

	12-Nov	19-Nov	Change		12-Nov	19-Nov	Change
BIST-100 Index	1,639	1,737	6.0 % ▲	EUR/USD	1.1450	1.1288	-1.4 % ▼
TRY 2 Year Benchmark Rate	17.68 %	18.79 %	111 bp ▲	USD/TRY	9.9751	11.2310	12.6 % ▲
Turkey 5-Year CDS Premium	406	444	39 bp ▲	EUR/TRY	11.4190	12.6727	11.0 % ▲
MSCI EM Equity Index	1,285	1,274	-0.9 % ▼	Gold (USD/ounce)	1,864	1,845	-1.0 % ▼
US 10-Year Bond Rate	1.57 %	1.55 %	-2 bp ▼	Brent Oil (USD/barrel)	82.2	78.9	-4.0 % ▼

bp: basis point

Last week, US industrial production for October and Euro Area 3rd quarter GDP growth data were followed in the global markets. While industrial production in the US expanded by 1.6% mom, Euro Area economy grew by 3.7% yoy in the third quarter of 2021 according to preliminary data. At the Monetary Policy Committee meeting held on November 18, CBRT lowered the policy rate by 100 basis points to 15%. The press release published after the meeting strengthened the expectations for a possible interest rate cut in December and therefore accelerated the depreciation of the Turkish lira. USD/TRY reached new historical highs last week. Consumer confidence index fell to a record low in November. This week, the minutes of Fed's November meeting as well as preliminary November PMI data in the US and the Euro Area will be followed.

In the US, industrial production increased by 1.6% mom in October.

US industrial production index expanded by 1.6% mom in October, above the market expectation of 0.7%. In this period, the capacity utilization rate increased by 1.2 points to 76.4%. Philadelphia and New York Fed manufacturing indices for November were above the market expectations, drawing a positive picture for the upcoming period. With the continued brisk pace of activity in domestic demand, retail sales rose for the third consecutive month in October increasing by 1.7% mom, the fastest expansion since March.

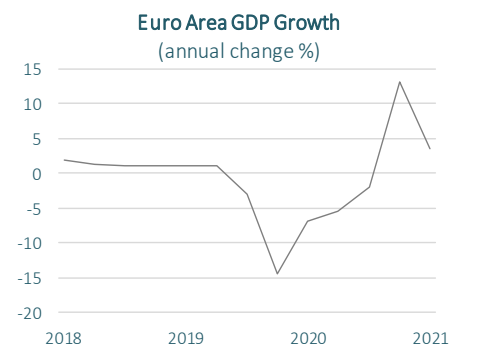
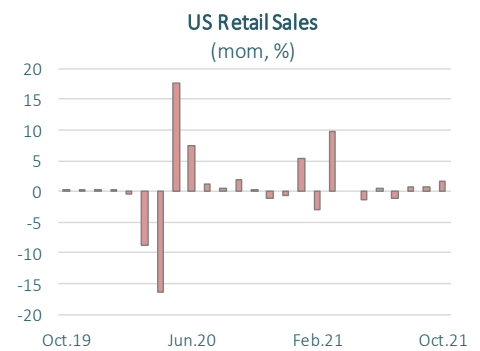
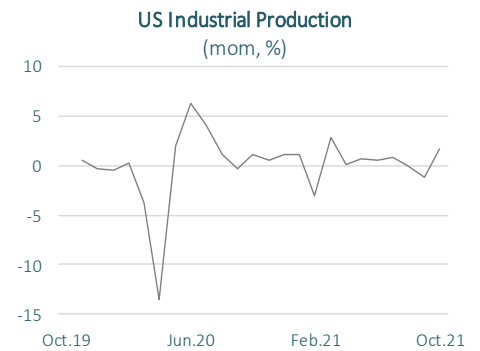
In the US, along with the macroeconomic data, the statements of the Fed officials were also monitored. Chicago Fed President Charles Evans stated that an increase in interest rates in 2022 may be appropriate if inflation persists contrary to what current forecasts suggest. Atlanta Fed President Raphael Bostic also stated that interest rates could be increased starting from the middle of next year, depending on the course of employment growth. In addition, Fed Vice Chairman Richard Clarida announced that it would be appropriate to discuss the Fed's pace of reducing asset purchases at its December meeting.

Euro Area economy grew by 3.7% yoy in the third quarter of the year.

According to the preliminary data, the Euro Area economy grew in line with market expectations in the third quarter of the year, expanding by 2.2% compared to the previous quarter and by 3.7% compared to a year ago,. In her speech at the European Banking Congress, ECB President Christine Lagarde stated that inflation will continue to increase until the end of the year, but inflationary effects will decrease in the medium term. Lagarde also stated that the ECB should not be hasty in tightening monetary policy, underlining that prematurely tightening policy will increase supply-side pressures on the economy.

CBRT cut the policy rate to 15%.

At its meeting held on November 18, CBRT lowered the policy rate by 100 bps to 15%. Thus, the CBRT reduced interest rates by 400 bps in total at its last three meetings. In the press release published after the meeting, CBRT stated that the positive effects of the update in the monetary policy stance on



Source: Datastream

commercial loans began to be seen, and the developments regarding retail loans were followed closely. The Committee stated that the temporary effects of supply-side factors and factors outside the monetary policy impact on price increases will continue throughout the first half of 2022. CBRT also announced that it will consider completing the use of the limited space implied by these effects in December.

Residential Property Price Index rose by 35.5% yoy.

Housing sales increased by 14.9% yoy in October. Mortgaged house sales, which increased by 9.7% in this period, accounted for 20.4% of the total sales. In October, first-hand and second-hand house sales expanded by 13.4% and 15.6% yoy, respectively. In the January-October period, the annual decline in mortgaged sales was 60.7%, while total sales decreased by 15.2% compared to the same period of the previous year.

According to the Residential Property Price Index published by the CBRT, housing prices increased by 3.2% mom in September. During this period, the prices registered the fastest annual surge in the history of the index with 35.5%. The annual real increase in the prices was 13.3%.

According to the data announced by the Ministry of Culture and Tourism, the number of foreign visitors increased by 99.3% yoy to 3.5 million in October. Thus, the number of visitors in the first ten months of the year increased by 88% compared to the same period of the previous year, reaching 21.1 million people. However, the number of foreign visitors decreased by 48.3% compared to the January-October period of 2019.

The consumer confidence index dropped to its historic low in November.

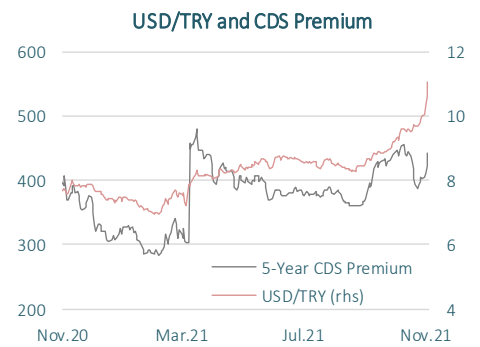
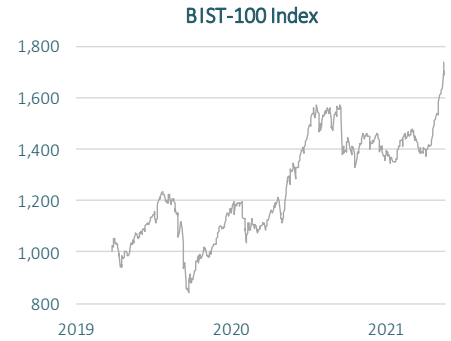
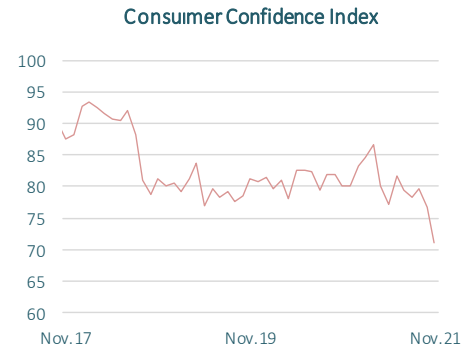
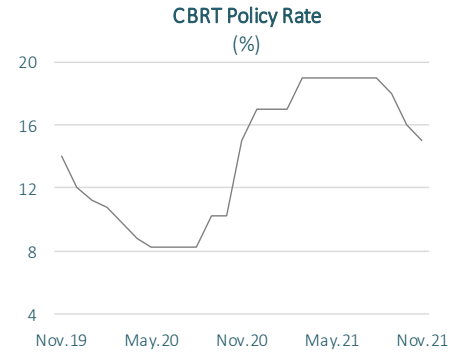
According to seasonally adjusted data, the consumer confidence index decreased by 7.3% mom and became 71.1 in November, its lowest level since the data was first published in 2004. 14 sub-indices out of the 18 decreased on a monthly basis. On the other hand, the low base impact was behind the performances of the sub-indices which recorded a monthly increase.

Last week, Turkish lira depreciated rapidly.

The rapid increase in the number of new Covid-19 cases on a global scale due to the seasonal factors caused restrictions to be reintroduced in some countries. Measures have been put in place in Germany to prevent unvaccinated people from attending crowded events, while Austria will impose a 20-day curfew on those who are not vaccinated starting from November 22. It was also announced that vaccination would become mandatory in Austria from the beginning of February 2022. The US called on the largest oil consumer countries to use their oil reserves in order to lower oil prices which recorded a rapid rise in the recent period. As a result of this development, the price of Brent crude oil per barrel decreased by 4% w/w and became 78.9 USD/barrel.

BIST-100 index, which diverged positively from other developing markets last week, finished the week at 1,737 points with a weekly increase of 6%. On the other hand, USD/TRY, which gained upward momentum in the mid-week, recorded a new all-time high with 11.32 on Friday due to the CBRT's rate cut decision as well as the guidance that it could cut interest rates also in December. Turkey's 5-year CDS premium also increased by 39 bps on a weekly basis and reached 444.

This week, the minutes of the Fed meeting, November preliminary PMI data in the US and the Euro Area will be monitored in global markets. In Turkey, the real sector confidence index for November will be followed.



Source: Datastream

Data Releases

		Period	Consensus	Prior
22 November	TR Consumer Confidence Index	November	71.1(A)	76.8
	TR Foreign Visitors, yoy	October	99.25%(A)	59.45%
	TR Central Government Gross Debt Stock	October	-	2181.1 billion TRY
	USA Existing Home Sales, units	October	6.20 million	6.29 million
	Euro Area Consumer Confidence, flash	November	-5.5	-4.5
23 November	USA Services PMI, flash	November	59.1	58.7
	USA Manufacturing PMI, flash	November	59.0	58.4
	Euro Area Services PMI, flash	November	53.6	54.6
	Euro Area Manufacturing PMI, flash	November	57.2	58.2
24 November	TR Real Sector Confidence Index	November	-	109.6
	TR Capacity Utilization Rate	November	-	78.0%
	USA GDP Growth, prelim, yoy	2021 Q3	2.1%	2.0%
	USA Durable Goods Orders, mom	October	0.2%	-0.3%
	USA Personal Consumption Expenditures, mom	September	1.0%	0.6%
	USA Michigan Consumer Confidence, final	October	67.0	66.8
	USA New Home Sales, mom	October	800K	800K

(A) Actual

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