

	3-Sep	10-Sep	Change		3-Sep	10-Sep	Change
BIST-100 Index	1,469	1,439	-2.0 % ▼	EUR/USD	1.1882	1.1814	-0.6 % ▼
TRY 2 Year Benchmark Rate	18.40 %	17.91 %	-49 bp ▼	USD/TRY	8.3049	8.4553	1.8 % ▲
Turkey 5-Year CDS Premium	366	363	-3 bp ▼	EUR/TRY	9.8856	10.0052	1.2 % ▲
MSCI EM Equity Index	1,316	1,309	-0.5 % ▼	Gold (USD/ounce)	1,826	1,787	-2.1 % ▼
US 10-Year Bond Rate	1.33 %	1.34 %	2 bp ▲	Brent Oil (USD/barrel)	72.6	72.9	0.4 % ▲

bp: basis point

Last week, Fed officials' statements on tapering and the ECB meeting were followed. In the US, declining initial jobless claims figures have signaled that employment conditions in the country are approaching pre-pandemic levels. Keeping the policy rate unchanged at its meeting on September 9, ECB stated that it would moderately reduce the pace of asset purchases under the Pandemic Emergency Purchase Program (PEPP) compared to the previous two quarters. In Turkey, while current account balance gave a deficit of 683 million USD in July, the industrial production index increased by 8.7% yoy. In this period, the unemployment rate rose to 12%. This week, CPI data in the US and Euro Area stand out in global markets. In Turkey, budget balance for August and results of the Market Participants Survey will be monitored.

#### The statements of Fed officials regarding asset purchases were followed.

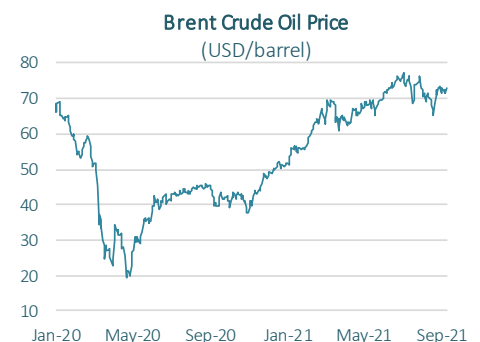
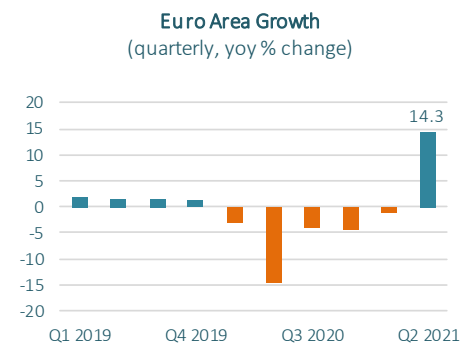
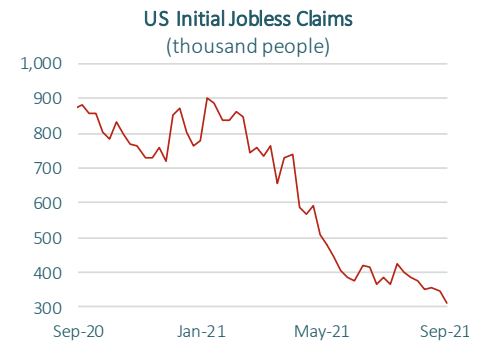
In the week ending September 4, initial jobless claims in the US came in below expectations with 310 thousand people, falling to the lowest level in nearly 18 months. In addition, producer prices in the country increased by 0.7% mom in August, above the expectations. One of the members of the Fed's board of directors, Bowman, stated that if the data on the US economy come positive, it would be appropriate to start reducing asset purchases this year, while St. Louis Fed President Bullard disagree with the concerns that the recovery in the labor market was interrupted and stated that the Fed should start to reduce its asset purchases this year and finish it in the first half of next year.

#### ECB announced that it will slow down the pace of asset purchases.

At its Monetary Policy Meeting on September 9, ECB kept its main interest rates unchanged. In the statement made after the meeting, it was said that the pace of asset purchases under the PEPP will be decreased moderately in the next quarter compared to the previous two quarters. ECB also revised upwards its inflation and GDP projections for the Euro Area for 2021. Accordingly, GDP growth forecast for this year raised from 4.6% to 5%. The region is expected to grow by 4.6% in 2022 and by 2.1% in 2023. ECB also raised its annual CPI inflation projections from 1.9% to 2.2% for 2021, from 1.5% to 1.7% for 2022 and from 1.4% to 1.5% for 2023. ECB President Lagarde underlined that economic growth may be lower than expected if the pandemic intensifies and supply shortages continue. On the other hand, the annual GDP growth data for the second quarter of 2021, which was announced as 13.6% in the Euro Area, was revised to 14.3% last week.

#### China's use of "strategic reserves" limited the rise in oil prices.

Oil prices increased last week as U.S. oil and gas production in the Gulf of Mexico was hit by outages caused by Hurricane Ida. China's announcement that it would use its strategic oil reserves to curb rising raw material prices limited the rise in oil prices to some extent. Annual PPI inflation in China reached 9.5% in August, the fastest increase in 13 years, driven by a rapid rise in raw material prices. Brent crude oil increased by 0.4% wow and reached 72.9 USD/barrel.



Source: Datastream

### Industrial production declined on a monthly basis in July.

Industrial production increased below the expectations by 8.7% yoy in July, while it decreased by 4.2% compared to the previous month and recorded its highest monthly decrease since April 2020, when the effects of the pandemic were felt intensely. In terms of sub-indices, the mining and quarrying, the manufacturing industry, and the electricity, gas, steam and air conditioning production and distribution sector indices increased by 15.2%, 7.9%, and 11.7% yoy in July, respectively.

### Current account deficit was 683 million USD in July.

Current account deficit, which was 1.1 billion USD in June, exceeded the market expectations and became 683 million USD in July. The revision made by the CBRT in the balance of payments, due to the fact that the export receivables and import payables data under trade credits are started to be compiled by the TurkStat using direct reporting method and the ownership definition of securities is changed from legal ownership to economic ownership in line with the international methodology, was reflected in the data in July. After the revision, the current account deficit was realized as 13.7 billion USD in the January-July period, while it became 27.8 billion USD according to the 12-month cumulative data.

### Unemployment rate rose to 12% in July.

Seasonally adjusted unemployment rate, which was 10.6% in June, rose to 12% in July. In this period, according to seasonally adjusted data, the labor force participation rate increased by 0.9 points to 51.2%. While the number of people employed increased by 125 thousand persons on a monthly basis, the employment rate rose by 0.2 points to 45.1%. In the same period, the labor underutilization rate consisting of time-related underemployment, potential labor force and unemployment increased by 1.2 points on a monthly basis to 23.6%.

### CBRT Chairman Şahap Kavcıoğlu's statements were followed last week.

In his speech at the German-Turkish Chamber of Commerce and Industry meeting, CBRT Chairman Şahap Kavcıoğlu stated that the CBRT's monetary policy stance is tight enough to ensure a decrease in the inflation. Kavcıoğlu emphasized the importance of core inflation indicators and stated that in the coming period, more emphasize will be given on core inflation indicators instead of headline inflation when determining monetary policy. On the other hand, it was stated in the CBRT's Monthly Price Developments report that the increase in food prices in August was the determinant in the rise in consumer prices, while the prices of durable consumption goods followed a moderate course due to the recent developments in the Turkish lira and the tax base increase for SCT on automobiles. The report also emphasized the upward trend in producer prices continued due to the rise in intermediate good and energy prices.

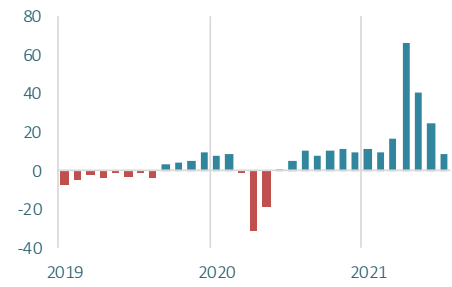
### Financial markets...

Last week, global markets were followed a downward trend, with the statements of Fed officials and the ECB's regarding the pace of asset purchases. US 10-year Treasury bond yield and the DXY index, which shows the value of the US dollar against other developed countries' currencies, rose slightly on a weekly basis. Gold, on the other hand, ended the week with a decline as the USD gained value.

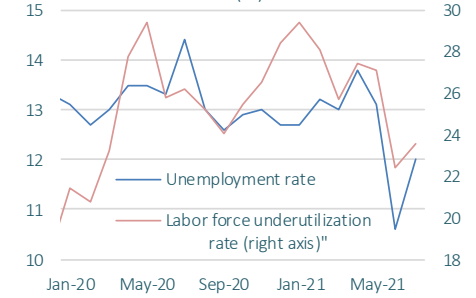
In line with global markets, BIST-100 index decreased by 2% w/w last week and closed at 1,439 points. Starting the week at around 8.30, USD/TRY rose by 1.8% w/w to 8.46 due to appreciation of the US dollar in international markets and the expectations regarding the CBRT's monetary policy.

In addition to industrial production data in the US, China and the Euro Area, CPI inflation in the US and Euro Area stand out in global markets this week. In domestic markets, Turkey's budget balance figures for August and the results of the Market Participants Survey will be followed.

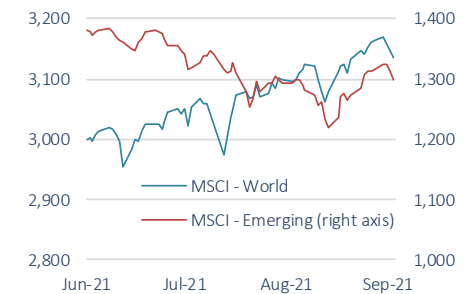
Industrial Production  
(Caj, annual % change)



Labor Force Indicators  
(%)



Global Stock Markets



Exchange Rates



Source: Datastream, CBRT, TurkStat

Data Releases

		Period	Consensus	Prior
13 September	TR Current Account Deficit	July	-683 M. USD (A)	-1.127 B. USD
	TR Industrial Production, yoy	July	8.7% (A)	23.9%
14 September	USA CPI Inflation, mom	August	0.4%	0.5%
	USA Core CPI Inflation, mom	August	0.3%	0.3%
15 September	TR Budget Balance	August	-	-45.8 billion TRY
	USA Industrial Production, mom	August	0.5%	0.9%
	Euro Area Industrial Production, yoy	July	6.0%	9.7%
	China Industrial Production, yoy	August	5.8%	6.4%
16 September	US Philadelphia Fed Business Index	September	-	19.4
	USA Retail Sales, mom	August	-1.0%	-1,1
17 September	CBRT Survey of Market Participants	September	-	-
	Euro Area CPI Inflation, final, yoy	August	3.0%	3.0%

(A) Actual

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