

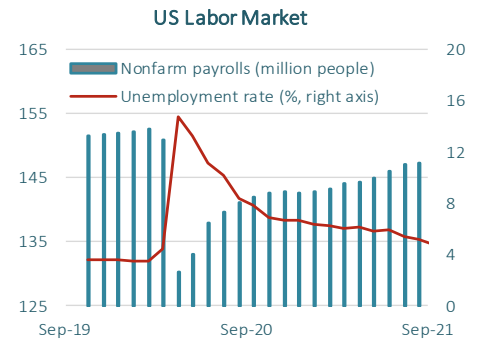
	1-Oct	8-Oct	Change		1-Oct	8-Oct	Change
BIST-100 Index	1,401	1,398	-0.2 % ▼	EUR/USD	1.1594	1.1567	-0.2 % ▼
TRY 2 Year Benchmark Rate	18.17 %	17.94 %	-23 bp ▼	USD/TRY	8.8552	8.9614	1.2 % ▲
Turkey 5-Year CDS Premium	432	434	2 bp ▲	EUR/TRY	10.2706	10.3796	1.1 % ▲
MSCI EM Equity Index	1,247	1,257	0.8 % ▲	Gold (USD/ounce)	1,760	1,757	-0.2 % ▼
US 10-Year Bond Rate	1.47 %	1.61 %	15 bp ▲	Brent Oil (USD/barrel)	79.3	82.4	3.9 % ▲

bp: basis point

Last week, labour market data in the US, services sector PMI indices and developments regarding oil prices were followed. Private sector employment in the US rose higher-than-expected in September whereas nonfarm payrolls were announced as 194K, well below the market expectations. In addition to the PMI data which were revised upwards in the US and the Euro Area, China's Caixin PMI that has exceeded the threshold value by rising to 53.4 in September, gave positive signals regarding the activities of the services sector. Oil prices increased sharply after the decision at the OPEC+ meeting to stick to existing agreements for November production. According to the data released in Turkey, current account balance posted a surplus of 528 million USD in August, while the unemployment rate came in at 12.1%. This week, in addition to the inflation data in the US and China, minutes of Fed's September meeting will be monitored closely. In Turkey, industrial production data for August and budget balance figures for September will be followed.

US nonfarm payrolls rose below forecasts in September.

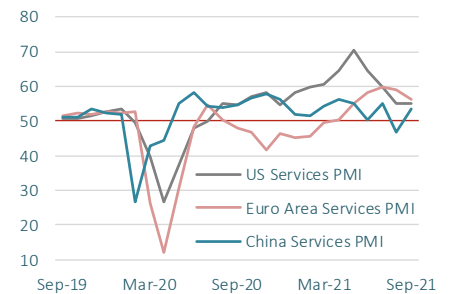
US employment data released this week displayed a mixed outlook. In September, ADP private sector employment increased more-than-expected by rising 568K compared to the previous month, while the rise in nonfarm payrolls became 194K, realizing well below the expectations of 500K. During the same period, the unemployment rate decreased to 4.8%. Initial jobless claims came in lower-than-expected as becoming 326K in the week ending October 2nd. The data showed that although the overall positive outlook in the US labour market continued, employment growth lost momentum in September.



PMI data displayed a positive outlook regarding the services sector.

In September, the US services PMI was revised upwards from 54.4 to 54.9. In the same period, the ISM services PMI rose to 61.9 mom, despite the expectations of a decline. In the Euro Area, the services PMI data was revised to 56.4 in September. The data released in the US and Euro Area showed that activity in services sector generally maintained its strong outlook. Caixin services PMI in China rose to 53.4 in September from 46.7 in August. Exceeding the threshold value in September, the data has pointed out a rapid recovery in the services sector in China as well.

US, Euro Area and China Services PMI



Oil prices rose sharply after the OPEC+ decision.

At the meeting which was held last week, OPEC+ members decided to stick to the existing agreement which was increasing oil production by 400 thousand barrels per day in November. After the announcement of the decision, the price of Brent crude oil rose rapidly to over 80 USD per barrel. Oil prices, having had a limited decline in the middle of the week as US inventories increased well above expectations, increased by 3.9% wow. The Brent crude oil price closed the week at 82.4 USD per barrel, the highest level in 3 years.

Brent Crude Oil Price (USD/barrel)



In Turkey unemployment rate became 12.1% in August.

The seasonally adjusted unemployment rate, which was 12.1% in July, remained unchanged in August. In this period, the labour force participation

Source: Datastream

rate decreased by 0.1 percentage points to 51.2%. The labour underutilization rate consisting of time related underemployment, potential labour force and unemployment decreased by 1.7 points on a monthly basis to 22%. In August, the number employed persons decreased by 14 thousand compared to the previous month. While the number of persons employed increased in industry, construction and agriculture sectors, it has decreased in the services sector.

Current account balance posted a surplus of 528 million USD in August.

The current account balance, after having a deficit of 923 million USD in July, posted a surplus of 528 million USD in August. This development stemmed from the recovery in the services balance thanks to the rise in transportation and travel revenues as well as the contraction in the foreign trade deficit. In the January-August period, the current account deficit contracted by 46.1% yoy to 14 billion USD, while the 12-month cumulative deficit decreased to 23 billion USD. In the net errors and omissions item, which recorded a rapid inflow of 4.5 billion USD in August, the inflow recorded as of the first 8 months of the year became 13.5 billion USD.

ISO Manufacturing Sector Export Climate Index declined.

The Turkish Manufacturing Industry Export Climate Index, which was created in partnership with the ISO and IHS Markit to measure the business conditions of the manufacturing sector in the main export markets, decreased to 54.7 in September. Despite registering a decline in the last three months, the index kept on staying above the threshold value. This has pointed out that demand conditions in the export markets continued to maintain their relatively favourable outlook.

Production and sales of the automotive sector fell in September.

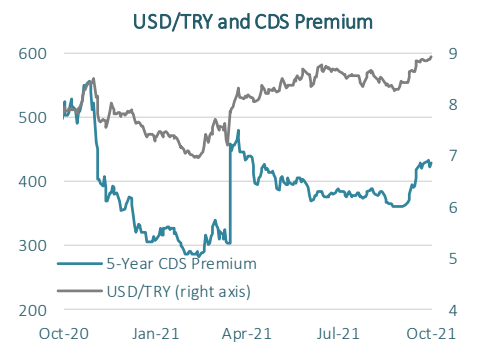
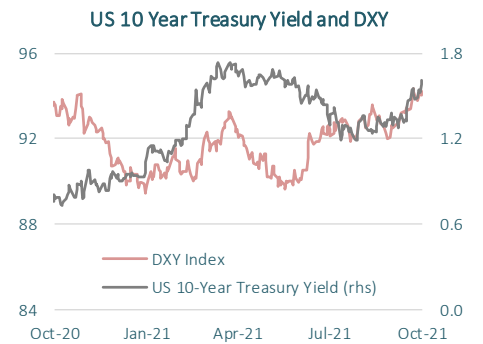
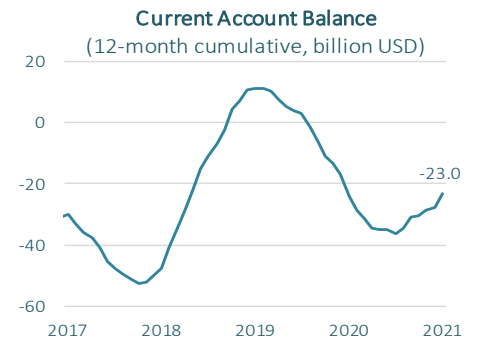
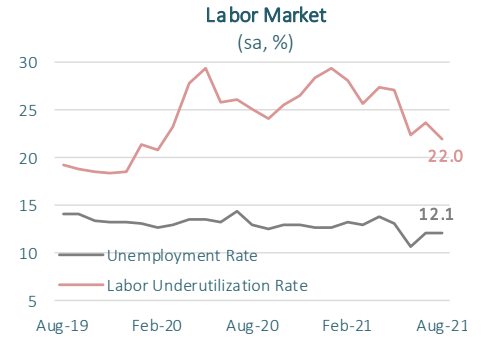
According to Automotive Industry Association data, automotive production decreased by 24.7% yoy in September. In addition to the contraction in the domestic market, the decline in automotive exports after recording a strong increase in August, was also effective in this development. While the total market contracted by 36.1% in September, automotive exports decreased by 17.9% on unit basis. Thus, the increase in automotive production in the first 9 months of the year has slowed down to 7.9%.

Financial markets...

Global stock indices, which declined at the beginning of the week due to concerns that increasing inflationary pressures might adversely affect the global economic outlook, followed an upward trend in general in the following days. Despite the weak nonfarm payrolls data, investors kept their expectations that the Fed will start to reduce the rate of asset purchases in November and the rapid rise in commodity prices, particularly for energy, increased inflation forecasts. Thus, the US 10-year Treasury bond yield increased by 15 bps wow, reaching its highest level for the last 4 months.

BIST-100 index, after following a fluctuating course, closed the week with a limited decline at 1,398 points. USD/TRY and EUR/TRY rates increased by more than 1% compared to the previous week. Turkey's 5-year CDS risk premium also rose to 434.

This week, September readings of inflation data in the US and China will be monitored in the global markets. In Turkey, August reading of industrial production and September reading of budget balance data will also be followed.



Source: Datastream

Data Releases

		Period	Consensus	Prior
11 October	TR Current Account Deficit	August	0.5 bln USD (A)	-0.9 bln USD
	TR Unemployment Rate	August	12.1% (A)	12.1%
12 October	TR Industrial Production, yoy	August	10.5%	8.7%
13 October	US CPI Inflation, yoy	September	5.3%	5.3%
	US CPI Inflation, mom	September	0.3%	0.3%
	Euro Area Industrial Production, yoy	August	4.9%	7.7%
14 October	China Trade Balance	September	47.6 bln USD	58.3 bln USD
	USA PPI Inflation, yoy	September	8.7%	8.3%
	China CPI Inflation, yoy	September	0.9%	0.8%
	China PPI Inflation, yoy	September	10.5%	9.5%
15 October	CBRT Survey of Expectations	October	-	-
	TR Budget Balance	September	-	40.8 bln TRY
	US NY Fed Manufacturing Index	September	27.0	34.3
	US Retail Sales, mom	September	-0.2%	0.7%
	US Michigan Consumer Confidence, prelim	October	73.8	72.8

(A) Actual

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