

	18-Mar	25-Mar	Change		18-Mar	25-Mar	Change
BIST-100 Index	2,144	2,176	1.5 % ▲	EUR/USD	1.1055	1.0981	-0.7 % ▼
TRY 2 Year Benchmark Rate	25.29 %	26.48 %	119 bp ▲	USD/TRY	14.7899	14.8286	0.3 % ▲
Turkey 5-Year CDS Premium	579	586	8 bp ▲	EUR/TRY	16.3637	16.2932	-0.4 % ▼
MSCI EM Equity Index	1,123	1,125	0.2 % ▲	Gold (USD/ounce)	1,921	1,957	1.9 % ▲
US 10-Year Bond Rate	2.15 %	2.49 %	33 bp ▲	Brent Oil (USD/barrel)	107.9	120.7	11.8 % ▲

bp: basis point

Last week, the US and UK announced new sanctions against Russia. Fitch lowered its global economic growth forecast for 2022 to 3.5%. The PMI data for March indicated that economic activity gained momentum in the US, while they showed that the growth in the manufacturing and services sectors in the Euro Area continued, albeit at a slower pace. In Turkey confidence indices presented a mixed outlook in March. The statements of Fed Presidents that a tighter stance in monetary policy might be necessary put pressure on the stock markets and oil prices continued to rise. This week, non-farm payrolls in the US, leading CPI data in the Euro Area and manufacturing PMI in Turkey for March will be monitored in the markets.

New sanctions against Russia continue to be announced.

Last week, Russian President Putin announced that they are planning to switch to Russian rubles for natural gas sales payments to "unfriendly countries", including the US, EU countries and Canada. Following this development, new sanctions against Russia have been taken. As US Treasury announced new sanctions covering the Russian defense company and the Duma parliament, Britain froze the assets of Gazprombank, one of the most important channels for Russian oil and gas payments, as well as Alfa Bank and shipping company Sovcomflot. In their joint statement, the US President Biden and European Commission President von der Leyen announced on Friday that a team will be established to reduce Europe's dependence on Russian natural gas, and in line with this goal, the US will work to provide 15 billion cubic meters of LNG to European Union countries in 2022.

Fitch lowered its global economic growth forecast.

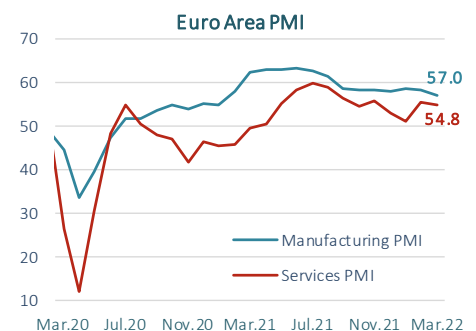
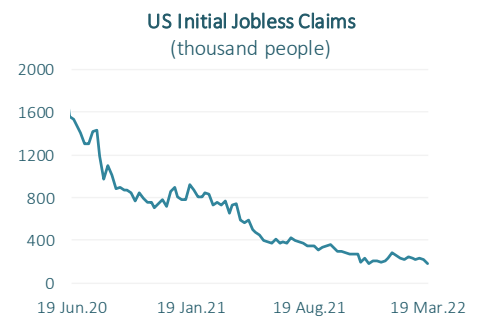
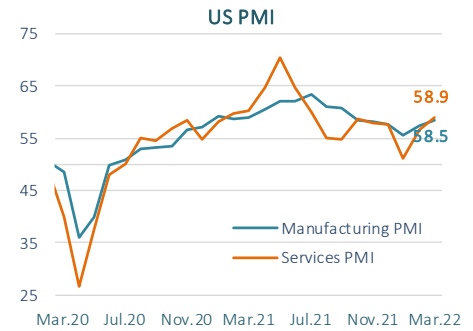
In its "Global Economic Outlook" report, Fitch revised its global GDP growth forecast for 2022 from 4.2% in December to 3.5% in March. In the report, negative effects of the Russia-Ukraine war on the global energy supply, as well as the high inflationary environment stood out. The Agency decreased the growth forecasts for the Turkish economy from 4.3% to 2.4% for this year and from 3.5% to 3.2% for 2023.

In the US, March data pointed to an increasing economic activity.

According to preliminary data in the US, the manufacturing and services PMI exceeded market expectations in March thanks to the stronger demand conditions and increased compared to the previous month. Manufacturing PMI reached the highest level in the last 6 months with a value of 58.5, while the services PMI increased to the highest level since July 2021 with 58.9. In the week ending on March 19, initial jobless claims, which decreased for 3 weeks straight, declined to 187K persons, the lowest level since 1969.

In the Euro Area, the negative impacts of the Ukraine-Russia war come to the fore.

The rapid increase in commodity prices due to the Ukraine-Russia war in March and the deepening of the problems in the supply chain caused the economic activity to lose momentum in the Euro Area. Preliminary manufacturing PMI exceeded market expectations with 57 in March, but was lower than the February level. Preliminary services PMI also decreased compared to the previous month and became 54.8. Having displayed a weak course in recent months, consumer



Source: Datastream

confidence index declined rapidly to -18.7 in March.

Confidence indices in Turkey displayed a mixed outlook.

According to seasonally adjusted data, the manufacturing industry capacity utilization rate increased by 1 point compared to the previous month to 78.2% in March, while the real sector confidence index decreased by 1.7 points on a monthly basis to 108.2. Seasonally adjusted services, retail trade and construction sector confidence indices continued to decline in March, following February. In this period, consumer confidence index increased by 1.9% mom and rose to 72.5. Sub-indices indicated that the financial situation of the household deteriorated in the current period, while the financial situation expectation for the next 12-months period improved. The improvement in the general economic situation expectation in the next 12-months period stood out.

CBRT held investor meetings.

At the investor meeting held by the CBRT, Chairman Kavcıoğlu stated that the risks arising from energy prices in the current account balance are closely monitored, and the strong trend in exports continues despite regional differences in the recent period. Kavcıoğlu added that possible supply problems pose a risk on food prices, and that the effects of high volatility in oil prices on CPI are closely monitored by CBRT. Stating that the more moderate growth of retail loans is important in limiting the risks on the inflation and external balance, Kavcıoğlu said that the CBRT will resolutely continue to apply the steps taken for financial stability.

New regulations on the application of FX-protected deposits have been announced.

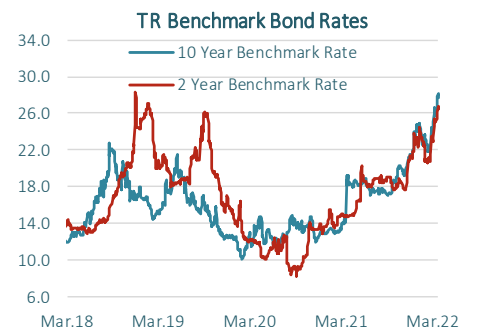
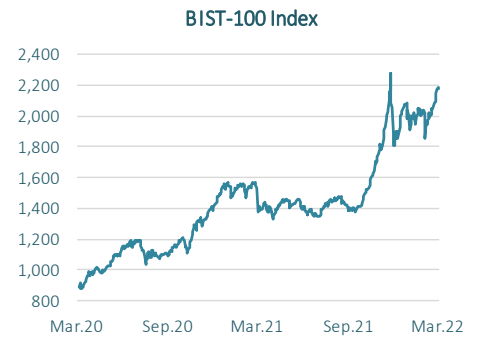
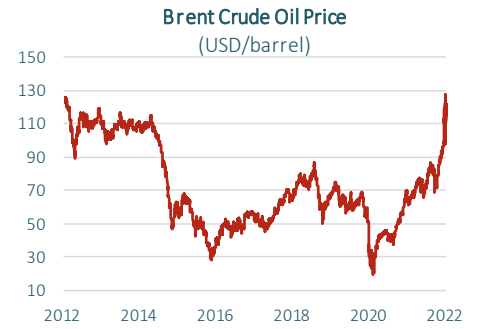
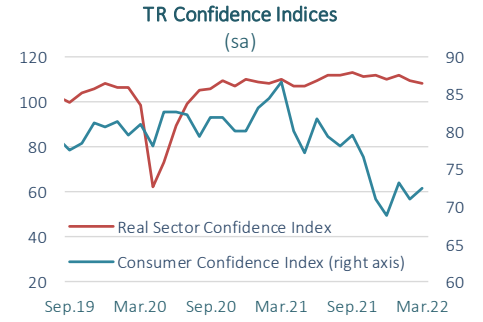
According to the amendment of the communiqué published in the Official Gazette of March 22nd, it was announced that foreign persons and their companies abroad can also be included in the Deposit and Participation Scheme for Non-Resident Turkish Citizens (YUVAM). In addition, the time limit for the conversion of FX deposit accounts to TL, which was December 20, 2021 has been removed allowing real persons to be included in the system as long as the KKM system continues. According to the decision published in the Official Gazette on March 23rd, the Banking and Insurance Transactions Tax (BSMV) has been determined as zero in foreign exchange sales to account holders using the expiry account balance of TL accounts opened within the scope of FX-Protected Deposits. According to BRSA data, FX-Protected TL Deposit and Participation Accounts stood at 581 billion TL as of March 18.

Financial markets...

Last week, developments regarding the Russia-Ukraine war continued to impact global markets. Fed Chairman Powell's statement that the policy rate may be increased by more than 25 bps in the upcoming meetings in order to ensure price stability, as well as the statements made by other Fed Presidents put pressure on the US stock markets. Due to the expectations that the Fed may tighten its monetary policy more quickly, the yield of the US 10-year Treasury bond reached its highest level since May 2019 with 2.49% at the close on Friday.

Energy prices rose last week as Russia stated it would sell natural gas to some countries in rubles and various sanctions announced that would affect industry's activity. The barrel price of Brent oil increased by 11.8% throughout the week, closing at 120.7 USD on Friday.

This week, the Russia-Ukraine negotiations to be held in Istanbul will be followed closely. On the data agenda of the week, non-farm employment in the US for March, CPI in the Euro Area and manufacturing PMI in Turkey come to the fore.



Source: Turkstat, Datastream

Data Releases

		Period	Consensus	Prior
29 March	USA Consumer Confidence	March	107.0	110.5
30 March	TR Economic Confidence	March	-	98.2
	USA GDP Growth, final, yoy	2021 Q4	7.1%	7.0%
	USA ADP Employment Report	March	438 k	475 k
	Euro Area Consumer Confidence, final	March	-18.7	-18.7
31 March	TR Trade Balance	February	-	-10.3 billion USD
	USA Personal Consumption Expenditures, mom	February	0.5%	2.1%
	Euro Area Unemployment Rate	February	6.7%	6.8%
	China NBS Manufacturing PMI	March	-	50.2
1 April	TR Manufacturing PMI	March	-	50.4
	USA Nonfarm Payrolls	March	475 k	678 k
	USA Unemployment Rate	March	3.7%	3.8%
	USA ISM Manufacturing PMI	March	58.6	58.6
	USA Manufacturing PMI, final	March	-	58.5
	Euro Area Manufacturing PMI, final	March	57.0	57.0
	Euro Area CPI Inflation, flash, yoy	March	6.5%	5.9%
	China Caixin Manufacturing PMI, final	March	-	50.4

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