

	10-Nov	17-Nov	Change		10-Nov	17-Nov	Change
BIST-100 Index	7,771	7,853	1.1 % ▲	EUR/USD	1.0681	1.0907	2.1 % ▲
TRY 2 Year Benchmark Rate	41.69 %	40.60 %	-109 bp ▼	USD/TRY	28.5251	28.6545	0.5 % ▲
Türkiye 5-Year CDS Premium	377	356	-21 bp ▼	EUR/TRY	30.5200	31.2435	2.4 % ▲
MSCI EM Equity Index	948	977	3.0 % ▲	Gold (USD/ounce)	1,937	1,980	2.2 % ▲
US 10-Year Bond Rate	4.63 %	4.44 %	-19 bp ▼	Brent Oil (USD/barrel)	81.4	80.6	-1.0 % ▼

bp: basis point

Last week, lower-than-expected October consumer inflation data and weaker macro data indicating a slowdown in the economic activity in the US strengthened the views that Fed may have ended the rate hike cycle. The European Commission revised its forecasts for the Euro Area economy downwards. In China recent data signaled that the recovery in economic activity continues. In Türkiye, central government budget posted a deficit of 95.5 billion TRY in October. The annual decline in house sales continued in October, while mortgaged sales decreased rapidly. According to the CBRT's Survey of Market Participants, inflation expectations in November declined slightly. CBRT's Monetary Policy Committee meeting, Fed's meeting minutes and global flash PMI data will be monitored this week.

October inflation data in the US came in below expectations.

In the US, despite the expectations for an increase, CPI remained unchanged on a monthly basis and annual inflation fell to 3.2%. The fall in energy prices led inflation realizations in October. Core inflation came in at 0.2% mom and 4.0% yoy in October. In this period, producer price index, that declined by 0.5% mom, lost momentum and rose by 1.3% yoy.

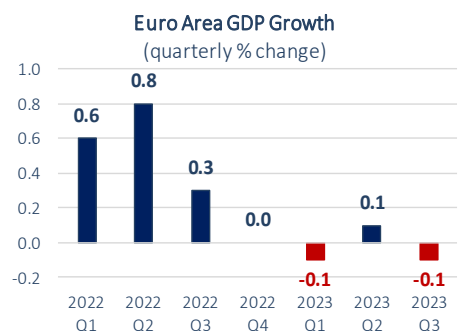
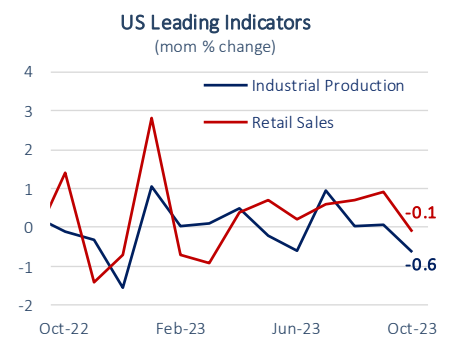
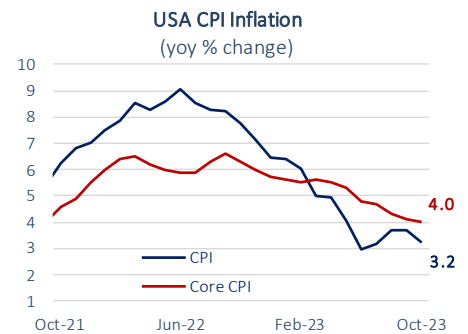
Last week data releases in the US pointed to a slowdown in economic activity. In October, industrial production contracted more than expectations on a monthly basis with 0.6%, and retail sales volume fell by 0.1% in the same period. On the other hand, jobless claims in the week ending November 11 came in at 231K and beat the expectations. Thus, continuing jobless claims reached the highest level in the last 2 years. The data flow, which signaled a cooling in the economy, and the lower-than-expected inflation figures strengthened views that Fed may have ended its interest rate hikes.

Euro Area economy contracted in the third quarter.

The EU Commission revised its growth expectations downwards in its European Economic Forecasts Report published last week. In the report, the growth expectation for the Euro Area economy was revised downwardly from 0.8% to 0.6% for 2023 and from 1.3% to 1.2% for 2024. On the other hand, last week's data releases on the Region confirmed the weakness in economic activity. Accordingly, GDP data of the Euro Area economy for the third quarter of the year was kept at -0.1% qoq, while the final October annual HICP inflation was confirmed as 2.9%, 1.4 points down compared to the previous month.

Data on Asia's leading economies showed divergence.

In the third quarter of the year, Japan's GDP contracted more than expectations with 0.5% qoq, driven by the decline in investment spending and weak external demand. In this period, annualized GDP also declined by 2.1%, well above the expectations. On the other hand, in October industrial production and retail sales in China rose annually by 4.6% and 7.6%, respectively. The positive readings indicated that the recovery in economic activity accelerated in China. Moreover, the unemployment rate that hovering at a 2-year low with 5.0% in October, also supported this view. In this context, People's Bank of China kept its monetary



Source: Datastream

policy unchanged at its November meeting.

Central government budget posted a deficit of 95.5 billion TRY in October.

Central government budget deficit was realized as 95.5 billion TRY in October. In this period, budget revenues increased by 111.3% yoy to 473.8 billion TRY, while budget expenditures rose by 85.2% yoy to 569.2 billion TRY. In October, tax revenues rose by 125.2% yoy to 409.4 billion TRY, while current transfers, which increased by 97.1% yoy, came to the fore on the expenditures side. In this month, primary budget deficit increased by 29.6% yoy to 28.7 billion TRY ([Our Budget Balance report](#)).

Limited decline in inflation and exchange rate expectations...

According to CBRT's Survey of Market Participants, annual CPI inflation expectations decreased slightly compared to the previous survey period and realized as 67.23% and 43.94% for end-2023 and 12-month ahead, respectively,. According to the survey, end-2023 expectation for USD/TRY exchange rate was realized as 30, while the 12-month ahead expectation rose to 39.62. In the survey, 37.5% expectation for the policy rate at the end of November indicates that the market expects 250 bps rate hike at the CBRT meeting. On the other hand, growth expectation for 2024 continued to decline to 3.3%.

CBRT published the Financial Stability Report.

In the CBRT's Financial Stability Report published last week, fight against inflation is told to be continued with the strong monetary tightening that started in June. In the report, it is stated that steps taken within the scope of simplification in the macroprudential framework increased the share of Turkish lira deposits, while the decline in the share of FX-protected and FX-denominated deposit accounts strengthened the monetary transmission mechanism as well as financial stability. The report emphasized that credit growth was stabilizing thanks to the selective credit and quantitative tightening steps and assessed that the banking sector's asset quality remained strong.

The decline in house sales continues.

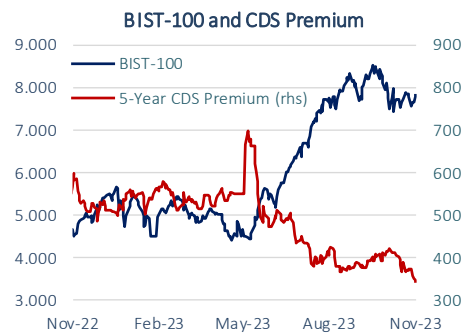
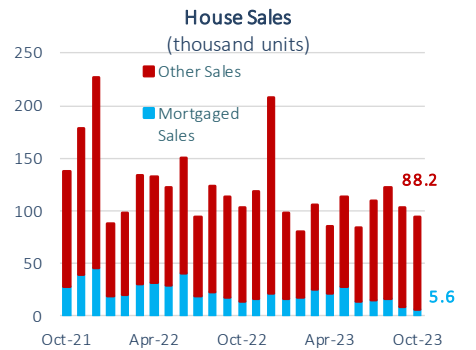
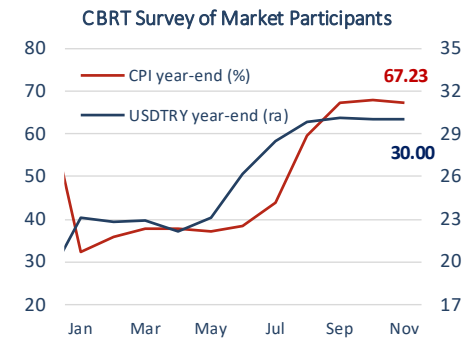
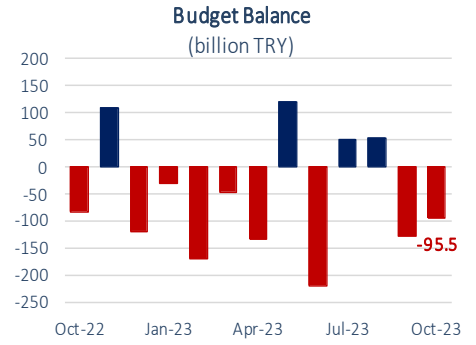
Domestic house sales decreased by 8.7% yoy to 93,761 units in October. Mortgaged sales fell to their lowest level since November 2018, while other sales declined annually by 1.4%. In this period, house sales to foreigners decreased by 52.9% yoy. On the other hand, house price index rose by 4.3% mom and 89.2% yoy in September. Thus, although the annual rate of increase in the house price index continued to decline, it remained above the CPI inflation.

Financial markets...

Last week, global risk appetite increased as the data flow pointing to a cooling in the US economy strengthened expectations that monetary tightening was about to end. While the US 10-year Treasury bond yield fell from a 16-year high, stock market indices ended last week with a rise. The barrel price of Brent crude oil fell to 80.6 USD. BIST-100 index closed the week with a limited rise. Türkiye's 5-year CDS premium stood at 356 at the close on Friday.

This week's agenda...

CBRT's Monetary Policy Committee meeting stands out on this week's agenda. In addition, FOMC minutes and the flash PMI data for the US and Euro Area will be closely monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
20 November	TR Central Government Gross Debt Stock	October	-	6.1 trillion TRY
	Germany PPI Inflation, mom	October	-0.1%	-0.2%
	China Central Bank Meeting	November	-	3.45% (A)
21 November	USA Existing Home Sales, units	October	3.90 million	3.96 million
	Fed Minutes	November	-	-
22 November	TR Consumer Confidence Index	November	-	74.6
	USA Durable Goods Orders, mom	October	-3.2%	4.6%
	USA Michigan Consumer Confidence, final	November	60.6	60.4
	Euro Area Consumer Confidence, flash	November	-17.6	-17.9
23 November	CBRT Monetary Policy Meeting	November	-	35.00%
	Euro Area Manufacturing PMI, flash	November	43.4	43.1
	Euro Area Services PMI, flash	November	48.1	47.8
24 November	TR Real Sector Confidence Index	November	-	103.3
	TR Capacity Utilization Rate	November	-	77.4%
	TR Foreign Visitors, yoy	October	-	5.7%
	USA Manufacturing PMI, flash	November	49.8	50.0
	USA Services PMI, flash	November	50.3	50.6
	Germany GDP Growth, QQ	2023 Q3	-0.1%	-0.1%

(A) Actual

Economic Research Division

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

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

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

Utkan İnam
Asst. Economist
utkan.inam@isbank.com.tr

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

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