

	20-Nov	27-Nov	Change		20-Nov	27-Nov	Change
BIST-100 Index	1,324	1,329	0.4% ▲	EUR/USD	1.1853	1.1962	0.9% ▲
TRY 2 Year Benchmark Rate	13.47%	13.73%	26 bp ▲	USD/TRY	7.6323	7.8332	2.6% ▲
Turkey 5-Year CDS	371	380	9 bp ▲	EUR/TRY	9.0553	9.3717	3.5% ▲
MSCI EM Equity Index	1,209	1,231	1.8% ▲	Gold (USD/ounce)	1,870	1,788	-4.4% ▼
US 10-Year Bond Rate	0.83%	0.84%	1 bp ▲	Brent Oil (USD/barrel)	45.0	48.2	7.2% ▲

bp: basis point

During the last week, developments regarding Covid-19 vaccine studies, preliminary PMI data announced in the US and the Euro Area, and meeting minutes published by the Fed and ECB were monitored in global markets. Within the framework of the normalization steps, the BRSA decided to repeal the regulation on the asset ratio as of December 31, 2020 and the CBRT announced a change in the reserve requirement practice. Turkish economy has recorded a growth beyond expectations by 6.7% yoy in the 3rd quarter of the year. In global markets where an intense data agenda will be followed this week, November employment data in the US and November CPI inflation in the Euro Area stand out. In Turkey, November manufacturing PMI, inflation data and preliminary foreign trade data as well as possible new measures to be taken against the outbreak will be closely monitored.

A heavy data agenda in the US...

The preliminary PMI data announced in the US indicated that the growth in the manufacturing and services sectors accelerated in November. While the preliminary manufacturing PMI data came in well above the expectations of 53 with 56.7, the services PMI data showed a brisk course in the sector with a value of 57.7. On the other hand, the consumer confidence index, which was 101.4 in October, decreased to 96.1 in November. Initial jobless claims, which have been below 1 million since the end of August, were higher than expected with 778 thousand people last week, signaling an increase. The minutes of the Fed's meeting held on November 4-5 pointed out that the Fed may terminate its asset purchases before an interest rate hike, and the forward guidance regarding bond purchases could be reviewed soon.

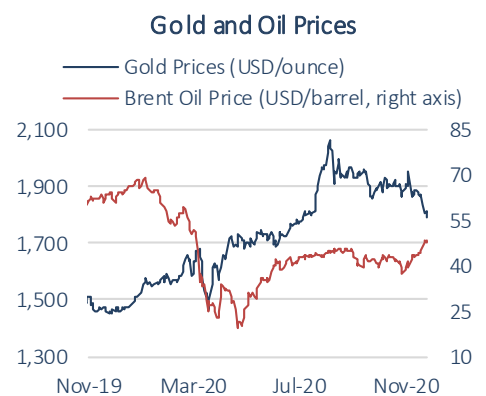
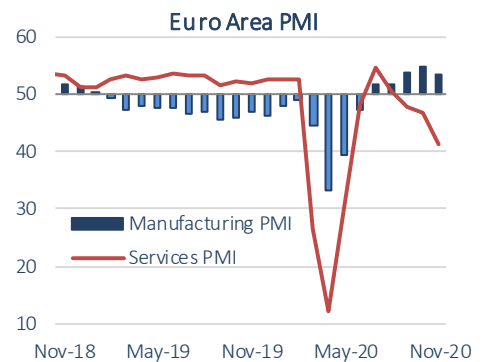
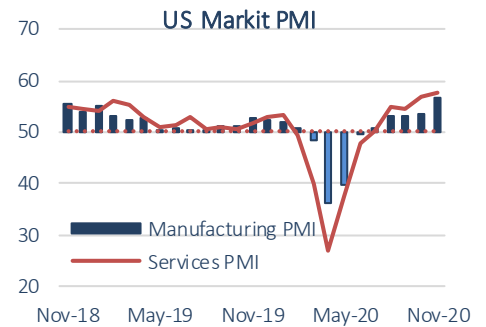
The contraction in the services sector in the Euro Area continues.

November PMI data in the Euro Area pointed out that the contraction in the services sector still continues due to the recent restrictive measures in the region. The services PMI data fell to the 41.3 the lowest level of the last 6 months, while manufacturing PMI (53.6) remained for 5 consecutive months above the threshold value of 50, which indicates a growth in the sector.

In the notes of the ECB meeting held on October 28-29, it was stated that the strong rebound in the economic activity over the summer months lost momentum and the increase in coronavirus cases will put pressure on the economic recovery. However, it was also stated that the relatively muted market reaction for the second wave of the pandemic was seen as evidence of the effectiveness of the ECB's monetary policy measures, and it was decided to keep the overall monetary policy stance.

Oil prices rose with the positive developments in coronavirus vaccine.

Oil prices rose due to the positive news regarding the vaccine studies for the coronavirus pandemic throughout the week. On the other hand, it has been seen that the excess supply in the oil market limited the increase in prices. The barrel price of Brent crude oil increased by 7.2% w/w to 48.2 USD. Moreover, gold prices decreased throughout the week. Gold prices decreased by 4.4% w/w to 1.788 USD/ounce.



Source: Datastream, Johns Hopkins

Turkish economy expanded by 6.7% yoy in the third quarter.

Turkish economy expanded above the market expectations by 6.7% yoy in the 3rd quarter of 2020. Economic activity which grew by 4.5% in the first quarter, contracted by 9.9% in the second quarter as the restrictive measures due to the pandemic weighed on the economy.

Economic confidence index decreased to 89.5 in Turkey.

The economic confidence index, which rose for 6 consecutive months after falling to historic low level of 51.3 in April, declined by 3.5% to 89.5 in November. In October the index was at 92.8. In November, the seasonally adjusted capacity utilization rate (CUR) which went up by 0.4 points mom to 75.3% continued its upward trend for 7 months, albeit with a momentum loss. In this period, real sector confidence index decreased by 2.3 points to 107.4, indicating a fall for the first time since April.

BRSA announced the repeal of the asset ratio regulation.

At its press release, as a continuation of normalization steps, the BRSA decided to repeal the asset ratio regulation, which started to be implemented in May, and to repeal all decisions taken as of December 31, 2020. Also, CBRT revised the reserve requirement regulation on Friday. CBRT decided to repeal the reserve requirement practice that links the reserve requirement ratios and remuneration rates to real loan growth rates, accordingly, to increase Turkish lira and FX reserve requirement ratios. CRBT also decided to apply remuneration rate of 12% to the TRY-denominated required reserves of all banks and decreased the commission rate applied to the reserve requirements maintained against USD-denominated deposit / participation fund liabilities to 0%. CBRT stated that the revision was made to improve the effectiveness of monetary transmission mechanism, in line with its main objective of price stability.

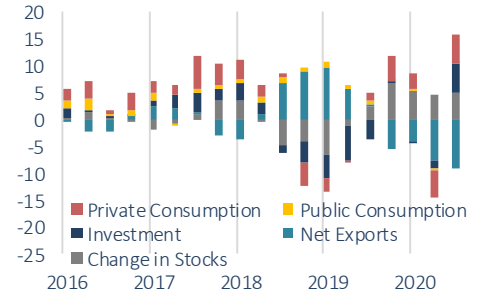
Financial markets...

Last week, promising results in the Covid-19 vaccine trials had a positive effect on global markets. Although there is an upward trend in global financial markets, transaction volume was low due to Thanksgiving's day holiday in the US markets. In Turkey, showing an upward trend until the mid-week, USD/TRY closed the week at 7.8332 with an increase of 2.6% wow. BIST-100 index, which tested its new record highs during the week, increased by 0.4% wow to 1,329.

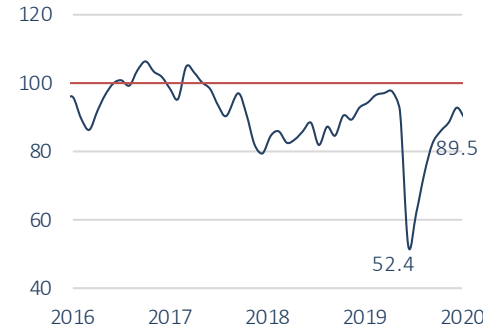
This week's agenda...

This week, busy data agenda will be followed in the global markets. November non-farm payroll data in the US and preliminary CPI inflation data in the Euro Area stand out. In Turkey, manufacturing PMI data for November, inflation and preliminary foreign trade data will be closely monitored. In addition, it is considered that new measures to curb the pandemic may be on the agenda.

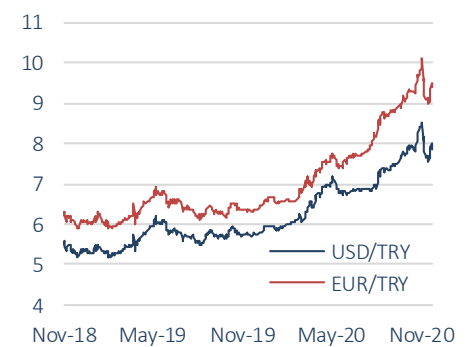
Contributions to GDP Growth
(% point)



Economic Confidence Index



Exchange Rates



CDS and BIST-100



Source: Datastream, TurkStat

Data Releases

		Period	Consensus	Prior
30-Nov	TR GDP Growth, yoy	Q3	6.7% (A)	-9.9%
	TR Foreign Trade Balance	October	-2.37 billion USD (A)	-4.83 billion USD
1-Dec	TR Manufacturing PMI	November	-	53.9
	US Markit Manufacturing PMI, final	November	-	56.7
	US ISM Manufacturing Index	November	57.9	59.3
	Euro Area Markit Manufacturing PMI, final	November	53.6	53.6
	Euro Area CPI, preliminary	November	-0.2%	-0.3%
2-Dec	US ADP Private Sector Employment	November	400 K	365 K
	Euro Area Unemployment Rate	October	8.4%	8.3%
	Germany Retail Sales, mom	October	1.0%	-2.2%
3-Dec	TR CPI, yoy	November	-	11.89%
	TR D-PPI	November	-	18.20%
	US Initial Jobless Claims, persons	23-28 November	770 K	778 K
	US Markit Services PMI, final	November	-	57.7
	Euro Area Services PMI, final	November	41.3	41.3
4-Dec	US Non Farm Payrolls	November	500 K	683 K
	US Unemployment Rate	November	6.8%	6.9%
	US Factory Orders, mom	October	0.8%	1.1%
	Germany Industrial Orders, mom	October	1.5%	0.5%

(A) Actual

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