

	2-Dec	9-Dec	Change		2-Dec	9-Dec	Change
BIST-100 Index	4,963	5,005	0.9 % ▲	EUR/USD	1.0538	1.0530	-0.1 % ▼
TRY 2 Year Benchmark Rate	10.48 %	10.19 %	-29 bp ▼	USD/TRY	18.6303	18.6503	0.1 % ▲
Turkey 5-Year CDS Premium	506	522	16 bp ▲	EUR/TRY	19.6377	19.6482	0.1 % ▲
MSCI EM Equity Index	974	978	0.5 % ▲	Gold (USD/ounce)	1,798	1,797	-0.1 % ▼
US 10-Year Bond Rate	3.50 %	3.57 %	6 bp ▲	Brent Oil (USD/barrel)	85.6	76.1	-11.1 % ▼

bp: basis point

Last week, despite of the easing strict "zero-Covid" measures in China, increasing recession concerns, geopolitical developments and continued inflationary pressures indicated by the US PPI data suppressed the global risk appetite. In Euro Area, while the annual GDP growth for the third quarter was revised to 2.3%, deterioration in consumers' inflation expectations continued. Oil prices fell by 11.1% wow due to the increasing uncertainty regarding global economic activity. In Turkey, current account deficit decreased to 359 million USD in October. The Manufacturing Industry Export Climate Index pointed to a deterioration in the export conditions of the industry for the fourth consecutive month in November. This week, as well as US CPI data Fed, ECB and BoE meetings stand out on the agenda of global markets. In Türkiye, industrial production index, budget balance and the results of the CBRT's Survey of Market Participants will be announced.

US producer prices rose above expectations in November.

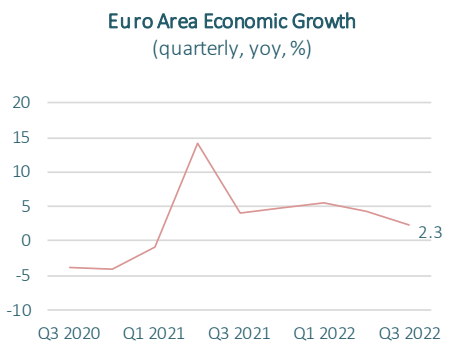
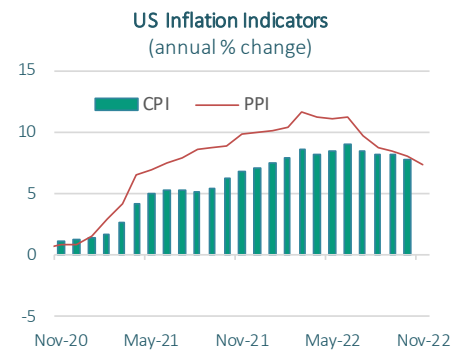
In the US, the ISM services index increased by 2.1 points mom to 56.5 in November, indicating that activity in the sector was buoyant. While the increases recorded in the production, imports and employment sub-indices were behind the rise of the index, the sharp decline in new export orders limited the increase. PPI inflation in November exceeded the expectations with 0.3% mom and 7.4% yoy, indicating that inflationary pressures still continue. In the week ending December 3, non-farm payrolls increased slightly compared to the previous week and were in line with market expectations with 230K people.

Deterioration in inflation expectations in the Euro Area continues.

Third-quarter GDP growth in the Euro Area was revised from 0.2% to 0.3% on a quarterly basis, and from 2.1% to 2.3% on an annual basis. While fixed capital formation was decisive in the composition of annual growth, net exports limited growth by 1.1 points. The deterioration in consumers' inflation expectations in the region continues. According to a survey by the European Central Bank (ECB), the inflation expectation for the next 12 months rose to 5.4% in October, up from 5.1% in September. ECB President Lagarde stated in her speech on December 8 that the policies implemented were determined with the aim of maintaining the resilience of the financial system, while the risks to the European economy increased with the weakening economic outlook and that the monetary policy was adjusted to achieve the 2% inflation target.

Weakening in China's economic activity became apparent in November.

Export volume in China contracted by 8.7% yoy in November, recording the fastest decline since February 2020, while imports fell by 10.6% yoy. In addition to the weak outlook in foreign demand, the foreign trade volume, which fell more than expected along with the deteriorating production and domestic demand conditions due to the pandemic restrictions in the country, pointed out that the negative course in economic activity continued. In this period, consumer prices in the country increased by 1.6% yoy, while producer prices decreased by 1.3% yoy. The negative effects of the Covid-19 measures on demand and the base effect were decisive in the decline of the annual CPI inflation from 2.1% to 1.6%.



Source: Datastream

Oil prices fell sharply on a weekly basis.

The EU's decision to impose a ceiling price on Russian oil went into effect last week. In addition to the said decision, the barrel price of Brent crude oil dropped below 80 USD during the week, testing the lowest levels of the last year, due to the increasing uncertainties regarding the global economic activity. Oil prices, which dropped by 11.1% on a weekly basis, started the new week with expectations that China's loosening of pandemic measures will increase global oil demand and concerns about supply due to a leak in one of the US oil lines.

In Türkiye, unemployment rate rose to 10.2% in October.

According to TÜİK data, seasonally adjusted unemployment rate increased by 0.1 percentage point to 10.2% in October. In this period, the employment rate rose by 0.3 points to 48.0%, while the labor force participation rate increased by 0.4 points to 53.5%. On the other hand, the labor underutilization rate, which expresses the ratio of time related underemployment, unemployed and potential labor force to the sum of labor force and potential labor force remained flat on a monthly basis with 20.3%.

Current account deficit was 359 million USD.

In October, the current account deficit was realized as 359 million USD, below the market expectations. While the foreign trade deficit continued to widen rapidly in this period, net services revenues with the amount of 6.7 billion USD limited the current account deficit. As of October, the 12-month current account deficit reached 43.5 billion USD, the highest level since August 2018.

Export climate index continued to decline in November.

Türkiye Export Climate Index was realized as 47.8 in November, pointing to the deterioration in the export conditions of the manufacturing industry for the fourth consecutive month. In this period, the weakening in demand conditions was recorded at the highest level since June 2020. The negative outlook of the operating conditions in the main export markets, especially in European countries, was behind this development. On the other hand, the CPI-based real effective exchange rate index rose by 0.17 points to 55.65 in November, indicating that the Turkish lira appreciated in real terms against the currency basket of the countries that have a significant share in foreign trade.

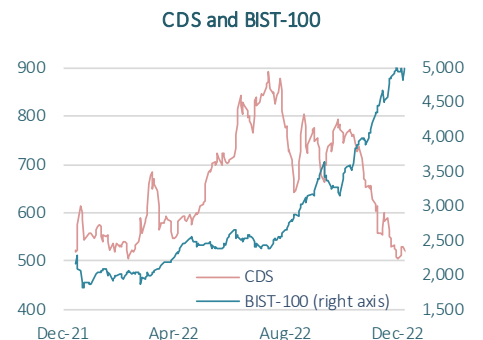
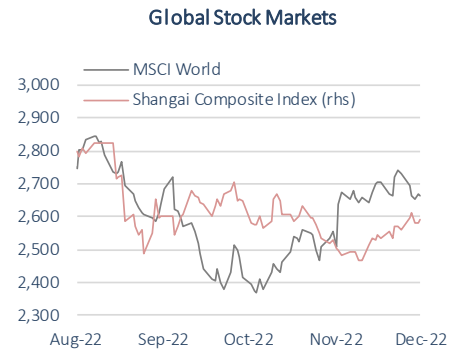
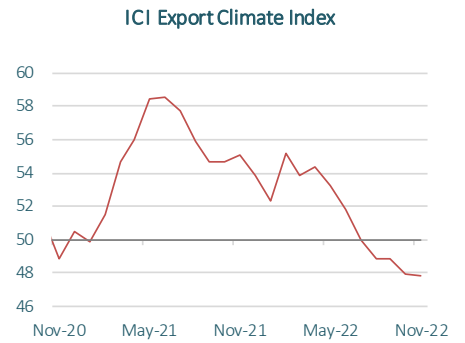
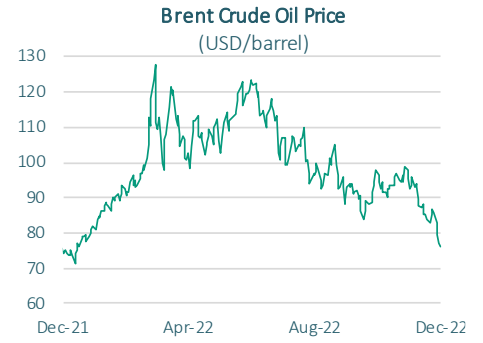
Financial markets...

Last week, global stock markets displayed a negative outlook. Despite China's easing of its tight "zero-Covid" restrictions, rising recessionary fears, geopolitical developments as well as the PPI data in the US indicating that inflationary pressures continue suppressed global risk appetite.

BIST-100 index on the other hand displayed a positive outlook in line with emerging stock markets, and rose by 0.9% to 5,005. USD/TRY and EUR/TRY remained flat on a weekly basis. Turkey's 5-year CDS premium, which had shown a rapid decline in the previous weeks, increased by 16 basis points to 522 basis points last week.

This week's agenda...

This week, a heavy data agenda will be followed in the markets. In addition to the Fed, ECB and BoE meetings, the US November CPI data and the preliminary global PMI data for December stand out in the agenda of markets. In Türkiye, industrial production data for October, the budget balance statistic for November and the results of CBRT's Survey of Market Participants will be announced.



Source: Datastream, ICI

Data Releases

		Period	Consensus	Prior
12 December	TR Current Account Deficit	October	-359 mil. USD (A)	-3.0 bil. USD
	TR Unemployment Rate	October	10.2% (A)	10.1%
13 December	TR Industrial Production, yoy	October	0.1%	0.4%
	US CPI Inflation, yoy	November	7.3%	7.7%
	US Core CPI Inflation, yoy	November	6.1%	6.3%
14 December	Fed Meeting	December	4.25%-4.50%	3.75%-4.00%
	Euro Area Industrial Production, yoy	October	3.6%	4.9%
15 December	TR Budget Balance	November	-	-83.3 bil. TRY
	TR House Sales, yoy	November	-	-25.3%
	US Industrial Production, mom	November	0.1%	-0.1%
	US Retail Sales, mom	November	-0.2%	1.3%
	US Philadelphia Fed Manufacturing Index	December	-12.0	-19.4
	ECB Meeting	December	2.50%	2.00%
	BoE Meeting	December	3.50%	3.00%
	China Industrial Production, yoy	November	3.6%	5.0%
	China Retail Sales, yoy	November	-3.6%	-0.5%
	16 December	CBRT Survey of Market Participants	December	-
US Manufacturing PMI, flash		December	47.7	47.7
Euro Area Manufacturing PMI, flash		December	47.1	47.1
Euro Area CPI Inflation, final, yoy		November	10.0%	10.0%

Economic Research Division

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

Kaan Tuncalı
Asst. Economist
kaan.tuncali@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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