

	2-Jun	9-Jun	Change		2-Jun	9-Jun	Change
BIST-100 Index	5,115	5,626	10.0 % ▲	EUR/USD	1.0706	1.0747	0.4 % ▲
TRY 2 Year Benchmark Rate	13.38 %	13.19 %	-19 bp ▼	USD/TRY	20.9589	23.3673	11.5 % ▲
Türkiye 5-Year CDS Premium	545	500	-45 bp ▼	EUR/TRY	22.4424	25.1483	12.1 % ▲
MSCI EM Equity Index	984	1,002	1.8 % ▲	Gold (USD/ounce)	1,948	1,961	0.7 % ▲
US 10-Year Bond Rate	3.69 %	3.75 %	5 bp ▲	Brent Oil (USD/barrel)	76.1	74.8	-1.8 % ▼

bp: basis point

Last week's data confirmed the positive divergence of services sector from manufacturing industry in the US, Euro Area and China. World Bank and OECD raised their growth forecasts for world and Turkish economy for 2023. In Türkiye, Hafize Gaye Erkan was appointed as the new central bank governor. Şahap Kavcıoğlu, the former governor of the CBRT, became the new chair of the BRSA. Industrial production started the second quarter with a contraction. Treasury cash balance posted a surplus of 169.8 billion TRY in May. This week, meetings of major central banks will be followed closely, as well as May inflation data in the US and Euro Area come to the fore on the agenda of the markets. In Türkiye, the budget balance figures and CBRT's Survey of Market Participants will be announced.

### Services sector continues to grow in the US.

Last week, US services PMI and ISM indicated that the growth in sector continued in May. Factory orders, which is an important reference for the performance of the industrial sector in this period, showed a moderate performance by increasing 0.4% mom in April.

### Euro Area economy fell into a technical recession.

Revised growth data revealed that Euro Area economy contracted by 0.1% qoq in the first quarter of the year. Thus, Euro Area economy, which contracted by 0.1% qoq in the last quarter of 2022, entered a technical recession. The data for the second quarter draws a negative picture, as well. While PPI inflation for April decreased by 3.2% mom due to the fall in energy prices, annual PPI inflation fell to the lowest level in more than two years with 1%. Although retail sales did not change compared to the previous month, it decreased by 2.6% yoy in April. Sentix index, which measures investor confidence in the Euro Area, decreased by 3.9 points compared to the previous month, showing a deterioration in investor confidence.

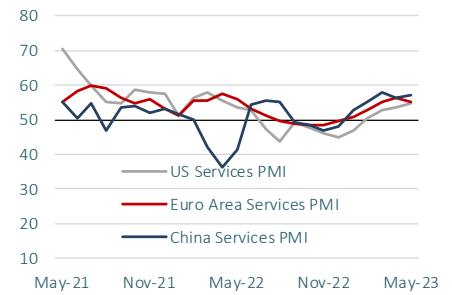
### Consumer prices in China fell by 0.2% mom in May.

While data releases in China presented a negative outlook for domestic demand, the Caixin services PMI rose to 57.1 in May, confirming the positive divergence in the sectors performance. Unlike inflation trends on global scale, inflation in China has remained at low levels. CPI, which declined by 0.2% mom in May, posted an annual increase of 0.2%. Annual PPI inflation, on the other hand, was realized as -4.6%, the lowest level since February 2016.

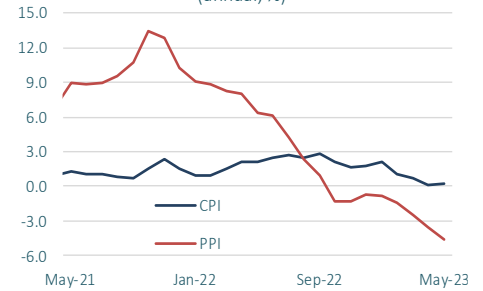
### World Bank and OECD raised their global growth forecasts for 2023.

In its Global Economic Prospects report, the World Bank raised its global economic growth forecast for 2023 from 1.7% to 2.1% while lowering its 2024 forecast from 2.7% to 2.4%. In the report, it was emphasized that financial risks in emerging economies have increased and global economic growth has slowed sharply. The organization raised its growth forecasts for the Turkish economy for 2023 and 2024 from 2.7% and 4% to 3.2% and 4.3%, respectively. The OECD also raised its global growth forecast for 2023 to 2.7% while keeping its 2024 forecast

US, Euro Area and China Services PMI



China CPI and PPI Inflation (annual, %)



### June Projections for GDP Growth (%)

	2023		2024		Change*	
	2023	2024	2023	2024	2023	2024
<b>World Bank</b>						
World	2.1	2.4	0.4	-0.3		
Türkiye	3.2	4.3	0.5	0.3		
<b>OECD</b>						
World	2.7	2.9	0.1	0.0		
Türkiye	3.6	3.7	0.8	-0.1		

\*Difference compared to previous projections of organizations

Source: Datastream, World Bank, OECD

at 2.9%. The organization raised its growth forecast for Turkish economy from 2.8% to 3.6% for 2023 and from 3.8% to 3.7% for 2024.

#### Industrial production index started the second quarter with a contraction.

Seasonally and calendar adjusted industrial production index declined by 0.9% mom in April. In this period, mining and quarrying sector and manufacturing industry contracted by 0.9% and 1%, respectively, while electricity, gas, steam and air conditioning production and distribution expanded by 0.5%. According to calendar adjusted figures, industrial production contracted by 1.2% yoy. In this period, production in the manufacturing industry remained unchanged, while production in the mining and quarrying sector contracted by 12.2% yoy.

#### Unemployment rate increased to 10.2% in April.

According to labour force statistics, both employment and labour force increased in April for the first time since the beginning of this year. In April, labour force rose by 594 thousand people on a monthly basis, while the number of employed people grew by 521 thousand. In this period, the number of unemployed people increased by 74 thousand and unemployment rate was realized as 10.2%.

#### Current account deficit was higher than expectations in April.

In April, current account deficit widened by 112.4% yoy to 5.4 billion USD, exceeding the expectations. In line with the downward trend in global energy prices, net energy imports fell to 3.8 billion USD, the lowest level of the last 19 months. In addition, the favourable course in transport and travel revenues also limited the deterioration in the current account outlook. Current account deficit, which reached 29.7 billion USD in January-April period of 2023, became 57.8 billion USD in April according to 12-month cumulative figures (Our Balance of Payments report).

#### Treasury cash surplus was 169.8 billion TL in May.

According to data published by the Ministry of Treasury and Finance, treasury cash surplus was 169.8 billion TL in May. In May, revenues and expenditures were realized as 610.2 billion TL and 440.4 billion TL, respectively. Thus, year to date treasury cash deficit became 247.2 billion TL.

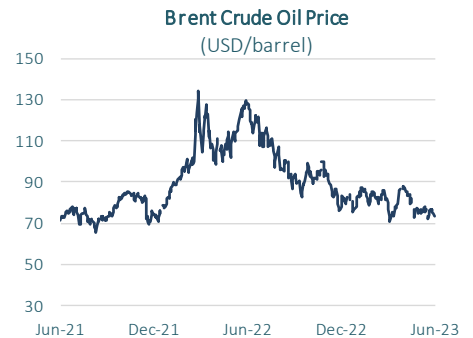
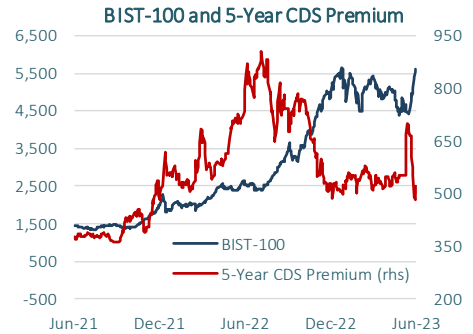
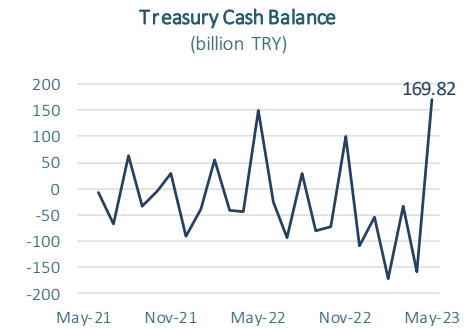
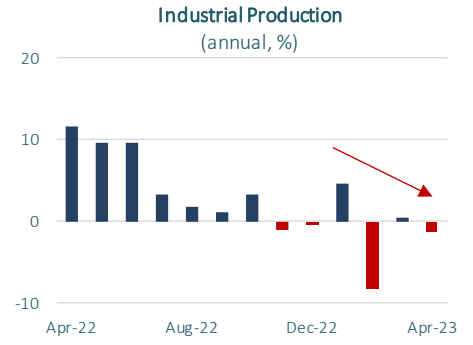
#### Financial markets...

Last week, due to positive course after the deal for debt ceiling in the US, stock markets increased on global scale. Despite OPEC+'s announcement that it would not increase oil supply, Brent crude oil prices fell by 1.8% last week because of slowdown signals in the global manufacturing industry. Gold prices ended the week with a 0.7% increase at 1,961 USD.

BIST-100 index recorded a rapid increase of 10% on a weekly basis regarding expectations on a normalization in economic policies, while the 5-year CDS risk premium declined by 45 basis points. On the other hand, Turkish lira depreciated rapidly last week.

#### This week's agenda...

This week, the statements by the new economic administration will continue to be closely monitored in Türkiye. Central government budget and CBRT's Survey of Market Participants will be announced. In addition to meetings of major central banks, May CPI data in the US and Euro Area will also come to the fore.



Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
<b>12 June</b>	TR Current Account Balance	April	-5.4 billion USD (A)	-4,5 billion USD
	TR Unemployment Rate	April	10.2% (A)	10.0%
<b>13 June</b>	TR Retail Sales, mom	April	-	7.3%
	USA CPI Inflation, mom	May	0.2%	0.4%
	USA Core CPI Inflation, mom	May	0.4%	0.4%
<b>14 June</b>	Fed Meeting	June	5-5.25%	5-5.25%
	USA PPI Inflation, mom	May	-0.1%	0.2%
	Euro Area Industrial Production, yoy	April	0.8%	-1.4%
<b>15 June</b>	TR Budget Balance	May	-	-132.5 billion TRY
	USA Industrial Production, mom	May	0.1%	0.5%
	USA Retail Sales, mom	May	-0.1%	0.4%
	USA NY Fed Manufacturing Index	June	-16.0	-31.8
	USA Philly Fed Business Index	June	-13.5	-10.4
	ECB Meeting	June	3.5%	3.25%
	China Retail Sales, yoy	May	13.7%	18.4%
	China Industrial Production, yoy	May	3.8%	5.6%
<b>16 June</b>	CBRT Survey of Market Participants	June	-	-
	TR Housing Price Index, yoy	April	-	132.8%
	USA Michigan Consumer Confidence, prelim	June	60.0	59.2
	Euro Area CPI Inflation, mom	May	0.0%	0.6%
	BoJ Meeting	June	-0.1%	-0.1%

(A) Actual

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