

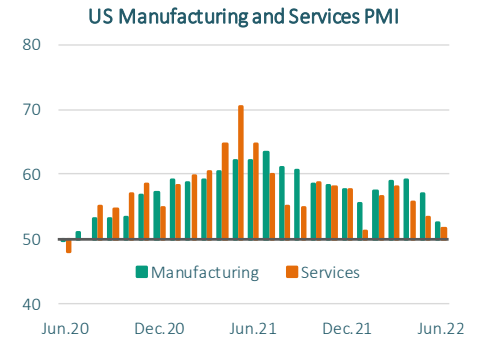
	17-Jun	24-Jun	Change		17-Jun	24-Jun	Change
BIST-100 Index	2,533	2,554	0.8 % ▲	EUR/USD	1.0498	1.0554	0.5 % ▲
TRY 2 Year Benchmark Rate	25.83 %	24.88 %	-95 bp ▼	USD/TRY	17.3255	16.8860	-2.5 % ▼
Turkey 5-Year CDS Premium	823	782	-41 bp ▼	EUR/TRY	18.1933	17.8203	-2.1 % ▼
MSCI EM Equity Index	1,005	1,011	0.7 % ▲	Gold (USD/ounce)	1,839	1,826	-0.7 % ▼
US 10-Year Bond Rate	3.23 %	3.14 %	-9 bp ▼	Brent Oil (USD/barrel)	113.1	113.1	0.0 % ●

bp: basis point

Last week, preliminary PMI data showed that the economic activity in the US and Euro Area lost momentum. At its meeting last week, the CBRT left the policy rate unchanged, while the BRSA introduced new regulations for loan disbursements. The Grand National Assembly of Turkey's Planning and Budget Committee approved the additional budget proposed for 2022. In June, confidence indicators painted a negative picture. In May, foreign arrivals went up by 308% yoy. This week, the final reading of first-quarter growth in the US and the CPI data in the Euro Area stand out on the agenda of global markets. In Turkey, foreign trade statistics and manufacturing PMI data will be followed.

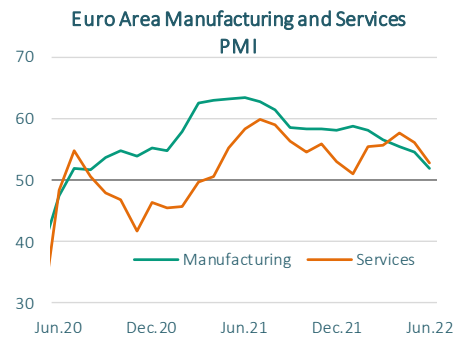
#### In the US, preliminary PMI pointed to a loss of momentum in economic activity.

In June, the preliminary manufacturing PMI declined to 52.4 in the US, reaching its lowest level since July 2020, due to the contraction in new orders for the first time in nearly two years because of the rising inflation and declining consumer confidence. Preliminary services PMI also showed its worst performance in the last five months with 51.6. In its evaluation note on the US economy, the IMF emphasized that a slowdown in economic activity is expected, but a recession is not. The organization reduced its growth expectation for 2022 from 3.7% to 2.9%, while expectations for 2023 declined to 1.7%.



#### In the Euro Area, the leading PMI for June came in below market expectations.

According to preliminary PMI data, the Euro Area's economy lost the pace of activity. In June, preliminary services PMI declined to 52.8, its lowest level since January. Manufacturing industry PMI came in at 52, also below the market expectation of 53.9. Consumer confidence declined more than expected in June, touching its historic low in April 2020 during pandemic. Rising inflationary pressures due to the Russia-Ukraine war were also behind this development. Last week, ECB President Christine Lagarde, stated that the ECB plans to increase its policy rate again in September, following the 25 basis point hike planned in July.

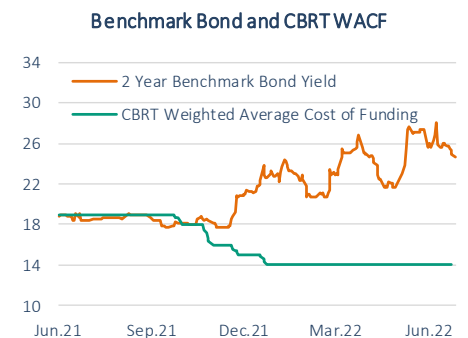


#### CBRT kept the policy rate unchanged at 14%.

In its meeting held last week, the CBRT kept the policy rate unchanged at 14%, in line with expectations. In the text published after the meeting, CBRT stated that credit growth and allocation of funds for real economic activity purposes are closely monitored. In this context, CBRT highlighted that the strengthened macroprudential policy set will be implemented with determination and additional measures will continue to be implemented if necessary.

#### New regulations on loans from the BRSA...

The Banking Regulation and Supervision Agency (BRSA) made a new regulation to differentiate the loan value ratio in housing loans based on amount. The BRSA also decided to apply a 500% risk weight to the TRY and foreign currency commercial loans that will be extended to residents in case they have derivative transactions with non-residents. With another regulation, a foreign currency asset limit was introduced for the use of TRY-denominated loans by companies subject



Source: Datastream, IMF

to independent auditing. Accordingly, if the TRY equivalent of the FX cash assets of a company is over 15 million TRY as of the date of loan application and these FX assets exceed 10% of the company's total assets or the net sales revenue of the last one year, this company cannot use a new cash commercial loan in TRY. It has been announced that companies that are not able to use FX loans in accordance with the legislation, and those who document that they have an FX short position in the 3-month period following the loan application date, approved by the independent audit firm, can use TRY denominated loans, limited to the FX position gap.

#### The number of foreign visitors to Turkey increased by 308.5% yoy in May.

According to the data announced by the Ministry of Culture and Tourism, the number of foreign visitors to Turkey in May increased by 308.5% yoy to 3.8 million. Thus, the number of visitors in the January-May period more than doubled compared to the same period of the previous year, reaching 11.3 million people. However, the number of foreign visitors decreased by 11.4% compared to the January-May period of 2019, before the pandemic.

#### Planning and Budget Committee accepted the additional budget proposal for 2022.

Last week, the Grand National Assembly of Turkey's Planning and Budget Committee accepted an additional appropriation of 880 billion TRY for the general and special administrative budgets proposed for 2022. In this context, a budget of 120.5 billion TRY will be allocated for capital transfers to SOEs and 40 billion TRY will be allocated for expenses related to FX-protected deposit. Central government gross debt stock stood at 3.364 billion TRY as of May. In this period, the share of foreign currency debts in gross debt stock increased by 9.8 points yoy to 67.7%.

#### Consumer confidence index fell to a historic low level.

According to seasonally adjusted data, the consumer confidence index decreased by 6.2% mom in June and reached a historic low of 63.4, while the real sector confidence index decreased by 2.4 points to 104.6. In the same period, sectoral confidence indices drew a mixed picture. The seasonally adjusted sectoral confidence index decreased by 1.7% mom and 2.3% mom respectively in the service and retail sectors in June, while construction sector confidence increased by 1.7%.

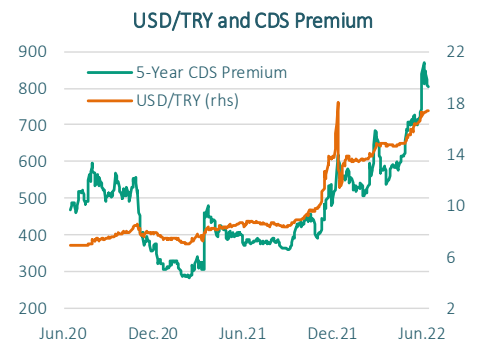
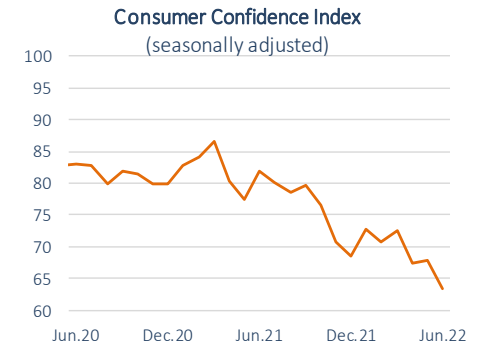
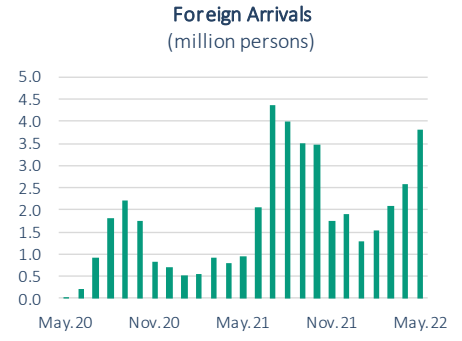
#### Global markets followed a positive course.

Global stock markets, which were under pressure due to recession concerns at the beginning of last week, closed the week with a positive course as the US banks passed Fed's annual stress test. Oil prices fluctuated with the concerns on global recession and news flow that there could be a temporary tax exemption in the US to combat fuel prices.

In Turkey, BIST-100 index increased by 0.8% wov last week. The USD/TRY parity, which fell sharply on Friday after the BRSB decision, closed the week with a decrease of 2.5%. Turkey's 5-year CDS premium declined by 41 basis points wov and fell below the 800 level.

#### This week's agenda...

This week, the final reading of first quarter growth in the US and the CPI data in the Euro Area come to the fore on the data agenda of global markets. In Turkey, the final foreign trade statistics for May and the manufacturing PMI for June will be followed.



Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
27 June	USA Durable Goods Orders, mom	May	0.0%	0.5%
	USA Pending Home Sales, mom	May	-4.0%	-3.9%
28 June	USA Consumer Confidence, flash	June	100.9	106.4
29 June	TR Economic Confidence	June	-	96.7
	USA GDP Growth, final, yoy	2022 Q1	-1.5%	-1.5%
	Euro Area Consumer Confidence, final	June	-23.6	-23.6
30 June	TR Trade Balance	May	-	-6.1 billion USD
	USA Personal Consumption Expenditures, mom	May	0.5%	0.9%
	Euro Area Unemployment Rate	May	6.8%	6.8%
	China NBS Manufacturing PMI	June	-	49.6
1 July	TR Manufacturing PMI	June	-	49.2
	USA ISM Manufacturing PMI	June	55.0	56.1
	Euro Area CPI Inflation, flash, yoy	June	8.3%	8.1%
	Euro Area Manufacturing PMI, final	June	52.0	52.0
	China Caixin Manufacturing PMI, final	June	-	48.1

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## Economic Research Division

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Alper Grler  
Division Head  
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya  
Asst. Manager  
dilek.kaya@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Ahmet Berat Ocak  
Asst. Economist  
berat.ocak@isbank.com.tr

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