

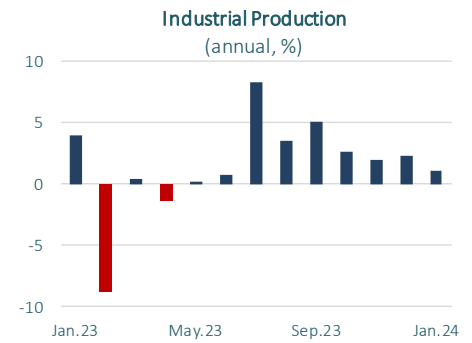
	8.Mar	15.Mar	Change		8.Mar	15.Mar	Change
BIST-100 Index	9,155	8,829	-3.6 % ▼	EUR/USD	1.0937	1.0887	-0.5 % ▼
TRY 2 Year Benchmark Rate	48.29 %	48.39 %	10 bp ▲	USD/TRY	31.8400	32.1144	0.9 % ▲
Turkey 5-Year CDS Premium	320	312	-8 bp ▼	EUR/TRY	34.8289	34.9810	0.4 % ▲
MSCI EM Equity Index	1,037	1,035	-0.2 % ▼	Gold (USD/ounce)	2,178	2,156	-1.0 % ▼
US 10-Year Bond Rate	4.09 %	4.30 %	22 bp ▲	Brent Oil (USD/barrel)	82.1	85.3	4.0 % ▲

bp: basis point

Last week, a busy data agenda was followed. Industrial production index, of which base year was revised, remained unchanged on a monthly basis in January, while the services production index, which just started to be released by TurkStat, fell by 2.3% in the same period. Current account deficit was realized as 2.6 billion USD in the first month of the new year, remained below the expectations. In February, central government budget posted a deficit of 153.8 billion TRY, while house sales expanded on an annual basis for the first time in 6 months due to the base effect of the earthquake disaster. According to the March results of CBRT's Survey of Market Participants, year-end inflation expectations deteriorated slightly. February inflation data in the US, exceeding the expectations, led a slight decline in global risk appetite. This week, central banks' meetings and their messages will be monitored in global markets. In Türkiye, consumer and real sector confidence indices, central government debt stock, capacity utilization rate and number of foreign visitors will be announced.

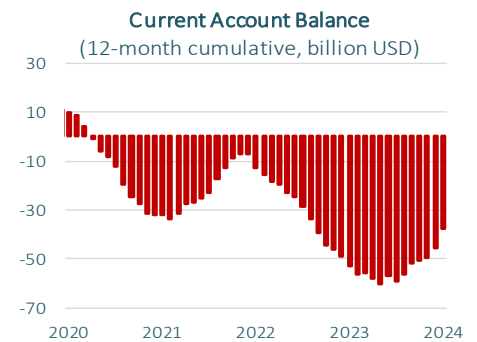
TurkStat revised industrial production index.

TurkStat revised the industrial production index by calculating it with updated weights and data for 2021-2023. Thus, calendar adjusted annual industrial production growth in 2023, which was previously announced as 0.9%, revised to 1.6%. In January, seasonally and calendar adjusted industrial production remained unchanged on a monthly basis, while calendar adjusted production increased slightly by 1.1% yoy, indicating a relatively weak performance in production. On the other hand, services production index, which is newly released, contracted by 2.3% mom in January due to the monthly loss of 7.2% in transportation and storage services.



Current account deficit was realized as 2.6 billion USD in January.

In January, current account deficit narrowed by 75.5% yoy to 2.6 billion USD, slightly below market expectations. In addition to the decline in energy imports, the drop in non-monetary gold imports to its lowest level since April 2022 also contributed to the improvement in the current account outlook. In January, 12-month cumulative current account deficit was realized as 37.5 billion USD, the lowest level since August 2022 ([Our Balance of Payments report](#)).

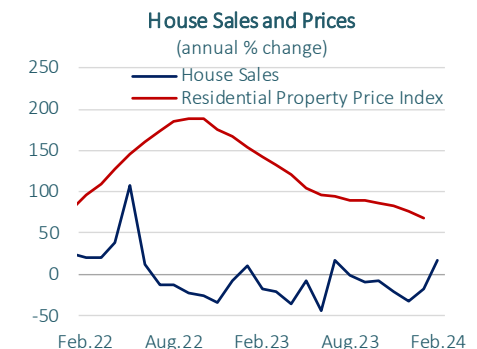


Central government budget gave a deficit of 153.8 billion TRY in February.

According to the data released by the Ministry of Treasury and Finance, central government budget gave a deficit of 153.8 billion TRY in February, while the budget deficit in the first two months of the year reached to 304.5 billion TRY. In January-February period, primary deficit was 128.6 billion TRY ([Our Budget Balance report](#)).

House sales rose by 17.3% yoy in February.

After contracting for six consecutive months on annual basis, house sales in Türkiye expanded by 17.3% yoy in February due to the base effect of the earthquake disaster of last year. On the other hand, residential property



Source: CBRT, Datastream

prices continued to lose momentum. In January, residential property price index rose by 68% yoy in nominal terms, while the real increase slowed to 1.4%.

CBRT announced the results of the Survey of Market Participants.

According to the March results of the CBRT's Survey of Market Participants, the year-end inflation expectation for 2024 increased by 1.23 pts to 44.19% while the 5-year ahead inflation expectation increased by 0.51 pts to 12.84%. Survey participants' the year-end USD/TRY expectations also increased from 40.02 to 40.53. According to the survey results, participants do not expect an interest rate hike in March.

February US inflation beat the expectations.

US CPI, which rose in line with the expectations by 0.4% mom in February, recorded an annual increase of 3.2%. In the same period, due to the higher-than-expected monthly increase in core CPI with 0.4%, annual core CPI inflation was realized as 3.8%. In February, PPI also beat the expectations with an increase of 0.6% mom, led by energy prices. Thus, annual PPI inflation was realized as 1.6%, as producer prices recorded highest monthly increase since August 2023.

Industrial production in the US rose by 0.1% mom in February, above the market expectations, while January data was revised from -0.1% to -0.5%. In this period, capacity utilization rate remained unchanged compared to the previous month, standing at 78.3%. After last week's data releases, the comments that Fed would not be in a rush to lower rates strengthened.

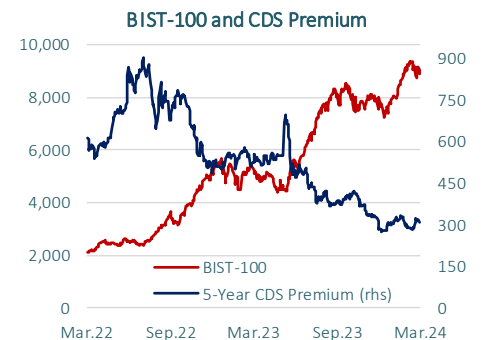
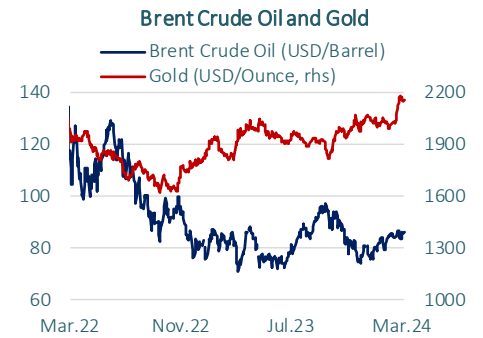
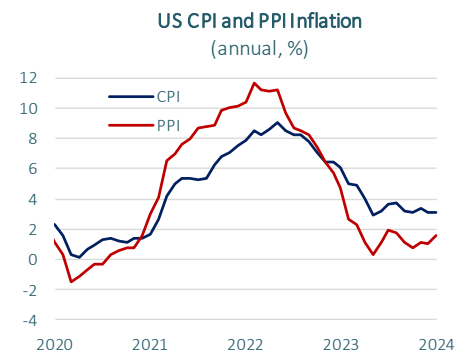
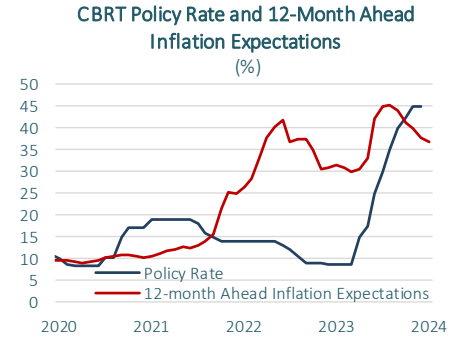
Financial markets...

Last week, US inflation data led global risk appetite to deteriorate, while stock markets ended the week with losses driven by the sales in technology stocks. Oil prices rose by 4% on a weekly basis due to rising geopolitical risks as well as the International Energy Agency's (IEA) assessment that there may be a shortfall in oil supply owing to the production cut decisions of OPEC+ countries. Gold prices, which hit historic highs in the previous week, declined slightly and ended the week at 2,156 USD/ounce.

BIST-100 index started the first trading day of last week with an uptrend led by bank and holding stocks after Fitch's upgrade of Türkiye's credit rating. However, the selling pressure after the positive opening continued throughout the rest of the week. Thus, the index ended the week down by 3.6%. Last week, Türkiye's 5-year CDS risk premium declined to 312 bps while Turkish lira depreciated against USD and euro.

This week's agenda...

This week, in addition to CBRT and Fed, the meetings of the central banks of the UK, China and Japan will be monitored. CBRT is not expected to raise the policy rate at its meeting on Thursday. In this week's data agenda, consumer and real sector confidence indices and capacity utilization rate of manufacturing industry for March stand out.



Source: Datastream

Data Releases

		Period	Consensus	Prior	
18 March	TR Housing Price Index	January	68.0% (A)	75.5%	
	Euro Area Trade Balance	January	-	13 billion EUR	
	Euro Area CPI Inflation, mom	February	0.6%	-0.4%	
	China Industrial Production, yoy	February	7.0% (A)	6.8%	
	China Retail Sales, yoy	February	5.5% (A)	7.4%	
19 March	USA Housing Starts, units	February	1.435 million	1.331 million	
	BoJ Meeting	March	0.0%	-0.1%	
20 March	TR Consumer Confidence Index	March	-	79.3	
	TR Central Government Gross Debt Stock	February	-	6.965 billion TRY	
	Fed Meeting	March	5.25-5.5%	5.25-5.5%	
	Euro Area Consumer Confidence, flash	March	-14.7	-15.5	
	UK CPI Inflation, mom	February	0.7%	-0.6%	
	China Central Bank Meeting	March	-	3.45%	
	CBRT Monetary Policy Meeting	March	-	45.0%	
21 March	USA Manufacturing PMI, flash	March	51.7	52.3	
	USA Services PMI, flash	March	52.0	52.5	
	USA Existing Home Sales, units	February	3.95 million	4 million	
	Euro Area Manufacturing PMI, flash	March	47.0	46.5	
	Euro Area Services PMI, flash	March	50.5	50.2	
	BoE Meeting	March	5.25%	5.25%	
	22 March	TR Real Sector Confidence Index	March	-	101.5
		TR Capacity Utilization Rate	March	-	76.4%
TR Foreign Visitors, yoy		January	-	2.1%	

(A) Actual

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