



	3-Feb	10-Feb	Change		3-Feb	10-Feb	Change	
BIST-100 Index	4,998	Closed	-	●	EUR/USD	1.0793	1.0675	-1.1 % ▼
TRY 2 Year Benchmark Rate	10.49 %	10.92 %	43 bp	▲	USD/TRY	18.8186	18.8107	0.0 % ●
Türkiye 5-Year CDS Premium	521	550	29 bp	▲	EUR/TRY	20.3241	20.1029	-1.1 % ▼
MSCI EM Equity Index	1,039	1,014	-2.4 %	▼	Gold (USD/ounce)	1,866	1,865	0.0 % ●
US 10-Year Bond Rate	3.53 %	3.74 %	21 bp	▲	Brent Oil (USD/barrel)	79.9	86.4	8.1 % ▲

bp: basis point

Türkiye was hit by severe earthquakes last week. While search and rescue efforts continue in 10 provinces, a state of emergency was declared for 3 months in the region. Due to the disaster, Borsa İstanbul was closed to trading until 14th of February. In Türkiye, industrial production, unemployment rate and current account balance data were announced. While industrial production contracted by 0.2% yoy in December, unemployment rate recorded a gradual rise and, became 10.3%. In the same period, current account deficit was realized as 5.9 billion USD. In the global markets, confidence indices in developed countries displayed a relatively positive outlook due to easing recession concerns. In the USA, Michigan consumer confidence index was announced as 66.4 in February, above the expectations, while Sentix investor confidence in the Euro Area reached its highest level since March 2022. Oil prices rose rapidly due to positive expectations about demand as well as statements that Russia would cut daily oil production. The news from the earthquake region will continue to be on the top of this week's agenda.

### Türkiye was hit by the earthquakes.

Türkiye was hit by severe earthquakes in Kahramanmaraş on February 6th. In addition to Kahramanmaraş, earthquakes also caused destruction in Hatay, Adıyaman, Gaziantep, Malatya, Adana, Diyarbakır, Kilis, Osmaniye and Şanlıurfa where the number of total casualties approached 32 thousand. Due to the disaster, a state of emergency was declared in 10 provinces, lasting for 3 months. On the eighth day of the earthquake, search and rescue efforts continue with the participation of both official rescue teams from Türkiye and abroad as well as volunteers.

### Industrial production continued to decline on an annual basis.

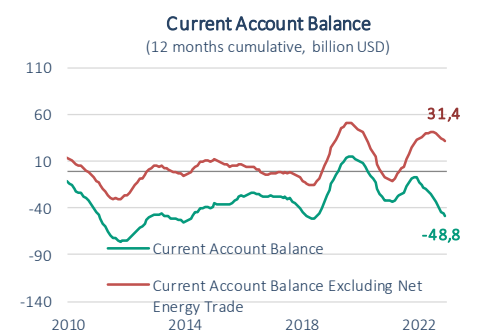
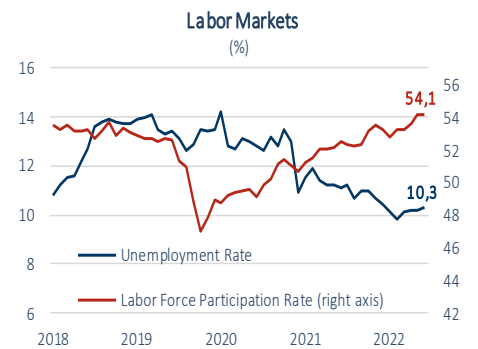
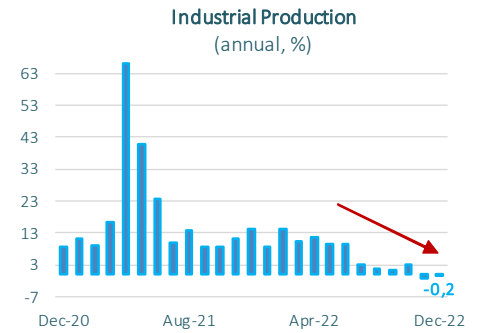
Industrial production increased by 1.6% on a monthly basis and contracted by 0.2% on an year-on-year basis in December. According to the sub-indices, production decreased by 8.5% in the electricity, gas, steam air conditioning production and distribution sector and 1.1% in the mining and quarrying sectors; whereas manufacturing sector recorded a production increase of 0.5%. Annual growth in industrial production in the last quarter of 2022 was 0.6%. Moreover, retail sales volume increased by 4.8% mom and 21.8% yoy in December.

### Unemployment rate rose to 10.3%.

Seasonally adjusted unemployment rate increased by 0.1 points mom to 10.3% in December. In this period, number of persons in the labour force and employment increased by 80 thousand and 18 thousand, respectively. 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 rose by 0.6 points to 21.4%.

### Current account deficit has reached 9-year high.

Current account deficit was announced as 5.9 billion USD in December, above the market expectations. Accordingly, in 2022 current account deficit reached its 9-year high by 48.8 billion USD. This has stemmed from the rapid



Source: Datastream

expansion in the foreign trade deficit due to high energy costs. In the same period, current account excluding gold and energy posted a surplus of 50.8 billion USD.

On the financing side, in 2022 an outflow of 13.4 billion USD was recorded in portfolio investments while an inflow of 42.3 billion USD was observed in other investments. In this period, while the net errors and omissions item became 24.2 billion USD, international reserves went up by 12.3 billion USD ([Our Balance of Payments Report](#)).

#### Treasury cash balance posted a deficit of 54.3 billion TRY in January.

Treasury cash balance posted a deficit of 54.3 billion TRY in January. In this period, revenues amounted to 291.3 billion TRY where expenses amounted to 345.6 billion TRY. 19.9 billion TRY of these expenses consisted of interest payments.

#### Consumer confidence in the US displayed a positive outlook in February.

US Michigan consumer sentiment index was announced as 66.4 in February, above the expectations. Thus, the index stood at its highest level since January 2022. Easing recession concerns and the strong outlook in the labour market were effective in the improvement in consumer confidence.

Sentix index, which measures investor confidence in the Euro Area, outperformed the market expectations in February, reaching its highest level since March 2022. Despite still being in the contraction zone, the index has maintained its upward trend for the last 4 months, pointing to a relative improvement in investor sentiment.

#### Consumer inflation in China rose sharply in January.

CPI in China recorded its fastest monthly rise since January 2021 by 0.8%. Annual CPI inflation also increased from 1.8% in December 2022 to 2.1% in January. Besides, Fitch revised its growth forecast for the Chinese economy for 2023 from 4.1% to 5%.

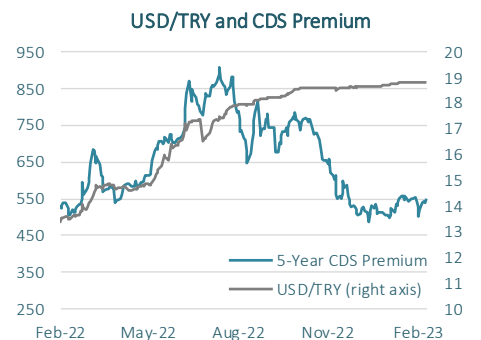
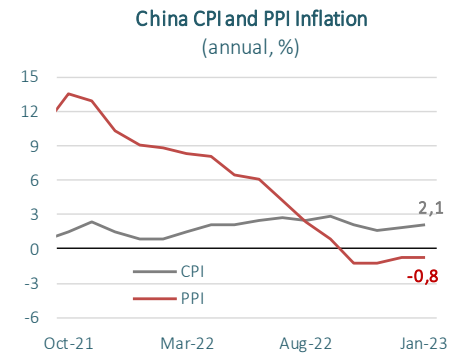
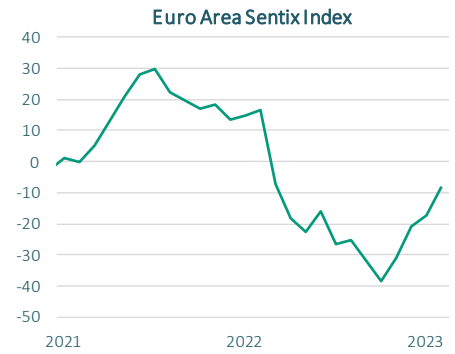
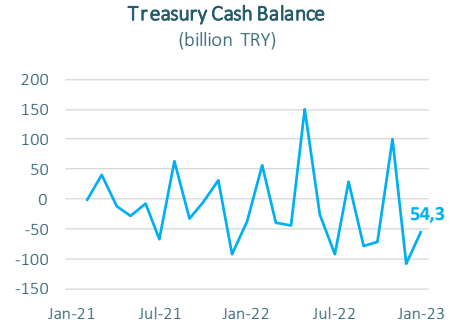
#### Financial markets...

Last week, global markets were under pressure due to the expectations that the Fed will continue its monetary tightening steps. The barrel price of Brent crude oil, on the other hand, increased by 8.1% in line with the positive expectations regarding demand along with Russia's announcement that it will reduce production by 500 thousand barrels per day as of March.

Due to the earthquake disaster, the transactions were suspended in Borsa İstanbul until February 14, in line with the decision taken on February 8th. While Türkiye's 5-year CDS premium closed the week at 550 with a rapid increase of 29 bps, the Turkish lira maintained its flat course against the US dollar.

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

News from the earthquake region will continue to be on the top of this week's agenda. In addition, January's budget balance, housing market data and CBRT's Market Participants Survey will be announced. In the global markets, US inflation for January figures and Euro Area GDP growth of the last quarter of 2022 came to the fore.



Source: Datastream

## Data Releases

		Period	Consensus	Prior
<b>13 February</b>	TR Current Account Balance	December	-5,9 billion USD (A)	-3.7 billion USD
	TR Retail Sales, yoy	December	21.8% (A)	11.8%
<b>14 February</b>	USA CPI Inflation, mom	January	0.4%	-0.1%
	Euro Area GDP Growth, flash, yoy	2022 Q4	1.9%	1.9%
<b>15 February</b>	TR Budget Balance	January	-	118.6 billion TL
	USA Philadelphia Fed Manufacturing Index	January	0.5%	-0.7%
	USA Retail Sales, mom	January	1.5%	-1.1%
	Euro Area Trade Balance	December	-	-15.2 billion EUR
<b>16 February</b>	Euro Area Industrial Production, yoy	December	-0.6%	2.0%
	TR Housing Price Index, yoy	December	-	174.3%
	USA PPI Inflation, mom	January	0.4%	-0.5%
	USA PPI Inflation, yoy	January	5.4%	6.2%
	USA Housing Starts, units	January	1.36 million	1.38 million
<b>17 February</b>	USA Philadelphia Fed Business Index	February	-6.7	-8.9
	CBRT Survey of Market Participants	February	-	-
	TR House Sales	January	-	208 thousand

(A) Actual

---

## Economic Research Division

---

Alper Grler  
Division Head  
alper.gurler@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Aslı G. Őat Sezgin  
Asst. Manager  
asli.sat@isbank.com.tr

Utkan İnam  
Asst. Economist  
utkan.inam@isbank.com.tr

Ođulcan Delil  
Asst. Economist  
ogulcan.delil@isbank.com.tr



---

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

### **LEGAL NOTICE**

This report has been prepared by Trkiye İŐ Bankası A.Ő. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İŐ Bankası A.Ő. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İŐ Bankası A,Ő, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.

---