

	14.Apr	21.Apr	Change		14.Apr	21.Apr	Change
BIST-100 Index	5,093	5,012*	-1.6 % ▼	EUR/USD	1.1000	1.0987	-0.1 % ▼
TRY 2 Year Benchmark Rate	15.89 %	15,39%*	-50 bp ▼	USD/TRY	19.3446	19.3741	0.2 % ▲
Turkey 5-Year CDS Premium	522	552	30 bp ▲	EUR/TRY	21.2834	21.2700	-0.1 % ▼
MSCI EM Equity Index	1,000	981	-2.0 % ▼	Gold (USD/ounce)	2,003	1,983	-1.0 % ▼
US 10-Year Bond Rate	3.52 %	3.57 %	5 bp ▲	Brent Oil (USD/barrel)	86.3	81.7	-5.4 % ▼

bp: basis point

(*) Data for April 20.

Last week, global markets followed a busy data agenda. In the US, preliminary PMI data pointed to a recovery in manufacturing and services sectors in April. In the same period, services PMI displayed a strong outlook in Euro Area, while manufacturing PMI remained below the threshold level. Final annual HICP inflation in the region came in at 6.9% in March. Chinese economy grew by 4.5% in the first quarter of 2023, above the expectations. In Türkiye, consumer confidence index reached 87.5 in April, the highest level since August 2018. In this period, real sector confidence index and capacity utilization rate data also displayed a positive outlook. In CBRT's Survey of Market Participants, expectations for inflation and growth remained flat, while expectations for USD/TRY exchange rate worsened in April. This week, global markets will closely monitor the flash growth data for the first quarter in the US, Euro Area and Germany. In Türkiye, CBRT's Monetary Policy Committee meeting will be followed.

Manufacturing PMI in the US gave a positive signal.

In the US, the flash PMI data for April came in at 50.4 and 53.7 for manufacturing and services sectors, respectively, displaying a positive outlook for economic activity. Fed members' statements were also closely monitored in global markets. St. Louis Fed President Bullard stated that Fed should continue to raise policy rate considering the persistent inflation and the strong labor market, while Atlanta Fed President Bostic suggested that interest rates could be kept at 5% for a while.

HICP inflation in the Euro Area was 6.9% in March according to final data.

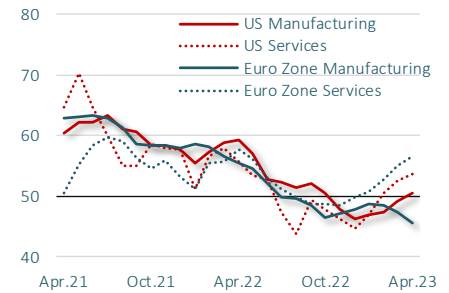
In the Euro Area, flash April PMI data gave mixed signals for manufacturing and services sectors. Manufacturing PMI, which remained below the threshold level and expectations, declined by 1.8 points mom to 45.5, while services PMI rose to 56.6.

According to the final data in the Euro Area, monthly HICP inflation came in at 0.9% in March in line with the expectations. Thus, annual HICP inflation was realized as 6.9% as the flash data pointed out. On the other hand, the monthly increase in core HICP, which was realized above the expectations with 1.3%, strengthened the expectations that ECB will continue to hike interest rates for a while. In the UK, monthly CPI inflation was realized as 0.8% in March, well above the expectations. Thus, annual inflation in the country remained at double-digit levels with 10.1%. The inflation data, which exceeded forecasts, raised expectations for a tightening in monetary policy in the UK, while the Sterling appreciated against other major currencies.

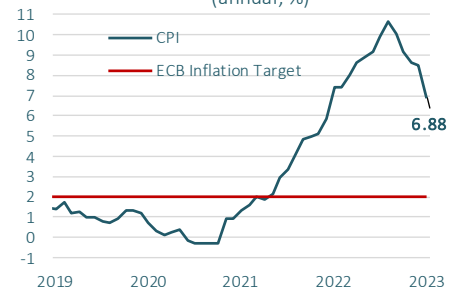
China grew above expectations in the first quarter of 2023.

Chinese economy grew by 4.5% yoy in the first quarter of 2023, above market expectations. The acceleration in consumption and investment expenditures with the end of the "zero covid" policy measures in the country at the end of 2022 supported the growth. On the other hand, the downward trend in inflation data indicates that the weakness in domestic demand conditions continues. Having kept interest rates unchanged for 8 months, the People's Bank of China kept the main interest rate for 1-year loans at 3.65% and the 5-year interest rate at 4.30% in April, in line with market expectations.

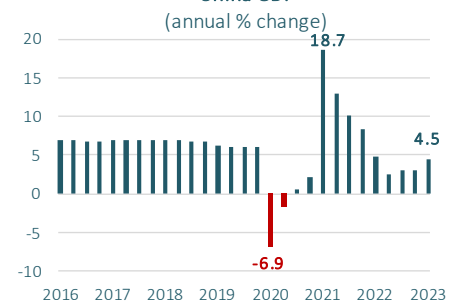
US and Euro Area PMI Data



Euro Area Consumer Inflation (annual, %)



China GDP



Source: Datastream

International Energy Agency highlighted the risk of global supply deficit in oil.

Following the decision of OPEC+ countries to cut oil supply starting from May, International Energy Agency stated in its monthly oil market report that the risk of supply deficit has increased while a potential upward pressure on prices strengthened in the second half of the year. On the other hand, the price of Brent crude oil fell by 5.4% to 81.7 USD per barrel last week due to the uncertainties over the Fed's monetary policy and expectations of a slowdown in global growth.

In Türkiye, housing sales declined in March.

After the annual decline in February, house sales in Türkiye recorded a decline in March as well. Housing sales decreased by 21.4% compared to March 2022 and was realized as 105,476 units. Thus, total house sales decreased by 11.5% yoy in the first quarter of the year. The declines in first-hand and second-hand sales in March were 14.2% and 24.3% on an annual basis, respectively. While the annual contraction in mortgage sales was recorded as 16.5% in March, the 38.7% decrease in sales to foreigners drew attention.

The housing price index increased by 8.4% in February on monthly basis, while the nominal annual increase was recorded at 141.5%, the lowest level of the last 10 months. Thus, the annual real increase in the index was realized as 56.3%.

Consumer confidence index was realized at its highest level since August 2018.

In April, seasonally adjusted consumer confidence index rose by 9.2% mom to 87.5, the highest level since August 2018. Among the sub-indices, it was noteworthy that the general economic situation expectation for the next 12 months increased by 14.7% mom to 95.2.

In this period, seasonally adjusted real sector confidence index rose to 105.1, the highest level since May 2022, while seasonally adjusted capacity utilization rate increased by 1.4 points mom and was realized as 75.6%.

CBRT Market Participants Survey...

According to the results of the CBRT Survey of Market Participants, inflation and growth expectations followed a relatively flat course, while the deterioration in USD/TRY expectations was noteworthy. Current year-end CPI inflation expectation was realized as 37.77% in April, up from 37.72% in the previous month. Expectations for GDP growth remained unchanged compared to the previous survey at 3.5% for 2023 and 4.4% for 2024. According to the survey, the expectation for the weekly REPO auction interest rate for the next 12 months was 13.75%. Participants' current year-end USD/TRY expectation rose to 23.15 from 22.91.

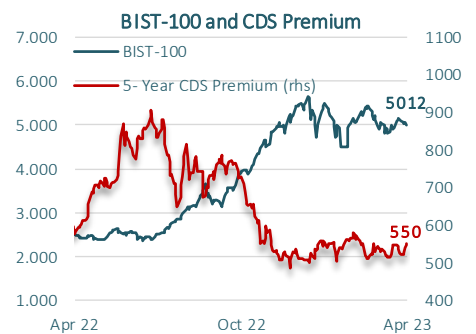
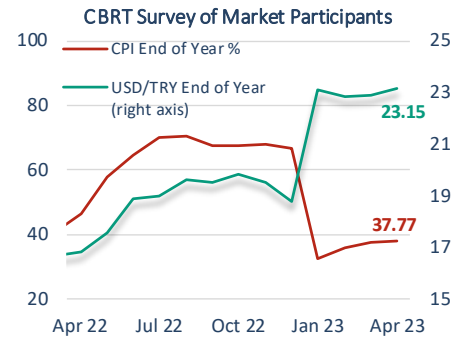
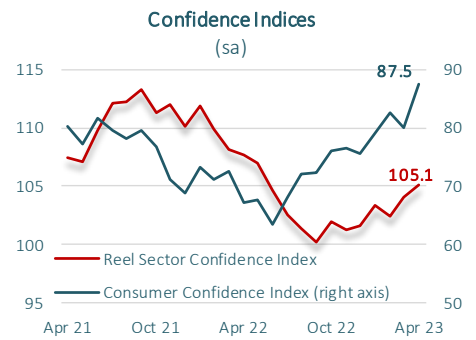
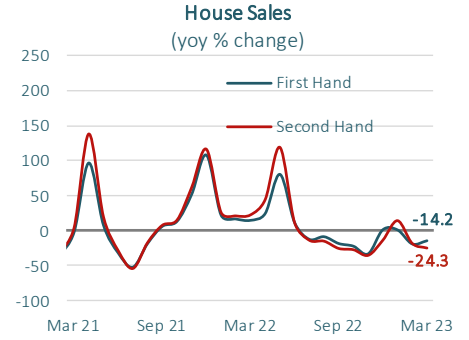
Financial markets...

Last week, global stock market indices were generally in search of direction, while gold prices followed a downward trend. EUR/USD parity, which tested 1.10 at the end of the previous week, recorded a limited decline.

BIST-100 index, which traded for 3.5 days last week due to the Eid holiday, displayed a volatile outlook due to the high volatility in banking stocks and ended the week with a 1.6% decline. 5-year CDS premium rose to 552, while the depreciation trend in TRY continued last week.

This week's agenda...

This week, flash growth data and confidence indices to be released in the US, Euro Area and Germany will be closely monitored in global markets. In Türkiye, CBRT Monetary Policy Committee meeting stands out as the most important event of the week. April economic confidence index, March trade balance and tourism statistics for the first quarter of the year are among the other data come to the fore in this week.



Source: Datastream

Data Releases

		Period	Consensus	Prior
24 April	TR Real Sector Confidence Index, sa	April	105.1(A)	104.1
	TR Capacity Utilization Rate, sa	April	75.6%(A)	74.2%
25 April	USA Consumer Confidence	April	104.0	104.2
	USA New Home Sales, units	March	634 thousand	640 thousand
26 April	USA Durable Goods Orders, mom	March	0.8%	-1.0%
	Germany GfK Consumer Sentiment	May	-27.5	-29.5
27 April	TR Economic Confidence	April	-	98.8
	CBRT Monetary Policy Meeting	April	-	8.5%
28 April	USA GDP Growth, prelim, yoy	2023 Q1	2.0%	2.6%
	USA Pending Home Sales, mom	March	0.3%	0.8%
	Euro Area Consumer Confidence, final	April	-17.5	-17.5
	TR Trade Balance	March	-	-12.1 billion USD
	TR Tourism Revenues	2023 Q1	-	11.4 Billion USD
	USA Core PCE, mom	March	0.3%	0.3%
	Euro Area GDP Growth, flash, yoy	2023 Q1	1.4%	1.8%
	Germany GDP Growth, prelim, yoy	2023 Q1	0.8%	0.3%

(A) Actual

Economic Research Division

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

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

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

Caner Uygur Gndođdu
Asst. Economist
uygar.gundogdu@isbank.com.tr

Dr. Mustafa Kemal Gndođdu
Economist
kemal.gundogdu@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 İř Bankası A.ř. 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 İř Bankası A.ř. 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 İř Bankası A.ř, 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.