

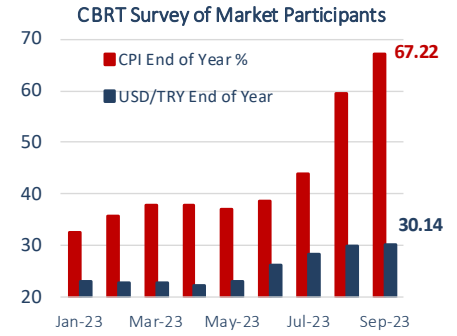
	8.Sep	15.Sep	Change		8.Sep	15.Sep	Change
BIST-100 Index	8.325	7.962	-4,4 % ▼	EUR/USD	1,0699	1,0655	-0,4 % ▼
TRY 2 Year Benchmark Rate	23,49 %	28,92 %	543 bp ▲	USD/TRY	26,8228	26,9191	0,4 % ▲
Türkiye 5-Year CDS Premium	376	390	14 bp ▲	EUR/TRY	28,7248	28,5719	-0,5 % ▼
MSCI EM Equity Index	974	985	1,1 % ▲	Gold (USD/ounce)	1.918	1.924	0,3 % ▲
US 10-Year Bond Rate	4,26 %	4,32 %	7 bp ▲	Brent Oil (USD/barrel)	90,7	93,9	3,6 % ▲

bp: basis point

According to the CBRT's Survey of Market Participants, inflation expectations of the market continued to deteriorate, while the central government budget posted a surplus in August thanks to the increase in tax revenues. ECB continued its rate hikes by raising its policy rate by 25 bps at its meeting last week. US inflation data was closely monitored ahead of this week's Fed meeting. Data releases in China painted a relatively positive picture. Oil prices rose to the highest level of this year amid growing concerns over supply. This week, markets will monitor the meetings of major central banks.

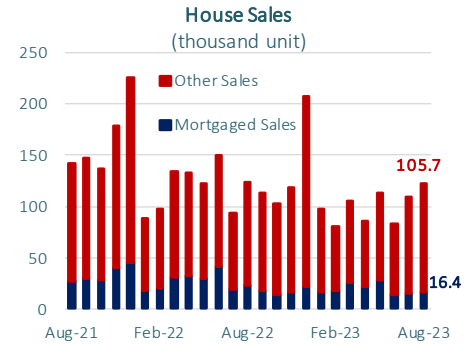
### In Türkiye inflation expectations continued to rise.

According to CBRT's Survey of Market Participants published last week, year-end CPI inflation expectation increased from 59.46% to 67.22% and 12-month ahead inflation expectation rose from 42.01% to 44.94%. End-2023 USD/TRY expectations also increased slightly from 29.82 to 30.14. Growth expectation for 2023, which was 3.7% in previous survey rose to 3.9%, and for 2024 decreased to 3.8%. Survey results showed that participants expected a 500 bps rate hike at this week's CBRT meeting.



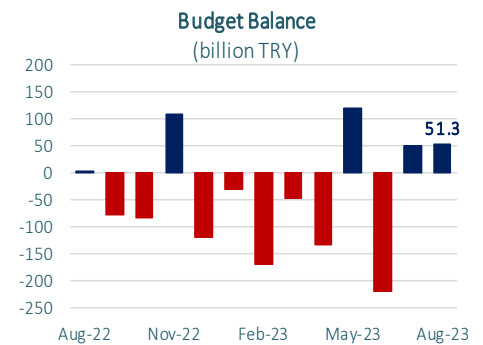
### House sales decreased by 1.1% yoy in August.

House sales, which increased yoy by 16.7% in July due to the low base effect, realized at the highest level of 2023 in August, but fell annually by 1.1%. In this period, mortgaged sales decreased by 26.1% yoy, while other sales expanded by 4.3%. Sales to foreigners also decreased by 42.0% yoy in August.



### Central government budget posted a surplus of 51.3 billion TRY in August.

Following July, central government budget posted a surplus of 51.3 billion TRY in August as well. In this period, primary surplus was realized as 138.4 billion TRY. In August, budget revenues reached 614 billion TRY thanks to the doubling in tax revenues compared to last year, while budget expenditures increased by 86.1% yoy to 562.7 billion TRY. Following the positive performance in July and August, total budget deficit became 383.4 billion TRY in January-August period ([Our Budget Balance Report](#)).



### ECB raised the reference interest rates by 25 bps.

ECB raised interest rates by 25 bps at its meeting held last week. Thus, the policy rate reached 4.5% in the Euro Area with tenth consecutive rate hike. Moreover, ECB lowered its growth forecasts for the next two years and raised its inflation forecasts. Accordingly, the average annual CPI inflation forecast for 2024 was revised from 3% to 3.2%. Although the

Source: Datastream

statement after the meeting was interpreted as the ECB may have ended interest rate hikes, ECB President Lagarde stated that the decision was taken by majority vote and that interest rate hikes may continue.

### Monthly inflation indicators in the US recorded a limited increase.

Inflation indicators released in the US last week posted a mixed picture. In August, CPI inflation in the US was in line with market expectations, rising by 0.6% mom and 3.7% yoy. Annual increase in core inflation declined to 4.3%. On the other hand, PPI inflation rose by 0.7% mom in August, the fastest increase in the last 14 months, while the annual rise in producer prices beat the expectations with 1.6%. In this period, the rapid rise in fuel prices led the perception that the inflationary pressure was easing to lose ground.

Demand and supply indicators for August also pointed to strong economic activity in the country. Retail sales volume, which expanded by 0.6% mom in August, and jobless claims data, which posted a lower-than-expected increase in the week of September 9, signaled that domestic demand remained strong in the country. In addition, industrial production, which increased by 0.4% mom in August, above the market expectations, presented a positive outlook on the supply side.

### Last week, data releases in China signaled a recovery in economic activity.

Industrial production and retail sales volume in China posted higher-than-expected increases in August, providing positive signals for economic activity in the country. In this period, industrial production increased by 4.5% yoy, the fastest increase in the last 4 months, while retail sales expanded by 4.6% yoy. Unemployment rate in the country decreased by 0.1 points to 5.2% in this period.

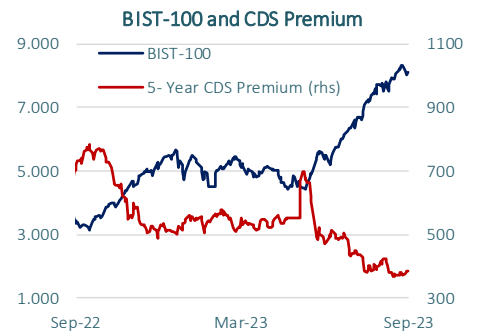
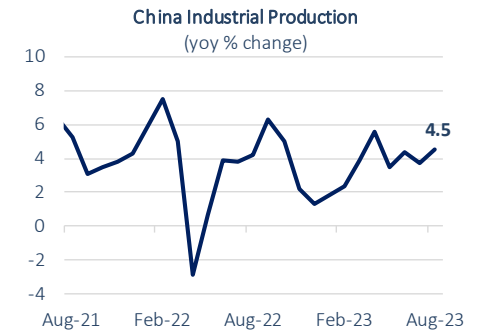
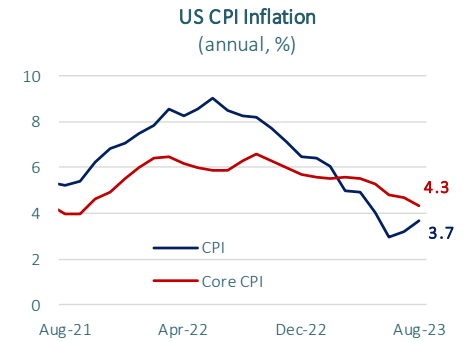
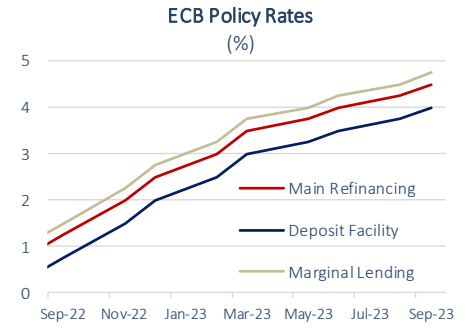
### Financial markets...

Oil prices rose sharply last week to the highest level of this year amid expectations that Russia and Saudi Arabia will continue to limit the supply. Global stock indices ended the week in a favorable outlook thanks to the strengthening perception that the limited rise in US inflation was mostly driven by the rise in oil prices and the positive data flow indicating that the Chinese economy may recover. On the other hand, EUR/USD parity fell to 1.0655 due to the strong data on the US economy and the perception that interest rate hikes in the Euro Area may be over.

BIST-100 index, which was under selling pressure last week, ended the week at 7,962 with a 4.4% weekly loss. 2-year benchmark bond yield rose rapidly by 543 basis points to 28.92%. Turkey's 5-year CDS premium increased by 14 basis points to 390.

### This week's agenda

This week, markets will closely monitor the meetings of central banks, especially the CBRT and the Fed.



Source: Datastream

Data Releases

		Period	Consensus	Prior
<b>18 September</b>	TR Housing Price Index, yoy	July	94.7%(A)	95.9%
<b>19 September</b>	US Housing Starts, units	August	1.44 million	1.45 million
	Euro Area CPI Inflation, final, yoy	August	5.3%	5.3%
<b>20 September</b>	TR Central Government Gross Debt Stock	August	-	5.823 billion TRY
	Fed Meeting	September	5.25%-5.5%	5.25%-5.5%
	China Central Bank Meeting	September	-	3.45%
	Germany PPI Inflation, yoy	August	-12.8%	-6.0%
<b>21 September</b>	CBRT Monetary Policy Meeting	August	30.0%	25.0%
	TR Consumer Confidence Index	September	-	68.0
	US Philadelphia Fed Business Index	September	-1.0	12.0
	US Existing Home Sales, units	August	4.10 million	4.07 million
	Euro Area Consumer Confidence, flash	September	-16.5	-16.0
	UK BoE Meeting	September	5.5%	5.25%
<b>22 September</b>	TR Foreign Visitors, yoy	August	-	49.3
	US Manufacturing PMI, flash	September	47.9	47.9
	US Services PMI, flash	September	50.3	50.5
	Euro Area Manufacturing PMI, flash	September	44.0	43.5
	Euro Area Services PMI, flash	September	47.5	47.9
	Japan BoJ Meeting	September	-0.10%	-0.10%

(A) Actual

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