

	4-Sep	11-Sep	Change		4-Sep	11-Sep	Change
BIST-100 Index	1.086	1.103	1,5 % ▲	EUR/USD	1,1838	1,1845	0,1 % ▲
TRY 2 Year Benchmark Rate	13,24%	13,24%	0 bp ●	USD/TRY	7,4331	7,4724	0,5 % ▲
Turkey 5-Year CDS	507	505	-2 bp ▼	EUR/TRY	8,8018	8,8559	0,6 % ▲
MSCI EM Equity Index	1.099	1.092	-0,7 % ▼	Gold (USD/ounce)	1.932	1.942	0,5 % ▲
US 10-Year Bond Rate	0,72%	0,67%	-6 bp ▼	Brent Oil (USD/barrel)	42,7	39,8	-6,6 % ▼

bp: basis point

Last week, while global markets were under pressure due to negative news flow on vaccine studies, the price of Brent crude oil declined below 40 USD per barrel due to demand concerns. In the meeting held last week, ECB decided to keep the interest rates unchanged and maintained its pandemic emergency purchase programme at a total of 1.35 trillion EUR. Fitch revised its global contraction forecast upwards for the first time in 2020. Moody's downgraded Turkey's credit from B1 to B2 setting the outlook as negative. Unemployment rate in Turkey rose by 0.4 point to 13.4% yoy in June. Current account posted a deficit of 1.8 billion USD in July while the calendar adjusted industrial production expanded by 4.4% yoy in this period.

#### Data releases in the US...

Weekly jobless claims slightly exceeded expectations with 884 thousand persons in the week ended September 5. Weekly average claims hovered around 1 million persons in August. CPI continued its upward trend and increased by 0.4% mom in August. In the same period, core CPI inflation surpassed market expectations of 0.2% with 0.4% mom.

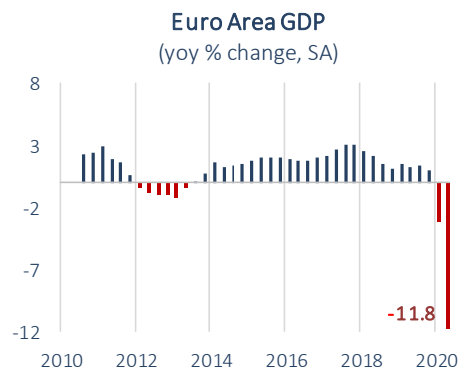
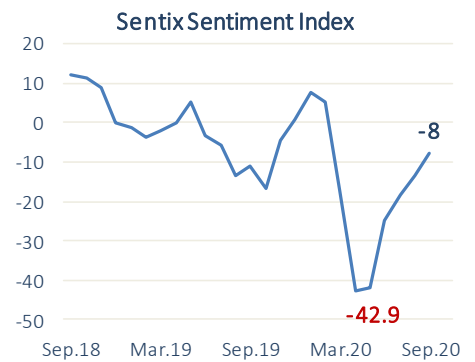
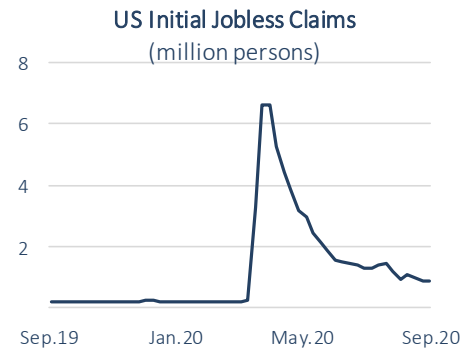
#### ECB decided to keep interest rates unchanged.

At its meeting last week, ECB decided to keep key interest rates unchanged and continue its 1.35 trillion EUR worth pandemic emergency purchase program. ECB President Lagarde stated that the data announced since July indicated a recovery in economic activity. Lagarde said that they closely watch the impact of euro on inflation yet also reiterated that they do not have a certain currency target. ECB revised up its growth forecast from -%8.7 to -%8 for 2020, and the economic growth forecast for 2021 has been reduced from 5.2% to 5%. The Central Bank kept its inflation forecast for 2020 at 0.3%, while raising its 2021 inflation forecast from 0.8% to 1%.

Eurostat revised its Euro Area growth for the second quarter from -12.1% to -11.8%. On the other hand, the Sentix Index, which shows investor confidence, became -8 in September. The index had fallen to a historic low level with -42.9 in April, when the negative effects of the pandemic on economic activity were felt deeply.

#### Fitch has published its "Global Economic Outlook" report.

In its September "Global Economic Outlook" report, Fitch revised its contraction forecast for global GDP in 2020 upwards for the first time in this year. Accordingly, the organization revised its forecast for the contraction of the global economy from the June level of -4.6% to -4.4% in its recent report. On the other hand, in this period, Fitch changed the contraction forecast for the Euro Area from 8% to 9%, for the UK from 9% to 11.5% and for emerging economies excluding China from 4.7% to 5.7%. Fitch also revised its contraction prediction for Turkish economy from 3.9% to 3.2% for this year and decreased its growth forecast for 2021 to 5% from 5.4%.



Source: Datastream

### Moody's downgraded Turkey's credit rating to B2.

Moody's downgraded Turkey's rating from B1 to B2 while maintaining the negative outlook. It is stated in the report that the key drivers for the downgrade are crystallizing external vulnerabilities in the balance of payments, questioned ability of institutions to struggle with the challenges of rising risk profile of the country and the erosion of fiscal buffers which have been a source of credit strength for many years.

### Unemployment rate became 13.4% in June.

Unemployment rate in Turkey increased by 0.4 points yoy to 13.4% in June period. During this period, labor force participation rate declined to 49% with a decrease of 4.3 points yoy. The employment decline in services sector was 1.3 million people. In the same period, employment decreased by 319 thousand people in the industry sector, 274 thousand people in the agricultural sector and 91 thousand people in the construction sector. According to seasonally adjusted data, the unemployment rate increased by 0.2 points compared to the previous period and reached 14.3% in June. "Broadly defined unemployment rate", which is calculated by the inclusion of seasonal workers and people who are ready to work but have not applied for a job for the last 4 weeks, came in at 24.9% in this period.

### Current account deficit became 1.8 billion USD in July.

Current account balance, which gave a surplus of 2 billion USD in July last year, gave a deficit of 1.8 billion USD in the same month of this year. The decline in net service revenues by 4.6 billion USD compared to the same month of the previous year was effective in this development. 12-month cumulative current account deficit became 14.9 billion USD in July, the highest level since December 2018 ([Our Balance of Payments Report](#)).

According to the calendar adjusted data, industrial production expanded by 4.4% yoy in July. During this period, the production of mining and quarrying sector decreased by 4.9%, while the indices of manufacturing industry sector and electricity, gas, steam and air conditioning production and distribution sector increased by 5.1% and 1.4%, respectively. According to the seasonally and calendar adjusted data, industrial production index increased by 8.4% compared to the previous month.

### Financial Markets...

Last week, the negative news on vaccine developments kept the global markets under pressure, while Brent crude oil prices decreased by 6.6% w/w to 39.8 USD/barrel due to weak demand and Saudi Arabia's price cut for October. BIST-100 increased by 1.5% w/w to 1.103 points. Turkey's 5-year CDS risk premium declined by 2 bps on a weekly basis and became 505 bps. USD/TRY, which rose to a historical high with 7.4977 on Wednesday, increased by 0.5% on a weekly basis and closed the week at 7.47. EUR/TRY rose by 0.6% w/w to 8.86.

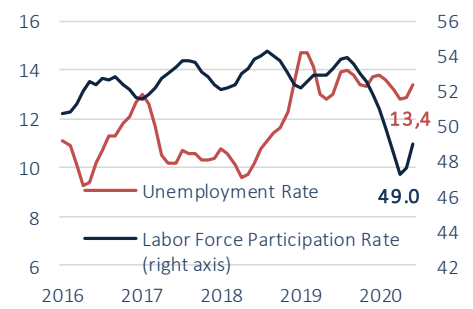
### This week's agenda...

This week, the meetings of major central banks, especially Fed, will be on the focus of the global markets. While geopolitical developments would be closely monitored, budget balance data will be followed on domestic markets.

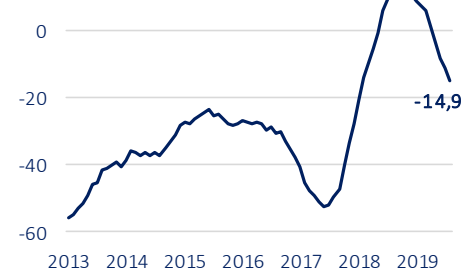
### Moody's Turkey Credit Ratings

11 September 2020	<b>B2</b>
14 June 2019	<b>B1</b>
17 August 2018	<b>Ba3</b>
7 March 2018	<b>Ba2</b>
23 September 2016	<b>Ba1</b>
16 May 2013	<b>Baa3</b>
20 June 2012	<b>Ba1</b>

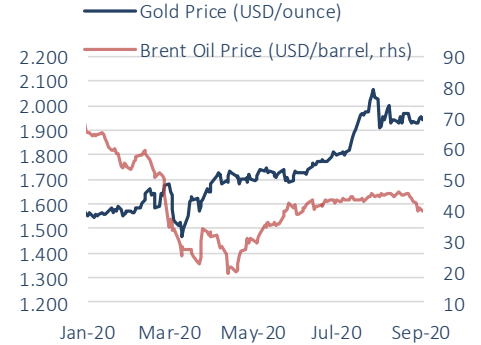
### Labor Market (%)



### Current Account Balance (12-month cumulative, USD billion)



### Gold & Oil Price



Source: Datastream, TURKSTAT

Data Releases

		Period	Consensus	Prior
<b>14 September</b>	TR Industrial Production, SA yoy	July	4.4%(A)	0.1%
	TR Treasury 7Y Floating Coupon Reissuance	September	-	-
<b>15 September</b>	Euro Area Industrial Production,mom	July	4.1%(A)	9.1%
	TR Budget Balance	August	-	-27,9 billion TRY
	TR Treasury 2Y Fixed Coupon Reissuance	September	-	-
	TR Treasury 4Y TLREF-Indexed Bond Reissuance	September	-	-
	New York Fed Manufacturing Index	September	5.9	3.7
	US Industrial Production,mom	August	1%	3%
	US Capacity Utilization Rate,SA mom	August	71.5%	70.6%
	Germany ZEW Economic Setiment Index	September	69.8	71.5
	China Industrial Production,yoy	August	5.1%	4.8%
	China Retail Sales,yoy	August	0.0%	-1.1%
<b>16 September</b>	US Retail Sales,mom	August	1.0%	1.2%
	Fed Federal Open Market Comittee (FOMC) Meeting	September	0.00%-0.25%	0.00%-0.25%
<b>17 September</b>	US Housing Starts Number	August	1.47 million	1.50 million
	US Initial Jobless Claims	7-12 Sept	850 thousand	884 thousand
	US Philadelphia Fed Manufacturing Index	September	15.5	17.2
	Euro Area CPI,final mom	August	-0.4%	-0.4%
	BoE Monetary Policy Meeting	September		
	BoJ Monetary Policy Meeting	September		
<b>18 September</b>	US Michigan Sentiment Index, prelim	September	75.5	74.1

(A) Actual

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