

	3-Apr	10-Apr	Change		3-Apr	10-Apr	Change
BIST-100 Index	89.553	96.471	7,7% ▲	EUR/USD	1,0808	1,0935	1,2 % ▲
TRY 2 Year Benchmark Rate	11,95%	12,16%	21 bp ▲	USD/TRY	6,7290	6,6961	-0,5 % ▼
Turkey 5-Year CDS	645	521	-124 bp ▼	EUR/TRY	7,2709	7,3293	0,8 % ▲
MSCI EM Equity Index	832	888	6,7 % ▲	Gold (USD/ounce)	1.616	1.689	4,5 % ▲
US 10-Year Bond Rate	0,59%	0,73%	14 bp ▲	Brent Oil (USD/barrel)	34,1	31,8	-6,7 % ▼

bp: basis point

Last week, incentive packages continued to be announced on a global scale to limit the negative effects of the coronavirus epidemic on the economy. The World Trade Organization estimated a contraction between 13% and 32% in the world trade activities in 2020. The International Finance Institute revised its global growth forecast downwards to -2.8% for 2020. OPEC+ countries have agreed on oil production cuts. In January, when the effects of the coronavirus epidemic have not been observed domestically, the unemployment rate decreased by 0.9 points to 13.8% yoy. While industrial production rose by 7.5% yoy in February, the current balance gave a deficit of 1.2 billion USD.

### New incentive packages were announced.

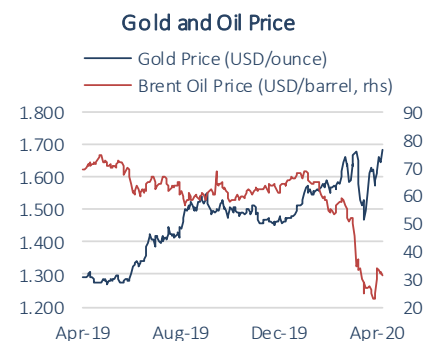
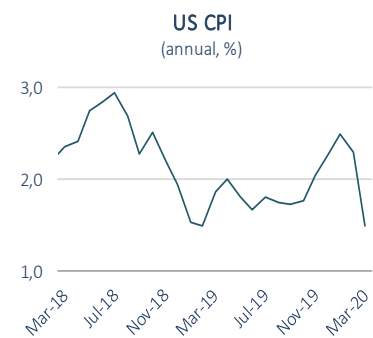
The In order to limit the negative impacts of coronavirus on the economy, countries continued to announce incentive packages throughout the week. While US Secretary of the Treasury Mnuchin stated that 250 billion USD of additional resources were requested from Congress to support small businesses, Fed announced an additional support package of 2.3 trillion USD for local governments and SMEs. In Japan, an incentive package of 108 trillion yen (990 billion USD), which corresponds to 20% of the country's GDP will be presented to the parliament. Finance ministers in the Euro Area have agreed on an aid package of about 540 billion EUR to support the economy. Last week, IMF President Georgieva, who attended the video conference organized by the World Health Organization, stated that they have received unprecedented number of calls for emergency funding support from over 90 countries so far. It was stated that IMF is designing a new program to provide short-term dollar funding to the countries that do not have sufficient bonds to participate in the Fed's program. Georgieva announced that the Organization has a lending capacity of 1 trillion USD within the scope of combating the economic effects of the epidemic.

### Deterioration in US job market continues.

The number of people applying for unemployment benefits in the US became 6.6 million last week. Thus jobless claims have exceeded 16 million in the last 3 weeks. The unemployment rate, which was at the lowest levels of the last 50 years before the epidemic, is estimated to reach double digits rapidly with the effects of the outbreak. In March, CPI decreased by 0.4% mom due to the drop in gasoline, hotel-accommodation, clothing and flight ticket prices. This was the fastest decline in the last 5 years. Although there are problems in supply chains due to the coronavirus outbreak, the decrease in demand may lower the prices even more.

### OPEC+ countries agreed on production cut.

After long negotiations OPEC+ countries agreed to cut production. Accordingly, they decided to reduce the daily crude oil production amount by 9.7 million barrels from May 1 to June 30. It was announced that the daily production cuts will be gradually reduced starting from July and will decrease to approximately 8 million barrels by the end of this year and 6 million barrels by April 2022. On the other hand, even an unprecedented cut of oil supply seems unlikely to meet the same level of demand which is estimated to have declined by around 30 million barrels. Many energy



Source: Datastream, Johns Hopkins

companies state that they will reduce their investments by around 20% this year, as oil prices remain at relatively low levels. With the concern of a global recession and the effect of falling interest rates, the safe haven purchases continue to support gold prices. Last week gold prices reached their highest level in four weeks with 1,689 USD/ounce.

#### Growth forecasts are revised downwards.

The World Trade Organization announced that they expect a shrinkage between 13% and 32% in world trade activities in 2020. Trade is expected to decrease especially in the automotive and electronic products sectors. The International Finance Institute (IIF) also revised the global growth forecast for 2020 downwards to -2.8% from -1.5%. In the report, it was stated that the negative impact of coronavirus on the global economy will be greater than the 2009 global financial crisis. The organization stressed that there is an unprecedented outflow of capital from emerging economies, which it expects to shrink by 0.5% in 2020. IIF also revised Eurozone, US and Turkey's 2020 growth forecasts, respectively as - 5.7%, - 3.8% and - 2.7%.

#### In Turkey, unemployment rate came in at 13.8% in January.

According to the data announced by TURKSTAT, unemployment rate decreased by 0.9 points yoy and became 13.8% in the period of January 2020. In this period, labor force participation rate fell by 1.2 points to 51%, while total employment increased by 109K people annually. In this development, the employment increase of 257K people in the industry sector was determinant. In the same period, the employment increased by 161K people in services sector, but decreased by 242K and 68K in the agricultural sector and construction sectors, respectively. According to the seasonally adjusted data, the unemployment rate decreased by 0.4 points mom became 12.6% in January.

#### Industrial production expanded by 7.5% yoy in February.

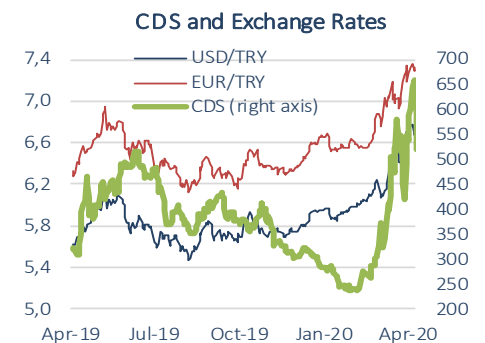
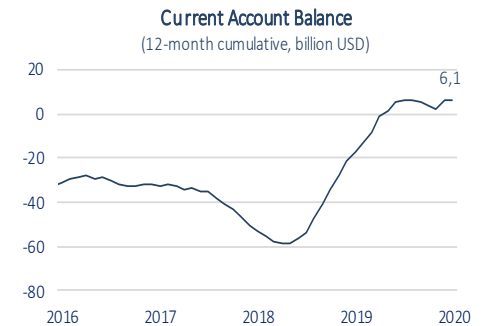
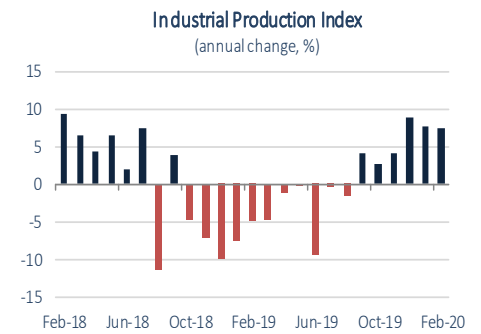
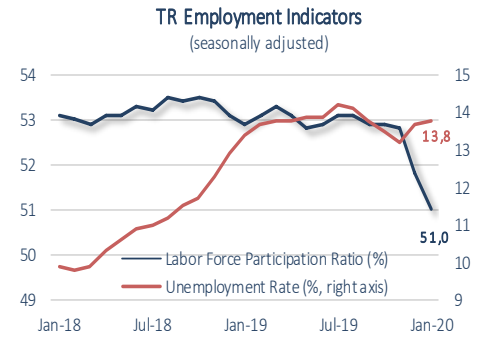
In February, while the effects of the coronavirus epidemic have not yet been fully reflected in Turkey yet, industrial production increased by 7.5% on yoy, according to calendar adjusted data. In this period, while production declined only in durable consumer goods, the 12% increase in capital goods production stood out. Production of durable goods also decreased by 2.7% on a monthly basis. In addition, the production of the mining and quarrying sector, which exports its products to China, decreased by 5.8% compared to January.

#### Current account gave 1.2 billion USD deficit.

The current account balance gave a deficit of 1.2 billion USD in February. In this development 72% rapid expansion in the foreign trade deficit was effective. 12 month cumulative current account deficit continued to decline, reaching 6.1 billion USD. In February, foreign direct investment and portfolio investment recorded net inflows of USD 309 million and USD 382 million, respectively.

#### Financial markets...

Global stock markets followed a volatile course last week. As well as the expectations about the slowdown of the epidemic in the Euro Area and in the US, the announced stimulus packages provided some recovery in the markets. BIST-100 increased by 7.7% wow, while USD/TRY decreased by 0.5% to 6.69. The compound interest rate of the 2 -year benchmark bond rose by 21 basis points to 12.16%. Turkey's 5-Year CDS premium decreased by 153 bps wow and became 521 bps. BRSA decreased the limits of banks regarding the TRY purchases and sales under the swaps, forwards or other derivatives transactions with non-residents.



Data Releases

		Period	Consensus	Prior
<b>13 April</b>	TR Current Account Balance	February	-1,2 billion USD (A)	-1,8 billion USD
	TR Industrial Production, yoy	February	7,5% (A)	7,7%
<b>15 April</b>	US New York Fed Manufacturing Index	April	-35,0	-21,5
	US Retail Sales , mom	March	7,05	-0,5%
	US Industrial Production, mom	March	-4,2%	0,6%
	TR Budget Balance	March	-	-7,4 billion TRY
<b>16 April</b>	US New Housing Starts	March	1,307 million	1,599 million
	US Weekly Jobless Claims	6-11 April	4,606k	6,606k
	Euro Area Industrial Production, yoy	February	-2,0%	-1,9%
	Germany CPI, final	March	1,3%	1,3%
<b>17 April</b>	Euro Area CPI, final, yoy	March	0,7%	0,7%
	CBRT Expectation Survey	April	-	-

(A) Actual

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