

	20-Oct	27-Oct	Change		20-Oct	27-Oct	Change
BIST-100 Index	7,511	7,706	2.6 % ▲	EUR/USD	1.0593	1.0564	-0.3 % ▼
TRY 2 Year Benchmark Rate	30.60 %	34.63 %	403 bp ▲	USD/TRY	27.9483	28.1636	0.8 % ▲
Türkiye 5-Year CDS Premium	425	411	-14 bp ▼	EUR/TRY	29.6191	29.8364	0.7 % ▲
MSCI EM Equity Index	926	920	-0.6 % ▼	Gold (USD/ounce)	1,981	2,006	1.2 % ▲
US 10-Year Bond Rate	4.92 %	4.85 %	-8 bp ▼	Brent Oil (USD/barrel)	92.2	90.5	-1.8 % ▼

bp: basis point

Last week, CBRT raised the policy rate by 500 points to 35% and reiterated that the tight monetary policy stance will continue. In October, sectoral confidence indices followed a mixed course, while real sector confidence index rose slightly. According to annualized data, US economy grew by 4.9% qoq in the third quarter, well above market expectations. Flash PMI data for October also came in above expectations, indicating that economic activity in the country remained strong. ECB left the policy rate unchanged at its meeting last week. Flash PMI data for October in Euro Area pointed to worsening in the economy, contrary to the US. This week, geopolitical developments as well as the Fed meeting will be high on the global agenda. In Türkiye, CBRT's Inflation Report, October inflation, and ISO manufacturing PMI data will be released.

### CBRT raised the policy rate to 35%.

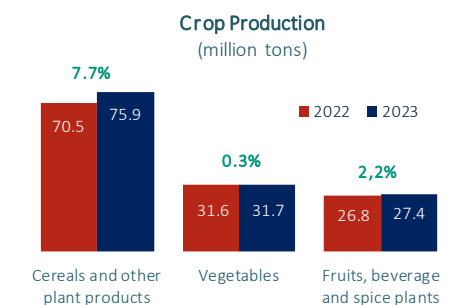
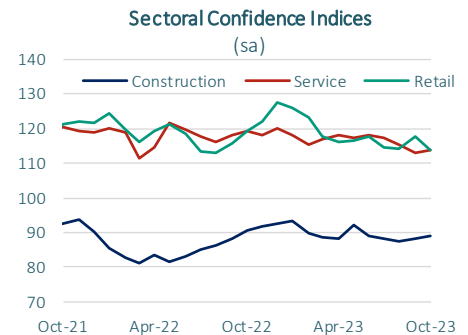
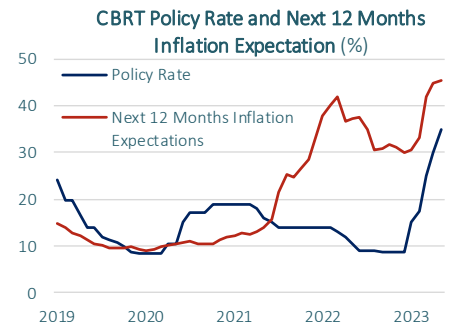
CBRT raised the policy rate by 500 basis points to 35% in line with market expectations. In the statement published after the decision, it was stated that the negative impact of wage, tax, and exchange rate hikes on inflation had largely completed, but inflation realized above expectations in the third quarter of the year and CPI will be in the upper band of the year-end expectation. Geopolitical risks, the ongoing strong course of domestic demand, the rigidity in service prices, and the deterioration in inflation expectations put upward pressure on inflation. In addition, more steps would be taken to increase the share of TRY deposits. In this context, it was announced on Friday that simplifications were made in securities facility practices and new steps were taken to increase the share of TRY deposits.

### Sectoral confidence indices displayed a stable outlook.

Real sector confidence increased slightly in October and was realized at 105.3. Seasonally adjusted capacity utilization rate decreased by 0.1 point mom to 76.8% in October. In this period, seasonally adjusted confidence indices improved slightly in the construction and services sectors, while in the retail trade sector, assessments regarding present and next 3 months turned pessimistic and sectoral confidence decreased by 3.3% mom.

### Crop production was estimated to increase in 2023.

According to the results of the second estimation of crop production for 2023 announced by TURKSTAT, yields were estimated to have increased by 7.7% for cereals and other crops, 0.3% for vegetables, and 2.2% for fruits, beverages, and spices compared to the previous year. Accordingly, production in 2023 was 75.9 million tons for cereals and other crops, 31.7 million tons for vegetables, and 27.4 million tons for fruits, beverages, and spices. Among the important commodities for food inflation, wheat production for flour was estimated to increase by 10.4% in 2023, while sunflower yield was estimated to decrease by 13.8%.



Source: TURKSTAT, Datastream

## US economy grew by 4.9% in the third quarter.

According to flash annualized data, US economy grew by 4.9% qoq in the third quarter, the fastest growth in nearly two years. Personal consumption expenditures and private domestic investments made the highest contribution to growth in this period. Flash data for October also confirmed the positive outlook for the country's economy. Accordingly, flash services PMI increased by 0.8 points mom to 50.9 in October, while flash manufacturing PMI rose by 0.2 points to 50 threshold and did not signal contraction for the first time since April.

On the other hand, core personal consumption expenditures (PCE) price index increased by 0.3% mom in September, while the annual core PCE increase was recorded at 3.7%, the lowest level since May 2021.

Recession concerns eased after the data pointed to a better-than-expected outlook in the US, and expectations that tight monetary policy will continue before the Fed's meeting this week have gained weight in the markets.

## ECB kept the policy rate unchanged as expected.

At its meeting last week, ECB kept the policy rate unchanged. In her speech after the meeting, ECB President Lagarde reiterated that the slowdown in price increases has begun, but inflation is expected to remain at high levels for a long time. Lagarde said that the economy would remain weak for the rest of the year and the expectation that interest rates have peaked was not correct.

On the other hand, flash PMI data for October in Euro Area showed that the deterioration in economic activity deepened. In this period, manufacturing PMI declined from 43.4 to 43.0 and services PMI from 48.7 to 47.8. Consumer confidence in the region also continued to decline in this month. The deterioration in leading indicators and high borrowing costs suggest that the pressure on economic activity in the Region would continue for the rest of this year.

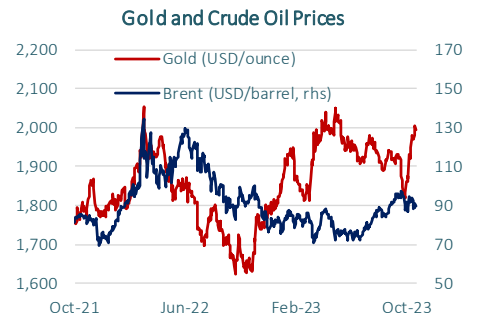
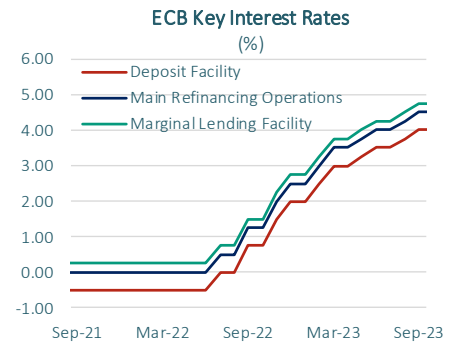
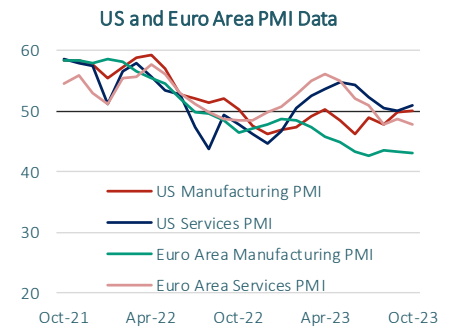
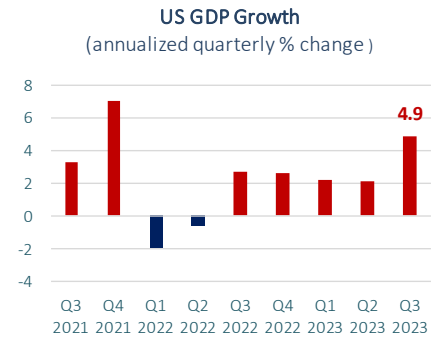
## Financial markets...

Last week, uncertainties because of ongoing war in the Middle East continued to weigh on risk appetite in global markets. Gold ounce price rose by 1.2% to 2,006 USD, while Brent crude oil price per barrel declined on a weekly basis.

BIST-100 index ended the week with a rise of 1.8% thanks to reaction purchases and favorable balance sheet announcements, while the 2-year benchmark bond yield rose sharply. TRY continued to depreciate against the US dollar and euro.

## This week's agenda...

This week, geopolitical developments as well as the Fed meeting stand out on the agenda. In Türkiye, CBRT's Inflation Report, October inflation and foreign trade data and ISO manufacturing PMI data will be released.



Source: Datastream

## Data Releases

		Period	Consensus	Prior
<b>30 October</b>	TR Economic Confidence	October	96.5 (A)	95.4
	Euro Area Consumer Confidence, final	October	-17.9	-17.9
<b>31 October</b>	TR Tourism Revenue	Q3	-	13.0 billion USD
	TR Trade Balance, final	September	-	-8.66 billion USD
	TR Foreign Arrivals, yoy	September	-	5.7%
	US Consumer Confidence	October	100	103
	Euro Area GDP Growth, flash, quarterly	Q3	0.0%	0.1%
	Euro Area CPI Inflation, flash, yoy	October	3.4%	4.3%
	BoJ Meeting	October	-0.1%	-0.1%
	China NBS Manufacturing PMI	October	50.2	50.2
<b>1 November</b>	TR İSO Türkiye Manufacturing PMI	October	-	49.6
	Fed Minutes	November	5.25%-5.50%	5.25%-5.50%
	US Manufacturing PMI, final	October	-	50.0
	US ISM Manufacturing PMI	October	49.0	49.0
	China Caixin Manufacturing PMI, final	October	50.8	50.6
<b>2 November</b>	CBRT Inflation Report	2023-4	-	-
	US Factory Orders, mom	September	1.9%	1.2%
	Euro Area Manufacturing PMI, final	October	43.0	43.0
	BoE Meeting	November	5.25%	5.25%
<b>3 November</b>	TR CPI Inflation, mom	October	3.2%	4.75%
	TR D-PPI Inflation, mom	October	-	3.40%
	US Nonfarm Payrolls	October	188 thousand	336 thousand
	US Unemployment Rate	October	3.8%	3.8%
	US Services PMI, final	October	-	50.9
	US ISM Services PMI	October	53.0	53.6
	Euro Area Unemployment Rate	September	6.4%	6.4%

(A) Actual

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