

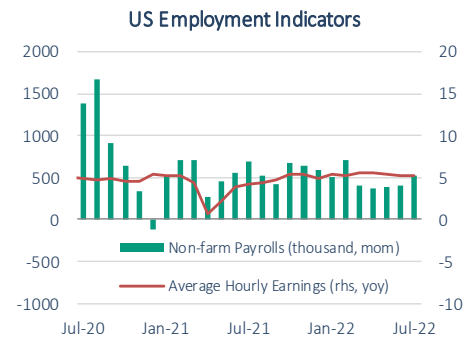
	29-Jul	5-Aug	Change		29-Jul	5-Aug	Change
BIST-100 Index	2,592	2,750	6.1 % ▲	EUR/USD	1.0218	1.0181	-0.4 % ▼
TRY 2 Year Benchmark Rate	22.86 %	21.42 %	-144 bp ▼	USD/TRY	17.9114	17.9101	0.0 % ●
Turkey 5-Year CDS Premium	812	730	-82 bp ▼	EUR/TRY	18.3186	18.2367	-0.4 % ▼
MSCI EM Equity Index	994	1,003	0.9 % ▲	Gold (USD/ounce)	1,765	1,774	0.5 % ▲
US 10-Year Bond Rate	2.64 %	2.84 %	20 bp ▲	Brent Oil (USD/barrel)	110.0	94.9	-13.7 % ▼

bp: basis point

Last week, in addition to the non-farm payrolls announced in the US, the statements of Fed officials as well as the OPEC+ meeting was followed in the global markets. In the US, the rise in non-farm payrolls exceeded expectations in July, easing the recession concerns to some extent, while Fed officials reiterated the “fight against inflation will continue” message in their statements. OPEC+ countries decided to increase oil production by 100K barrels per day in September. The Bank of England raised the policy rate by 50 basis points to 1.75%. In Turkey, annual CPI inflation reached 79.6% in July. According to preliminary data, the foreign trade deficit became 10.6 billion USD in July. This week, the US inflation data come to the fore in global markets. In Turkey, the balance of payments, employment and industrial production data will be followed.

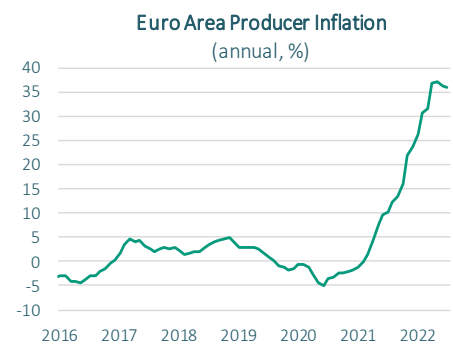
In the US, the increase in non-farm payrolls exceeded expectations.

Last week, market’s focus was on US non-farm payrolls. In July, the increase in non-farm payrolls became 528K persons, well above the market expectation of 250K persons. Unemployment rate decreased by 0.1 points mom to 3.5%. On the other hand, the composite PMI data, which is a weighted average of manufacturing and services PMI data, declined to 47.7 in July and fell below the threshold level for the first time in 2 years. While the PMI data pointing to the loss of momentum in economic activity brought recession concerns to the fore, strong employment data strengthened the possibility that the Fed officials may continue to take a hawkish stance in monetary policy. Last week Fed officials emphasized that the central bank's fight against inflation continues, and pointed out that they agreed on an interest rate hike that would significantly curb inflationary pressures.



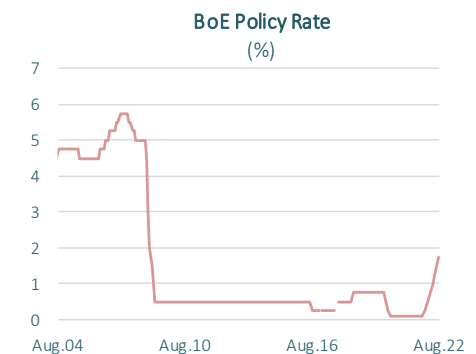
The Euro Area's annual rise in producer prices slowed down.

Annual producer price inflation in the Euro Area, which reached 36.2% in May, declined to 35.8% in June, reaching the lowest level of the last 4 months. On the other hand, the composite PMI data realized as 49.9 in July, the lowest level in 17 months and pointing to the contraction in economic activity.



The Bank of England’s largest interest rate hike in 27 years...

In its meeting held in August, the Bank of England (BoE) hiked the policy rate by 50 basis points to 1.75%, in line with market expectations. Thus, the largest increase in the policy rate since 1995 was recorded. While the BoE raised its annual inflation expectation from 9.4% to 13%, it anticipated that the economy would contract in the last quarter of this year and enter the recession in the first quarter of 2023.



China's foreign trade surplus reached 101.3 billion USD.

In China, exports increased by 18% yoy in July, above the market expectations, while imports rose by 2.3%. Thus, the foreign trade surplus exceeded the expectation of 90 billion USD and reached a historic high of

Source: Datastream,

101.3 billion USD. Net exports support the Chinese economy, which lost momentum due to the impact of quarantine measures.

Annual CPI inflation in Turkey reached 79.6% in July.

CPI rose by 2.37% mom in July below the market expectations of 2.9%, while annual CPI inflation reached a 24-year high of 79.6%. Annual D-PPI inflation reached 144.61% while the index recorded its lowest monthly increase since September 2021 with 5.17%. Considering the widening gap between producer and consumer inflation, the high course of core inflation figures and the upward trend in exchange rates, we think that annual inflation will maintain its high course in the upcoming period ([our Inflation Developments report](#)).

The upward trend in the foreign trade deficit raises concerns about the current account deficit.

According to the preliminary foreign trade data announced by the Ministry of Trade, exports increased by 13.4% yoy to 18.6 billion USD in July, while imports rose by 40.8% to 29.1 billion USD. In this period, the foreign trade deficit widened by 144.5% compared to the same period of last year and became 10.6 billion USD.

According to the data released by the Ministry of Treasury and Finance, the Treasury cash balance had a deficit of 92.8 billion TRY in July. The primary deficit was realized as 77.5 billion TRY in the same period. In the first 7 months of the year, the cash balance gave a deficit of 37.1 billion TRY, while the primary surplus was 96.9 billion TRY.

Automobile and light commercial vehicle market expanded by 9.1% in July.

According to the data announced by the Automotive Distributors Association, the automobile and light commercial vehicle market reached 52,206 units in July with an increase of 9.1% compared to the same month of the previous year. In the January-July period, the total market contracted by 7.3% to 410,110 units. In this period, automobile and light commercial vehicle sales decreased by 7.9% and 5.3% yoy, respectively.

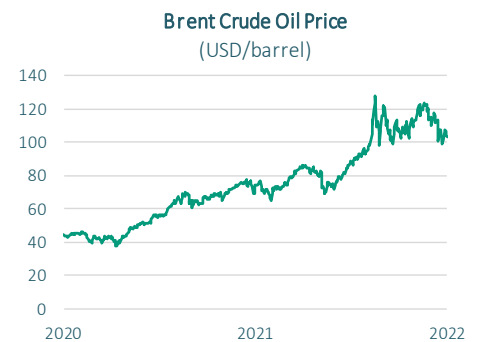
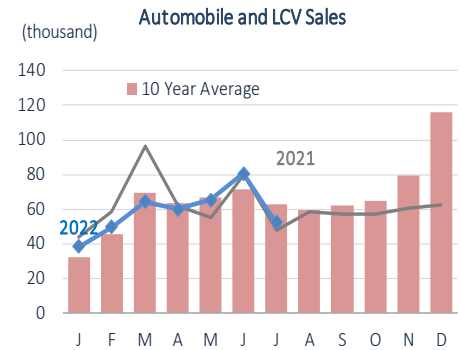
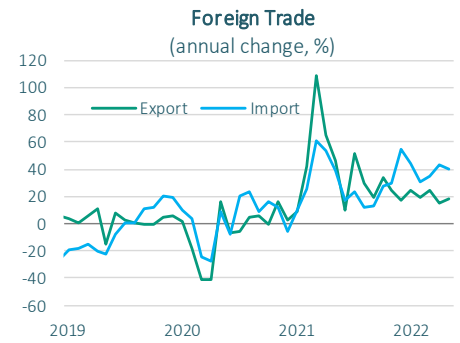
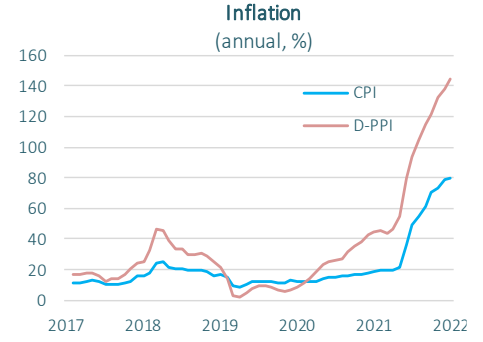
Oil prices fell to the lowest level of the last 6 months.

Last week, global stock markets followed a positive course in general. While, OPEC+ countries decided to increase oil production by 100K barrels per day in September, oil prices remained under pressure as concerns continued that the slowdown in global economic activity would reduce energy demand. The barrel price of Brent crude oil decreased by 13.7% wov to 94.9 USD, the lowest levels of the last 6 months.

Domestic financial market had a positive outlook in the last week. The BIST-100 index increased by 6.1% wov, as the decline in oil prices brought about an improvement in the risk perception towards Turkey as a net energy importer. While the USD/TRY rate followed a flat course thanks to market optimism, Turkey's 5-year CDS premium dropped by 82 basis points compared to the previous week to 730.

This week's agenda...

This week, US inflation data come to the fore in global markets. In Turkey, the balance of payments statistics for July and the industrial production index, as well as the employment data for June will be followed.



Source: Datastream, Turkstat ,ODD,Ministry of Commerce

Data Releases

		Period	Consensus	Prior
8 August	Euro Area Sentix Index	August	-25.2 (A)	-26.4
10 August	TR Unemployment Rate	June	-	10.9
	USA CPI Inflation, yoy	July	8.7%	9.1%
	China CPI Inflation, yoy	July	2.9%	2.5%
	China PPI Inflation, yoy	July	4.8%	6.1%
11 August	TR Current Account Deficit	June	-3.4 billion USD	-6.5 billion USD
	TR Foreign Trade Indices	June	-	-
	USA PPI Inflation, yoy	July	10.4%	11.3%
12 August	TR Industrial Production, yoy	June	6.7%	9.1%
	TR Retail Sales Indices	June	-	-
	TR Turnover Indices	June	-	-
	USA Michigan Consumer Confidence, prelim	August	52.2	51.5
	Euro Area Industrial Production, yoy	June	0.7%	1.6%

(A) Actual

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