

	13-Aug	20-Aug	Change		13-Aug	20-Aug	Change
BIST-100 Index	1,448	1,445	-0.2 % ▼	EUR/USD	1.1791	1.1696	-0.8 % ▼
TRY 2 Year Benchmark Rate	19.07 %	18.97 %	-10 bp ▼	USD/TRY	8.5171	8.4852	-0.4 % ▼
Turkey 5-Year CDS Premium	381	386	4 bp ▲	EUR/TRY	10.0539	9.9325	-1.2 % ▼
MSCI EM Equity Index	1,281	1,221	-4.7 % ▼	Gold (USD/ounce)	1,779	1,781	0.1 % ▲
US 10-Year Bond Rate	1.28 %	1.26 %	-3 bp ▼	Brent Oil (USD/barrel)	70.6	65.2	-7.7 % ▼

bp: basis point

Last week, the minutes of the Fed's July meeting were at the forefront of global markets. Global risk appetite remained under pressure due to concerns about the fast-spreading delta variant. The data released in the US drew a mixed picture regarding the course of economic activity in the third quarter. The CBRT made some revisions in debt statistics in order to comply with international standards and improve data quality. According to the revised data, Turkey's short-term external debt stock increased by 6.5% as of the end of June compared to the end of 2020 and became 121.7 billion USD. Confidence indices for August in Turkey and flash PMI figures in global markets stand out in this week's data agenda.

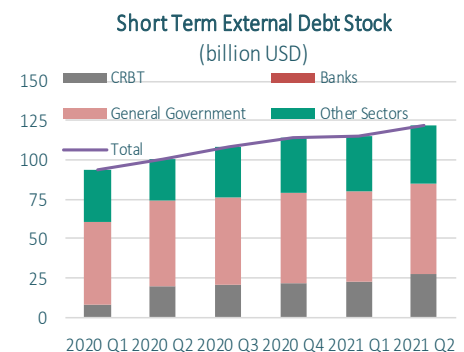
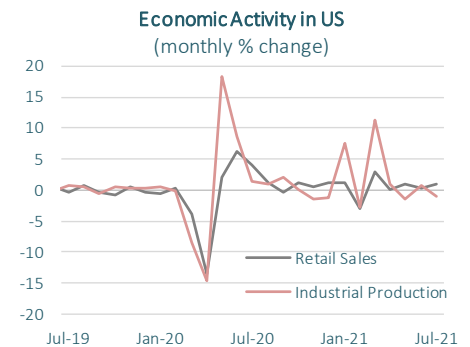
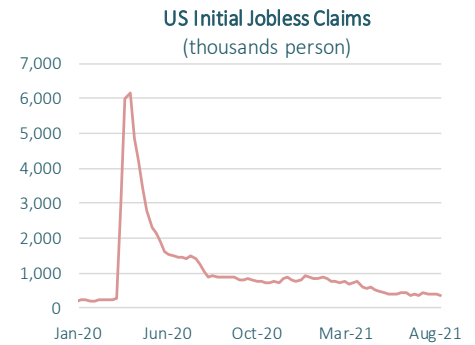
The views of Fed officials on the reduction of asset purchases are followed.

The minutes of the Fed's July meeting showed that most Fed officials are considering to reduce asset purchases by the end of 2021 if the economic recovery continues to improve in line with the expectations. On the other hand, the minutes drew attention to the views of the officials that the spread of the delta variant may temporarily delay the full reopening of the economy and suppress the recovery in the labor market. In this context, a consistent recovery in the labor market is closely monitored in terms of the Fed's decision of when it will reduce its asset purchase program. Employment data for July painted a positive picture. The initial jobless claims, which are followed as a leading indicator of the course of employment, have fallen above expectations in recent weeks, indicating that the improvement in the labor market continues. In the week ending on August 14, the initial jobless claims in the US decreased by 29K people compared to the previous week, reaching the lowest level of the last 17 months. The 4-week average initial jobless claims declined by 19K people week.

While the negative impact of the fast-spreading delta variant on the US economy remains unclear, the data releases showed a mixed outlook regarding the course of economic activity in the third quarter of the year. Retail sales data, which remained strong in the second quarter of 2021 as the lifting of the pandemic restrictions supported demand, declined faster than expected by 1.1% mom in July. The shift in expenditures from consumer goods to services and the decrease in motor vehicle sales due to supply constraints were effective in this development. Industrial production, on the other hand, increased by 0.9% in the same period, above expectations.

The CBRT revised some of its data to comply with international standards.

The CBRT revised the short-term external debt statistics, international investment position, foreign exchange assets and liabilities of non-financial companies, and securities statistics in order to comply with international standards. Short-term external debt stock, which was 144.9 billion USD as of end of May before the revision, decreased to 119.2 billion USD after the revision, mainly due to the 25.1 billion USD decrease in import payables. According to the revised data, the short-term external debt stock increased by 6.5% as of end of June compared to the end of 2020 and reached 121.7 billion USD. The short-term external debt maturing within 1 year or less regardless of the original maturity was realized as 165 billion USD as of June. Non-financial sectors had a share of 29.8% in these liabilities. May figure for these liabilities was 189.3 billion USD before the revision.



Source: Datastream

Consumer confidence declined in August.

According to the data announced by TURKSTAT, the Consumer Confidence Index decreased by 1.6% compared to the previous month to 78.2 in August. In terms of sub-indices, the financial situation of household at present compared to the past 12 months increased by 5.8%, while the decrease in the expectations for the general economic situation and the number of people unemployed over next 12 months drew attention. In this period, a double-digit contraction was recorded in the sub-indices for the probability of buying a house or spending money on house improvements over next 12 months.

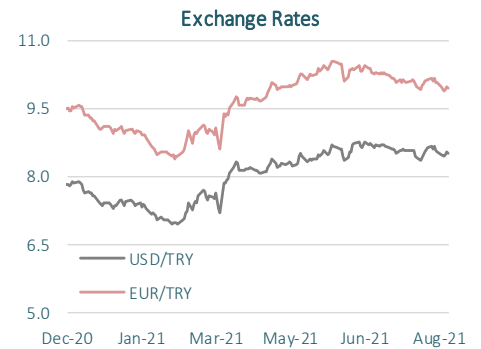
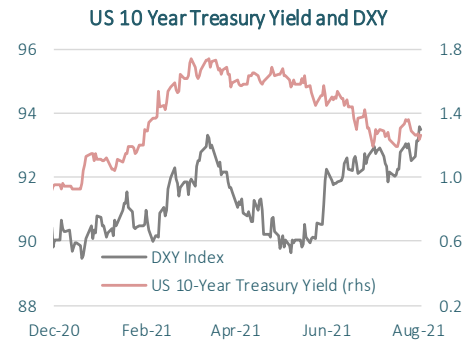
Three new CGF-backed mechanisms will be implemented.

In his speech on Friday, Treasury and Finance Minister Lütfi Elvan announced that Credit Guarantee Fund-backed (CGF) three new mechanisms will be implemented to support production, employment, investment and export within the framework of the Economic Reform Program. In this context, SMEs will have access to credit with a CGF guarantee for additional employment, long-term credit assistance for projects focusing on manufacturing and prioritizing exports, and an Eximbank loan support package to help SMEs to open up to international markets.

Financial markets...

Last week, the minutes of the Fed meeting as well as the rapidly increasing number of coronavirus cases around the world, drove global stock markets. Fed officials' views in favor of reducing asset purchases by the end of the year increased selling pressure in the global stock markets and concerns about the pandemic also constrained global risk appetite. The VIX index rose by 20.1% compared to the previous week and closed the week at 18.56 on Friday. During the week's final trading day, the DXY index surged to 93.73, nearly its highest level since November 2020. The appreciation of the US dollar in global markets caused the EUR/USD parity to fall to the lowest level of the last 9.5 months with 1.1696. As a result of increasing concerns about the course of global economic activity, oil prices fell by 7.7% wow, while gold prices remained flat.

BIST-100 index, which followed a fluctuating course last week, decreased by 0.2% compared to the previous week. While USD/TRY fell by 0.4% wow, the EUR/TRY declined by 1.2% wow to 9.93. This week, confidence indices for August in Turkey and flash PMI data in major economies stand out in the data agenda. In addition, the views of the Fed officials on monetary policy will be closely monitored at the Jackson Hole meeting to be held this week.



Data Releases

		Period	Consensus	Prior
23 August	TR Consumer Confidence Index	August	78.2 (A)	79.5
	TR Foreign Visitors, yoy	July	367.5% (A)	853.4%
	USA Services PMI, flash	August	59.5	59.9
	USA Manufacturing PMI, flash	August	62.5	63.4
	USA Existing Home Sales, mom	July	-	1.4%
	Euro Area Services PMI, flash	August	59.7 (A)	59.8
	Euro Area Manufacturing PMI, flash	August	61.5 (A)	62.8
	Euro Area Consumer Confidence, flash	August	-5.0	-4.4
24 August	USA New Home Sales, mom	July	-	-6.6%
25 August	TR Capacity Utilization Rate	August	-	76.7%
	TR Real Sector Confidence Index	August	-	114.8
	USA Durable Goods Orders, mom	July	-0.2%	0.9%
26 August	USA GDP Growth, revision, yoy	2021 Q2	6.7%	6.5%
27 August	TR Economic Confidence	August	-	100.1
	USA Core PCE, mom	July	0.3%	0.4%
	USA Personal Consumption Expenditures, mom	July	-	0.5%
	USA Michigan Consumer Confidence, final	August	70.9	70.2

(A) Actual

Source: Datastream

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