

Non-Farm Payrolls in the U.S. Fell Short of Expectations

- In the U.S., non-farm payrolls for August, announced on Friday, increased by 142,000 compared to the previous month, falling short of expectations, while the unemployment rate was in line with expectations at 4.2 percent. During the same period, the number of job openings (JOLTS) for July was significantly below expectations, at 7.673 million. Thus, the employment data released last week showed that labor markets are losing strength. On the production side, the final manufacturing PMI for August was recorded at 47.9, the lowest value of 2024, and below the threshold, indicating a contraction in the manufacturing sector. Last week's data generally supported the anticipated rate cuts expected in September. This week's U.S. economic calendar includes the Atlanta Fed's Preliminary GDPNow (Q3), OPEC Monthly Report, Consumer Price Index (CPI) (Monthly) (Aug), Producer Price Index (PPI) (Monthly) (Aug), Federal Budget Balance (Aug), Export Price Index (Monthly) (Aug), Import Price Index (Monthly) (Aug), and Michigan Inflation Expectation (Sep). In the Eurozone, key events include a speech by ECB's McCaul, Germany's Consumer Price Index (CPI)(Monthly) (Aug), EU Economic Forecasts, a speech by Mauderer from Bundesbank, Germany's Wholesale Price Index (WPI) (Monthly), ECB Interest Rate Decision (Sep), ECB Press Conference, ECB President Lagarde's Speech, and Industrial Production (Monthly) (Jul).
- In the Eurozone, the final manufacturing PMI for August, released by HCOB, came in at 45.8, below the threshold, indicating a contraction in the manufacturing sector. In Germany, the Eurozone's locomotive economy, the final manufacturing PMI slightly exceeded expectations at 42.4, though still signaling a contraction in the sector. At the same time, Germany's Ifo Employment Barometer dropped to 94.8, signaling that companies are slowing down on hiring.
- In Asia, China's Caixin manufacturing PMI for August was recorded at 49.1, below the threshold, indicating a contraction in the manufacturing sector. During the same period, the Consumer Price Index (CPI) increased by 0.7 percent year-on-year, falling short of expectations. The core CPI increased by 0.3 percent year-on-year. In Japan, economic activities grew by an annualized 2.9 percent in the second quarter compared to the previous quarter, while Bank of Japan (BOJ) Governor Kazuo Ueda stated that if the economy and prices perform as expected, rate hikes would continue.
- Domestically, the Central Bank, TURKSTAT, and other institutions published various data:
 - Economic activities grew by 2.5 percent year-on-year in the second quarter of 2024.
 - The Consumer Price Index (CPI) increased by 2.47 percent monthly and 51.97 percent year-on-year, slightly below expectations.
 - The Producer Price Index (PPI) increased by 1.68 percent monthly and 35.75 percent year-on-year.

Weekly Status

	30.08.2024	6.09.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.426	9.304	-1,3%	22,0%	32,6%	210,3%	22,5%
XU100	9.833	9.771	-0,6%	30,8%	35,6%	196,6%	25,8%
USDTRY	34,08	33,99	-0,3%	15,3%	57,5%	39,6%	80,3%
DXY	101,36	101,19	-0,2%	-0,1%	-2,1%	8,2%	6,4%
US-10Y	3,870	3,730	-3,6%	-3,9%	0,0%	156,3%	65,1%
TR-10Y	28,52	28,80	1,0%	7,7%	169,4%	-59,2%	88,5%
TR-2Y	42,10	40,80	-3,1%	2,8%	298,0%	-56,1%	51,7%
CDS (5Y)	265,67	280,33	5,5%	0,8%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.521,00	2.497,00	-1,0%	21,1%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.762,00	2.729,00	-1,2%	39,1%	78,9%	40,4%	72,1%
Silver (Gram)	32,24	30,47	-5,5%	34,8%	57,1%	44,9%	57,4%

Global



San Francisco Fed President Mary Daly made statements regarding the macroeconomic outlook. Daly said that the Fed needs to lower interest rates to keep the labor market healthy, but it must follow incoming economic data to determine how much to lower them. She added, "If the policy is too tight, there could be an additional slowdown in the labor market, and we should be aware that this will not be welcomed."

The number of job openings in the U.S. fell by 237,000 in July compared to the previous month, coming in well below market expectations at 7.673 million. According to the Job Openings and Labor Turnover Survey (JOLTS) data for July, released by the U.S. Department of Labor, the job openings figure for June, initially reported as 8.184 million, was revised down to 7.910 million. When examining the subcategories, job openings increased in professional and business services and the federal government, while they decreased in healthcare and social assistance, state and local governments excluding education, and transportation, warehousing, and utilities.

U.S. factory orders in July increased by 5 percent on a monthly basis, exceeding market expectations. According to the factory orders data for July released by the U.S. Department of Commerce, factory orders rose by 5 percent on a monthly basis, surpassing expectations. When examining the subcategories, durable goods orders increased by 9.8 percent, and orders for non-durable goods rose by 0.8 percent. Factory orders are important as they provide insights into the near-term performance of the U.S. industrial sector.

Construction spending in the U.S. decreased by 0.3 percent on a monthly basis, coming in significantly below market expectations at 2 trillion 162 billion 700 million dollars. According to the construction spending data released by the U.S. Department of Commerce for July, seasonally adjusted construction spending decreased by 0.3 percent on a monthly basis, coming in significantly below market expectations at 2 trillion 162 billion 700 million dollars. When the

sub-categories are examined, public construction spending increased by 0.1 percent, while private sector construction spending decreased by 0.4 percent.

In the Eurozone, the HCOB final manufacturing PMI stood at 45.8 points in August. According to the HCOB manufacturing Purchasing Managers' Index (PMI) data for August released by S&P Global in the Eurozone; the final PMI, although exceeding expectations, stood at 45.8 points, remaining below the threshold value of 50.0. Germany's manufacturing PMI, the locomotive economy of the region, was slightly above expectations at 42.4.

In China, the Caixin manufacturing PMI stood at 49.1 points in August. In China, factory activity recorded a contraction for the fourth consecutive month in August, indicating that the Chinese economy might struggle to meet its year-end growth target for 2024. Additionally, the Caixin Manufacturing PMI, announced over the weekend, came in at 49.1 in August, falling below both the threshold value of 50.0 and market expectations.

Bank of Japan (BOJ) Governor Kazuo Ueda made statements regarding the macroeconomic outlook. Ueda stated that if the economy and prices perform as expected, interest rate hikes would continue. In March, the Bank of Japan raised interest rates for the first time in 17 years, increasing the policy rate to 0.25 percent, the highest level in 15 years.

Hajime Takata, a member of the Bank of Japan's Board of Directors, made statements about the macroeconomic outlook. Takata noted that if inflation continues to develop in line with the bank's outlook, while there is no need to rush, another interest rate hike may be necessary. He said that if inflationary trends match the projections, "We will need to shift monetary easing up another gear. We must continue to create an environment with positive interest rates."

Domestic



Turkey has applied for full membership in BRICS, which was established in 2009 by Brazil, Russia, India, China, and South Africa. Russian Deputy President Yuri Ushakov stated, "Turkey has applied for full participation, and we will evaluate it." Presidential sources also confirmed that President Erdoğan will attend the BRICS Summit, to be held in Kazan, Tatarstan, Russia, on October 22-24.

The Central Bank of the Republic of Turkey (CBRT) has published its Monthly Price Developments Report for August. According to the report, the decline in the monthly rate of increase in consumer prices was largely driven by the unprocessed food subcategory, particularly fresh fruits and vegetables, within the food group. While monthly inflation in the core goods group increased slightly compared to previous months, it continued to exhibit a relatively moderate trend. In the services group, a significant increase in university tuition fees was a factor that pushed inflation higher. On the producer price side, the rate of increase slowed somewhat compared to the previous month. Thus, when examining all indicators together, the Central Bank of Turkey concluded that the underlying trend of inflation did not show a significant change.

The net foreign exchange position deficit of non-financial firms increased by 3 billion 718 million dollars compared to the previous month, reaching 118 billion 889 million dollars. According to the Financial Sector's Non-Banking Firms' Foreign Exchange Assets and Liabilities Statistics released by the Central Bank of the Republic of Turkey (CBRT) for June, the foreign exchange assets of firms decreased by 4 billion 147 million dollars, while their foreign exchange liabilities decreased by 429 million dollars. As a result, the Net Foreign Exchange Position Deficit

increased by 3 billion 718 million dollars compared to the previous month, reaching 118 billion 889 million dollars.

The CPI increased by 2.47 percent on a monthly basis and by 51.97 percent on an annual basis, rising slightly below expectations. According to the Consumer Price Index (CPI) released by the Turkish Statistical Institute (TurkStat) for August, the CPI increased by 2.47 percent on a monthly basis and by 51.97 percent on an annual basis, rising slightly below expectations. The sub-items contributing the most to the monthly and annual increase in the index were the education and housing sectors. During the same period, the Core CPI, which tracks general price changes excluding energy, food and non-alcoholic beverages, tobacco products, and gold, increased by 2.99 percent on a monthly basis and by 51.56 percent on an annual basis. Additionally, the CPI, excluding administered and directed prices, rose by 1.44 percent on a monthly basis and by 48.22 percent on an annual basis.

The PPI increased by 1.68 percent on a monthly basis and by 35.75 percent on an annual basis. According to the Producer Price Index (PPI) released by TurkStat for August, the PPI increased by 1.68 percent on a monthly basis and by 35.75 percent on an annual basis. When the sub-categories are examined, the PPI increased by 1.20 percent in the manufacturing sector, by 2.51 percent in the mining and quarrying sector, by 6.10 percent in the electricity, gas, and steam sector, and by 3.04 percent in the energy sector on a monthly basis. During the same period, the annual changes in the main industrial groups were 33.56 percent in intermediate goods, 40.70 percent in durable consumer goods, 48.79 percent in non-durable consumer goods, 18.20 percent in energy, and 37.98 percent in capital goods.

Economic activities recorded a 2.5 percent growth on an annual basis in the second quarter of 2024. According to the quarterly Gross Domestic Product data for the second quarter of 2024 released by the Turkish Statistical Institute (TurkStat); economic activities recorded an increase of 2.5 percent in terms of the chain volume index compared to the same quarter of the previous year. When the subcomponents are examined compared to the previous year; service activities increased by 7.4 percent, construction by 6.5 percent, the agricultural sector and real estate activities by 3.7 percent, information and communication activities, as well as financial and insurance activities, by 3.4 percent, public administration, education, human health, and social work activities by 3.2 percent, services by 2.9 percent, and professional, administrative, and support service activities by 0.6 percent. The industrial sector, however, showed a decrease of 1.8 percent.

Treasury and Finance Minister Mehmet Şimşek made statements regarding the macroeconomic outlook on his social media account. Şimşek emphasized that predictable and internationally compliant policies have strengthened the economy, stating, "We have left behind a challenging period in which we significantly reduced vulnerabilities. A rebalancing has begun in growth, the current account deficit has narrowed, the risk premium has decreased, external capital inflows have increased, reserves have improved, and we have entered a disinflation process." He also mentioned that the Medium-Term Plan (MTP) would soon be shared with the public.

The ISO headline Manufacturing PMI stood at 47.8 in August. According to the Manufacturing PMI data for August released by the Istanbul Chamber of Industry (ISO); the headline Manufacturing PMI rose from 47.2 to 47.8, but still remained below the threshold value of 50.0. Thus, the contraction trend in the manufacturing sector has continued since April 2024. When the subcomponents are examined, a recovery was observed in exports, supported by the improvement in external demand conditions, while new orders recorded a decline for the 14th consecutive month.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	June	-4.7%	0.1%	
	Manufacturing PMI	August	47.8	47.2	50.0
New	Capacity Utilization Rate (seasonally adj.)	August	75.7%	75.9%	
New	Import - (capital goods) (annually)	July	-7.7%	-3.5%	
New	Import - (intermediate goods) (annually)	July	-8.9%	-6.4%	
New	Import - (consumption goods) (annually)	July	-3.2%	5.0%	
New	Credit Growth Weekly	August (Week 4)	1.4%	0.3%	
	Consumer Confidence Index	August	76.4	75.9	100.0
New	Real sector confidence (seasonally adj.)	August	98.0	98.7	100.0
New	Service sector confidence (seasonally adj.)	August	111.8	114.1	100.0
New	Retail sector confidence (seasonally adj.)	August	107.9	107.1	100.0
New	Construction sector confidence (seasonally adj.)	August	88.0	87.1	100.0
	Car Sales (annually)	July	-17.5%	-5.0%	
	House sales - total (annually)	July	16.0%	-5.2%	
	House sales - mortgage (annually)	July	-20.9%	-49.4%	
	CPI	July	61.8%	71.6%	
	CPI expectations (year-end)	August	43.3%	43.0%	
	Current Year Growth Expectations	August	3.4%	3.4%	
	Retail Sales Volume (annually)	June	8.6%	5.8%	
	Current Account Balance (billion USD)	June	0.4	-1.2	
	Unemployment Rate (seasonally adj.)	June	9.2%	8.4%	
New	Dollarization	August (Week 4)	2.02 Billion (+)	0.20 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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