

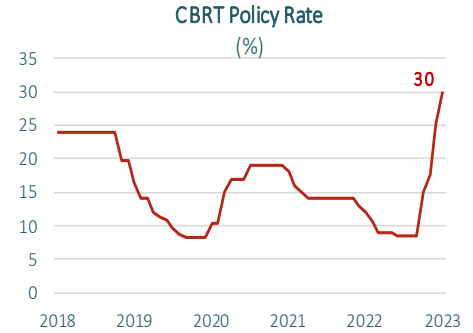
	15-Sep	22-Sep	Change		15-Sep	22-Sep	Change
BIST-100 Index	7.962	8.039	1,0 % ▲	EUR/USD	1,0655	1,0652	0,0 % ●
TRY 2 Year Benchmark Rate	28,92 %	28,40 %	-52 bp ▼	USD/TRY	26,9191	27,1038	0,7 % ▲
Türkiye 5-Year CDS Premium	390	381	-9 bp ▼	EUR/TRY	28,5719	28,8037	0,8 % ▲
MSCI EM Equity Index	985	964	-2,1 % ▼	Gold (USD/ounce)	1.924	1.925	0,1 % ▲
US 10-Year Bond Rate	4,32 %	4,44 %	12 bp ▲	Brent Oil (USD/barrel)	93,9	93,3	-0,7 % ▼

bp: basis point

Last week, meetings of central banks were followed by the markets. CBRT increased the policy rate by 500 bps to 30% at its meeting on September 21st. The Fed kept its policy rate unchanged in line with expectations. Forecasts of FOMC members which published after the meeting revealed that the members expect another rate hike for 2023. Central banks of UK, Japan and China also left interest rates unchanged last week. In its "Economic Outlook, Interim Report September 2023" OECD revised its global economic growth forecast for 2023 upwards to 3% and downwards for 2024 to 2.7%. This week, personal consumption expenditures (PCE) price index in the US and September preliminary HICP data in the Euro Area come to the fore in global markets. An easy data agenda will be followed in Türkiye.

CBRT increased the policy rate to 30%.

CBRT increased the policy rate by 500 bps to 30% at its meeting last week. In the press release, July and August inflation readings were stated as above expectations. In the statement, CBRT said that strong course of domestic demand as well as stickiness of services inflation persist and increase in oil prices together with the ongoing deterioration in inflation expectations pose additional upside risks to inflation. CBRT's emphasis on 2024 for the disinflation process prevails while counting increasing domestic and foreign demand for Turkish lira denominated assets as one of the developments contributing to price stability drew attention.



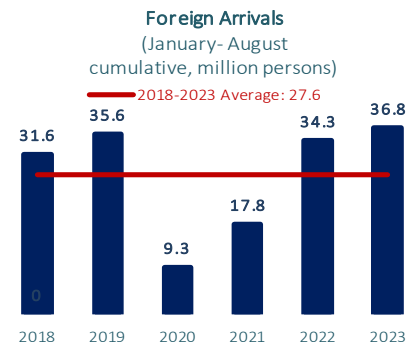
Consumer confidence index was 71.5 in September.

The consumer confidence index, which fell in August to its lowest level since June 2022 with 68.0, increased by 5.1% to 71.5 in September. According to the sub-indices, pessimistic evaluations regarding the current period prevailed while expectations for the next 12-month period improved slightly.

On the supply side, expectations draw a mixed picture. Seasonally adjusted real sector confidence index increased slightly in September to 105.1 due to improved assessments of outlook in general course of economy. In this month, sectoral confidence indices improved in retail trade and construction whereas decreased in the services sector due to negative expectations for the next period.

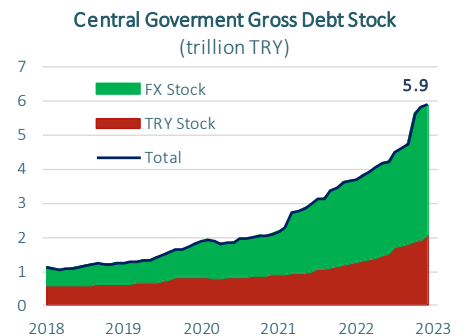
Increase in number of foreign visitors continued in August.

Number of foreign visitors to Türkiye increased annually by 5.6% and reached 6.7 million people in August. Thus, as of the first 8 months of the year, the number of visitors expanded by 14% compared to the same period of 2022 and came in at 36.8 million people. Most visitors came from Germany in August, but Russia ranked first with 4.4 million people in the January-August period.



Central government gross debt stock rose to 5.9 trillion TL.

As of August, central government gross debt stock reached 5.9 trillion TL. In terms of debt composition, TL denominated debt was realized as 2.1 trillion TL while FX denominated debt became 3.8 trillion TL. Thus, the ratio of FX debt stock to total debt stock became 64.9%.



Source: Datastream, CBRT, Turkstat, MoTF

Major central banks did not raise interest rates at their September meetings.

At its meeting held last week, Fed kept its policy rate unchanged between 5.25%-5.50% in line with market expectations. Fed Chair Powell emphasized the 2% inflation target and stated that they are committed to maintain the tight monetary policy stance for a long time. Moreover, according to the updated projections of FOMC members, another rate hike is expected in 2023. It was also noteworthy that median policy rate forecasts for 2024 and 2025 increased each by 0.5 percentage points to 5.1% and 3.9%, respectively. Fed's median growth and unemployment rate forecasts for 2023 were revised from 1.1% to 2.1% and from 4.1% to 3.8%, respectively, while the year-end inflation forecast was raised by 0.1 percentage points to 3.3%.

The Bank of England (BoE), which has been raising its policy rate since December 2021, did not change the interest rate at its meeting last week despite another hike expectation. The Bank of Japan, which shared the view that the economy is recovering moderately, and People's Bank of China, which shared the assessment that the recovery in economic activity has gained momentum, also preferred to keep interest rates at their current levels in September.

Weakness in the economic outlook in the Euro Area continues.

In the Euro Area, HICP inflation for August came in below market expectations with 0.5% mom and 5.2% yoy. Due to the high base effect in food prices, headline inflation in the region remained under core inflation. In this period, annual core HICP inflation excluding energy and unprocessed food prices came in at 6.2%. On the other hand, recent data releases in the region pointed to ongoing weakness in economic activity. According to flash data for September, manufacturing PMI declined to 43.4, while services PMI remained below the threshold for the second month in a row with 48.4. Moreover, consumer confidence index fell to -17.8 in September, the lowest level for the last 6 months.

OECD revised its global growth forecasts.

In the September update of the "Interim Economic Outlook" report published last week, OECD pointed out that global economy proved more resilient than expected in the first half of 2023 but the growth outlook remains weak. In this context, the Organization raised its global growth forecast for 2023 from 2.7% to 3%. On the other hand, in addition to sharper slowdown in China would drag on growth around the world even further and the evident effects of tight monetary policy, the growth forecast for 2024 was lowered from 2.9% to 2.7%. In the report, the growth forecast for the Turkish economy for 2023 was raised from 3.6% to 4.3%, while the forecast for 2024 was revised down from 3.7% to 2.6%.

Financial markets...

Last week, global markets remained under pressure after the Fed meeting. Approaching 100 USD/barrel, Brent oil price closed the week 0.7% lower, while the ounce price of gold was 1,925 USD at end-week.

BIST-100 index, which has been under selling pressure for the last two weeks, closed last week at 8,039. Türkiye's 5-year CDS premium fell to 381 bps while the 2-year benchmark bond yield decreased by 52 bps to 28.40%. The Turkish lira depreciated slightly against the USD and the euro.

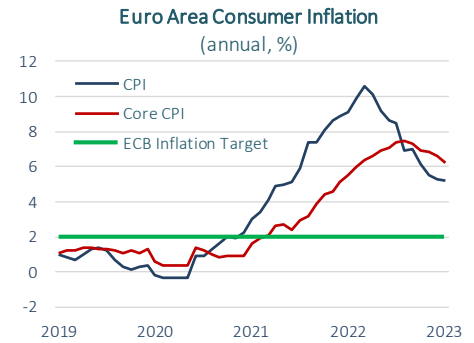
This week's agenda...

On the global agenda, intense data flow will be followed this week. The US personal consumption expenditures (PCE) price index for August and the Euro Area's flash inflation data for September stand out. In Türkiye, final foreign trade data for August will be released.

Fed Members' Projections

	September Projections (%)		Change* (% point)	
	2022	2023	2022	2023
GDP Growth	2.1	1.5	1.1	0.4
PCE Inflation	3.3	2.5	0.1	0.0
Core PCE	3.7	2.6	-0.2	0.0
Federal Funds Rate	5.6	5.1	0.0	0.5
Unemployment Rate	3.8	4.1	-0.3	-0.4

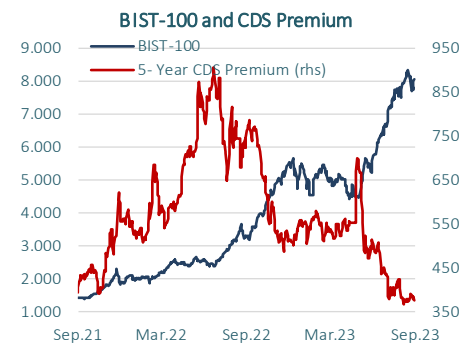
(*) Difference from March projections



OECD Projections (yoy % change)

	Projections of September (%)		Change* (% points)	
	2023	2024	2023	2024
GDP Growth				
World	3.0	2.7	0.3	-0.2
US	2.2	1.3	0.6	0.3
Euro Zone	0.6	1.1	-0.3	-0.4
Turkey	4.3	2.6	0.7	-1.1
Endyear Inflation				
US	3.8	2.6	-0.1	0.0
Euro Zone	5.5	3.0	-0.3	-0.2
Turkey	52.1	39.2	7.3	-1.6

(*) Difference from June projections



Source: Datastream, Fed, OECD

Data Releases

		Period	Consensus	Prior
25 September	TR Real Sector Confidence Index	September	105.1 (A)	104.6
	TR House Sales, yoy	September	76.9% (A)	75.7%
26 September	USA Consumer Confidence	September	105.9	106.1
	USA New Home Sales, units	August	700K	714K
27 September	USA Durable Goods Orders, mom	August	-0.4%	-5.2%
28 September	TR Economic Confidence	September	-	94.1
	USA GDP Growth, final, yoy	2023 Q2	2.2%	2.1%
	USA Pending Home Sales, mom	August	-0.2%	0.9%
	Euro Area Consumer Confidence, final	September	-17.8	-17.8
29 September	Euro Area GDP Growth, yoy	2023 Q2	-	-12.2 billion USD
	USA Core PCE, mom	August	0.2%	0.2%
	USA Michigan Consumer Confidence, final	September	-	67.7
	Euro Area CPI Inflation, flash, yoy	September	-4.6%	5.2%

(A) Actual

Economic Research Division

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

İlker Şahin
Economist
ilker.sahin@isbank.com.tr

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

Berkay Arık
Asst. Economist
berkay.arik@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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