

	14-Jul	21-Jul	Change		14-Jul	21-Jul	Change
BIST-100 Index	6.438	6.688	3,9 % ▲	EUR/USD	1,1227	1,1123	-0,9 % ▼
TRY 2 Year Benchmark Rate	9,62 %	11,43 %	181 bp ▲	USD/TRY	26,0953	26,9729	3,4 % ▲
Türkiye 5-Year CDS Premium	443	436	-7 bp ▼	EUR/TRY	29,1752	30,0112	2,9 % ▲
MSCI EM Equity Index	1.028	1.015	-1,4 % ▼	Gold (USD/ounce)	1.955	1.960	0,3 % ▲
US 10-Year Bond Rate	3,82 %	3,84 %	2 bp ▲	Brent Oil (USD/barrel)	79,9	81,1	1,5 % ▲

bp: basis point

Last week, CBRT raised the policy rate to 17.5%, while a delegation led by the President visited the Gulf countries.. During this visit, it was announced that Türkiye and UAE signed agreements worth 50.7 billion USD in total. In Türkiye, housing price increases continued to lose momentum in May, while consumer confidence started the third quarter with a decline. Russia announced last week that it withdrew from the grain corridor agreement. In the US, industrial production and retail sales for June signaled a slowdown in economic activity. Housing market data for the same period also showed a weak performance. This week, Fed and ECB meetings as well as CBRT's Inflation Report and real sector confidence index will be monitored.

### CBRT raised the policy rate to 17.5%.

Last week, CBRT hiked the policy rate to 17.5%, coming in below market expectations. In the statement, CBRT announced that it will continue its monetary tightening process in order to establish the disinflation course as soon as possible. In addition to the strong domestic demand, wage and exchange rate increases and the stickiness of services inflation were effective in the high course of inflation. On the other hand, it was emphasized that the improvement in foreign direct investment, external financing conditions and the current thanks to the increases in reserves and tourism revenues would contribute to price stability. In the statement, CBRT pointed out that the simplification process of micro-macroprudential measures will continue in gradual manner and announced that selective credit and quantitative tightening decisions were taken to support the monetary policy stance.

### Residential property price index rose by 103.6% yoy in May.

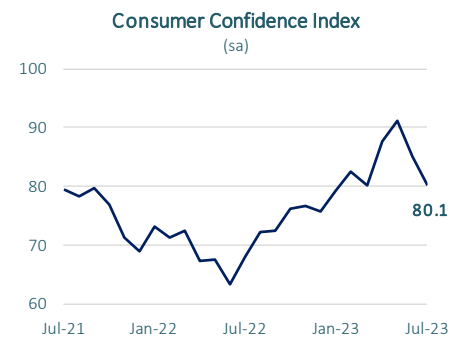
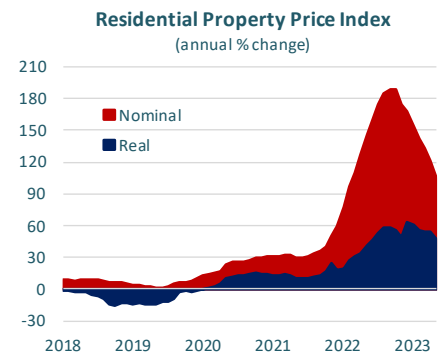
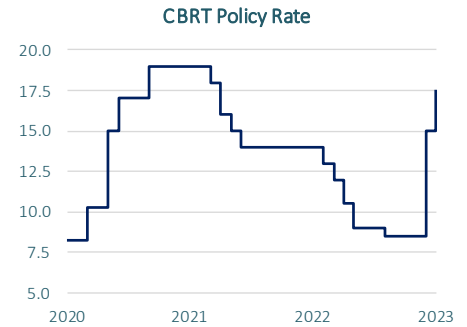
Residential property price index rose by 3.6% mom in May, the lowest monthly increase in the last 20 months. Thus, the annual nominal rate of increase in house prices fell to 103.6% yoy and the annual real increase became 45%, indicating that house price increases continued to lose momentum.

### Consumer confidence index declined in July.

Consumer confidence index fell by 5 points to 80.1 in July. The decline in the index was mainly driven by the deterioration in expectations for the next period and assessments regarding the general economic outlook. As a result of the deterioration in inflation expectations, the intention to spend on durable goods in the next 12 months was the only sub-index that increased with 1.4 points in July.

### Agreements totaling 50.7 billion USD were signed with the UAE.

Last week, a delegation led by the President visited the Gulf countries.



Source: Datastream, CBRT

Following the meetings, positive expectations for external financing increased and it was announced that 13 agreements worth 50.7 billion USD were signed between Türkiye and the United Arab Emirates.

#### US industrial production pointed out a slowdown in economic activity.

Industrial production in the US contracted by 0.5% mom in June. Thus, industrial production, which expanded slightly by 0.7% yoy in the second quarter of 2023, confirmed the weak performance of economic activity. In this period, retail sales increased by 0.2% mom and remained below the expectations.

In the US, new housing starts fell by 8% mom in June, the sharpest drop this year, while existing home sales decreased by 3.3% mom in the same month. Data below the market expectations supported the views that the Fed might end the rate hikes after the July meeting.

#### Annual HCIP inflation in the Euro Area was 5.5% in June.

The HCIP inflation in the Euro Area for June was 0.3% and 5.5% on a monthly and annual basis, respectively. Decline in energy prices led the fall in inflation. In the same period, annual core HCIP inflation remained at 6.8%, pointing stickiness in prices. In Germany, leading economy of the Region, annual PPI –decreased by 0.3% in June, signaling that the inflationary pressure in the country has eased. PMI data for July also show that the pressure on economic activity in the Region prevails. Thus, in July manufacturing PMI decreased to 42.7, continuing its course below the threshold, while services PMI came in at 51.1.

#### Russia withdrew from the Grain Corridor Agreement.

Last week, Russia announced that it was withdrawing from the Black Sea Grain Corridor Agreement and would not return to the agreement unless its conditions are met, including the readmission of Russian banks into the SWIFT system. After Russia's decision, global grain prices started to increase. In the meantime, the UN and Türkiye's mediation efforts continue to find a solution to the problem.

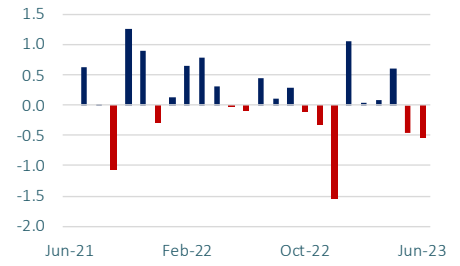
#### Financial markets...

Global markets had a relatively quiet week ahead of the Fed and ECB meetings. Gold prices increased by 0.3%, while oil prices rose by 1.5%. BIST-100 index increased 3.9% on a weekly basis to 6,688. Despite the CBRT's lower-than-expected interest rate hike, Türkiye's risk premium decreased by 7 basis points. TRY depreciated against USD and euro last week.

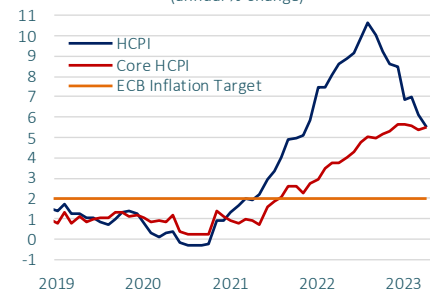
#### This week's agenda...

This week, in addition to the Fed and ECB meetings, the US second quarter GDP growth data will be followed closely. In Türkiye, CBRT's Inflation Report and real sector confidence index data for July will be monitored.

US Industrial Production  
(monthly % change)



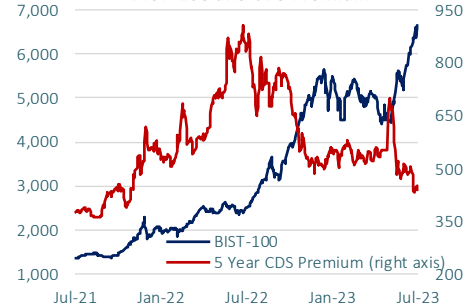
Euro Area Consumer Inflation  
(annual % change)



Wheat Prices  
(USD/ton)



BIST-100 and CDS Premium



Source: Datastream

## Data Releases

		Period	Consensus	Prior
<b>24 July</b>	US Manufacturing PMI, flash	July	46.4	46.3
	US Services PMI, flash	July	54.0	54.4
	Euro Area Manufacturing PMI, flash	July	42.7 (A)	43.4
	Euro Area Services PMI, flash	July	51.1 (A)	52.0
<b>25 July</b>	TR Real Sector Confidence Index	July	-	108.2
	TR Capacity Utilization Rate	July	-	76.8%
	US Consumer Confidence	July	111.5	109.7
<b>26 July</b>	Fed Meeting	July	%5.25 - %5.50	%5.00 - %5.25
	US New Home Sales, units	June	727 thousand	763 thousand
<b>27 July</b>	CBRT Inflation Report	2023-3	-	-
	US GDP Growth, prelim, yoy	2023 Q2	1.7%	2.0%
	US Durable Goods Orders, mom	June	0.7%	1.7%
<b>28 July</b>	ECB Meeting	July	3.75%	3.50%
	TR Trade Balance	June	-	12.5 billion USD
	TR Economic Confidence	July	-	101.1
	US Core PCE, mom	June	0.2%	0.3%
	US Michigan Consumer Confidence, final	July	72.6	64.4
	Euro Area Consumer Confidence, final	July	-15.1	-15.1
	Germany CPI Inflation, flash, mom	July	0.3%	0.3%
	BoJ Meeting	July	-0.1%	-0.1%

(A) Actual

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