

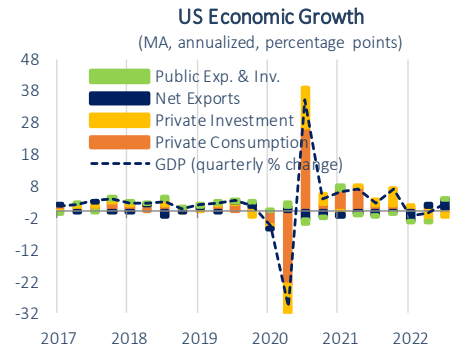
	21-Oct	28-Oct	Change		21-Oct	28-Oct	Change
BIST-100 Index	3.935	3.879	-1.4 % ▼	EUR/USD	0.9860	0.9963	1.0 % ▲
TRY 2 Year Benchmark Rate	14.50 %	15.36 %	86 bp ▲	USD/TRY	18.5884	18.5813	0.0 % ●
Turkey 5-Year CDS Premium	737	651	-86 bp ▼	EUR/TRY	18.3391	18.5167	1.0 % ▲
MSCI EM Equity Index	865	846	-2.2 % ▼	Gold (USD/ounce)	1.657	1.642	-0.9 % ▼
US 10-Year Bond Rate	4.21 %	4.01 %	-20 bp ▼	Brent Oil (USD/barrel)	93.5	95.8	2.4 % ▲

bp: basis point

Last week, the Inflation Report published by the CBRT came to the fore in Türkiye. The CBRT raised its inflation expectations from 60.4% to 65.2% for 2022, and from 19.2% to 22.3% for 2023. In global markets, on the other hand, in addition to the growth data of the US, the ECB meeting and global PMI data were followed. According to annualized data, the US economy grew by 2.6% in the third quarter of 2022 compared to the previous period. The ECB, in its October meeting, increased reference interest rates by 75 basis points, in line with the expectations. Carrying a heavy agenda this week, the Fed meeting and inflation data for October in Türkiye will be closely followed.

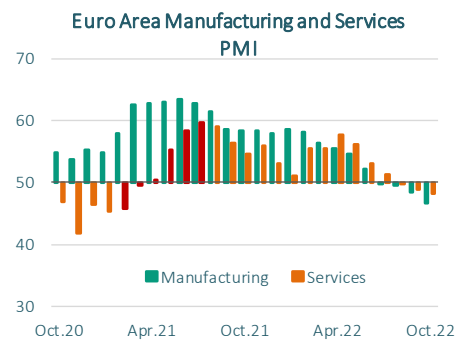
The US economy grew by 2.6% in the third quarter of this year.

According to annualized preliminary data, the US economy grew by 2.6%, above expectations, in the third quarter of 2022 compared to the previous period. The contraction observed in the foreign trade deficit, which made the highest contribution to growth since 1980 with 2.8 points, was influential on the growth performance. It was also noteworthy that the increase in the personal consumption expenditures price index, which increased by 7.3% in the second quarter of this year, decreased to 4.2% in the third quarter. Preliminary PMI data for October, on the other hand, pointed out that economic activity made a weak start to the last quarter of the year. Flash manufacturing PMI dropped to 49.9, falling below the 50 threshold for the first time since June 2020, while flash services PMI fell 2.7 points mom to 46.6. In this period. The consumer confidence index decreased to 102.5 in the same period, below market expectations.



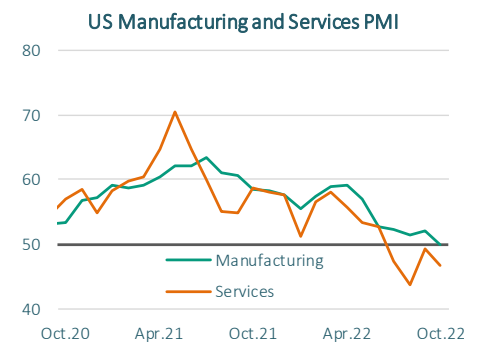
The ECB increased the interest rates by 75 basis points.

The ECB, in its October meeting, increased the reference interest rates by 75 basis points, in line with the expectations. Thus, the main refinancing rate was increased to 2%, the marginal lending facility to 2.25%, and the deposit interest rate to 1.5%. After the meeting, ECB President Lagarde remarked in her statement that the interest rate hike cycle has not yet ended and that the increase in interest rates will continue in the coming period in order to restrain inflation, which continues its record levels. Lagarde also said the economy will likely slow further in the last quarter. Despite recession concerns, the ECB raised interest rates to the highest level since 2009. Preliminary PMI data for October in the Euro Area pointed out that the contraction in economic activity has deepened. In the region flash manufacturing PMI was 46.6, the lowest level of the last 29 months, and flash services PMI was 48.2, the lowest level of the last 20 months.



The World Bank projected that energy prices will decline 11% in 2023.

The World Bank has published Commodity Markets Outlook for October. In the report, it was stated that energy prices, which were projected to increase by about 60% this year due to the Russia-Ukraine war, were expected to decrease by 11% in 2023. However, it was stated that a rapid slowdown in global growth and pandemic restrictions in China could lead to a sharper decline. It is estimated that the price of Brent crude oil per barrel will be around 92 USD in 2023 in the report. While the report projects that the increase in grain prices will be 20.6% in 2022, it is evaluated



Source: Datastream

that Russia's withdrawal from Black Sea grain deal may create an upward pressure on grain prices in the upcoming period.

China grew by 3.9% yoy in the third quarter of 2022.

Seasonally adjusted data show that the Chinese economy expanded by 3.9% in the third quarter of 2022 after contracting by 2.7% in the second quarter. Thus, the Chinese economy expanded by 3.9% yoy in the third quarter of this year. However, the NBS manufacturing PMI for October was 49.2 and the services PMI was 48.7, both of which remained below the threshold level of 50, indicating a decline in economic activity in China.

The CBRT raised its year-end inflation forecast for 2022 to 65.2%.

In the last Inflation Report of the year, the CBRT raised its inflation forecast from 60.4% to 65.2% for this year, and from 19.2% to 22.3% for 2023. The CBRT cited supply-side shocks and rising commodity prices as the causes of the revision. The average crude oil price forecast for 2022 was raised from 99.6 USD/barrel to 100.5 USD/barrel, while the food inflation forecast was increased from 71.3% to 75%.

TURKSTAT revised its tourism data.

TURKSTAT revised the tourism revenue data, stating that due to recent developments in the fields of education and health tourism, as well as the difficulties encountered in responding to the Departing Visitors Survey, particularly in the pandemic, additional data sources are required. The total tourism revenues obtained from 2012 to June 2022 were updated upwards of 21 billion USD as part of the revision. The aforementioned revision is also expected to be reflected in the current account balance. According to TURKSTAT data, tourism revenues increased by 67.9% in the first nine months of 2022 compared to the same period the previous year, reaching 35 billion USD. On the other hand, tourism revenues increased by 16.4% compared to 2019, the year before the pandemic.

Rise in confidence indices...

The seasonally adjusted real sector confidence index rose by 1.8 points mom to 102 in October, while the capacity utilization rate declined by 0.7 points compared to the previous month to 76.6. In this period, sectoral confidence indices continued to improve. Confidence indices increased by 0.9%, 3.0% and 2.8% mom in the services, retail trade and construction sectors, respectively.

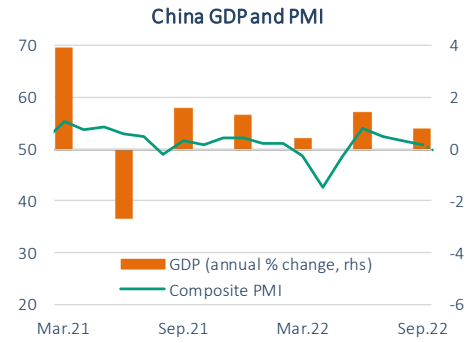
A volatile course in the global markets...

Last week, global stock markets followed a volatile course. The US leading PMI data at the beginning of the week painted a dismal picture of economic activity, which fueled hopes that the Fed would soften its tight monetary stance. Thus, the global stock markets showed a positive trend. However, the markets experienced a selling pressure due to the better-than-expected US growth data which heightened uncertainties about Fed's monetary policy. Contrarily, due to supply-side worries oil prices rose at the end of the week. The price of a barrel of Brent crude oil rose 2.9% wow and was 96.2.

The BIST-100 index declined 1% to 3,879 points due to the negative mood in global markets. Turkey's 5-year CDS risk premium decreased by 70 basis points to 667, while the USD/TRY exchange rate maintained a stable trend throughout the week.

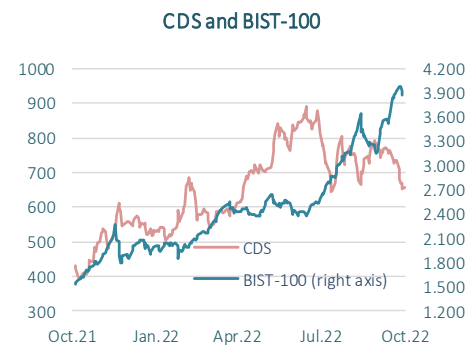
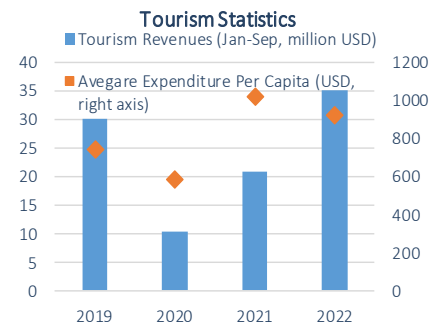
This week's agenda is...

This week, Fed and BoE meetings as well as US non-farm employment and both Euro Area GDP and inflation data will be watched closely. In Türkiye, inflation data for October, manufacturing PMI and preliminary foreign trade statistics will be announced.



CBRT Inflation Forecasts	2022	2023
2022-III (July 2022) Forecast(%)	60.4	19.2
2022-IV (October 2022) Forecast(%)	65.2	22.3
Forecast Revision as Compared to the 2022-III Period	+4,8	+3,1

Sources of Forecast Revisions (% Points)		
Turkish Lira-Denominated Import Prices (Including the Exchange Rate, Oil and Import Prices)	+2,2	+1,1
Food Prices	+0,9	-0,9
Administered Prices	+0,6	-
Output Gap	+0,2	-
Deviation from the Inflation Forecast / the Underlying Trend of Inflation	+0,9	+2,9



Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
31 October	Euro Area CPI Inflation, flash, yoy	October	10.2%	9.9%
	Euro Area GDP Growth, flash, yoy	2022 Q3	2.1%	4.1%
1 November	TR Manufacturing PMI	October	-	46.9
	USA Manufacturing PMI, final	October	-	49.9
	China Caixin Manufacturing PMI, final	October	49.0	48.1
2 November	Fed Meeting	November	-	-
	Euro Area Manufacturing PMI, final	October	46.6	46.6
3 November	TR CPI Inflation, yoy	October	85.60%	83.45%
	TR D-PPI Inflation, yoy	October	-	151.50%
	USA Trade Balance	September	-72.1 billion USD	-67.4 billion USD
	USA Services PMI, final	October	-	46.6
	USA Factory Orders, mom	September	0.3%	0.0%
	Euro Area Unemployment Rate	September	6.6%	6.6%
	BoE Meeting	November	-	-
	China Caixin Services PMI	October	-	49.3
4 November	USA Nonfarm Payrolls	October	200K persons	263K persons
	USA Unemployment Rate	October	3.6%	3.5%
	Euro Area PPI Inflation, yoy	September	42.0%	43.3%
	Euro Area Services PMI, final	October	48.2	48.2

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