

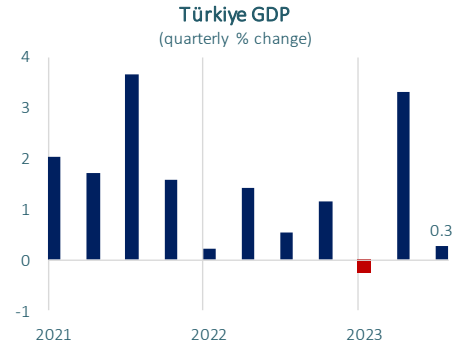
	24.Nov	1.Dec	Change		24.Nov	1.Dec	Change
BIST-100 Index	7.960	8.026	0,8 % ▲	EUR/USD	1,0939	1,0881	-0,5 % ▼
TRY 2 Year Benchmark Rate	41,05 %	39,87 %	-118 bp ▼	USD/TRY	28,8606	28,8885	0,1 % ▲
Türkiye 5-Year CDS Premium	334	331	-3 bp ▼	EUR/TRY	31,5815	31,4415	-0,4 % ▼
MSCI EM Equity Index	980	987	0,7 % ▲	Gold (USD/ounce)	2.002	2.071	3,4 % ▲
US 10-Year Bond Rate	4,48 %	4,22 %	-26 bp ▼	Brent Oil (USD/barrel)	80,6	78,9	-2,1 % ▼

bp: basis point

According to chain linked volume index, Turkish economy grew by 5.9% yoy in the third quarter of 2023, above market expectations. ICI Türkiye manufacturing PMI data showed that the manufacturing industry contracted for the fifth consecutive month in November. In the same period, annual CPI inflation was realized as 61.98% while foreign trade deficit continued to decline. S&P revised Türkiye's credit outlook from "stable" to "positive" with an unplanned update. OECD lowered its 2023 growth forecast for global economy to 2.9% while raising it for Türkiye to 4.5%. US annualized GDP growth in Q3 was revised upwards to 5.2%. In Euro Area, annual HICP inflation fell faster than expected to 2.4% in November. This week, US non-farm payrolls data will be high on the agenda. In Türkiye, developments ahead of the minimum wage negotiations that will start next week will be monitored.

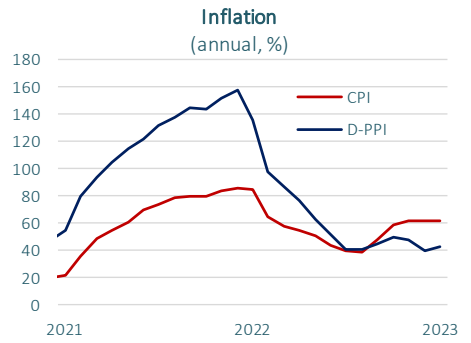
Turkish economy grew above expectations in the third quarter.

Turkish economy grew by 0.3% qoq and 5.9% yoy in the third quarter. Thus, annualized GDP in USD terms reached approximately 1.1 trillion USD. In this period, seasonally and calendar adjusted private consumption expenditures contracted by 1.7% qoq, pointing the pressure on demand due to monetary tightening. Net exports, which limited growth in the first two quarters of the year, made a positive contribution of 0.7 pts to quarterly growth in the third quarter. Moreover, investment expenditures made a positive contribution of 1.3 pts to quarterly GDP growth in this period thanks to the rise in machinery and equipment investments. Turkish economy grew by 4.7% in the first nine months of 2023 ([Our Economic Growth Report](#)).



Istanbul Chamber of Industry manufacturing PMI pointed to contraction.

Türkiye manufacturing PMI, released by the Istanbul Chamber of Industry, declined by 1.2 pts in November compared to the previous month and came in at 47.2. Thus, the index remained below the threshold for the fifth consecutive month, indicating that the loss of momentum in the manufacturing industry deepened. According to the Türkiye sectoral PMI data released by Istanbul Chamber of Industry, six of the ten main sectors posted loss in activity, while the rapid losses in clothing, textile and basic metal sectors stood out.

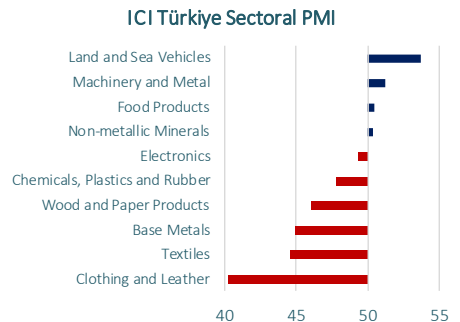


November inflation was below expectations.

In November, CPI increased monthly and annually by 3.28% and 61.98%, respectively. The housing group, which rose by 11.2% in this month, made the highest contribution to the monthly inflation with 1.44 pts. Annual D-PPI inflation was announced as 42.25% in November ([Our Inflation Report](#)).

Foreign trade deficit continued to narrow in November.

According to preliminary figures released by the Ministry of Trade, exports increased by 5.2% yoy to 23 billion USD in November, while imports declined by 5.6% yoy to 28.9 billion USD. Thus, foreign trade deficit decreased by 32.6% yoy to 5.9 billion USD in November. Foreign trade deficit in January-November period reached 99.8 billion USD.



Source: TurkStat, CBRT, MoTF, BRSA, ICI, Datastream

S&P revised Türkiye's credit outlook to positive.

Last week, S&P, which has rated Türkiye with "B", updated credit outlook of Türkiye to "positive", citing the rebalancing steps taken by the new economy management with an out-of-schedule review. The institution drew attention to the normalization steps in monetary policy as well as the rise in official reserves and the improvement in the current account balance outlook.

OECD published its World Economic Outlook report.

In its Economic Outlook report published last week, OECD emphasized that inflation and low growth risks prevails on global scale. In the report, 2023 growth was defined as better than expected, it was pointed out that tight financial conditions, low trade volume and weak business and consumer confidence put pressure on growth. The organization lowered its global economic growth forecast for 2023 from 3% to 2.9%, while keeping it unchanged at 2.7% for 2024. For Türkiye, the OECD raised 2023 growth forecast from 4.3% to 4.5% and the 2024 forecast from 2.6% to 2.9%.

US third quarter growth was revised upwards.

Annualized third quarter growth in the US was revised upwards by 0.3 pts to 5.2%. Despite Fed Chairman Jerome Powell's statement on Friday that they may tighten further if necessary, markets are currently pricing a 25 bps rate cut by May 2024 and a 100 bps rate cut by the end of 2024.

Annual HICP inflation in the Euro Area fell to 2.4% in November.

Flash annual HICP inflation in the Euro Area fell more than expectations and came in at 2.4% in November. The decline in inflation was mainly driven by the fall in energy prices. On annual basis, core HICP inflation also fell to 3.6%. At the beginning of last week, ECB President Lagarde stated that economic activity, which has stagnated in the last few quarters, could remain weak at the end of the year and employment growth might lose momentum.

OPEC+ countries agreed on the continuation of voluntary supply cuts.

At the meeting of OPEC+ countries last week, an agreement for the next year was reached on a voluntary production cut off approximately 2.2 million barrels per day. In the agreement on the voluntary production cut, it was announced that Saudi Arabia would maintain its current cut of 1 million barrels per day, while Russia would continue its cut off 500 thousand barrels per day in the first quarter of the year.

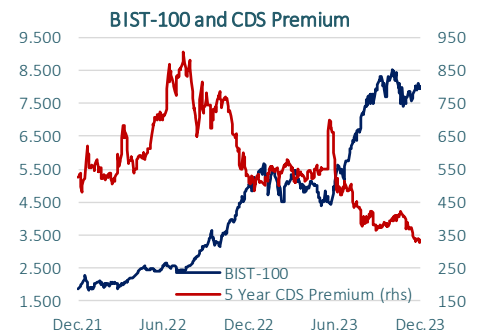
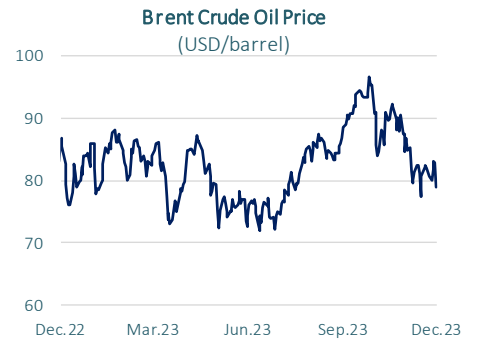
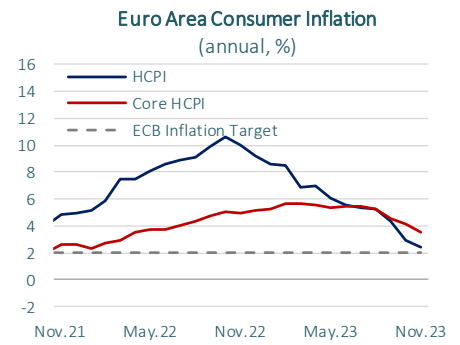
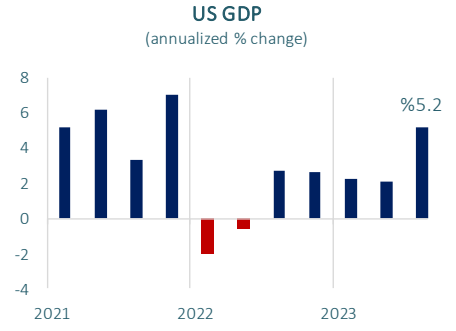
Financial markets...

Bond yields in the US continued to decline while stock markets ended the week with gains. Brent crude oil price closed the week, in which OPEC+ meeting was closely monitored, with a 2.1% decline. Gold prices kept rising last week and reached historic high levels after Powell's statements.

BIST-100 rose by 0.8% to 8,026 last week. Türkiye's 5-year CDS premium rose by 3 basis points to 331 last week, while the 2-year benchmark bond yield declined sharply. Turkish lira followed a flat course against USD and increased slightly against EUR.

This week's agenda...

This week, November nonfarm payrolls data to be released in the US will be high on the agenda. In Türkiye, developments ahead of the minimum wage meetings starting next week will be monitored.



Source: Datastream

Data Releases

		Period	Consensus	Prior
4 December	TR CPI Inflation, yoy	November	61.98% (A)	61.36%
	TR D-PPI Inflation, yoy	November	42.25% (A)	39.39%
	US Factory Orders, mom	October	-2.6%	2.8%
	US Durable Goods Orders, mom	October	-	-5.4%
	Euro Area Sentix Index	December	-16.4	-18.6
5 December	TR CPI Based Real Effective Exchange Rate	November	-	55.90
	US Services PMI, final	November	-	50.8
	US ISM Services PMI	November	52.0	51.8
	Euro Area PPI Inflation, mom	October	0.2%	0.5%
	Euro Area Services PMI, final	November	48.2	48.2
6 December	US Trade Balance	October	-64.1 billion USD	-61.5 billion USD
	Euro Area Retail Sales, mom	October	0.2%	-0.3%
7 December	TR Treasury Cash Balance	November	-	-82.2 billion TRY
	Euro Area GDP Growth, revised, yoy	2023 Q3	0.1%	0.1%
8 December	US Nonfarm Payrolls	November	180 thousand	150 thousand
	US Unemployment Rate	November	3.9%	3.9%
	US Michigan Consumer Confidence, prelim	December	62.0	61.3

(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

Caner Uygur Gndođdu
Asst. Economist
uygar.gundogdu@isbank.com.tr

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

LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.Ş. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.Ş. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A,Ş, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.
