

	24-Mar	31-Mar	Change		24-Mar	31-Mar	Change
BIST-100 Index	5,032	4,813	-4.4 % ▼	EUR/USD	1.0759	1.0839	0.7 % ▲
TRY 2 Year Benchmark Rate	13.04 %	11.70 %	-134 bp ▼	USD/TRY	19.0457	19.1582	0.6 % ▲
Turkey 5-Year CDS Premium	537	519	-19 bp ▼	EUR/TRY	20.4938	20.7882	1.4 % ▲
MSCI EM Equity Index	972	990	1.9 % ▲	Gold (USD/ounce)	1,977	1,968	-0.5 % ▼
US 10-Year Bond Rate	3.38 %	3.49 %	11 bp ▲	Brent Oil (USD/barrel)	75.0	79.8	6.4 % ▲

bp: basis point

Last week, global stock markets had a volatile course, while the statements on the US banking sector were monitored closely. In the US, core PCE price index showed an easing in inflation and supported the views that the Fed may pause rate hikes at its next meeting. OPEC+ countries' decision to cut oil supply led oil prices to start this week with a rapid rise. In Türkiye, manufacturing PMI rose to 50.9 in March, while annual CPI inflation fell to 50.51%. This week, in addition to the US nonfarm payrolls, provisional foreign trade figures for March, real effective exchange rate and Treasury cash balance will be followed.

Statements on the US banking sector were followed.

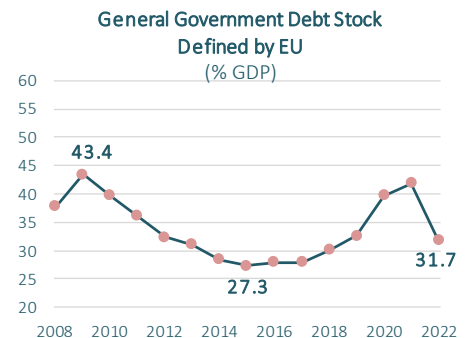
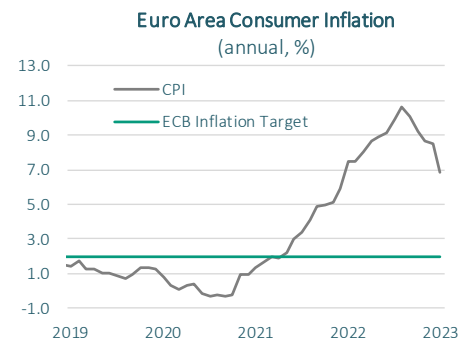
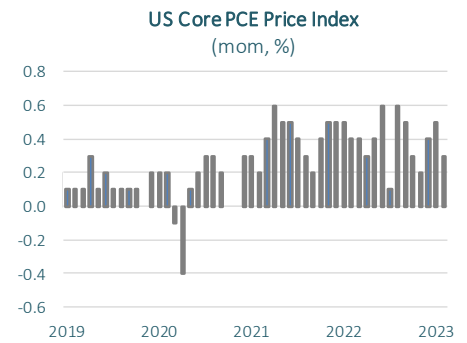
The US Federal Reserve's head of banking supervision, Michael Barr, made statements to the US Senate last week regarding the bankruptcy of SVB and Signature Bank. Stating that the auditors identified problems with the risk management of the SVB, Barr pointed out that the bank could not manage the interest rate and liquidity risks effectively. On the other hand, it was announced that the securities and other assets of SVB, which was announced to be sold to First Citizens Banks, will remain with the Federal Deposit Insurance Corporation (FDIC), while the bank's deposit and loan portfolio will be taken over by First Citizen Banks. US Secretary of the Treasury Yellen also stated that regulations regarding the banking system should be reviewed. Stating that the legislation has been relaxed in recent years, Yellen emphasized the need to reevaluate the steps taken in this direction and to take the necessary measures. In this context, it was stated that the White House administration is preparing for legal regulations that banks with assets between 100-250 billion USD should hold more liquid assets, increase their capital and undergo regular stress tests.

In the US, increase in personal consumption expenditures is below expectations.

The annualized growth rate for the fourth quarter, which was previously announced as 2.7% in the US, was revised to 2.6% in line with the decline in export and consumption expenditures. Monthly and annual increases in the personal consumption expenditures price index (PCE), which is closely monitored by the Fed as an indicator of inflation, lost pace in February. Consumer confidence index, which rose to 104.2 in March, remained below the average of last year. Although the announced figures supported the market expectations that the Fed may pause the rate hike in its next meeting, the easing of the concerns about the banking sector allowed the opposite views to remain alive.

The annual HICP increase in the Euro Area fell to 6.9% in March.

In March, annual consumer inflation in the Euro Area was 6.9%, which was below expectations. The high base aroused from increase in energy prices due to the Russia-Ukraine war in March last year was effective in decline of annual HICP. On the other hand, the high rate of 5.7% annual increase in core inflation, which excludes energy and unprocessed food prices, supported the expectations that the ECB will continue to increase interest rates.



Source: Datastream

Gross external debt stock was realized as 459 billion USD.

According to the figures announced by the Ministry of Treasury and Finance, Türkiye's gross external debt stock was 459 billion USD by the end of 2022, while the ratio of debt stock to GDP was 50.7%. The EU-defined general government debt stock also amounted to 4.763 billion TRY, as 31.7% of the GDP in this period.

In March, annual CPI came in at %50.51.

CPI inflation, which was below market expectations with a monthly increase of 2.29% in March, decreased to 50.51% on an annual basis. D-PPI inflation, which increased by 0.44% mom in March due to the ease in energy costs, also decreased to 62.45% on an annual basis.

On the other hand, the reductions in electricity and natural gas tariffs are expected to reduce domestic energy costs in April. According to April tariff of BOTAŞ, the selling price of natural gas was reduced by 16.7% for power plants and 20% for large industrial companies. In addition, Energy Market Regulatory Authority (EMRA) lowered the electricity ceiling price in the free market from 3,050 TL/mWh to 2,600 TL/mWh as of April 1.

Manufacturing PMI increased to 50.9 in March.

Domestic manufacturing PMI reached its highest level since the end of 2021 with 50.9 in March, indicating that the recovery in the sector continues. Considering the sub-figures of the index, production and new orders increased in this period, while the rise in input costs and final product prices lost momentum compared to the previous month.

New regulations regarding currency-protected deposit accounts...

Last week, new regulations regarding the currency-protected deposit (KKM) accounts were announced. Accordingly, CBRT allows domestic companies with foreign currency liabilities to adjust the maturities of their KKM accounts, under the condition that maturities not to be shorter than 1 month. With the regulation, legal entities will commit not to purchase foreign exchange during the maturity of the account. It has been announced that if the commitment is not fulfilled, the loan demands of these companies in question will not be accepted for one year period. Moreover, domestic real persons and legal entities will be allowed to adjust the maturities of their deposits that are longer than 3 months, and the new maturity can not be less than 1 month. Furthermore, interest rate ceiling has been removed in Treasury-protected TRY denominated KKM accounts. Accordingly, minimum interest rate will be the policy rate and ceiling will be determined by the banks. The interest rate ceiling on CBRT-backed KKM accounts had been abolished in January.

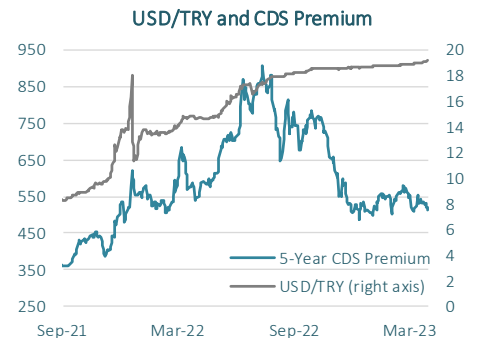
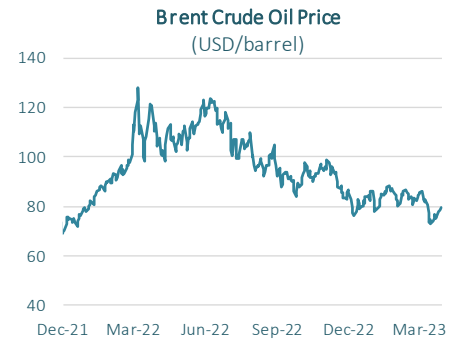
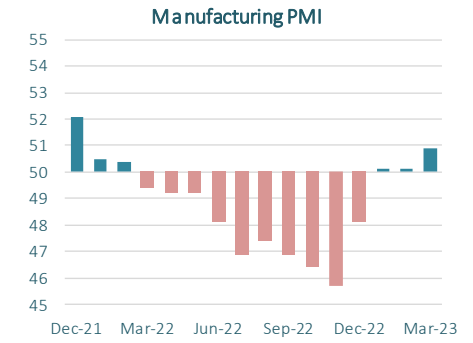
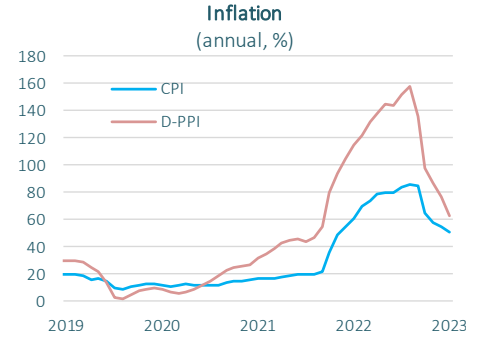
Financial markets...

Global stock markets, which followed a volatile course throughout the week, increased on Friday thanks to the relative recovery in risk appetite driven by the limited improvement in US inflation indicators. While oil prices ended the week with an increase due to the interruption of supply from Iraq, OPEC+'s decision on weekend to cut oil production by 1.2 million barrels per day from May until the end of the year led oil prices to start this week with an increase.

BIST-100 index diverged negatively from emerging markets and closed the week at 4,813 points. USD/TRY ended the week at 19.16. Türkiye's 5-year CDS premium fell by 19 basis points to 519 basis points last week. On the other hand, S&P Global Ratings affirmed Türkiye's credit rating as "B" and downgraded its rating outlook from stable to negative. S&P stated that the downward revision of outlook reflects the risks related to monetary and fiscal policies.

This week's agenda...

Nonfarm payrolls data of US will be followed in global markets this week. Provisionary foreign trade figures for March, real effective exchange rate and Treasury cash balance will be monitored in domestic markets.



Source: Datastream

Data Releases

		Period	Consensus	Prior
3 April	TR CPI Inflation, yoy	March	50.5% (A)	55.2%
	TR D-PPI Inflation, yoy	March	62.5% (A)	76.6%
	TR Manufacturing PMI	March	50.9 (A)	50.1
	USA Manufacturing PMI, final	March	-	49.3
	USA ISM Services PMI	March	47.5	47.7
	Euro Area Manufacturing PMI, final	March	47.1	47.1
4 April	CPI Based Real Effective Exchange Rate	March	-	58.7
	USA Factory Orders, mom	February	-0.5%	-1.6%
	Euro Area PPI Inflation, yoy	February	13.5%	15.0%
5 April	USA Services PMI, final	March	-	53.8
	Euro Area Services PMI, final	March	55.6	55.6
6 April	China Caixin Services PMI	March	-	55.0
7 April	TR Treasury Cash Balance	March	-	-171.5 billion TRY
	USA Nonfarm Payrolls	March	238 thousand	311 thousand
	USA Unemployment Rate	March	3.6%	3.6%

(A) Actual

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