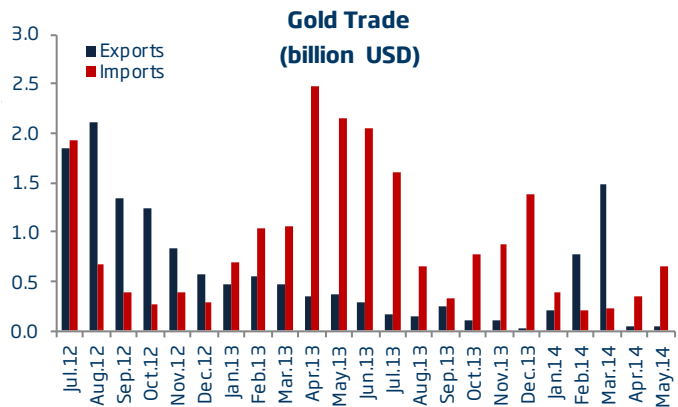
## Gold imports rose to their highest level in 2014.

Having become a net importer of gold in the previous year with a volume of 11.8 billion USD, Turkey became a net exporter of gold (719 million USD) in the first five months of 2014 thanks to the 1.5 billion USD gold exports registered in March.

Gold exports, on the other hand, were realized as 44 million USD in May, while gold imports were 665 million USD, the highest level of 2014. However, taking into account the

course of gold imports in 2013, the decline in gold imports was influential on the contraction of the foreign trade deficit in the first five months of the year.

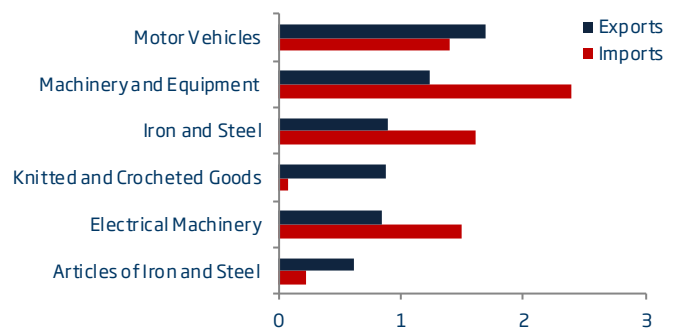
Indeed, foreign trade figures excluding gold trade revealed that the annual increase in exports declined to 7.1% while the contraction in imports was 0.3% in the first five months of the year. In this period, foreign trade deficit narrowed by 12.3% yoy.



## In May, exports of motor vehicles increased by 15.9% yoy.

In May, motor vehicles exports increased by 15.9% yoy to 1.7 billion USD and ranked first in total exports. Machinery and equipment followed motor vehicles with a 1.2 billion USD exports volume. Iron and steel, ranked third in total exports, decreased by 3.5% yoy.

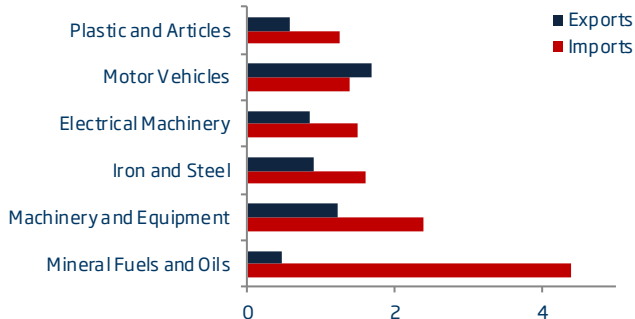
## Foreign Trade in Leading Exporting Sectors (May 2014, billion USD)



Foreign Trade Balance	May		Change (%)	January-May		Change (%)
	2013	2014		2013	2014	
Exports	13.3	13.8	3.6	62.7	67.4	7.4
Imports	23.2	20.9	-10.3	104.8	99.0	-5.6
<b>Foreign Trade Balance</b>	<b>-10.0</b>	<b>-7.1</b>	<b>-28.7</b>	<b>-42.1</b>	<b>-31.6</b>	<b>-24.9</b>
Import Coverage Ratio (%)	57.1	65.9	-	59.8	68.1	-

Source: Turkstat

## Foreign Trade in Leading Importing Sectors (May 2014, billion USD)



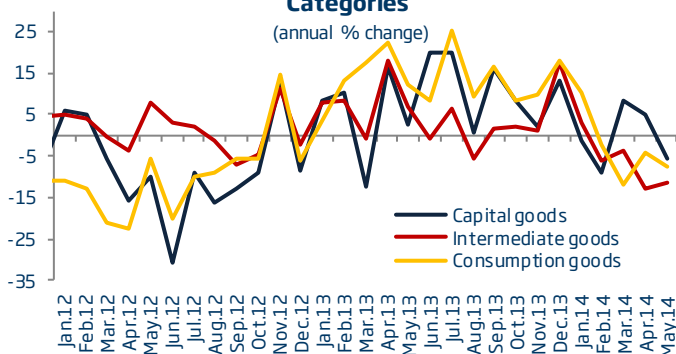
### Energy imports were 4.4 billion USD in May.

Despite narrowing by 11.2% yoy in May, mineral fuels and mineral oil imports continued to have the largest share in total imports volume. During the same period, the expansion in iron and steel imports by 10.1% yoy was noteworthy.

### The annual decrease in intermediate goods imports was realized as 11.5%.

Intermediate goods imports covering nearly three-fourths of total imports decreased by 11.5% yoy, in May. 18.8% contraction in imports of processed materials was influential on the decline of intermediate goods imports. Consumption goods imports decreased by 7.6% yoy in May due to the measures taken in order to slow down domestic demand. In May, automobiles imports declined by 23.9% yoy and the annual contraction reached 24.9% in the first five months of the year. Capital goods imports having registered a decrease of 5.5% yoy in May, exhibited a flat course during the first five months of 2014.

## Imports by Classification of Broad Economic Categories (annual % change)



### The share of European Union in total exports was 43.8%.

The share of exports to the European Union in total exports, which was 39.1% in May 2013, was realized as 41.3% in May 2014. The share of exports to Near and Middle Eastern countries in total exports, on the other hand, continued to decline in May and was realized as 23.4%.

According to Turkey's exports by countries, Germany ranked first in May with 1.4 billion USD. Iraq followed Germany with 1.1 billion USD. Regarding imports, China ranked first with 2.1 billion USD and was followed by Russia and Germany, respectively.

### The share of high-tech products in exports of manufacturing industries was 3.3%

The ratio of high-technology products in exports of manufacturing industries decreased yoy to some extent and was realized as 3.3% in May. The ratio of medium-high-technology products in manufacturing industries, on the other hand, increased by 1.8 points to 33.4%. The ratio of high-technology products in imports of manufacturing industries' products rose by 2.9 points and was realized as 14% in the same period.

### Expectations...

The recovery in the Euro Area which is the biggest export market of Turkey is anticipated to continue thanks to the expansionary monetary policies. In this context, the positive outlook in Turkey's exports is expected to continue in the rest of the year. On the other hand, recent developments in Iraq is likely to affect adversely Turkey's exports performance. Considering the importance of Iraq as an exports market and a transit trade route, foreign trade deficit is anticipated to remain under pressure in the forthcoming period.

## Current account deficit continued to narrow.

Current account deficit continued to narrow in April and came in parallel with the market expectations at 4.8 billion USD. The cumulative current account deficit in the first four months of 2014 reached 16.4 billion USD which is significantly lower than the deficit recorded in the same period of the previous year (24.7 billion USD). The decline in foreign trade deficit and the rise in services balance surplus compared to the previous year played role in the narrowing of the current account deficit. In fact, the first quarter GDP figures of Turkey also confirmed the deceleration in domestic consumption expenditures as a result of the measures taken by the CBRT and BRSA while they showed that net exports continued to increase. The 12-month cumulative current account deficit declined to 56.8 billion USD, the lowest level observed since June 2013.

## Increase in FDI

Despite the low share of FDI in the financing of the current account deficit, the rate of increase in FDI during the first four months of 2014 was noteworthy. The sustained increase in FDI despite the elevated uncertainties and tighter global financial conditions was evaluated as a quite positive development. In fact, net FDI inflows increased by 48% yoy in the first four months of the year and reached 3.8 billion USD. According to the 12-month cumulative figures, net FDI inflows reached 11.1 billion USD as of April 2014.

## Portfolio inflows reached one-year high in April.

Portfolio investments recorded the highest monthly capital inflow in the last one-year period with 4.2 billion USD in April after having registered 2.5 billion USD capital outflow in the first quarter of the year as a result of the volatile course of risk perception towards emerging markets and the increased uncertainties in the domestic markets ahead of the local elections. Analyzing the details of the portfolio investments in April, non-residents' net equity purchases

was realized as 579 million USD and their net government domestic debt securities purchases reached 4.1 billion USD. Both the general government, the banking sector and non-bank sectors benefited from the decline in domestic uncertainties and the positive sentiment towards emerging markets throughout April and weighed on bond issues in international markets. In fact, general government, banks and non-bank sectors borrowed 1.4 billion USD, 1.8 billion USD and 500 million USD, respectively from international markets via bond issues in April.

## Other investments

Capital inflow recorded under the other investment account reached 3.5 billion USD in April. It was noteworthy that both the banking sector and non-bank sectors did not face any difficulty regarding raising long-term loans from abroad. In fact, long-term loans raised from abroad in the first four months of 2014 by banks and non-bank sectors amounted to 2.3 billion USD and 2.7 billion USD, respectively. During the same period, banks' and other sectors' long-term debt roll-over ratios were 198% and 143%, respectively.

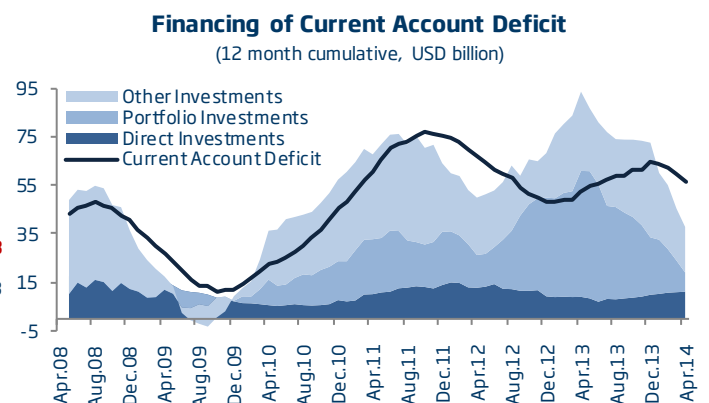
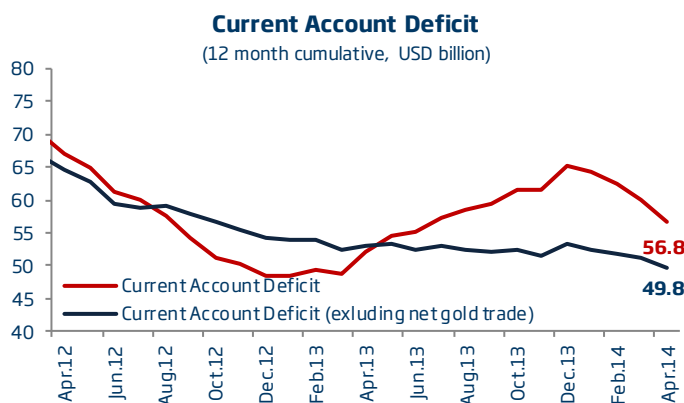
It was also worth noting that the deposits of non-resident banks' held within domestic banks increased by 1.2 billion USD in April after having declined by 2 billion USD in the first quarter of the year.

## Increase in reserve assets

The high amount of capital inflow recorded under portfolio investments and other investments enabled the CBRT to increase its reserve assets by 2.7 billion USD in April. The net errors and omissions account recorded 873 million USD outflow in April after having recorded 6.7 billion USD capital inflow in the first quarter of 2014.

## Expectations

The narrowing of the current account deficit has been continuing as we have envisaged before. The deceleration in domestic consumption expenditures and the sustained rise in exports have supported the narrowing of the deficit.



Source:CBRT



We think that the current account deficit will continue to narrow in the coming months and the deficit to GDP ratio, which was 7.9% at the end of 2013, will decrease to around 5.5% as of end-2014.

Regarding the financing of the deficit, the cloudy outlook that was observed in the first quarter have disappeared to a large extent as of April. Portfolio investments were very strong while banks and non-banks sector continued to borrow from abroad without facing a major problem. We think that possible resurgence of politic risk in the coming months might lead to short-term fluctuations in capital

inflows but they will not create long-lasting difficulty in the financing of the current account deficit.

<b>Current Account Balance</b>	<b>(USD million)</b>				
	<b>April 2014</b>	<b>January-April 2013 2014</b>		<b>% Change</b>	<b>12 Month Cumulative</b>
<b>Current Account Balance</b>	<b>-4,788</b>	<b>-24,655</b>	<b>-16,372</b>	<b>-33.6</b>	<b>-56,790</b>
Foreign Trade Balance	-5,374	-25,541	-17,402	-31.9	-71,887
Services Balance	1,361	3,369	3,990	18.4	23,743
Tourism Revenues (net)	1,411	4,110	4,178	1.7	23,248
Income Balance	-816	-2,774	-3,132	12.9	-9,708
Current Transfers	41	291	172	-40.9	1,062
<b>Capital and Financial Accounts</b>	<b>5,661</b>	<b>28,924</b>	<b>10,584</b>	<b>-63.4</b>	<b>44,273</b>
Direct Investments (net)	668	2,586	3,832	48.2	11,055
Portfolio Investments (net)	4,174	17,462	1,700	-90.3	7,929
Assets	-459	1,107	-729	-	765
Liabilities	4,633	16,355	2,429	-85.1	7,164
Equity Securities	579	526	987	87.6	1,302
Debt Securities	4,054	15,829	1,442	-90.9	5,862
Other Investments (net)	3,541	23,196	2,910	-87.5	18,830
Assets	467	1,031	1,349	30.8	2,682
Currency and Deposits	-313	1,496	1,579	5.5	4,645
Liabilities	3,074	22,165	1,561	-93.0	16,148
Trade Credits	258	5,592	-2,024	-	-2,013
Loans	689	9,077	3,800	-58.1	16,658
Banking Sector	-128	7,986	1,272	-84.1	14,860
Non-bank Sectors	1,040	1,604	3,033	89.1	2,660
Deposits	2,044	7,446	-374	-	813
Foreign Banks	1,181	6,540	-855	-	-169
Foreign Exchange	1,363	5,688	-8	-	678
Turkish Lira	-182	852	-847	-	-847
Non-residents	1,017	1,240	989	-20.2	3,156
Reserve Assets (net)	-2,722	-14,297	2,158	-	6,544
<b>Net Errors and Omissions</b>	<b>-873</b>	<b>-4,269</b>	<b>5,788</b>	<b>-</b>	<b>12,517</b>

Source: CBRT

## Central government budget posted a surplus of 1.5 billion TL in May.

According to data announced by the Ministry of Finance, budget expenditures increased by 18.9% yoy while budget revenues increased by 7.6% yoy in May. Thus, central government budget, which posted 4.6 billion TL surplus in May 2013, gave a surplus of 1.5 billion TL in the same month of 2014.

Regarding the first five months of the year, after having posted a 4.3 billion TL surplus in 2013, the budget gave a deficit of 2.8 billion TL in 2014. In the same period, primary surplus decreased by 15% yoy and was realized as 22.1 billion TL.

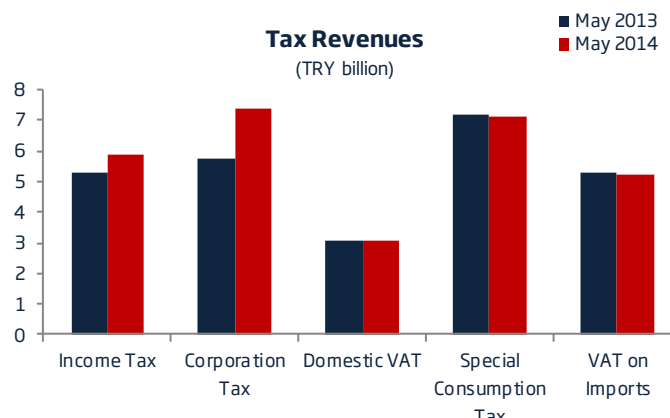
## Corporation Tax revenues supported the budget revenues.

Tax revenues continued to lose momentum also in May and rose by only 7.3% yoy. In this period, the deceleration in domestic consumption led to a deterioration in tax revenues. In fact, Domestic Value Added Tax (VAT) increased by 0.4% yoy in May, while Special Consumption Tax and VAT on Imports decreased by 1.1% and 2.1%, respectively. The revenues collected from Corporation Tax and Income Tax, on the other hand, increased by 28.4% yoy and 11.7% yoy, respectively and limited the loss of momentum in tax revenues. Regarding non-tax revenues, 2.9 billion TL revenue obtained from interest, shares and fines in May supported the budget revenues.

During January-May, the total budget revenues increased by 10.3% yoy and reached 43.6% of the 2014 year-end target.

## Rapid increase in interest expenditures...

Regarding budget expenditures, it was seen that total expenditures increased by 18.9% yoy in May. During this period, interest expenditures increased significantly to 7.1 billion TL. According to the Ministry of Finance's statement, the cyclical in the maturity composition of the debt stock



was effective in this development. Non-interest expenditures registered a relatively moderate increase and rose to 29 billion TL.

In January-May period, interest expenditures increased by 14.4% yoy and non-interest expenditures increased by 15.2% yoy. In this period, current transfers, which have the highest share among non-interest expenditures, increased by 12.1% yoy, while the increase in the personal expenditures, the second biggest account, was 16.6%

## Expectations...

Central government budget figures for the first five months of 2014 pointed out that the tax revenues followed a relatively weak course, while non-interest expenditures rose significantly. However, budget realizations are still in line with the year-end targets. In the second half of the year, the enlivening in the domestic demand is expected to support the budget revenues via indirect taxes.

## Central Government Budget

	May			January-May			% 2014 Budget		Real./ Target (%)
	2013	2014	% Change	2013	2014	Change	Target		
<b>Expenditures</b>	<b>30.3</b>	<b>36.1</b>	<b>18.9</b>	<b>155.3</b>	<b>178.7</b>	<b>15.1</b>	<b>436.4</b>	<b>40.9</b>	
Interest Expenditures	3.5	7.1	99.9	21.8	24.9	14.4	52.0	47.9	
Non-interest Expenditures	26.8	29.0	8.2	133.5	153.8	15.2	384.4	40.0	
<b>Revenues</b>	<b>34.9</b>	<b>37.6</b>	<b>7.6</b>	<b>159.5</b>	<b>175.9</b>	<b>10.3</b>	<b>403.2</b>	<b>43.6</b>	
Tax Revenues	30.2	32.4	7.3	131.7	143.3	8.9	348.4	41.1	
Other Revenues	4.7	5.2	9.5	27.9	32.6	16.9	54.8	59.4	
<b>Budget Balance</b>	<b>4.6</b>	<b>1.5</b>	<b>-67.7</b>	<b>4.3</b>	<b>-2.8</b>	<b>-</b>	<b>-33.3</b>	<b>8.3</b>	
<b>Primary Balance</b>	<b>8.1</b>	<b>8.6</b>	<b>5.5</b>	<b>26.0</b>	<b>22.1</b>	<b>-15.0</b>	<b>18.7</b>	<b>118.1</b>	

Numbers may not add up to total due to rounding

Source: Finance Ministry

## CPI inflation came above the expectations in June.

In June, CPI and Domestic PPI (D-PPI) increased by 0.31% and 0.06% mom, respectively. According to the Reuters' survey, monthly CPI was expected to remain unchanged. According to the CBRT's survey, on the other hand, markets' monthly CPI expectation was 0.22% in June.

## The annual inflation in CPI was realized as 9.16%.

The annual increase in CPI, which followed a steady upward trend over the last 6 months approaching double-digit levels, lost momentum in June and decreased to 9.16%. In this period, the annual increase in the D-PPI was 9.75% as the base effect became more evident on the D-PPI figures.

## In June, food and non-alcoholic beverages prices were influential on the course of inflation.

The monthly CPI inflation, which exhibits downward trend during summer months thanks to the seasonal factors in food prices, increased above the expectations in June 2014 due to the Ramadan's impact on this group. Food and non-alcoholic beverages group recorded a monthly increase of 0.36% and made the highest contribution to the inflation by 9 basis points. In the same period, transportation prices also increased owing to the rise in oil prices stemmed from geopolitical uncertainties and the depreciation in Turkish Lira. The rise in inflation, on the other hand, was limited by the 1.25% seasonal decline in clothing and footwear prices.

## Core inflation indicators remained flat.

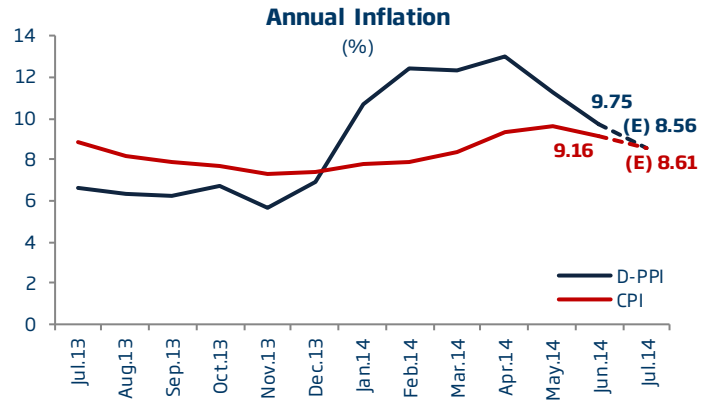
The core inflation figures, representing the main trend of inflation, pointed out that June figures were mostly shaped by the decline in the prices of seasonal products. In this period, CBRT's favorite core indices denominated by H and I remained flat. In June, the annual inflation in those indices, were realized as 10.17% and 9.65%, respectively.

## The D-PPI was flat in June.

The monthly D-PPI figures showed a flat reading in June, while the highest monthly price increase was registered in the manufacture of the coke and refined petroleum products. The 1.72% increase in mentioned sub-group made the highest contribution to inflation by 7 basis points. On the other hand, having decreased for the 5<sup>th</sup> consecutive month, the electricity and gas production and distribution prices limited the rise in inflation.

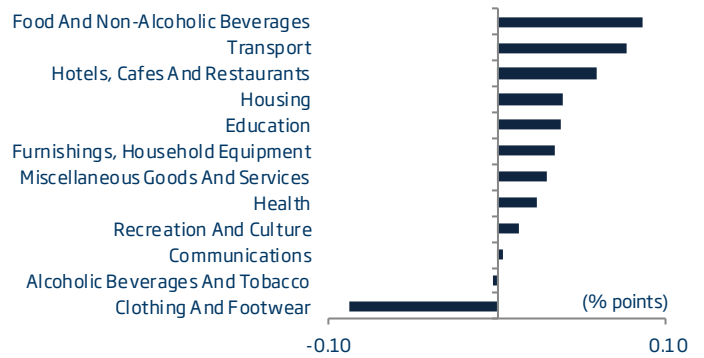
## Expectations...

In July, we expect that the clothing and footwear prices will continue to fall thanks to the seasonal factors, while the upward pressure on the food prices is anticipated to persist due to the Ramadan. In this context, we expect CPI and D-PPI to decrease by 0.2% and 0.1% mom, respectively.

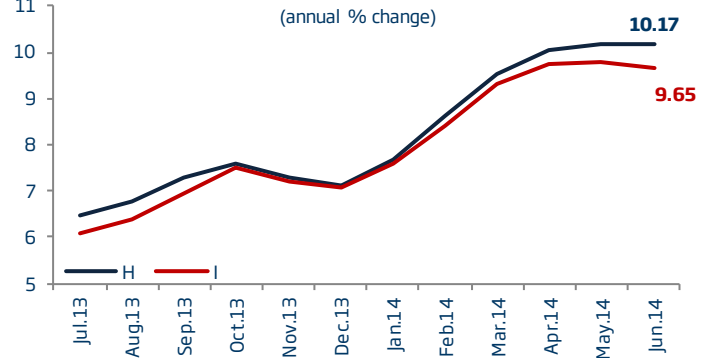


(E) Estimate

## Contributions to the Monthly CPI by Subgroups



## Special CPI Aggregates



H: CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold.  
I: Excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco

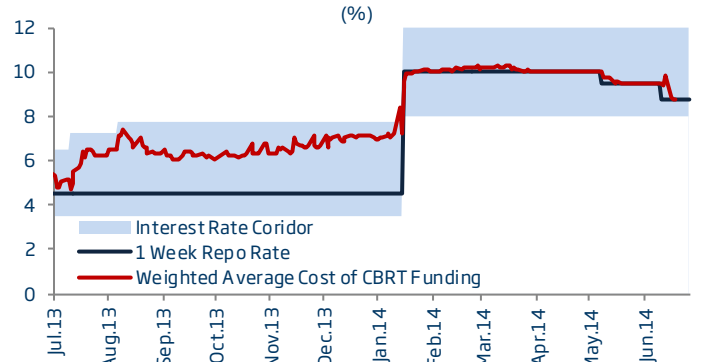
Source: Turkstat

## CBRT cut the policy rate in June.

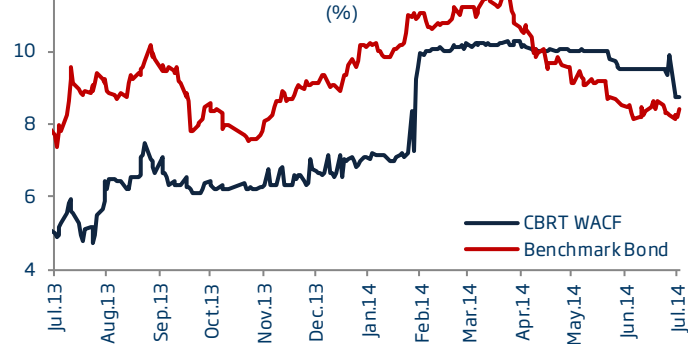
At its meeting held on June 24<sup>th</sup>, CBRT cut the one-week repo rate by 75 basis points to 8.75%, while keeping O/N borrowing and O/N lending rates unchanged at 8% and 12%, respectively. The required reserve ratios and reserve option coefficients were also left unchanged. CBRT stated that the ongoing improvement in the global liquidity conditions also helped to bring the policy rate down. Hence, CBRT cut the policy rate for a second consecutive meeting.

CBRT declared that the loan growth continued at reasonable levels in response to the tight monetary policy stance and macroprudential measures. It was stated that in line with these developments, modest course in private final domestic demand continued and exports contributed positively to economic growth with the help of the recovery in foreign demand. CBRT forecasts that such a demand composition will lead to a significant improvement in the current account balance in 2014. CBRT expects the annual inflation to decline markedly starting from June thanks to diminishing impact of exchange rate developments and the contribution of base effects.

**CBRT Interest Rates**



**Weighted Average Cost of CBRT Funding and Compound Yield of Benchmark Bond**



Source: CBRT, Borsa Istanbul

## Deposit volume continued to follow a weak trend.

As of June 20, total deposit volume increased by 1.6% ytd and was realized as 1,031 billion TRY. The annual growth in deposits was realized as 16.5% and continued to maintain its low level.

Analyzing the deposit growth according to the ownership of banks, public banks performed weakly compared to private and foreign banks. As of June 20, deposit volume held by public banks remained flat while private and foreign banks' deposit volumes increased by 2.0% ytd and 4.8% ytd, respectively.

## Annual credit growth was 21.8%.

As of June 20, loan volume grew by 5.5% ytd and reached 1,123 billion TRY. Having declined to 21.8% as of June 20, the deceleration in the annual growth rate of loan volume continued. In the same period, annual growth rate in retail loans became 12.3% and that of commercial loans was realized as 26.3%.

## Securities portfolio...

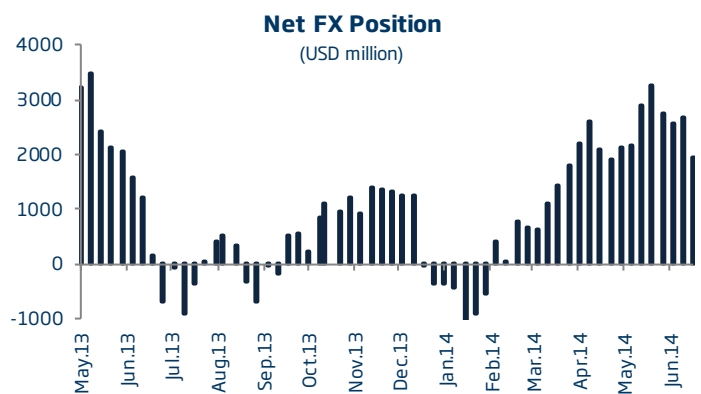
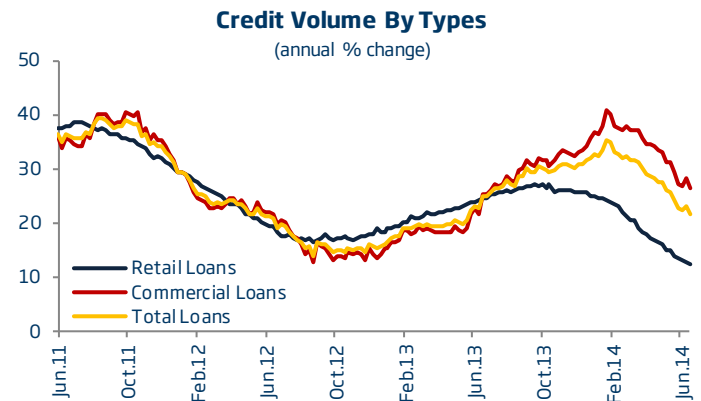
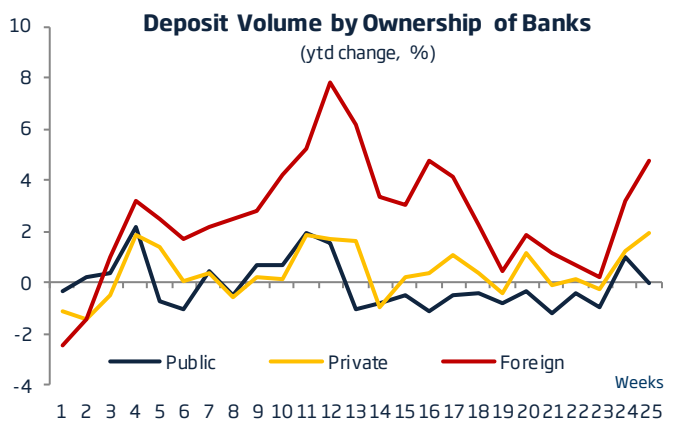
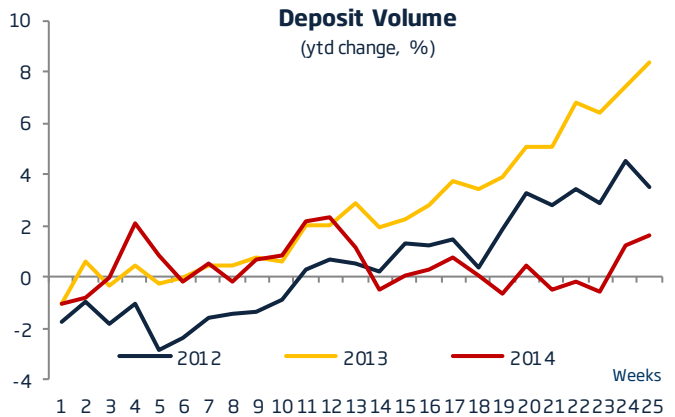
Securities portfolio of the banking sector rose by 1.6% ytd as of June 20. During this period, public and foreign banks' portfolios continued to decrease while private banks' portfolio increased by 5.0%.

## Securities held in custody accounts...

In nominal terms, securities held in custody accounts recorded a rise of 2.8% ytd as of June 20. In this period, residents' portfolio rose by 6.5% while non-residents' portfolio decreased by 0.7%. Besides, an upward trend in non-residents' portfolio since mid-May was noteworthy.

## Net FX position...

As of June 20, banks' on-balance sheet FX position was (-) 40,011 million USD while off-balance sheet FX position was (+) 41,943 million USD. Hence, banks' net FX position was realized as (+) 1,932 million USD.



Source: BRSA Weekly Bulletin

Fed's statement that the current stance in monetary policy will be kept until the desired improvement in economy is achieved following its monetary policy meeting in June, created a positive sentiment in global markets. Besides, the downward revision in the US' first quarter GDP growth also pointed out that the Fed will continue to support economy. In this context, there has been no change in market's expectations that the Fed will start cutting the rates in mid-2015 and this affected the risk perception towards emerging markets positively. In addition to that, ECB's decision regarding lowering the deposit rates to negative territory and new refinancing operation are expected to channel funds to real economy and thus stimulate economic activity.

Regarding domestic economy, the first quarter GDP growth came in higher than the market's expectations made in the beginning of the year thanks to net exports and public sector consumption expenditures. This development led to an upward revision in 2014 growth forecasts. The expectation that the recovery in Turkey's biggest trading partner, the Euro Area, will support the Turkish economy via foreign trade channel was also influential in the upward revisions. On the other hand, the positive sentiment in domestic markets that had been observed since the local elections turned somewhat negative recently. The rising geopolitical risks originating from the developments in Iraq, Turkey's second biggest export market after Germany, the increasing tendency in oil prices and the upcoming elections were responsible for this negative sentiment. In this context, we expect that the magnitude of the volatility in domestic markets might be higher in the coming period.

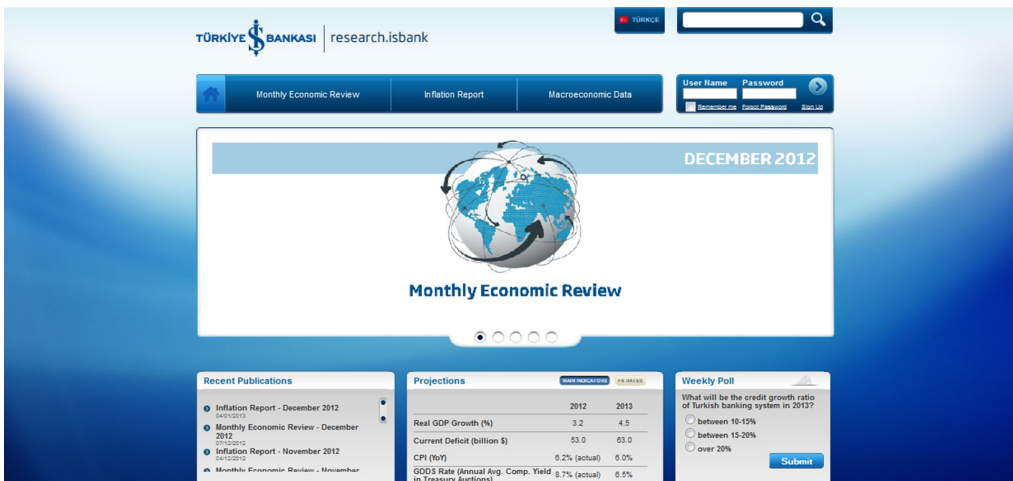
Forecasts (%)	2013 (R)	2014
Growth	4.0	4.0
CA Deficit/GDP	7.9	5.5
Inflation	7.4	8.0
GDDI Interest*	7.7	11.0

(\*) Annual compound average interest rate in treasury auctions

(R) Realization

Interest and inflation are year-end forecasts

Our reports are available on our website <http://research.isbank.com.tr>

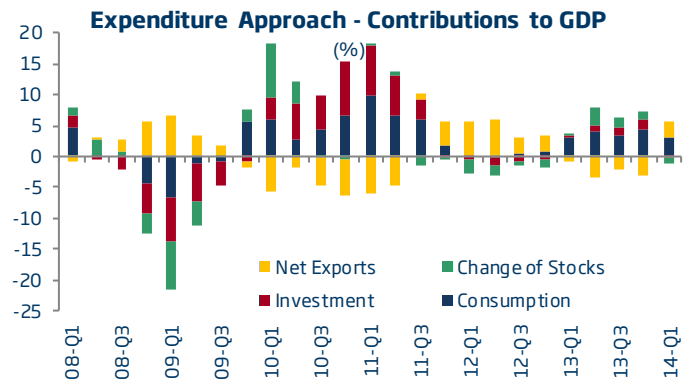
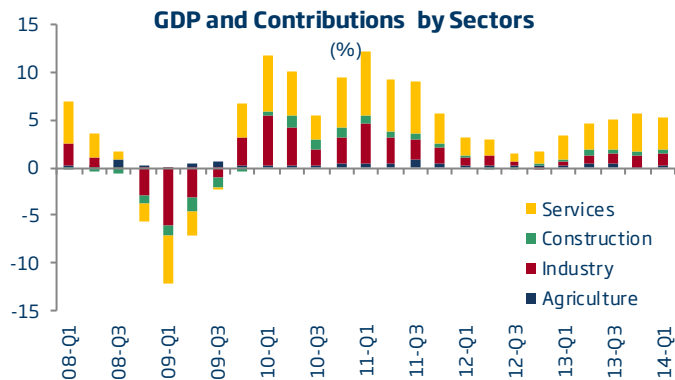


The screenshot shows the website interface for Türkiye Bankası research.isbank. The main content area displays the 'Monthly Economic Review' for December 2012, featuring a globe graphic. Below this, there are sections for 'Recent Publications', 'Projections', and a 'Weekly Poll'. The 'Projections' table is as follows:

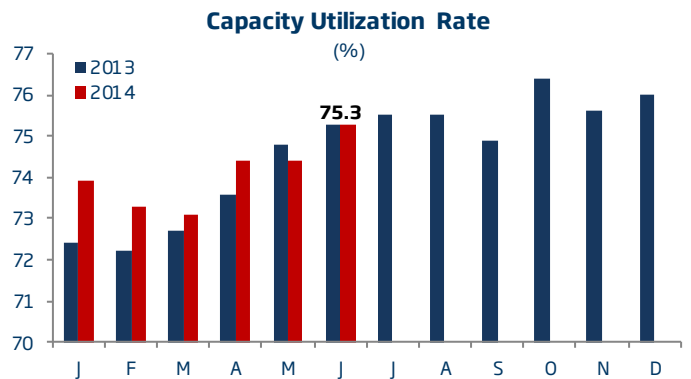
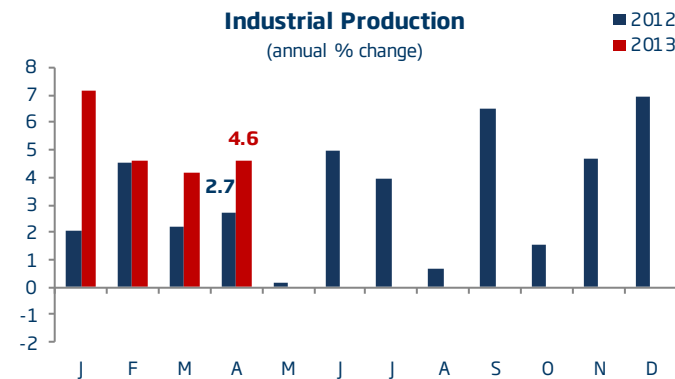
	2012	2013
Real GDP Growth (%)	3.2	4.5
Current Deficit (billion \$)	53.0	63.0
CPI (YoY)	0.2% (actual)	0.0%
GDDI Rate (Annual Avg. Comp. Yield in Treasury Auctions)	6.7% (actual)	6.5%

The 'Weekly Poll' asks: 'What will be the credit growth ratio of Turkish banking system in 2013?' with options: 'between 10-15%', 'between 15-20%', and 'over 20%'. A 'Submit' button is visible.

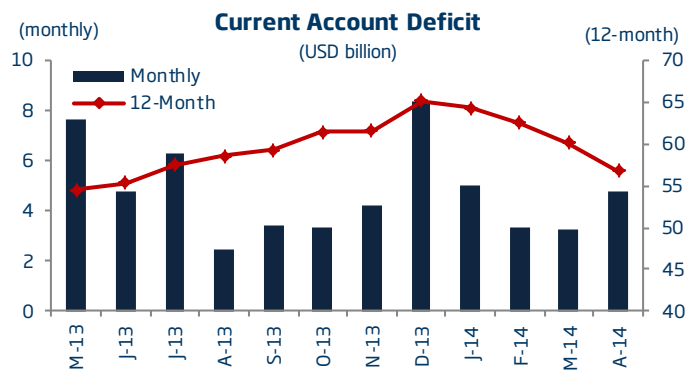
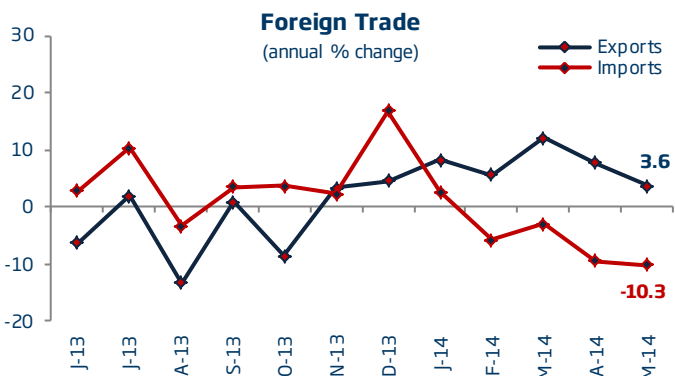
## Growth



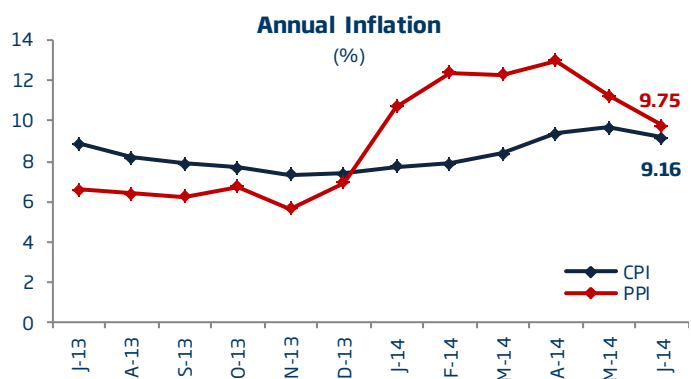
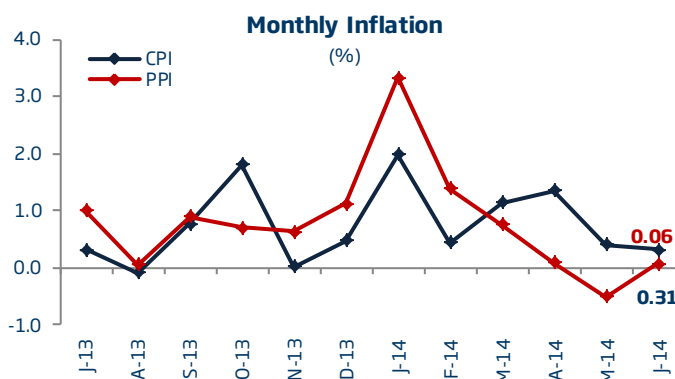
## Industrial Production



## Foreign Trade and Current Account Balance



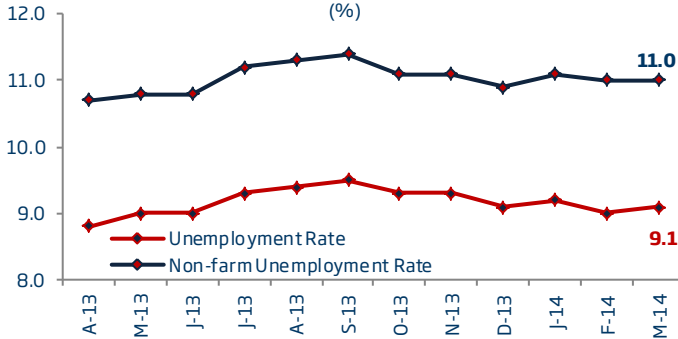
## Inflation



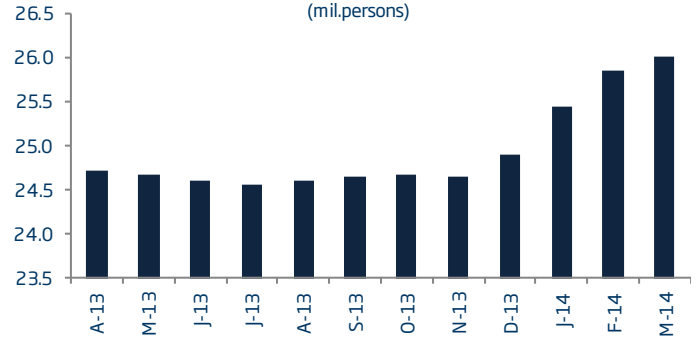
Source: Turkstat, CBRT

## Labor Market

### Seasonally Adjusted Unemployment Rates (%)



### Seasonally Adjusted Employment (mil.persons)

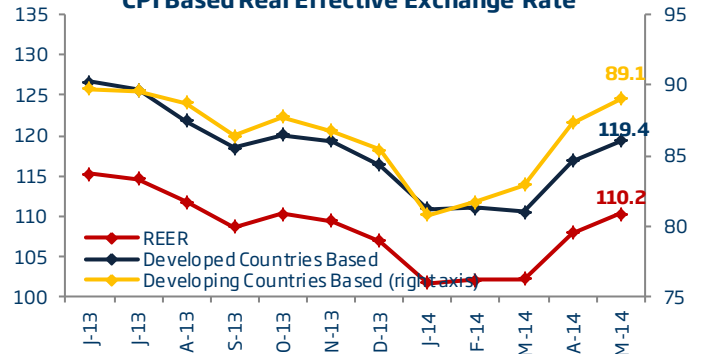


## FX Market

### Currency Basket

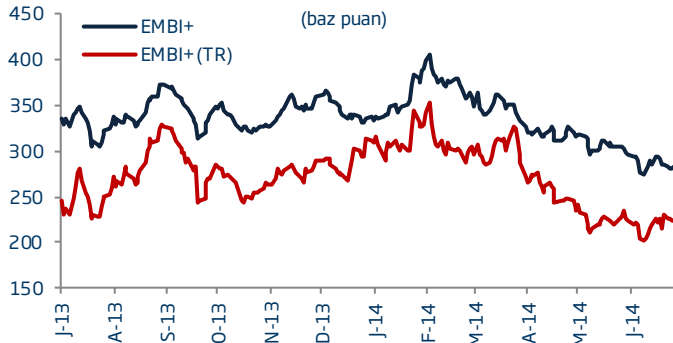


### CPI Based Real Effective Exchange Rate

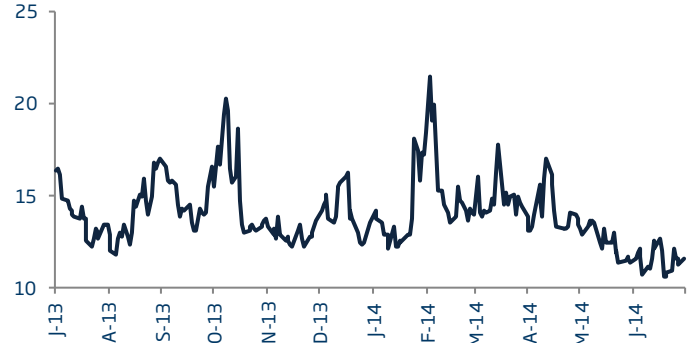


## Risk Indicators

### Risk Premiums (baz puan)

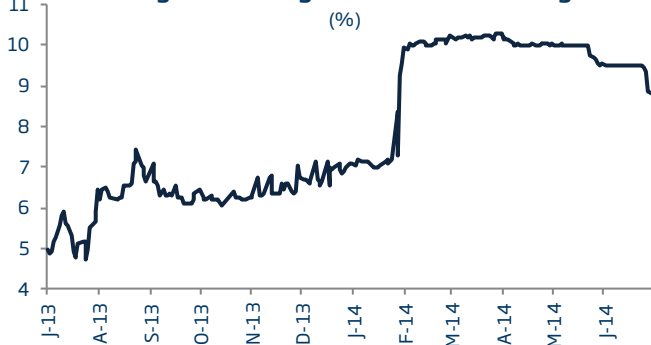


### VIX

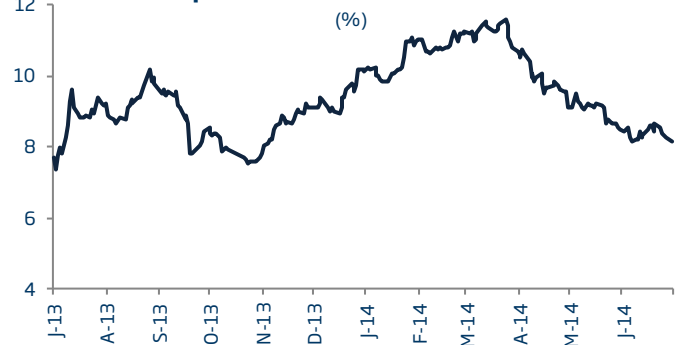


## Interest Rates

### Weighted Average Cost of CBRT Funding (%)



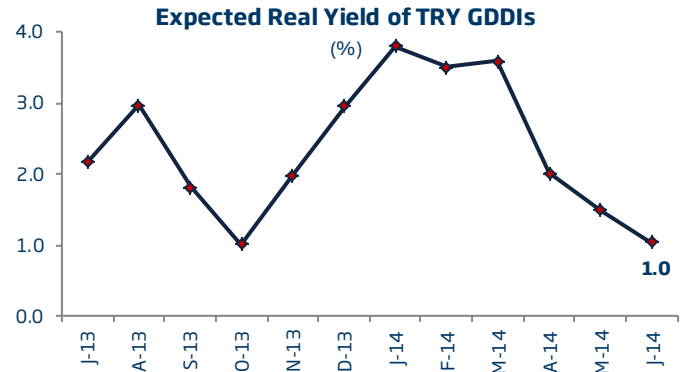
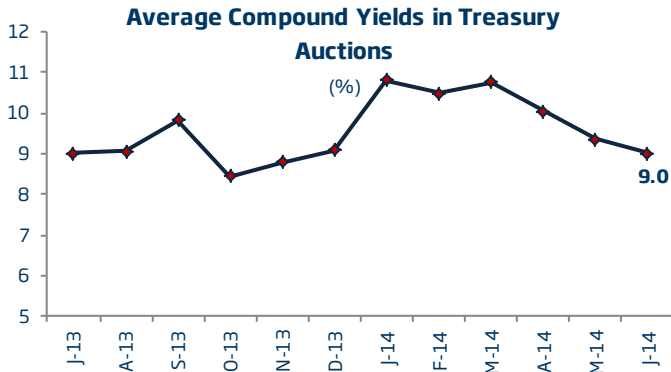
### Compound Yield of Benchmark Bond (%)



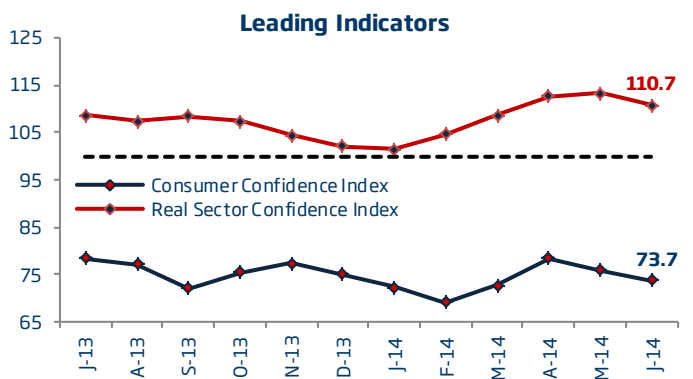
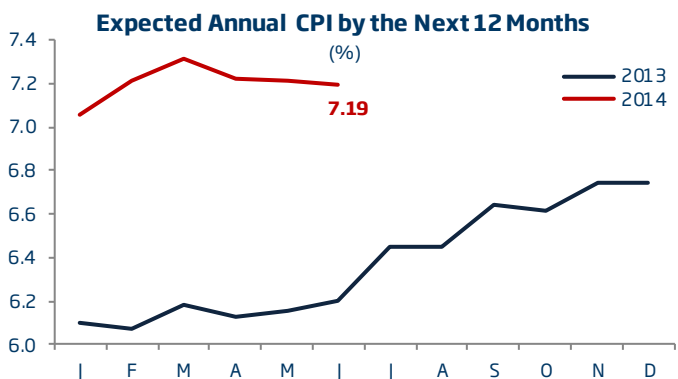
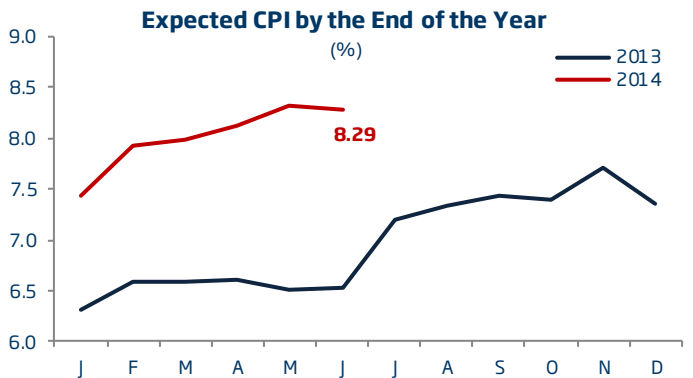
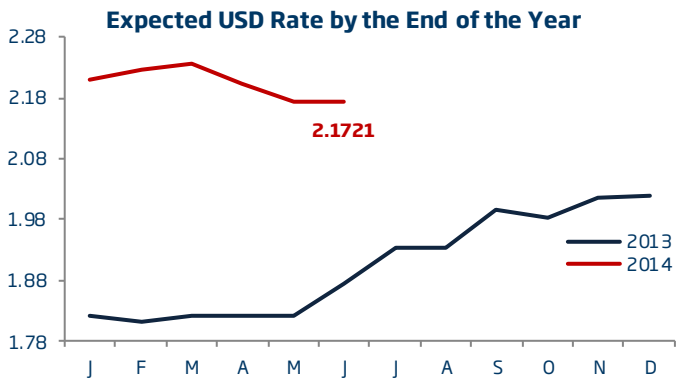
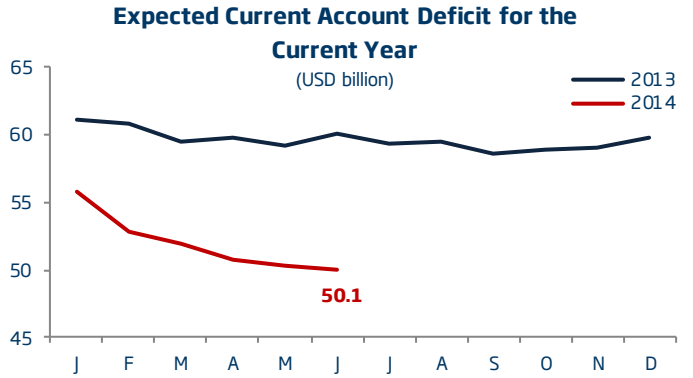
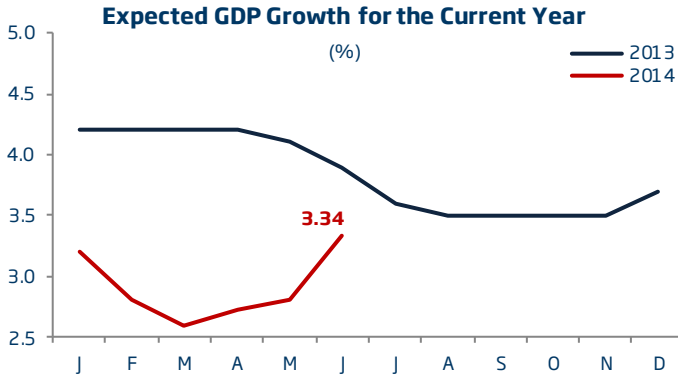
Source: Turkstat, CBRT, JP Morgan, Reuters, BIST



## Bond-Bill Market



## Survey of Expectations and Other Leading Indicators



Source: Treasury, BIST, CBRT, Economic Research Division

# Turkish Economy at a Glance

<b>Growth</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>14-Q1</b>	<b>14-Q2</b>	<b>14-Q3</b>
GDP (USD Billion)	616.7	731.6	774.0	786.3	820.0	-	-	-
GDP Growth Rate (%)	-4.8	9.2	8.8	2.1	4.0	-	-	-
<b>Inflation (%)</b>						<b>Apr-14</b>	<b>May-14</b>	<b>Jun-14</b>
CPI (annual)	6.5	6.4	10.4	6.2	7.4	9.4	9.7	9.2
PPI (annual)	5.9	8.9	13.3	2.5	7.0	13.0	11.3	9.8
<b>Seasonally Adjusted Labor Market Figures</b>						<b>Jan-14</b>	<b>Feb-14</b>	<b>Mar-14</b>
Unemployment Rate (%)	11.9	10.0	8.5	8.8	9.1	9.2	9.0	9.1
Employment (thousand persons)	21,413	22,631	23,506	24,499	24,891	25,440	25,861	26,010
<b>FX Rates</b>						<b>Apr-14</b>	<b>May-14</b>	<b>Jun-14</b>
CPI Based Real Effective Exchange Rate	116.8	125.8	109.6	118.2	107.0	107.9	110.2	
USD/TRY	1.5057	1.5460	1.9065	1.7826	2.1343	2.1180	2.0922	2.1234
EUR/TRY	2.1603	2.0491	2.4592	2.3517	2.9365	2.9350	2.8476	2.8919
Currency Basket (0.5*EUR+0.5*USD)	1.8330	1.7976	2.1829	2.0672	2.5354	2.5265	2.4699	2.5077
<b>Foreign Trade Balance<sup>(1)</sup> (USD billion)</b>						<b>Mar-14</b>	<b>Apr-14</b>	<b>May-14</b>
Exports	102.1	113.9	134.9	152.5	151.8	155.0	156.0	156.5
Imports	140.9	185.5	240.8	236.5	251.7	250.4	248.2	245.8
<b>Foreign Trade Balance</b>	<b>-38.8</b>	<b>-71.7</b>	<b>-105.9</b>	<b>-84.1</b>	<b>-99.9</b>	<b>-95.4</b>	<b>-92.2</b>	<b>-89.4</b>
Import Coverage Ratio (%)	72.5	61.4	56.0	64.5	60.3	61.9	62.8	63.6
<b>Current Account Balance<sup>(1)</sup> (USD billion)</b>						<b>Feb-14</b>	<b>Mar-14</b>	<b>Apr-14</b>
<b>Current Account Balance</b>	<b>-12.2</b>	<b>-45.4</b>	<b>-75.1</b>	<b>-48.5</b>	<b>-65.1</b>	<b>-62.5</b>	<b>-60.1</b>	<b>-56.8</b>
<b>Capital and Financial Accounts</b>	<b>9.3</b>	<b>44.0</b>	<b>65.7</b>	<b>47.3</b>	<b>62.6</b>	<b>53.9</b>	<b>47.3</b>	<b>44.3</b>
Direct Investments (net)	7.1	7.6	13.7	8.9	9.8	10.7	10.9	11.1
Portfolio Investments (net)	0.2	16.1	22.0	40.8	23.7	18.0	13.1	7.9
Other Investments (net)	2.1	33.2	28.2	18.4	39.1	26.4	21.5	18.8
Reserve Assets (net)	-0.1	-12.8	1.8	-20.8	-9.9	-1.2	2.0	6.5
<b>Net Errors and Omissions</b>	<b>2.9</b>	<b>1.4</b>	<b>9.4</b>	<b>1.2</b>	<b>2.5</b>	<b>8.6</b>	<b>12.8</b>	<b>12.5</b>
<b>Current Account Deficit/GDP</b>	<b>-2.0</b>	<b>-6.2</b>	<b>-9.7</b>	<b>-6.2</b>	<b>-7.9</b>	-	-	-
<b>Budget<sup>(2)(3)</sup> (TRY billion)</b>						<b>Mar-14</b>	<b>Apr-14</b>	<b>May-14</b>
<b>Expenditures</b>	<b>268.2</b>	<b>294.4</b>	<b>314.6</b>	<b>360.5</b>	<b>407.9</b>	<b>105.8</b>	<b>142.6</b>	<b>178.7</b>
Interest Expenditures	53.2	48.3	42.2	48.4	50.0	14.0	17.8	24.9
Non-interest Expenditures	215.0	246.1	272.4	312.1	357.9	91.8	124.8	153.8
<b>Revenues</b>	<b>215.5</b>	<b>254.3</b>	<b>296.8</b>	<b>331.7</b>	<b>389.4</b>	<b>104.3</b>	<b>138.4</b>	<b>175.9</b>
Tax Revenues	172.4	210.6	253.8	278.8	326.1	85.1	111.0	143.3
<b>Budget Balance</b>	<b>-52.8</b>	<b>-40.1</b>	<b>-17.8</b>	<b>-29.4</b>	<b>-18.4</b>	<b>-1.5</b>	<b>-4.2</b>	<b>-2.8</b>
<b>Primary Balance</b>	<b>0.4</b>	<b>8.2</b>	<b>24.4</b>	<b>19.6</b>	<b>31.5</b>	<b>12.5</b>	<b>13.6</b>	<b>22.1</b>
<b>Budget Balance/GDP</b>	<b>-5.5</b>	<b>-3.6</b>	<b>-1.4</b>	<b>-2.1</b>	<b>-1.2</b>	-	-	-
<b>Central Government Debt Stock (TRY billion)</b>						<b>Mar-14</b>	<b>Apr-14</b>	<b>May-14</b>
Domestic Debt Stock	330.0	352.8	368.8	386.5	403.0	409.0	409.4	412.4
External Debt Stock	111.5	120.7	149.6	145.7	182.8	189.3	186.0	182.3
<b>Total</b>	<b>441.5</b>	<b>473.6</b>	<b>518.4</b>	<b>532.2</b>	<b>585.8</b>	<b>598.3</b>	<b>595.4</b>	<b>594.7</b>

(1) 12 month cumulative

(2) Year-to-date cumulative

(3) According to Central Government Budget

Source: Turkstat, CBRT, Treasury, Ministry of Finance, Reuters

## BANKING SECTOR ACCORDING TO BRSA'S MONTHLY BULLETIN FIGURES

(TRY billion)	2009	2010	2011	2012	2013	Mar-14	Apr-14	Change <sup>(1)</sup>
<b>TOTAL ASSETS</b>	<b>834.0</b>	<b>1006.7</b>	<b>1217.7</b>	<b>1370.7</b>	<b>1732.4</b>	<b>1797.3</b>	<b>1792.9</b>	<b>3.5</b>
<b>Loans</b>	<b>392.6</b>	<b>525.9</b>	<b>682.9</b>	<b>794.8</b>	<b>1047.4</b>	<b>1082.9</b>	<b>1086.1</b>	<b>3.7</b>
TRY Loans	288.2	383.8	484.8	588.4	752.7	780.4	787.1	4.6
Share (%)	73.4	73.0	71.0	74.0	71.9	72.1	72.5	-
FX Loans	104.4	142.1	198.1	206.4	294.7	302.5	299.1	1.5
Share (%)	26.6	27.0	29.0	26.0	28.1	27.9	27.5	-
Non-performing Loans	21.9	20.0	19.0	23.4	29.6	31.3	31.6	6.6
Non-performing Loan Rate (%)	5.3	3.7	2.7	2.9	2.8	2.8	2.8	-
<b>Securities</b>	<b>262.9</b>	<b>287.9</b>	<b>285.0</b>	<b>270.0</b>	<b>286.7</b>	<b>296.6</b>	<b>295.5</b>	<b>3.0</b>
<b>TOTAL LIABILITIES</b>	<b>834.0</b>	<b>1006.7</b>	<b>1217.7</b>	<b>1370.7</b>	<b>1732.4</b>	<b>1797.3</b>	<b>1792.9</b>	<b>3.5</b>
<b>Deposits</b>	<b>514.6</b>	<b>617.0</b>	<b>695.5</b>	<b>772.2</b>	<b>945.8</b>	<b>959.5</b>	<b>967.3</b>	<b>2.3</b>
TRY Deposits	341.4	433.5	460.0	520.4	594.1	577.7	587.1	-1.2
Share (%)	66.3	70.3	66.1	67.4	62.8	60.2	60.7	-
FX Deposits	173.2	183.5	235.5	251.8	351.7	381.8	380.1	8.1
Share (%)	33.7	29.7	33.9	32.6	37.2	39.8	39.3	-
<b>Securities Issued</b>	<b>0.1</b>	<b>3.1</b>	<b>18.4</b>	<b>37.9</b>	<b>60.6</b>	<b>61.6</b>	<b>65.0</b>	<b>7.2</b>
<b>Payables to Banks</b>	<b>86.1</b>	<b>122.4</b>	<b>167.4</b>	<b>173.4</b>	<b>254.2</b>	<b>257.9</b>	<b>257.3</b>	<b>1.2</b>
<b>Funds from Repo Transactions</b>	<b>60.7</b>	<b>57.5</b>	<b>97.0</b>	<b>79.9</b>	<b>119.1</b>	<b>139.6</b>	<b>121.1</b>	<b>1.7</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>110.9</b>	<b>134.5</b>	<b>144.6</b>	<b>181.9</b>	<b>193.7</b>	<b>202.0</b>	<b>206.9</b>	<b>6.8</b>
Profit (Loss) of the Period	20.2	22.1	19.8	23.5	24.7	5.8	7.6	-
<b>RATIOS (%)</b>								
Loans/Assets	47.1	52.2	56.1	58.0	60.5	60.2	60.6	-
Securities/Assets	31.5	28.6	23.4	19.7	16.6	16.5	16.5	-
Deposits/Liabilities	61.7	61.3	57.1	56.3	54.6	53.4	53.9	-
Deposits/Loans	131.1	117.3	101.8	97.2	90.3	88.6	89.1	-
Capital Adequacy (%)	20.6	19.0	16.6	17.9	15.3	15.7	16.1	-

(1) Year-to-date % change



---

## **LEGAL NOTICE**

---

This report has been prepared by Türkiye İş Bankası A.Ş. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Türkiye İş Bankası A.Ş. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Türkiye İş Bankası A.Ş. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.

---