

	22-Sep	29-Sep	Change		22-Sep	29-Sep	Change
BIST-100 Index	8,039	8,335	3.7 % ▲	EUR/USD	1.0652	1.0570	-0.8 % ▼
TRY 2 Year Benchmark Rate	28.40 %	29.74 %	134 bp ▲	USD/TRY	27.1038	27.3712	1.0 % ▲
Turkey 5-Year CDS Premium	381	397	16 bp ▲	EUR/TRY	28.8037	28.9453	0.5 % ▲
MSCI EM Equity Index	964	953	-1.2 % ▼	Gold (USD/ounce)	1,925	1,848	-4.0 % ▼
US 10-Year Bond Rate	4.44 %	4.57 %	13 bp ▲	Brent Oil (USD/barrel)	93.3	95.3	2.2 % ▲

bp: basis point

Although data releases last week indicated that inflationary pressures in the US and Euro Area have eased, Fed and ECB officials stated that interest rates will remain high for a long time due to the high course of inflation. In the US, concerns over the government shutdown were relieved with the agreement on the temporary budget bill over the weekend, which helped global risk appetite to start the new week with a positive course. International credit rating agency S&P upgraded Türkiye's credit rating outlook to "stable". On the other hand, Istanbul Chamber of Industry Türkiye Manufacturing PMI for September was realized as 49.6, indicating that the weak course in the sector continued. This week, non-farm payrolls data in the US will be high on the data agenda of global markets. In Türkiye, inflation data for September will be closely monitored.

An agreement was reached on the temporary budget in the US.

Uncertainty over the budget bill that will fund the federal government ahead of the new fiscal year starting on October 1st was closely monitored last week. The interim budget, which entered into force with the signature of US President Biden at the weekend, provided funding to the federal government until November 17, while gaining time to reach an agreement on the 2024 fiscal year budget.

The US economy, which ended the second quarter of the year with an annualized growth of 2.1%, pictured a mixed outlook in the third quarter in accordance with revealed data last week. Core personal consumer expenditures (PCE) price index rose by 0.1% mom in August, below expectations, signalling an easing in demand-side inflationary pressures. The annual increase of 3.9% in the core PCE price index was also above the Fed's 2% inflation target, but below 4% for the first time in more than two years, confirming the improving outlook. Durable goods orders in the country increased by 0.2% in August against the market expectations for a contraction, while the recovery in capital expenditures was recorded as a positive development. On the other hand, consumer confidence index declined faster than expected to 103 in September.

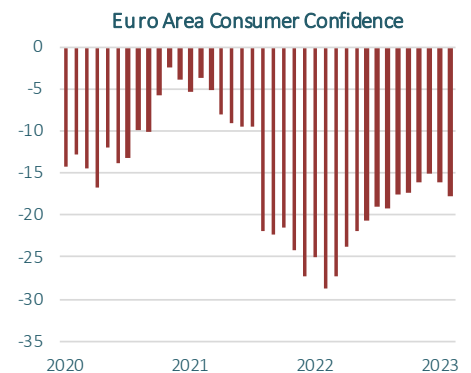
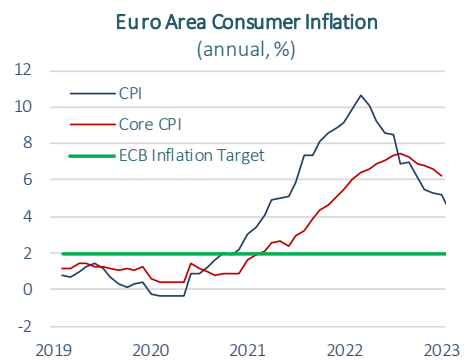
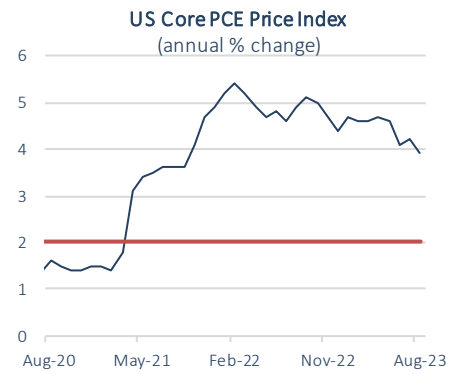
Euro Area inflation hits 2-year low...

According to flash data, annual HICP inflation in the Euro Area fell to 4.3% in September, well below market expectations and the lowest level since October 2021. In the same period, economic confidence index in the region remained weak with 93.3 while Ifo Business Climate Index in Germany, the region's largest economy, hit its lowest level for the last 11 months.

Speaking at the European Parliament, ECB President Lagarde stated that inflation remained high despite the downward trend. Lagarde said that governments in the Euro Area should adopt policies that will not increase inflationary pressures, including managing public debt.

S&P upgraded Türkiye's credit rating outlook.

International credit rating agency S&P affirmed Türkiye's credit rating at "B" and upgraded its credit rating outlook from "negative" to "stable". S&P predicted that the new economic management will be able to move the Turkish economy away from consumption financed by foreign debt and bring it to a more balanced



Source: Datastream

outlook and predicted that inflation will decline towards acceptable levels in this framework. The agency also stated that the rating outlook could be revised to positive if Türkiye's balance of payments position and the CBRT's net reserves strengthen in addition to the increased effectiveness and independence of monetary policy. S&P expects interest rate hikes to continue in 2023, albeit at a slower pace. Fitch had also upgraded Turkey's credit rating outlook to "stable" in its assessment on September 8, emphasizing the change in the policy set.

ISO manufacturing PMI came in at 49.6 in September.

Istanbul Chamber of Industry (ISO) manufacturing purchasing managers index (PMI) came in at 49.6 in September. Thus, the index, where values below 50 indicate a weak course in the manufacturing industry, remained below the threshold level throughout the third quarter. Analysing the sub-details of the index, it was observed that price developments weighed on demand, but this effect eased in September compared to previous months. Among the 10 sectors monitored within the scope of the report, only food products recorded an increase in production, while the sharpest slowdown was observed in the textile sector where PMI data dropped to 42.9.

Hikes in electricity and natural gas tariffs...

According to the tariff tables published by the Energy Market Regulatory Authority (EMRA), electricity tariffs for industrial users were raised by 20% as of October 1. The tariffs for residential users remained unchanged. In addition, according to the announcement made by Petroleum Pipeline Corporation (BOTAS), the natural gas consumption tariffs of industrial organizations and SMEs were increased by 20%, while the tariffs for residential use remained unchanged.

White goods exports under pressure...

White goods figures for August showed that domestic demand was strong, exports were weak and production remained flat. According to data released by the White Goods Manufacturers' Association of Türkiye (TÜRKBEŞD), domestic sales of 6 main products increased by 19% yoy to 852 thousand units in August. In this period, exports decreased by 8% compared to the same month of the previous year while total sales of the sector declined by 1%. Thus, in the first 8 months of the year, domestic market grew by 21% while exports declined by 11%.

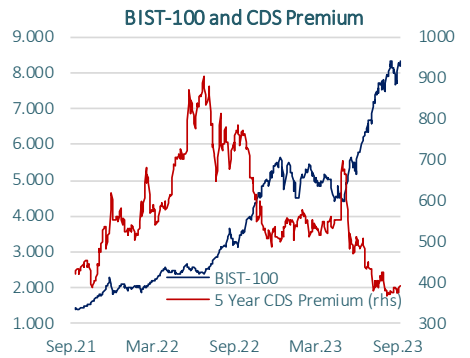
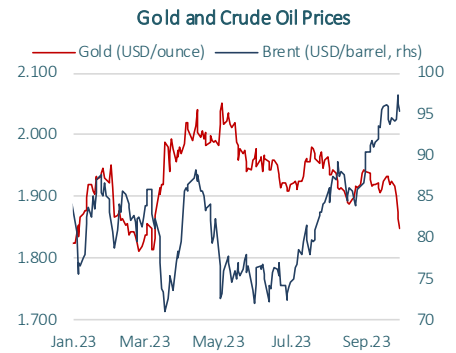
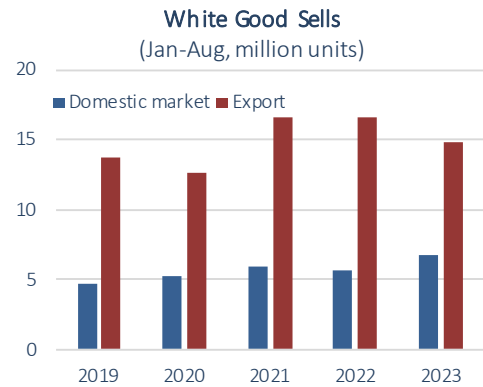
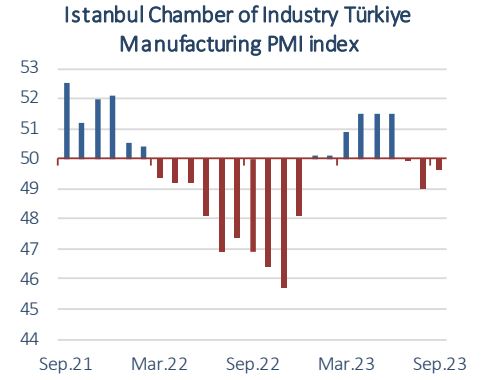
Financial markets...

Last week, the DXY index, showing the value of the US dollar against other developed country currencies, rose as the expectation that the Fed will continue its monetary tightening steps gained weight in the markets while the EUR/USD parity fell to the lowest levels of this year. Moreover, the US 10-year bond yield rose above 4.6%, hitting 16-year high. Gold ounce price, which was under pressure due to the rise in the US dollar, fell to its lowest level since March, while oil prices continued to rise due to the ongoing uncertainty over supply constraints.

BIST-100 index, which followed a volatile course throughout the week, closed the week with an increase. 2-year benchmark bond yield also increased by 134 basis points to 29.74%, while TRY depreciated against US dollar and euro.

This week's agenda...

This week, non-farm payrolls data in the US will be high on the global markets' agenda. In Türkiye, September inflation data will also be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
2 October	TR Manufacturing PMI	September	49.6 (A)	49.0
	USA Manufacturing PMI, final	September	-	48.9
	USA ISM Manufacturing PMI	September	47.7	47.6
	Euro Area Unemployment Rate	August	%6.4	%6.4
	Euro Area Manufacturing PMI, final	September	43.4	43.4
3 October	TR CPI Inflation, mom	September	%4.88	%9.09
	TR D-PPI Inflation, mom	September	-	%5.89
4 October	USA Services PMI, final	September	-	50.2
	USA ISM Services PMI	September	53.6	54.5
	USA Factory Orders, mom	August	%0.3	-%2.1
	Euro Area Services PMI, final	September	48.4	48.4
	Euro Area PPI Inflation, mom	August	%0.6	-%0.5
	Euro Area Retail Sales, mom	August	-%0.3	-%0.2
5 October	USA Trade Balance	August	-64.6 bn USD	-65.0 bn USD
6 October	TR Treasury Cash Balance	September	-	61.91 bn TL
	USA Nonfarm Payrolls	September	163 thousand people	187 thousand people
	USA Unemployment Rate	September	%3.7	%3.8

(A) Actual

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