

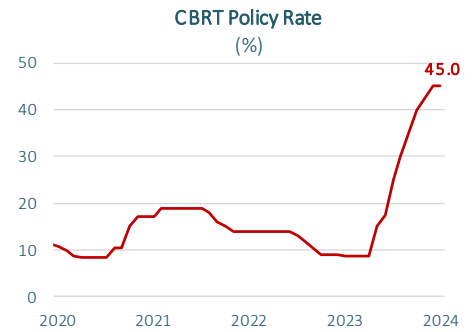
	16-Feb	23-Feb	Change		16-Feb	23-Feb	Change
BIST-100 Index	9,250	9,374	1.3 % ▲	EUR/USD	1.0774	1.0818	0.4 % ▲
TRY 2 Year Benchmark Rate	42.78 %	43.65 %	87 bp ▲	USD/TRY	30.8182	30.9651	0.5 % ▲
Turkey 5-Year CDS Premium	290	285	-5 bp ▼	EUR/TRY	33.0615	33.3225	0.8 % ▲
MSCI EM Equity Index	1,016	1,028	1.2 % ▲	Gold (USD/ounce)	2,013	2,036	1.1 % ▲
US 10-Year Bond Rate	4.30 %	4.26 %	-4 bp ▼	Brent Oil (USD/barrel)	83.5	81.6	-2.2 % ▼

bp: basis point

Last week, CBRT decided to keep the policy rate at 45% in line with market expectations and announced that the monetary policy stance would be tightened in case a significant and persistent deterioration in the inflation outlook is anticipated. In the US, Fed minutes released last week revealed that FOMC participants generally did not expect it would be appropriate to cut interest rates until inflation moves sustainably toward 2% target, while flash PMI figures confirmed the positive course of economic activity in the US. On the other hand, PMI data released in the Euro Area signaled that pressure on activity in the manufacturing industry continued. This week, markets will focus on Q4 GDP data and ICI Türkiye manufacturing PMI for February. In addition, February personal consumption expenditures (PCE) inflation data and revised US Q4 GDP data will be monitored.

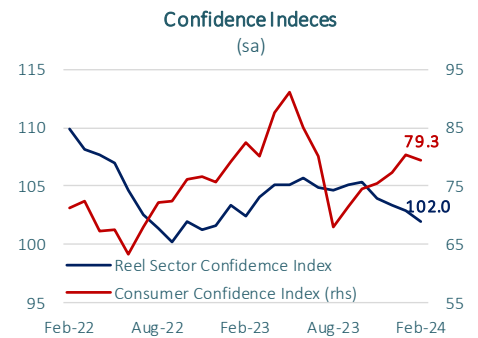
### CBRT kept the policy rate unchanged in line with expectations.

CBRT kept the policy rate unchanged at 45%, at its meeting held last week. CBRT strengthened the statement by changing the phrase “monetary tightening would be reviewed” with “monetary policy stance will be tightened” in case a significant and persistent deterioration in inflation outlook is anticipated. In the statement, it was stated that the determination in tight monetary policy stance would continue to contribute to Turkish lira’s real appreciation process, which is one of the main drivers of disinflation.

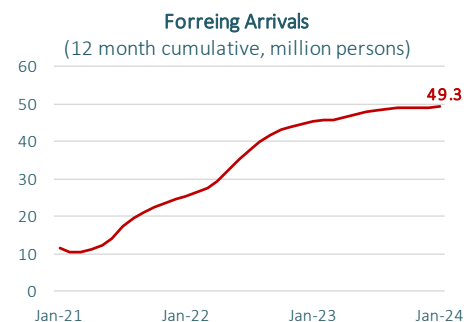


### Consumer confidence index decreased in February.

Seasonally adjusted consumer confidence index, which has been rising since September 2023, decreased by 1.3% to 79.3 in February. Analyzing the subcategories of the index, monthly declines in the general economic situation and household financial situation expectations, for the next 12 months by 3.4% and 1.6% respectively, stood out as negative developments.



Seasonally adjusted real sector confidence index also decreased by 0.9 pts mom to 102 in February. In this month, recent and current developments were seen as positive by the real sector, while expectations for the upcoming period deteriorated slightly. In the same period, sectoral confidence indices differentiated. Accordingly, confidence in retail trade sector decreased by 1.0% mom, while it increased in services and construction sectors on monthly basis by 1.6% and 1.0%, respectively. In February, seasonally adjusted capacity utilization ratio increased by 0.6 pts compared to the previous month and reached 77.0%.



### Number of foreign visitors increased by 2% in January.

Last week, Ministry of Culture and Tourism announced foreign visitor statistics for January. According to the figures, 2 million foreigners visited Türkiye in January, an increase of 2% compared to the same month of 2023, while the 12-month cumulative number of visitors reached a record

high of 49.3 million people. Russia was at the first place regarding the number of visitors to in January, with 231 thousand people, followed by Iran and Bulgaria.

### Data releases in the US drew a positive picture for economic activity.

Last week, minutes of the Fed's meeting that ended on January 31st were released. The minutes revealed that Fed members were cautious about inflation and were not in rush to cut interest rates, and most of them pointed out the risks of a rapid rate cut. Moreover, according to the minutes, Fed officials, who foresee that the policy rate is probably at its peak, do not think it is appropriate to cut interest rates until they are sure that inflation has returned to the 2% target in a sustained manner. Indeed, Fed Board Member Bowman pointed last week that the current economic conditions were not favorable for a rate cut, that it was necessary to act in line with the data, and there was plenty of time to discuss monetary easing.

In the US the manufacturing flash PMI for February exceeded market expectations and the threshold level with 51.5 the highest reading since September 2022 and indicated activity in the sector expanded in February. Services flash PMI also came in at 51.3 in this period, indicating that activity in the sector has been increasing for more than a year. The flash figures supported the view that economic activity in the country saved its positive outlook in the first quarter of 2024.

### PMI data released in the Euro Area presented a mixed outlook.

Manufacturing flash PMI data for February in Euro Area fell to 46.1 due to the decline in new orders, indicating that the loss of activity in the sector re-worsened. On the other hand, services flash PMI, which beat market expectations, came in at 50 and did not signal a contraction for the first time since July 2023. Moreover, although consumer confidence index in Euro Area rose by 0.6 pts in February compared to the previous month, it remained below its long-term average, and indicated that negative expectations for economic activity persisted.

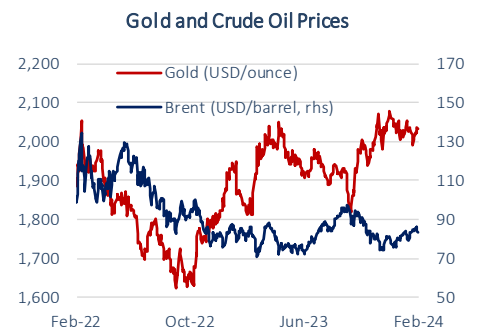
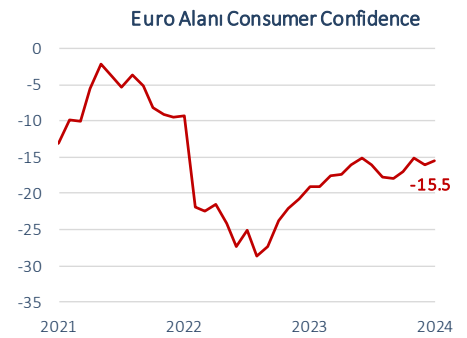
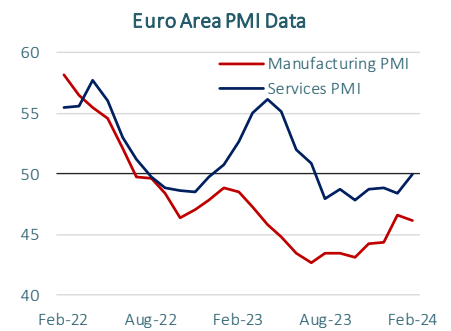
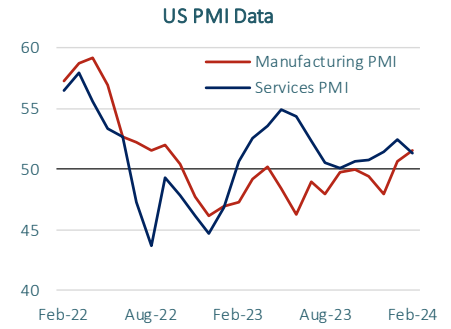
### Financial markets...

Global markets, which were under sell pressure in the first half of last week, ended the week with increase as Nvidia's balance sheet in the US beat the expectations. Oil prices declined on the expectation that a longer period of high interest rates would slow economic growth, while demand for gold was supported by the ongoing geopolitical risks. Accordingly, Brent oil prices lost 2.2% to 81.6 USD per barrel, while gold prices rose by 1.1% to 2,036 USD per ounce.

BIST-100 index rose by 1.3% to 9,374 last week in line with the global stock market indices and closed the week at 9,374, breaking a new record. The 2-year benchmark bond yield rose by 87 basis points to 43.65%, while the depreciation in the Turkish lira continued.

### This week's agenda...

This week, markets will focus on Q4 GDP data as well as February ICI Türkiye manufacturing PMI. In addition, February personal consumption expenditures (PCE) inflation and revised GDP data will also be monitored in the US.



Source: Fed, BIST, Datastream

## Data Releases

		Period	Consensus	Prior
<b>26 February</b>	USA New Home Sales, mom	October	-	8.0%
<b>27 February</b>	USA Durable Goods Orders, mom	January	-4.8%	0.0%
	USA Consumer Confidence	February	114.8	114.8
<b>28 February</b>	TR Economic Confidence	February	-	99.4
	TR Trade Balance, final	January	-	-6.0 billion USD
	USA GDP Growth, final, yoy	Q4	3.3%	3.3%
	Euro Area Consumer Confidence, final	February	-15.5	-15.5
<b>29 February</b>	TR GDP Growth	Q4	-	5.9%
	USA Personal Consumption Expenditures, mom	January	0.3%	0.2%
	USA Pending Home Sales, mom	January	1.0%	8.3%
<b>1 March</b>	TR ICI Türkiye Manufacturing PMI	February	-	49.2
	USA Manufacturing PMI, final	February	-	51.5
	USA ISM Manufacturing PMI	February	49.5	49.1
	USA Michigan Consumer Confidence, final	February	79.6	79.6
	Euro Area HICP Inflation, flash, yoy	February	2.5%	2.8%
	Euro Area Manufacturing PMI, final	February	46.1	46.1
	Euro Area Unemployment Rate	January	6.4%	6.4%
	China NBS Manufacturing PMI	February	49.1	49.2
	China Caixin Manufacturing PMI, final	February	50.7	50.8

Source: Datastream

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