

	31-Mar	7-Apr	Change		31-Mar	7-Apr	Change
BIST-100 Index	4.813	4.925	2,3 % ▲	EUR/USD	1,0839	1,0897	0,5 % ▲
TRY 2 Year Benchmark Rate	11,70 %	12,23 %	53 bp ▲	USD/TRY	19,1582	19,2283	0,4 % ▲
Türkiye 5-Year CDS Premium	519	547	29 bp ▼	EUR/TRY	20,7882	20,9700	0,9 % ▲
MSCI EM Equity Index	990	987	-0,3 % ▼	Gold (USD/ounce)	1.968	2.008*	2.0% ▲
US 10-Year Bond Rate	3,49 %	3,38 %	-11 bp ▼	Brent Oil (USD/barrel)	79,8	85.1*	6.7% ▲

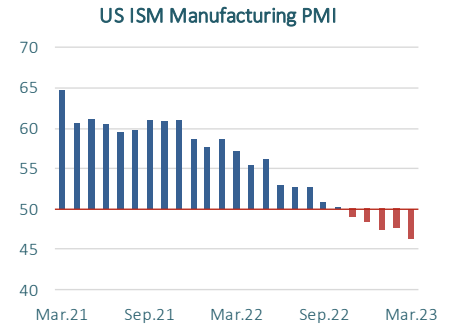
bp: basis point

(*) April 6 data

Latest data showed that the global manufacturing sector remains weak. In the US, non-farm payrolls increased by 239 thousand people in March and unemployment rate decreased to 3.5%. The World Bank revised Türkiye's GDP growth forecasts for 2023 and 2024 upwards. In Türkiye, current account deficit became 8.8 billion USD in February, while unemployment rate increased to 10%. CBRT announced new regulations regarding the reserve requirements and security maintenance last week. US inflation figures for March and FOMC minutes as well as IMF's World Economic Outlook will be monitored this week.

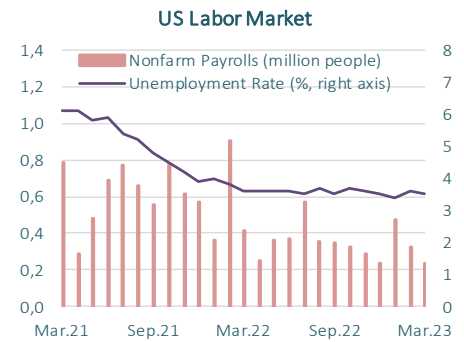
US employment market remained strong in March.

US data gave mixed signals regarding the economic activity last week. ISM manufacturing PMI weakened to the lowest level since May 2020 with 46.3 and revealed ongoing pressure on the sector in March. At the same period, nonfarm payrolls became 239 thousand, in line with the expectations. Thanks to the robust labor market, unemployment rate decreased to 3.5% while average hourly earnings increased by 0.3% mom. Although US Treasury yields followed a decreasing trend recently, they completed the last trading day with an increase after strong employment data.



Concerns about inflation continue in the Euro Area.

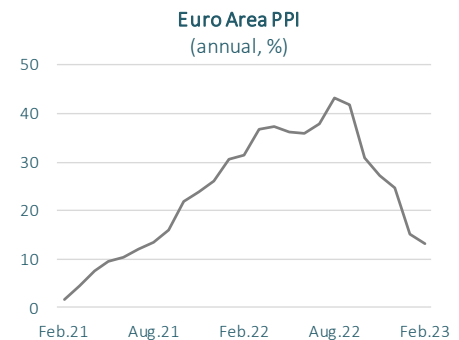
Manufacturing PMI in the Euro Area showed that the contraction in the sector continued in March. On the other hand, services PMI realized at the highest level of the last 10 months and confirmed the divergence between the manufacturing and services sectors in the region.



Thanks to falling energy prices, annual PPI inflation in the Euro Area kept its declining trend by decreasing to 13.2% in February. Core inflation, excluding energy prices, pointed out that the cost pressure persisted albeit easing. Despite moderate performance of economic activity, ongoing high inflation was evaluated that the European Central Bank (ECB) may continue to increase interest rates. Indeed, ECB Governing Council member Klaas Knot stated at the weekend that the Bank should continue to increase interest rates against high inflation.

World Bank revised its growth forecasts for Türkiye upwards.

According to the World Bank's latest Regional Economic Update for Europe and Central Asia, the direct damage of the earthquakes in Türkiye was calculated as 34.2 billion USD, while the slowdown in external demand and private consumption puts pressure on growth. Moreover, World Bank raised Türkiye's growth forecast from 2.7% to 3.2% for 2023 and from 4% to 4.3% for 2024.



Unemployment rate increased to 10% in February.

In February, seasonally adjusted unemployment rate increased by 0.2 point on a monthly basis to 10% due to loss of employment by 361 thousand people compared to previous month. In this period, the employment rate decreased by 0.6 point to 48.2%, while the labor force participation ratio shrunk by 0.5 points to 53.6%. The

Source: Datastream

labor underutilization rate, consisting of time-related underemployment, potential labor force and unemployment continued its rising trend since August 2022 and came in at 23.4% by increasing 1.5 points mom.

In February, the current account deficit was 8.78 billion USD.

Current account deficit was realized as 8.78 billion USD in February. Current account excluding gold and energy, on the other hand, posted a surplus of 834 million USD in this period. 12-month cumulative current account deficit reached 55.4 billion USD as of February. ([Our Balance of Payments Report](#)).

According to the provisional figures released by the Ministry of Trade, exports expanded by 4.4% yoy and came in at 23.6 billion USD, whereas import volume expanded by 4.2% yoy and was realized as 32.2 billion USD in March. Thus, foreign trade deficit increased by 3.7% yoy and reached 8.6 billion USD. As of the first quarter of 2023, foreign trade deficit was 34.9 billion USD, the highest quarterly deficit of the 2013-based general trade system data.

Treasury cash deficit was 32 billion TRY in March.

Treasury cash balance posted a deficit of 32 billion TRY in March. In this period, revenues were realized as 301.8 billion TRY and expenses were realized as 336.8 billion TRY, while 37.1 billion TRY of these expenses were interest payments. Thus, the Treasury cash deficit reached 257.8 billion TRY in the first quarter.

CBRT made regulations on reserve requirements and securities maintenance practice.

CBRT made regulations for banks' required reserve ratios and securities maintenance practice. In this context, as of April 28, it has been announced that 5 additional points of FX reserve requirement will be applied to banks of which the ratio of TRY deposit/participation fund to total deposit/participation fund is below 60%. In addition, within the scope of the liraization strategy for the banks that have a TRY deposit/total deposit ratio below 60%, the amount of required securities is also increased. Moreover, banks will hold additional securities if they fail to achieve a certain rate of conversion from FX deposits to TRY deposits from the end of April until the end of September. Accordingly, banks whose monthly conversion of FX deposits to TRY deposits is below 5% between April 28 and September 29, and below 3% between June 27 and September 29, will allocate securities equal to the missing amount.

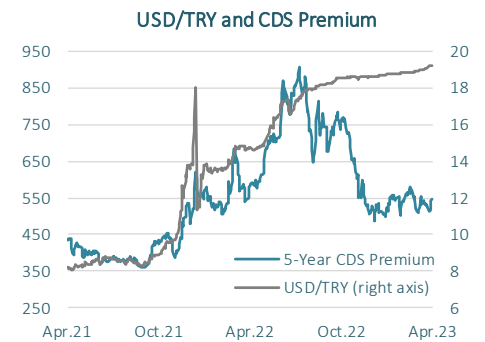
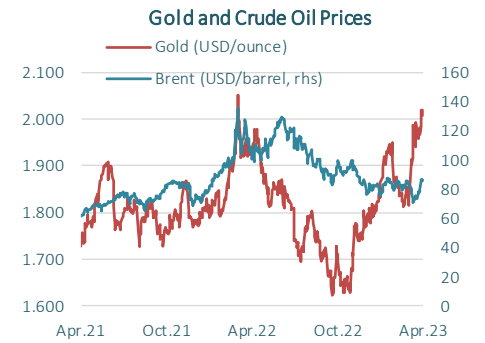
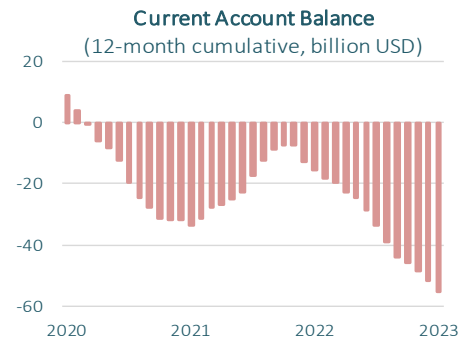
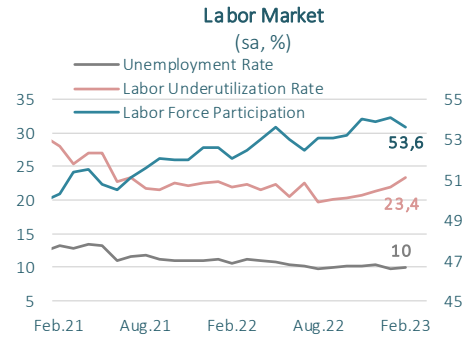
Financial markets...

The volatile course in global stock markets continued last week. Gold prices, which tested the 2.020 USD/ounce level, rose by 2.0% on a weekly basis. Oil prices also increased 6.7% last week due to the OPEC+ countries' surprise decision to cut oil supply at the beginning of April.

BIST-100 index ended the week at 4,925 points with an increase of 2.3% in parallel with other emerging markets. The Turkish lira depreciated on a weekly basis against the US dollar and euro. While Türkiye's 5-year CDS premium increased by 29 basis points, the yield of 2-year benchmark bond increased by 53 basis points.

This week's agenda...

The US inflation data for March and the minutes of the FOMC meeting stand out on the global agenda. Moreover, the IMF will publish its World Economic Outlook report this week. Industrial production index for February will be followed in domestic markets.



Source: Datastream

Data Releases

		Period	Consensus	Prior
10 April	TR Current Account Balance	February	-8.78 billion USD (A)	-9.8 billion USD
	TR Unemployment Rate	February	10% (A)	9.7%
11 April	TR Industrial Production, yoy	February	-0.40%	4.5%
	Euro Area Retail Sales, yoy	February	-3.5%	-2.3%
	Euro Area Sentix Index	April	-9.8	-11.1
	China CPI Inflation, yoy	March	1.0%	1.0%
12 April	China PPI Inflation, yoy	March	-2.5%	-1.4%
	TR Retail Sales, mom	February	-	5.4%
	USA CPI Inflation, mom	March	0.3%	0.4%
13 April	USA Core CPI Inflation, mom	March	0.4%	0.5%
	USA PPI Inflation, mom	March	0.1%	-0.1%
14 April	Euro Area Industrial Production, yoy	February	1.6%	0.9%
	China Trade Balance	March	-	116.9 billion USD
14 April	USA Industrial Production, mom	March	0.2%	0.0%
	USA Retail Sales, mom	March	-0.4%	-0.4%
	USA Capacity Utilization Rate	March	79.0%	78.0%
	USA Michigan Consumer Confidence, prelim	April	62.7	62.0

(A) Actual

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