

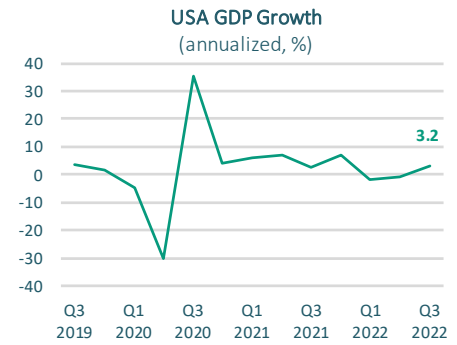
	16-Dec	23-Dec	Change		16-Dec	23-Dec	Change
BIST-100 Index	5,214	5,455	4.6 % ▲	EUR/USD	1.0582	1.0614	0.3 % ▲
TRY 2 Year Benchmark Rate	10.36 %	9.52 %	-84 bp ▼	USD/TRY	18.6343	18.6637	0.2 % ▲
Turkey 5-Year CDS Premium	532	515	-18 bp ▼	EUR/TRY	19.7588	19.8071	0.2 % ▲
MSCI EM Equity Index	957	955	-0.3 % ▼	Gold (USD/ounce)	1,792	1,798	0.3 % ▲
US 10-Year Bond Rate	3.48 %	3.75 %	26 bp ▲	Brent Oil (USD/barrel)	79.0	83.9	6.2 % ▲

bp: basis point

According to the final data released last week, US economy grew by 3.2% on an annualized basis in the third quarter of 2022. The labor market in the country maintained its strong course, while the housing sector continued to lose momentum. Following the decisions of BoJ, Japanese yen appreciated rapidly against the US dollar. CBRT kept the policy rate unchanged at 9%. The net minimum wage for 2023 was determined as 8,507 TRY, while confidence indices displayed a generally positive outlook in December. The number of foreign visitors to Türkiye rose by 44.6% yoy in November. This week, global markets have a quiet data agenda due to the Christmas holiday. In Türkiye, foreign trade final data for November will be announced.

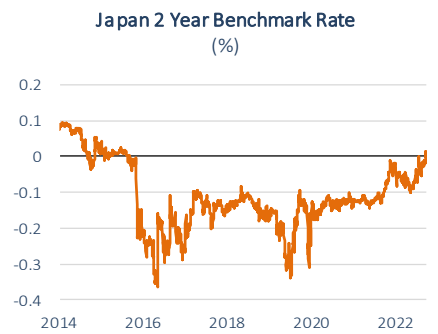
The US economy grew by 3.2% in the third quarter.

The annualized growth rate for the third quarter, which was previously announced as 2.9% in the US, was revised to 3.2% parallel to the increases in consumption expenditures and non-residential fixed investments. In line with the improvement in inflation expectations, the consumer confidence index in the country reached its highest level since April with 108.3 in December. In addition, jobless claims came in below expectations with 216K people in the week of 17 December, indicating that the strong course in the labor market continues. On the other hand, the housing sector remained under pressure due to high mortgage interest rates and prices. In November, new housing starts decreased by 0.5% mom and construction permits by 11.2% mom. In this period, existing house sales decreased by 7.7% mom, falling to 4.1 million units, the lowest level since May 2020. Durable goods orders in the US recorded the fastest monthly decline since April 2020 with 2.1% in November, while the monthly increase in the core personal consumption expenditures (PCE) price index lost some momentum compared to the previous month, and became 0.2%.



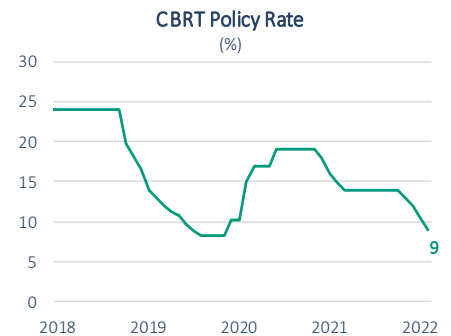
BoJ made surprise decisions.

The Bank of Japan (BoJ) did not change the policy rate at its meeting held on December 20, but increased the yield target band for the 10-year Japanese government bond from 25 basis points to 50 basis points. BoJ stated that, it aims to eliminate the distortions in the yield curve and to increase the contribution of the bank's incentive program to the markets and companies with this decision. Following the BoJ's decisions, the interest rate on 2-year government bonds in the country rose above 0% for the first time since 2015, while Yen appreciated rapidly against the USD.



The CBRT did not change the policy rate.

In the Monetary Policy Committee meeting held on December 22, the CBRT kept the policy rate unchanged at 9%, in line with expectations. In the text published after the meeting, CBRT stated that as well as demand developments, supply-side factors such as increases in global energy, food and agricultural commodity prices, and disruptions in supply processes were effective in the high levels of inflation. In the text, it was emphasized that the tools that will support the effectiveness of the monetary transmission mechanism will continue to be used with determination and additional measures will be implemented. The Monetary and Exchange Rate Policy for 2023 will be published on 30 December.



Source: Datastream, CBRT

The number of foreign visitors increased by 44.6% yoy in November.

While the number of foreign visitors to Türkiye increased by 44.6% yoy in November, it increased by 84.8% in the January-November period compared to the same period of last year and amounted to 42.2 million. The country that sent the most visitors to Türkiye in the first 11 months of the year was Germany with 5.5 million people. This country was followed by Russia with 4.9 million people and United Kingdom with 3.3 million people. Compared to the same periods before the pandemic, the number of foreign visitors remained 16.5% higher in November than in 2019, and below 1.9% in the first 11 months of the year.

The central government gross debt stock was 3.91 trillion TRY.

As of November 2022, the central government gross debt stock rose by 44.3% yoy to 3,907.9 billion TRY. Out of the debt stock 2,555.1 trillion TRY were foreign currency debts, while 1,352.8 billion TRY consisted of Turkish lira-denominated debts. In this period, the share of foreign currency debt in gross debt stock was realized as 65.4%.

Confidence indices displayed a generally positive outlook in December.

In December, the seasonally adjusted real sector confidence index increased by 0.3 points to 101.6 thanks to the rapid increase in the total order index for the last three months, despite the deterioration in expectations for the next three months. In this period, service, retail trade and construction sector confidence indices increased by 1.7%, 4.5% and 1.2%, respectively, on a monthly basis. On the other hand, decreasing by 1.3% mom to 75.6 in December the consumer confidence index declined for the first time since June.

Net minimum wage for 2023 became 8,507 TRY.

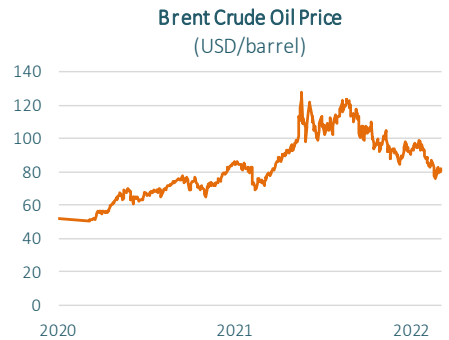
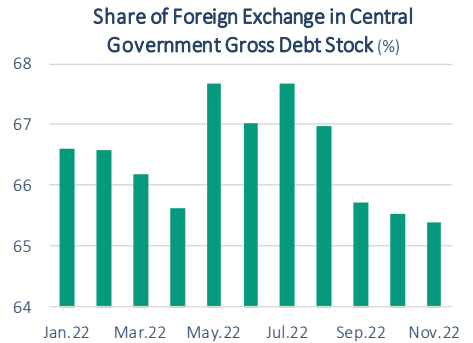
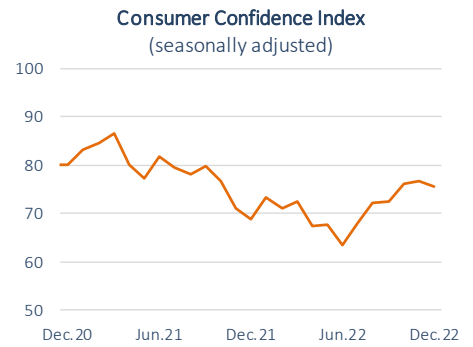
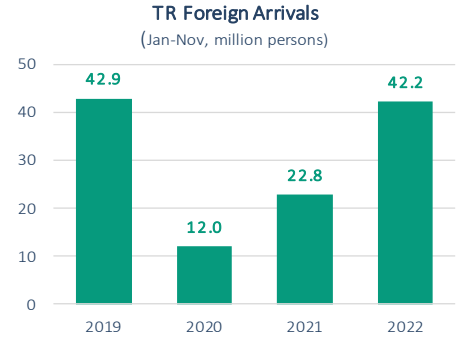
For 2023, the net minimum wage was determined as 8,507 TRY and the gross minimum wage was 10,008 TRY. Accordingly, the increase in the net minimum wage was approximately 100% compared to January 2022, and 54.7% according to the last change in July 2022. Last week, it was announced that the Treasury-backed KGF package with a total amount of approximately 250 billion TRY will be put into use in return for a guarantee of 200 billion TRY.

Oil prices continued to rise.

Last week, a volatile course dominated the global stock markets. Oil prices increased rapidly due to the statements that the USA will purchase 3 million barrels for strategic oil reserves in February, that Russia may reduce its crude oil production in response to the ceiling price applied by EU countries to Russian oil, and that it may stop selling crude oil to countries that apply a ceiling price. The barrel price of Brent crude oil increased by 6.2% and closed the week at 83.9 USD. EU energy ministers set a ceiling price of 180 euros for natural gas in order to reduce high energy costs in the region.

BIST-100 index maintained its positive performance last week and reached 5,455 with an increase of 4.6% on a weekly basis. While the 2-year benchmark bond yield decreased by 84 basis points on a weekly basis to 9.52%, Türkiye's 5-year CDS premium decreased by 18 basis points.

This week, global markets have a quiet data agenda due to the Christmas holiday. In Türkiye, the final foreign trade data for November will be announced.



Data Releases

Date	Indicator	Period	Consensus	Prior
26 December	TR Real Sector Confidence Index	December	97.8 (A)	97.9
	TR Capacity Utilization Rate	December	76.5% (A)	75.9%
	Services, Retail Trade and Construction Confidence Indices	December	-	-
28 December	USA Pending Home Sales, mom	November	-1%	-4.6%
29 December	TR Economic Confidence	December	-	96.9
30 December	TR Trade Balance	November	-	-7.9 billion USD

(A) Actual

Source: Datastream, Turkstat, Treasury, CBRT,

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