

	13.Oca	20.Oca	Change		13.Oca	20.Oca	Change
BIST-100 Index	4.985	5.490	10,1 % ▲	EUR/USD	1,0828	1,0855	0,2 % ▲
TRY 2 Year Benchmark Rate	9,87 %	10,19 %	32 bp ▲	USD/TRY	18,7806	18,7579	-0,1 % ▼
Türkiye 5-Year CDS Premium	550	555	5 bp ▲	EUR/TRY	20,3723	20,3675	0,0 % ●
MSCI EM Equity Index	1.030	1.036	0,6 % ▲	Gold (USD/ounce)	1.920	1.927	0,3 % ▲
US 10-Year Bond Rate	3,51 %	3,48 %	-3 bp ▼	Brent Oil (USD/barrel)	85,3	87,6	2,8 % ▲

bp: basis point

Despite the data pointing to the decline in inflation and a slowdown in economic activity in the USA, the messages of the Fed officials that the tight monetary policy will continue created selling pressure in the US stock markets throughout the past week. Completing 2022 with 3% growth, China's removal of pandemic measures brought cautious optimism about the global economy. In Türkiye, consumer confidence index started 2023 with improvement. The CBRT kept the policy rate unchanged at 9% at its meeting held on January 19. This week, the economic growth data for the last quarter of 2022 in the USA, as well as the leading PMI data for January in the USA and the Euro Area, come to the fore on the agenda of the markets. The CBRT will publish the first Inflation Report of the year in Türkiye.

Davos Summit was followed last week.

The World Economic Forum, which took place in Switzerland last week, was watched closely. Messages given at the summit showed that global growth expectations for 2023 gained some optimism, while policy implementations related to energy transformation and security of supply were given priority. ECB President Christine Lagarde stated in her speech, that China's reopening after debilitating pandemic restrictions is likely to add to global inflationary pressures. Director of the IMF Kristalina Georgieva commented on the global economic outlook as more positive compared to a few months ago, however, she drew attention to the risk of increase in unemployment.

Fed officials maintained their hawkish stance on monetary policy.

Last week, while released data in the US indicated the slowdown in inflation, the figures that did not meet market expectations pointed to the pressure of tight monetary policy on economic activity. Due to the decline in energy and food prices, producer price index declined faster than expected by 0.5% in December 2022, and the annual PPI fell to its lowest level since April 2021 with 6.2%. Industrial production in the US contracted by 0.7% mom in December, while retail sales fell by 1.1%.

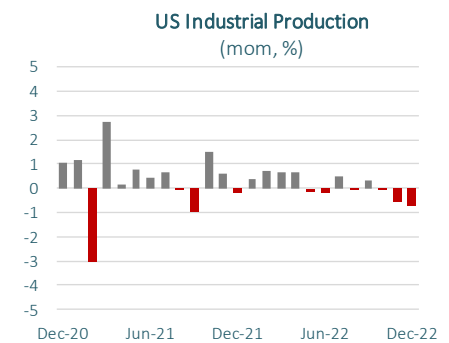
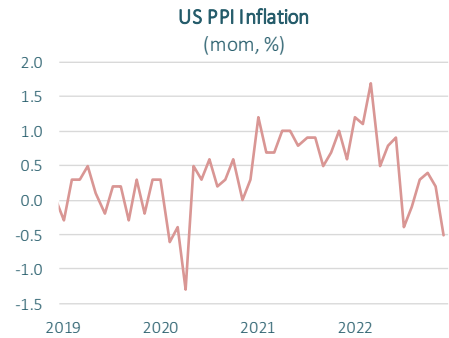
Fed Vice Chair Brainard emphasized that tight monetary policy should be applied till inflation would decline to 2% in the US. Boston Fed President Collins also expressed her opinion that if interest rates rise above 5% and continue at this level for a while, it will lead to a steady decline in inflation. Despite the Fed officials' statements that the policy rate, which is in the range of 4.25%-4.5%, should be increased above 5% and remain high for a while, the markets expect tightening in monetary policy would end following 25 basis points increases in each of the February and March meetings.

China's economy grew by 3% in 2022.

China's economy, which grew by 3.9% on an annual basis in the third quarter of 2022, slowed down in the last quarter due to the pandemic restrictions and grew by 2.9% compared to the same quarter of the previous year. The market expectation was that GDP growth would be 1.8% in this period. Thus, China's economy, which completed 2022 with 3% growth, displayed its weakest performance since 1976, excluding 2020, when the effects of the pandemic were felt most intense.

Global oil demand forecast for 2023 was upwardly updated.

In its monthly oil market report, the International Energy Agency (IEA) predicted that global oil demand would rise by 1.9 million barrels per day, to a record 101.7 million barrels/day in 2023, with the rise in Chinese demand following the removal of



Source: Datastream

pandemic restrictions. On the other hand, OPEC announced that global daily oil supply increased by 300,000 barrels to 101.7 million barrels per day in the last month of 2022.

CBRT kept the policy rate unchanged.

Central Bank of the Republic of Türkiye remained the policy rate stable at 9% at its Monetary Policy Committee Meeting held on January 19. However, there was a remarkable change in the statement published after the meeting. The sentence stating that "considering the increasing risks regarding global demand, the Committee evaluated that the current policy rate is adequate" in previous monetary policy statements has been removed from the text.

Central Government Gross Debt Stock was 4.03 trillion TRY.

According to the figures released by the Ministry of Treasury and Finance, central government's gross debt stock has increased 46.8% yoy and reached 4.03 trillion TRY, at the end of 2022. Out of this debt 2.64 trillion TRY was denominated as foreign currencies; and 1.39 trillion TRY was in Turkish liras.

Housing sales decreased 0.4% yoy in 2022.

Housing sales throughout Türkiye decreased annually by 8.2% in December. In this period, mortgaged housing sales declined by 51.8% yoy, while other sales increased by 2.7% yoy. Thereby, the total number of housing sales decreased by 0.4% yoy in 2022 and was realized as 1.49 million units. Housing price index, on the other hand, has risen 3.8% mom and 174.3% yoy in November. The annual increase in housing prices was at 188.2% in October 2022. Furthermore, the real increase in housing prices on yearly basis was realized as 54% in November.

High base effect continued to affect inflation indicators. In November 2022, domestic agricultural input price index has risen by 2.4% on a monthly basis. On the other hand, the rise in the index was realized as 121.49%; 13 points below its level in October. In the last month of 2022 non-domestic PPI has increased by 2.77% mom and 49.9% yoy, the lowest rising rate of the last 13 months.

Consumer confidence increased in January.

Seasonally adjusted consumer confidence index increased by 4.6% mom in January to 79.1, the highest level since September 2021. In this period, rapid improvements in the sub-indices regarding expectations for general economic situation in the next 12-month period and expectations for financial situation of the household stood out.

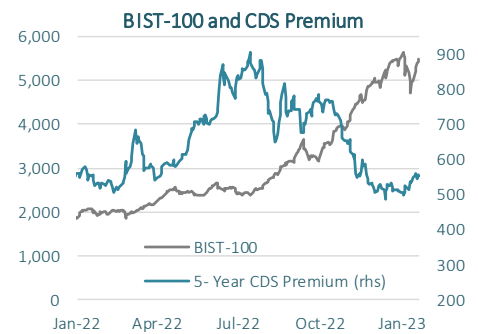
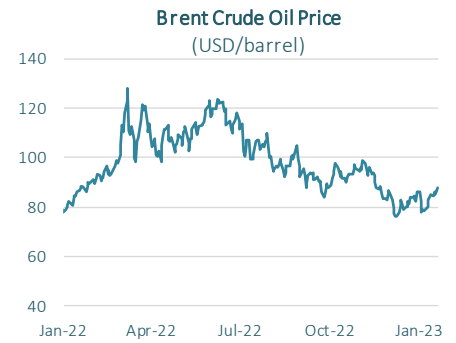
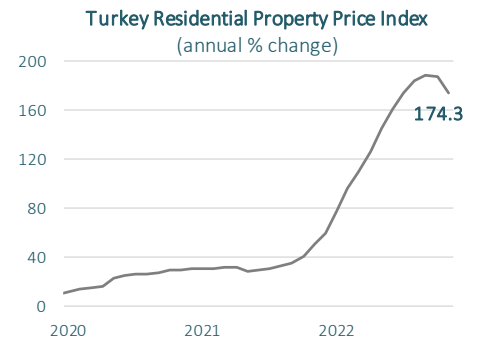
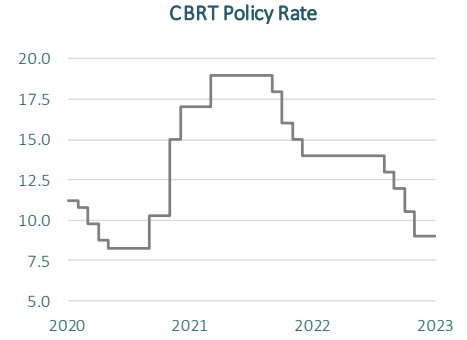
Last week, BIST-100 index rose by 10.1%.

Despite the data pointing to the decline in inflation and a slowdown in economic activity in the USA, the messages of the Fed officials that the tight monetary policy will continue created selling pressure in the US stock markets throughout the past week. Brent crude oil prices rose by 2.8% on a weekly basis as China's reopening bolstered optimistic expectations about oil demand. Supported by the weak course of the dollar index, gold prices closed last week at 1,927 USD/ounce.

The BIST-100 index, which closed the first half of January with a decline, differed positively from other developing countries' stock markets last week and reached 5,490 points with an increase of 10.1% on a weekly basis. While Türkiye's 5-year CDS premium finished the week with an increase of 5 basis points to 555 basis points, TRY followed a flat course against the US dollar and the euro.

This week's agenda...

This week, the US economic growth data for the fourth quarter of 2022, as well as the flash PMI figures for January in the US and the Eurozone, will be high on global agenda. The CBRT will publish its first inflation report of the year on Thursday.



Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
23 January	TR Consumer Confidence Index	January	79.1 (A)	75.6
	Euro Area Consumer Confidence, flash	January	-20.0	-22.2
24 January	USA Manufacturing PMI, flash	January	46.2	46.2
	USA Services PMI, flash	January	45.0	44.7
	Euro Area Manufacturing PMI, flash	January	48.5	47.8
25 January	Euro Area Services PMI, flash	January	50.2	49.8
	TR Real Sector Confidence Index	January	-	97.8
26 January	TR Capacity Utilization Rate	January	-	76.5%
	CBRT Inflation Report	January	-	-
	USA Durable Goods Orders, mom	January	2.5%	-2.1%
27 January	USA GDP Growth, prelim, yoy	2022 Q4	2.8%	3.2%
	USA New Home Sales, units	December	620k	640k
	USA Personal Consumption Expenditures, mom	December	-0.1%	0.1%
	USA Core PCE, mom	December	0.2%	0.2%
	USA Michigan Consumer Confidence, final	January	64.6	64.6
	USA Pending Home Sales, mom	December	-	-4.0%

(A) Actual

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