

	14-Oct	21-Oct	Change		14-Oct	21-Oct	Change
BIST-100 Index	3,627	3,935	8.5 % ▲	EUR/USD	0.9719	0.9860	1.5 % ▲
TRY 2 Year Benchmark Rate	16.03 %	14.50 %	-153 bp ▼	USD/TRY	18.5585	18.5884	0.2 % ▲
Turkey 5-Year CDS Premium	764	737	-27 bp ▼	EUR/TRY	18.0592	18.3391	1.5 % ▲
MSCI EM Equity Index	863	865	0.2 % ▲	Gold (USD/ounce)	1,642	1,657	0.9 % ▲
US 10-Year Bond Rate	4.01 %	4.21 %	21 bp ▲	Brent Oil (USD/barrel)	91.6	93.5	2.0 % ▲

bp: basis point

According to the data announced last week, industrial production in the US increased more than expected in September, while pressures on the housing market persisted due to the rise in mortgage rates. The CBRT cut the policy rate to 10.5% and signaled that interest rate cuts may end after the next meeting. The consumer confidence index became 76.2 in October, the highest level of the last one year. This week, in addition to the ECB meeting, leading PMI data for October in the US and Euro Area will be followed. In Türkiye, the CBRT will publish the last Inflation Report of the year.

In the US, preliminary data for October drew a negative picture.

In the US, the contraction in the housing sector has deepened in parallel with the rise in mortgage rates. In September, housing starts decreased by 8.1% mom, while existing home sales also contracted rapidly by 23.8% mom. Industrial production expanded by 0.4% mom, above market expectations, thanks to the rise in durable and non-durable consumer goods production. Philadelphia and New York manufacturing indices, which are leading indicators for industrial production, drew a negative picture for October.

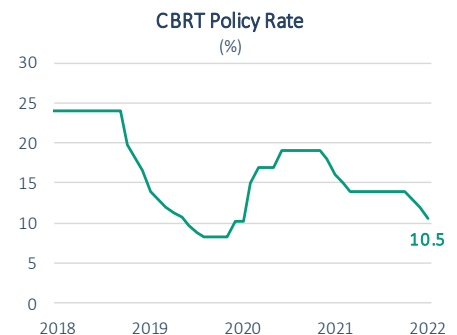
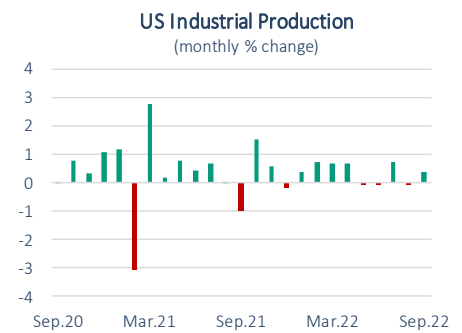
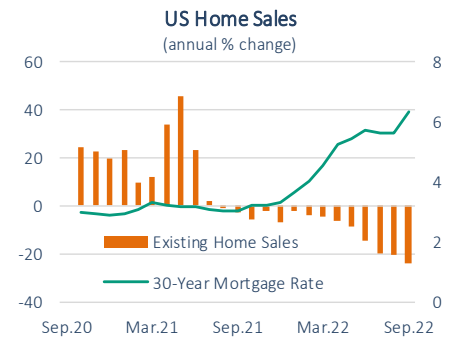
According to the Fed's Beige Book report, the conditions for the course of economic activity and inflation varied between areas. In the report, it was stated that price growth remained elevated, though some easing was noted across several Districts.

CBRT lowered the policy rate to 10.5%.

At its meeting held on October 20, CBRT lowered the policy rate by 150 basis points from 12% to 10.5%. In the text released after the meeting, CBRT stated that the Board is considering to end the interest rate cut cycle after taking a similar step at the next meeting. Mentioning that the leading indicators for the second half of the year indicated that the slowdown in growth continued, CBRT added that the effects of external demand-based pressures on domestic demand and supply capacity, which are limited for the moment, will be closely monitored. CBRT also stated that the high course of energy prices and the possibility of a recession in the main export markets keep the risks on the current account balance alive. In addition, the text highlighted that the tools to support the effectiveness of the monetary transmission mechanism will continue to be strengthened.

CBRT and BRSA announced new regulations.

On October 18, CBRT increased the rate of TRY-denominated securities maintenance, which it applies to banks for their FX liabilities, from 3% to 5%, as part of the liraization strategy. CBRT stated that starting from the



Source: Datastream, CBRT

beginning of 2023, the securities maintenance will be implemented according to the targets based on the share of TRY deposits in total deposits.

BRSA changed the FX asset limit applied for companies to use TRY loans. In this context, the TRY equivalent amount of foreign currency asset limit applied as 15 million TRY for TRY-denominated loan use by companies subject to independent audit was reduced to 10 million TRY. Accordingly, the companies will not be able to use a new cash commercial loan in TRY if the TRY equivalent of FX cash assets of the companies are over 10 million TRY as of the date of loan application and these FX assets exceed 5% of the company's total assets or the last year's net sales revenue.

The central government gross debt stock stood at 3.67 trillion TRY.

According to the data of the Ministry of Treasury and Finance, the central government gross debt stock stood at 3.67 trillion TRY as of September 2022. Out of the debt stock 2.41 trillion TRY were foreign currency debts, while 1.26 billion TRY consisted of Turkish lira-denominated debts. The share of foreign currency debt in gross debt stock decreased from 67% in August to 65.7% in September.

Consumer confidence index rose to 76.2, the highest level of the last one year.

According to seasonally adjusted data, consumer confidence index in Türkiye increased by 5.3% on a monthly basis in October and reached the highest value of the last one year at 76.2. While the improvement in the financial situation of the household for the current period was the determining factor in the rise of the index, there was an increase in the expectations for the next 12-month period as well.

The rise in the residential property price index continued in August.

In Türkiye, residential property price index (RPPI) increased by 8% on a monthly basis and by 184.6% on an annual basis in August. In this period, the region where RPPI rose the fastest on an annual basis was Antalya, Burdur and Isparta with 231.3%. In the same period, RPPI in Istanbul, Ankara and Izmir went up by 210.8%, 193.5% and 175.7%, respectively. The annual real increase in the RPPI across Türkiye was 57.2%.

BIST-100 index rose by 8.5% on a weekly basis.

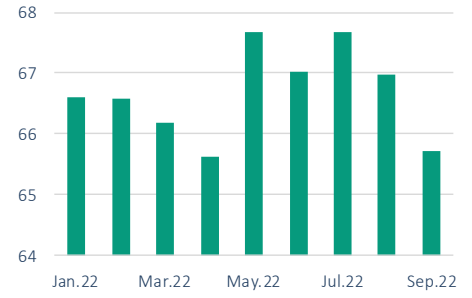
Last week, the DXY index declined on a weekly basis, but maintained its high level above 110. In the UK, Prime Minister Liz Truss's resignation led the sterling to appreciate, while the EUR/USD parity rose by 1.5% wow.

The BIST-100 index displayed a positive performance last week, increasing by 8.5% wow to 3,935. With the effect of the CBRT's regulation on banks' securities maintenance, the 2-year benchmark bond yield decreased by 153 basis points on a weekly basis to 14.5%. Although decreasing by 27 basis points, Türkiye's 5-year CDS premium remained at high levels.

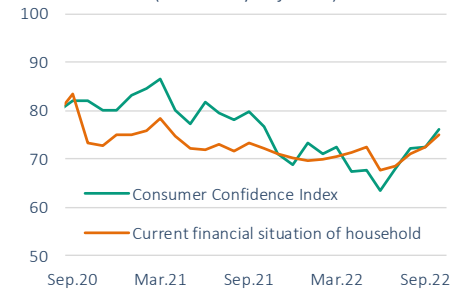
This week's agenda...

This week, preliminary PMI data for October, which will be announced in the US and Euro Area, are on the data agenda of global markets. In addition, the October meeting of the ECB will be followed closely. In Türkiye, the CBRT will publish the last Inflation Report of the year.

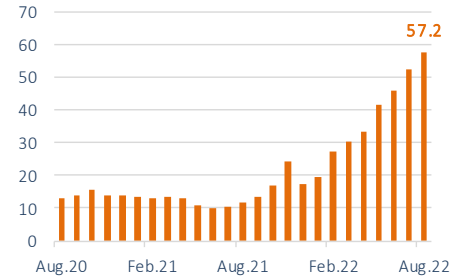
Central Government Debt Stock
(FX share, %)



Consumer Confidence Index
(seasonally adjusted)



Residential Property Price Index
(real, annual % change)



BIST-100 Index



Source: Datastream, Turkstat, Treasury, CBRT,

Data Releases

		Period	Consensus	Prior
24 October	USA Manufacturing PMI, flash	October	51.0	52.0
	USA Services PMI, flash	October	49.2	49.3
	Euro Area Manufacturing PMI, flash	October	47.8	48.4
25 October	Euro Area Services PMI, flash	October	48.2	48.8
	TR Capacity Utilization Rate	October	-	77.4%
	TR Real Sector Confidence Index	October	-	99.9%
26 October	USA Consumer Confidence, flash	October	106.5	108.0
26 October	USA New Home Sales, units	September	590K	685K
27 October	CBRT Inflation Report	2022 Q4	-	60.4%
	TR Trade Balance	September	-	-11.2 billion USD
	USA GDP Growth, prelim, yoy	2022 Q3	2.1%	-0.6%
28 October	ECB Meeting	October	-	-
	USA Personal Consumption Expenditures, mom	September	0.4%	%0.4
	USA Michigan Consumer Confidence, final	October	59.8	59.8
	USA Pending Home Sales, mom	September	-5.0%	-2.0%
	Euro Area Consumer Confidence, final	October	-	-27.6

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