

	16-Jun	23-Jun	Change		16-Jun	23-Jun	Change
BIST-100 Index	5,475	5,583	2.0 % ▲	EUR/USD	1.0933	1.0889	-0.4 % ▼
TRY 2 Year Benchmark Rate	14.25 %	13.19 %	-106 bp ▼	USD/TRY	23.6154	25.2330	6.8 % ▲
Türkiye 5-Year CDS Premium	471	510	39 bp ▲	EUR/TRY	25.8284	27.3589	5.9 % ▲
MSCI EM Equity Index	1,030	992	-3.7 % ▼	Gold (USD/ounce)	1,957	1,921	-1.8 % ▼
US 10-Year Bond Rate	3.77 %	3.74 %	-3 bp ▼	Brent Oil (USD/barrel)	76.6	73.9	-3.6 % ▼

bp: basis point

Last week, CBRT raised the policy rate by 650 basis points to 15%. Having signaled that monetary tightening would be gradually strengthened and the micro and macro prudential framework would be simplified, CBRT simplified its regulation on securities maintenance of banks last weekend. The net minimum wage was raised to 11,402 TRY as of July. In the US, Fed officials' statements indicated that interest rate hikes may continue, while the Bank of England raised policy rate by 50 basis points, above market expectations. Domestic markets will enter the Eid holiday as of Tuesday afternoon. This week, as well as core PCE data in the US, CPI inflation and unemployment data in the Euro Area will be monitored.

CBRT raised the policy rate to 15%.

CBRT raised the policy rate from 8.5% to 15% at the Monetary Policy Committee meeting on June 22nd. In the text published after the meeting, CBRT stated that the Board decided to start monetary tightening in order to establish disinflation as soon as possible and to contain the deterioration in pricing behavior. Unlike the previous ones, there was no evaluation on the Liraization Strategy in the text, and it was stated that monetary tightening will be strengthened gradually until a significant improvement in inflation outlook is achieved, and strategic investments that will improve the current account balance will continue to be supported. Moreover, CBRT highlighted that the current micro and macroprudential framework will be simplified to enhance the functionality of market mechanisms and strengthen financial stability, and that this process will be gradual by conducting impact analyses. With the regulation published over the weekend, the TRY deposit weight requirement on banks' balance sheets for securities maintenance was reduced from 60% to 57%. The regulation also reduced the securities facility rate for banks that failed to fulfill their obligations from 10% to 5%.

Net minimum wage became 11,402 TRY.

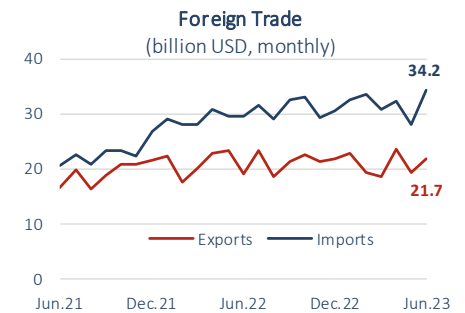
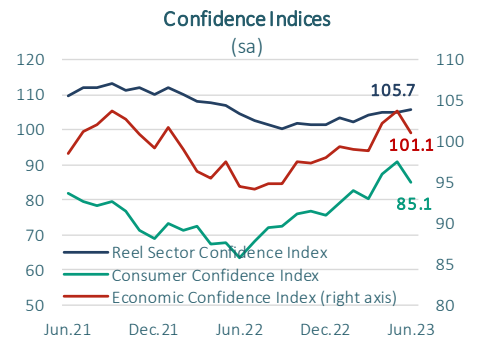
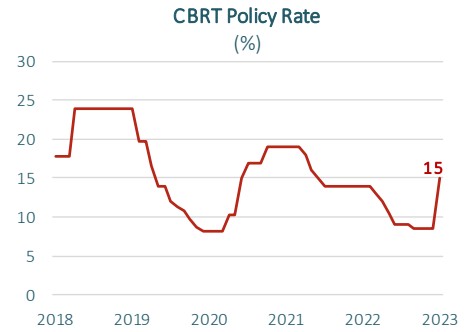
The net minimum wage was increased by 34% to 11,402 TRY, effective as of July. Thus, the annual increase in the net minimum wage was 107%.

Real sector confidence index rose in June.

Seasonally adjusted real sector confidence index increased by 0.6 points mom to 105.7 in June thanks to the rise in production volume and employment expectations for the next 3 months. According to the sub-indices, expectations for domestic orders pointed to a moderate outlook, while evaluations for export orders drew attention with a negative outlook for all periods. In the same period, sectoral confidence, which improved slightly in services and retail trade sectors, declined by 3.5% mom in construction sector. Thus, economic confidence index decreased by 2.5% mom to 101.1 in June due to the rapid decline in consumer confidence.

Central government gross debt stock increased to 4.7 trillion TRY.

According to the data released by the Ministry of Treasury and Finance, central government gross debt stock increased by 40.7% yoy to 4.7 trillion TRY as of the end of May. In this period, 1.8 trillion TRY of debt stock was composed of Turkish lira-denominated debt and 3 trillion TRY of FX-denominated debt.



Source: Datastream

The number of foreign visitors to Türkiye continued to rise in May.

According to data released by the Ministry of Culture and Tourism, the number of foreign visitors to Türkiye increased by 16.2% yoy to 4.5 million in May. Thus, the number of visitors rose by 23.7% yoy to 15.6 million in the January-May period. In this period, Russia was the first country with the highest number of visitors to Türkiye (12.8%), followed by Germany (11.3%) and Bulgaria (7.5%). On the other hand, according to Turkstat data, exports increased by 14.4% yoy to 21.7 billion USD, while imports rose by 15.5% yoy to 34.2 billion USD in May. Thus, foreign trade deficit widened by 17.6% yoy to 12.5 billion USD in this period.

Hawkish messages from Powell on monetary policy...

In his speeches last week, Fed Chairman Jerome Powell emphasised that Fed's recent decision to keep the policy rate unchanged at its last meeting, should not be perceived as the interest rate hike cycle has completed. Powell expressed that, Board members were of the opinion that it would be sufficient to rise interest rates once or twice as part of the fight against inflation. In the US, where the inflation target is 2%, the annual core PCE price index inflation displays rigidity at around 5%.

The weak course in global manufacturing industry continues.

Global PMI data pointed out that the divergence between manufacturing and services sectors in the US and Euro Area continued. In the US, manufacturing PMI fell by 2.1 points mom to 46.3 in June, the lowest level in the last six months. In this period, services PMI data came in at 54.1 and pointed out that the sector continued to grow, albeit losing some momentum. Manufacturing PMI in the Euro Area came in at 43.6, the lowest since May 2020. Services PMI was 52.4, below market expectations of 54.5.

Core CPI in the UK is at the peak of last 30 years...

UK CPI inflation came in above market expectations with 0.7% mom in May, while it remained unchanged at 8.7% yoy, maintaining its high course. On the other hand, annual core inflation in the country rose to 7.1%, the highest level in more than 30 years. While the data signaled that inflation remained rigid, the Bank of England (BoE) hiked the policy interest rate by 50 basis points to 5%, above market expectations. BoE President Andrew Bailey stated that there is no expectation of a recession in the UK economy and they will do whatever it takes to reduce inflation to the 2% target.

Interests were cut to revive domestic demand and production in China.

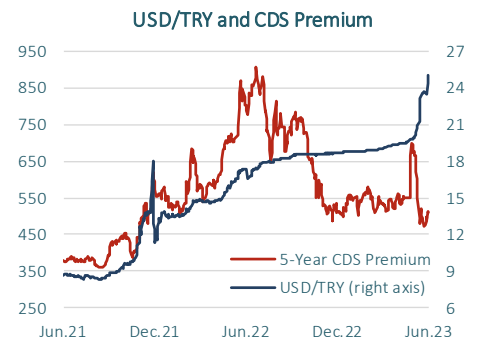
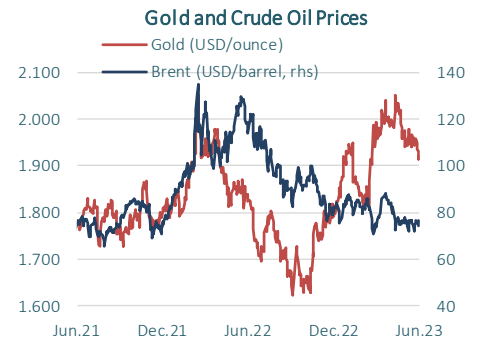
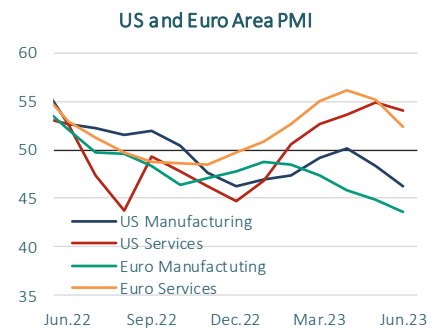
The weak course in economic activity led supportive steps of The Chinese Central Bank (PBOC) to continue last week. PBOC reduced 1 and 5-year reference interest rates by 10 basis points each to 3.55% and 4.20% respectively.

Financial markets...

Last week, following the hawkish messages of Fed Chairman Jerome Powell on monetary policy, US stock markets ended the week with declines. The barrel price of Brent crude oil fell by 3.6% due to the effect of the rise in the US dollar, while gold prices fell to their lowest levels since March decreasing by 1.8% to 1,921 USD/ounce. Depreciation of the Turkish lira continued as the CBRT's rate hike decision was below market expectations. BIST-100 index rose by 2% on a weekly basis with purchases on Thursday and Friday. On the other hand, Türkiye's 5-year CDS premium increased by 39 basis points and ended the week at 510 bps.

This week's agenda...

This week, core PCE price index in the US, CPI inflation and unemployment data in the Euro Area will be monitored. There is no significant data release in domestic markets, which will be on holiday starting from Tuesday afternoon due to the Eid.



Source: Datastream

Data Releases

		Period	Consensus	Prior
27 June	USA Durable Goods Orders, mom	May	-1.0%	1.1%
	USA New Home Sales, units	May	0.670 million	0.683 million
	USA Consumer Confidence	June	103.7	102.3
29 June	USA GDP Growth, final, yoy	2023 Q1	1.4%	1.3%
	USA Pending Home Sales, mom	May	0.2%	0.0%
	Euro Area Consumer Confidence, final	June	-16.1	-16.1
30 June	USA Core PCE, mom	May	0.4%	0.4%
	USA Personal Consumption Expenditures, mom	May	0.2%	0.8%
	USA Michigan Consumer Confidence, final	June	63.9	63.9
	Euro Area Unemployment Rate	May	6.5%	6.5%
	Euro Area CPI Inflation, flash, yoy	May	5.6%	6.1%
	China Caixin Services PMI	June	-	48.8

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