

	19-Mar	26-Mar	Change		19-Mar	26-Mar	Change
BIST-100 Index	1,529	1,382	-9.6 % ▼	EUR/USD	1.1903	1.1796	-0.9 % ▼
TRY 2 Year Benchmark Rate	16.37 %	19.28 %	291 bp ▲	USD/TRY	7.2140	8.1350	12.8 % ▲
Turkey 5-Year CDS Premium	305	461	156 bp ▲	EUR/TRY	8.5910	9.5625	11.3 % ▲
MSCI EM Equity Index	1,337	1,307	-2.2 % ▼	Gold (USD/ounce)	1,745	1,732	-0.7 % ▼
US 10-Year Bond Rate	1.73 %	1.66 %	-7 bp ▼	Brent Oil (USD/barrel)	64.5	64.6	0.1 % ▲

bp: basis point

Last week, global risk appetite was under pressure due to the concerns on the third wave of the pandemic. Fed Governor Powell stated that a gradual and very transparent policy change in the asset purchase program and interest rates will be made only after the country's economy has recovered fully. Oil prices, which rose with the stranding of a cargo ship in the Suez Canal, fluctuated throughout the week as the extension of the restrictive measures against the pandemic in Europe increased demand concerns. After the replacement of the CBRT Governor, Turkish financial markets followed a volatile course.

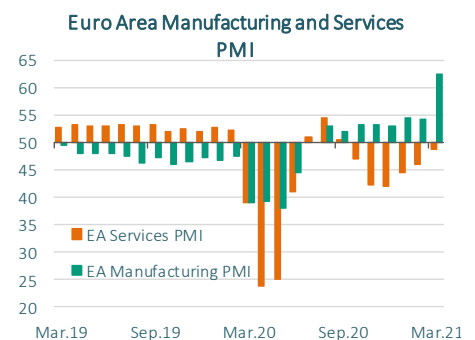
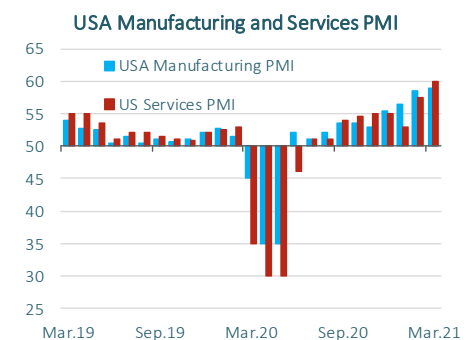
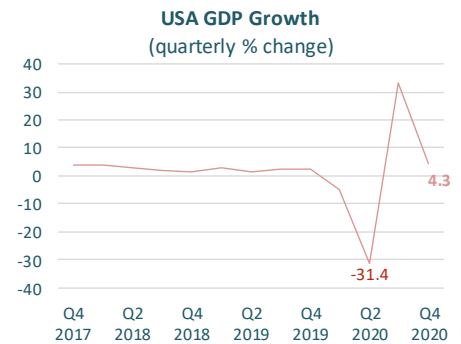
The statements of Powell and Yellen were followed in the US.

In the US, the GDP growth data for the last quarter of 2020, which was previously announced as 4.1%, was revised to 4.3% according to final data. Due to the effect of the pandemic, the current account deficit in the country increased by 34.8% in 2020 and reached 647.2 billion USD, its highest level since the 2008 financial crisis. Leading data for 2021 also indicated that the recovery in economic activity continues. PMI showed that manufacturing activity kept on rising in March thanks to the strong increase in new orders, but supply chain problems and increased cost pressures continued to pose an inflation risk for manufacturers. In this period, the preliminary Markit manufacturing PMI reached 59, carrying its course above the 50 threshold level to its 9th month. The recovery in the service sector, which has an important share in the US economy, has also gained momentum thanks to the effect of vaccination. Services PMI reached 60 in March, the highest level since July 2014.

In the US, the statements of Fed Chairman Jerome Powell and Treasury Secretary Janet Yellen were followed last week. Powell stated that a gradual and very transparent policy change in the asset purchase program and interest rates will be made only after the country's economy has recovered fully, while the restrictions imposed in the summer of 2020 on banks' share buyback and dividend payments will be lifted after June 30, according to the stress test results. In his speech at the House of Representatives, Yellen said that it is important to make tax increase plans for new public investments. US President Joe Biden is expected to announce its public spending plan, which includes public infrastructure investments, this week.

Manufacturing PMI in the Euro Area displayed a positive outlook in March.

Preliminary manufacturing PMI in the Euro Area came in at 62.4 in March and reached its highest value since June 2007, when the data began to be released. On the other hand, PMI for the services sector which is most affected by the measures to contain coronavirus in the Euro Area was realized at 48.8, remaining below the threshold value of 50. Some countries in the region, where the third wave of the pandemic is in place, tightened their restrictive measures last week.



Source: Datastream

Oil prices fluctuated last week.

Oil prices, which rose with the stranding of a cargo ship in the Suez Canal, fluctuated throughout the week as the extension of the restrictive measures against the pandemic in Europe increased demand concerns. The price of Brent crude oil did not show a significant change compared to the previous week's closing and became 64.6 USD/barrel as of March 26. With the blockage of the Suez Canal, many ships had to change their route and this caused the freight charges to rise. Oil prices started the week with a declining pace as the cargo ship partially re-floated.

The Ministry of Treasury and Finance announced the economic reforms action plan.

In Turkey, the Ministry of Treasury and Finance announced the economic reforms action plan last week. All actions are expected to be completed by March 2023 according to the Plan, which consists of actions under ten titles.

Confidence indices increased in March.

The Consumer Confidence Index increased by 2.5% mom and became 86.7 in March. 15 of the 18 sub-indices contributed positively to the index. In this period, the seasonally adjusted real sector confidence index rose by 1.5 points mom to 110.2 and continued its trend above 100 for 8 months. Seasonally adjusted services and retail trade confidence indices went up by 5.1% mom and 0.2% mom, respectively. On the other hand, the construction confidence index fell by 4.0% mom due to the decrease in the expectation of total number of employees for the next 3 months. In March, the seasonally adjusted capacity utilization rate (CUR) became 75.3% remaining flat compared to February.

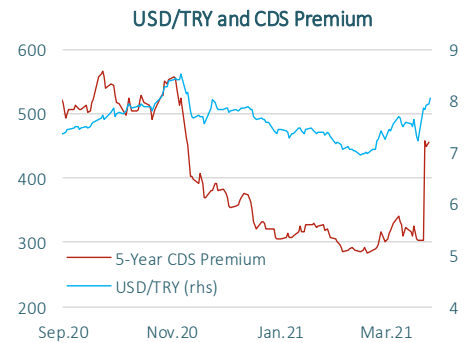
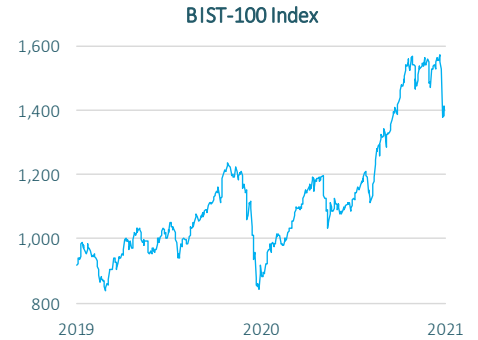
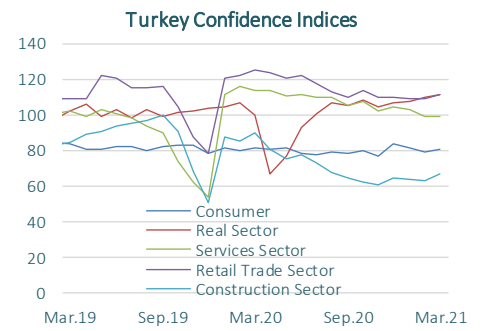
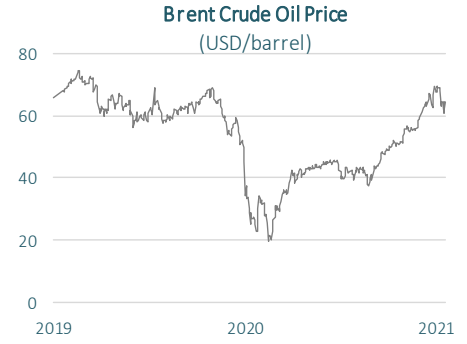
The number of foreign visitors decreased by 69% yoy in February.

Due to the effects of the restrictive measures taken against the pandemic, the number of foreign visitors to Turkey decreased by 69% yoy and became 538K people in February. In the January-February 2021 period, the number of foreign visitors declined by 70.2% compared to the same period of 2020 and was realized as 1.1 million people.

According to the White Goods Manufacturers' Association of Turkey, domestic sales of white goods rose by 42% on an annual basis in February. Thus, the strong trend in domestic demand continued in the second month of the year. During this period, the export and production volume expanded by 19% yoy and 29% yoy, respectively.

Financial markets...

Last week, the third wave concerns in the pandemic put pressure on the global markets, while the statements of the US officials positively affected the markets. In Turkey, after the replacement of the CBRT Governor, the financial markets presented a negative outlook. The rapid losses in the stock market led to a suspension of transactions with circuit breakers in the first two days of the week. BIST-100, which started the week with a decrease of 9.8%, recorded the most rapid weekly decline of the last 1 year, despite the purchases in the following days. The USD/TRY parity, which rose to 8.17 on Monday, followed a fluctuating course throughout the week and completed the week at 8.13. The interest rate of the 2-year benchmark bond increased rapidly, while Turkey's 5-year CDS premium, which went up above 400 bps for the first time since November, became 461 bps in the last trading day of the week.



Source: Datastream

Data Releases

		Period	Consensus	Prior
30 March	USA Consumer Confidence, final	March	97.0	91.3
	Euro Area Consumer Confidence, final	March	-10.8	-10.8
31 March	TR Economic Confidence	March	-	95.8
	TR Trade Balance	February	-	-3.03 billion USD
	TR Treasury Debt Redemptions	March	569 million TRY	-
	USA Pending Home Sales, mom	February	-2.6%	-%2.8%
	USA ADP Employment Report	March	525K	117K
	Euro Area CPI Inflation, yoy, prelim	March	1.3%	0.9%
	1 April	TR Manufacturing PMI	March	-
	USA ISM Manufacturing PMI	March	61.3	60.8
	USA Initial Jobless Claims	22-27 Mar.	680K	684K
	Euro Area Manufacturing PMI, final	March	62.4	62.4
2 April	USA Nonfarm Payrolls	March	630K	379K
	USA Unemployment Rate	March	6.0%	6.2%

(A) Actual

Economic Research Division

İzlem Erdem
Chief Economist
izlem.erdem@isbank.com.tr

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

Alper Gürler
Unit Manager
alper.gurler@isbank.com.tr

Ahmet Berat Ocak
Asst. Economist
berat.ocak@isbank.com.tr

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

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