

	2-Sep	9-Sep	Change		2-Sep	9-Sep	Change
BIST-100 Index	3,223	3,521	9.3 % ▲	EUR/USD	0.9951	1.0039	0.9 % ▲
TRY 2 Year Benchmark Rate	14.52 %	13.81 %	-71 bp ▼	USD/TRY	18.1777	18.2334	0.3 % ▲
Turkey 5-Year CDS Premium	750	678	-72 bp ▼	EUR/TRY	18.1174	18.3098	1.1 % ▲
MSCI EM Equity Index	972	970	-0.2 % ▼	Gold (USD/ounce)	1,711	1,716	0.3 % ▲
US 10-Year Bond Rate	3.19 %	3.32 %	13 bp ▲	Brent Oil (USD/barrel)	93.0	92.8	-0.2 % ▼

bp: basis point

Last week, economic data released in the US and ECB's September monetary policy meeting was followed closely in the global markets. In the US, ISM services PMI indicated that the growth in the sector gained momentum, while the ECB hiked policy interest rates by 75 basis points and revised its inflation and growth expectations. OPEC+ decided to reduce oil production by 100,000 barrels per day in October. In Turkey, current account deficit became 4 billion USD in July, while the unemployment rate declined to 10.1%. This week, inflation and industrial production in the US and Euro Area come to the fore in the agenda of global markets. In Turkey, industrial production, central government budget and the results of the CBRT's Survey of Market Participants will be watched.

The data released in the US drew a positive picture regarding the economic outlook.

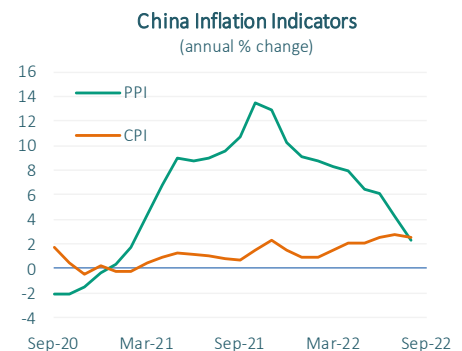
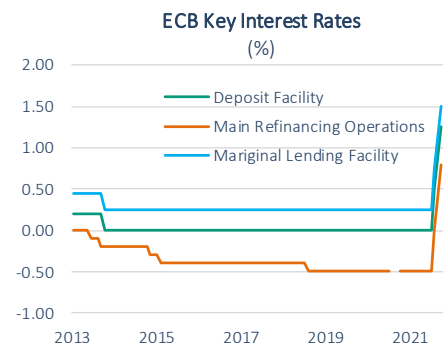
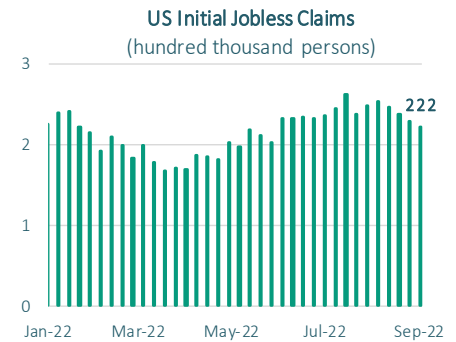
In the US, August ISM services PMI rose by 0.2 points mom to 56.9 due to the rise in orders and the recovery in sector's employment. In addition to the positive PMI, in the week of September 3 initial jobless claims became 222K, the lowest level of the last 3 months, supported the optimistic expectations regarding the economic outlook.

The ECB hiked policy rates by 75 basis points at its September meeting.

At its meeting on September 8, the ECB decided to hike the policy rates by 75 basis points. Accordingly, the main refinancing rate was increased to 1.25%, the marginal lending facility to 1.50%, and the deposit interest rate to 0.75%. In the press release, it was stated that interest rate hikes will continue depending on the course of economic activity. It was also emphasized that downside risks on growth and upside risks on inflation weighed heavily in the upcoming period. The growth forecast for the Euro Area economy revised upwards as 3.1% for 2022; while the forecasts for 2023 and 2024 were also reduced to 0.9% and 1.9%, respectively. Annual inflation forecasts were went up from 6.8% to 8.1% for 2022, from 3.5% to 5.5% for 2023, and from 2.1% to 2.3% for 2024. ECB President Lagarde, stated that the problems in natural gas supply and the slowdown in global demand put pressure on growth, and drew attention to spreading of the price pressures across more and more sectors, including the service sector.

In China, annual PPI inflation came in at the lowest level of the last 18 months...

In August, consumer prices increased lower than expected with 2.5% yoy, while producer prices recorded the lowest increase of the last 18 months with 2.3% in China. Suppressed demand due to quarantine measures and falling commodity prices were influential on this development. Adverse demand conditions regarding global inflationary pressures and the production cuts depending on "zero covid" policy weakened the foreign trade performance of the country. In August, exports increased by 7.1% yoy, below the market expectations of 12.8%, while imports recorded a limited annual increase with 0.3%.



Source: Datastream,

In July, current account deficit in Turkey came in at 4 billion USD.

The current account deficit came in at 4 billion USD in July, above expectations. Hence, the total current account deficit rose to 36.7 billion USD in the first seven months of the year. Net capital inflows both in reserves and net errors and omissions maintained to be major factors in financing current account deficit as of the first seven months of the year. It was noteworthy that the current account balance, which seasonally displays a positive outlook in the summer months with the contribution of tourism revenues, posted a high deficit in the summer of 2022 due to increasing energy bills ([Our Balance of Payments report](#)).

The unemployment rate decreased to 10.1% in July.

In July, the seasonally adjusted unemployment rate decreased by 0.3 points mom to 10.1%, the lowest level since March 2018. In this period, the employment rate fell by 0.3 points compared to the previous month to 47.3%, while the labor force participation rate decreased by 0.5 points to 52.6%. The labor underutilization rate consisting of time-related underemployment, potential labor force, and unemployment increased by 2 points in July compared to the previous month and reached the highest level of the last six months with 22,5%.

The export climate index fell to 48.8 in August.

Türkiye Export Climate Index posted 48.8 in August, indicating end of the 19-month strong course in the exports of the manufacturing industry. Although the slowdown in economic activity in key export markets put pressure on the index, the growth in Middle East market limited the weakening in the export climate. In this period, the CPI-based real effective exchange rate index, which shows the depreciation of the TRY in real terms against the currency basket of the countries that have a significant share in foreign trade, fell to the lowest level of the last 7 months.

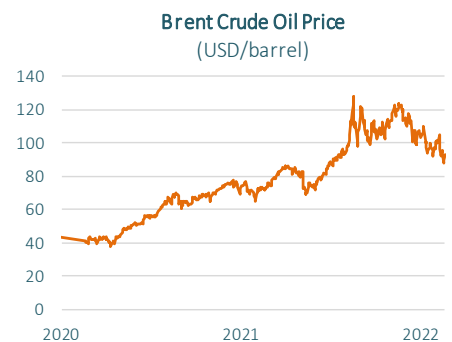
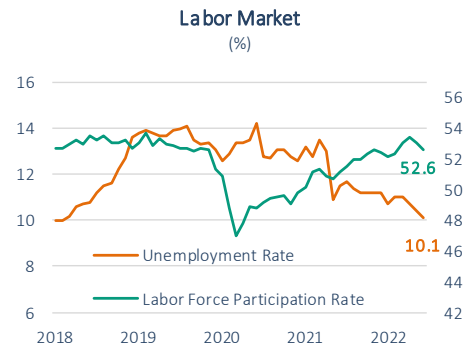
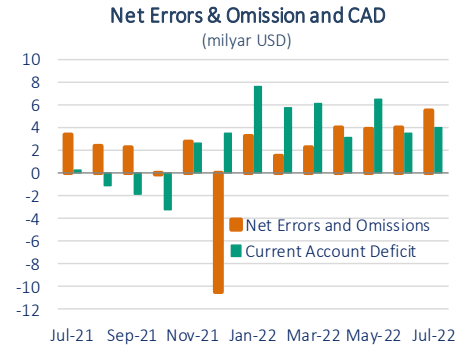
Oil prices follow a fluctuating course.

At the OPEC+ meeting held last week, it was decided to reduce oil production by 100,000 barrels per day in October. Although OPEC+ countries cut production for the first time since 2020, oil prices remained under pressure as the ongoing lockdown measures in China reduced global demand. The barrel price of Brent crude oil, which tested its lowest level since January with 88 USD during the week, closed the week at 92.8 USD with a decrease of 0.2%. In this period, stock markets exhibited a volatile course due to increasing geopolitical concerns as well as uncertainties about the monetary policy implementations of the major central banks.

The BIST-100 index diverged positively from the emerging markets last week, with the decline in energy prices and the continuum of foreign investors' interest. The index surged by 9.3% wow and closed the week at a historical high with 3,521 points. USD/TRY followed a relatively flat course and closed the week at 18.23. The yield of the 2-year benchmark bond decreased by 71 basis points on a weekly basis and became 13.81%.

This week's agenda...

This week, inflation and industrial production in the US and Euro Area come to the fore in the agenda of global markets. In Turkey, industrial production, central government budget and the results of the CBRT's Survey of Market Participants will be followed.



Source: Datastream, Turkstat ,CBRT,

Data Releases

		Period	Consensus	Prior
12 September	TR Current Account Deficit	July	-4 billion USD (A)	-3.5 billion USD
	TR Unemployment Rate	July	10.1% (A)	10.4%
	TR Foreign Trade Indices	July	-	-
13 September	TR Industrial Production, yoy	July	-	8.5%
	TR Retail Sales Indices	July	-	-
	TR Turnover Indices	July	-	-
14 September	USA CPI Inflation, mom	August	-0.1%	0.0%
	USA PPI Inflation, mom	August	-0.1%	-0.5%
	Euro Area Industrial Production, yoy	July	0.6%	2.4%
15 September	TR Budget Balance	August	-	-64 billion TRY
	TR House Sales, yoy	August	-	-12.9%
	USA Industrial Production, mom	August	0.1%	0.6%
16 September	USA Retail Sales, mom	August	0.0%	0.0%
	TR Residential Property Price Index, yoy	July	-	9.0%
	CBRT Survey of Market Participants	September	-	-
	USA Michigan Consumer Confidence, prelim	September	60.0	58.2
	Euro Area CPI Inflation, mom	August	0.5%	0.1%
	China Industrial Production, yoy	August	3.8%	3.8%
China Retail Sales, yoy	August	3.5%	2.7%	

(A) Actual

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