

In the U.S., CPI Recorded Below Expectations.

- In June, the Consumer Price Index (CPI) in the U.S. decreased by 0.1 percent on a monthly basis, falling below expectations and entering negative territory for the first time since May 2020. During the same period, the Producer Price Index (PPI) increased by 0.2 percent on a monthly basis and 2.3 percent on a yearly basis, exceeding expectations. Thus, the positive CPI data followed by the negative PPI data presented a mixed picture regarding the disinflation process. The New York Fed's Consumer Expectations Survey revealed that consumers' short-term median inflation expectations for the next 12 months decreased by 0.2 percentage points to 3 percent. Regarding inflation trends, Fed Chair Jerome Powell emphasized in his semi-annual economic outlook presentation before the U.S. Senate Banking Committee that recent data indicated modest progress toward the inflation target path. This week, key economic data to be monitored in the U.S. include Core Retail Sales, Export Price Index, Import Price Index, Business Inventories, and the Atlanta Fed GDP estimate. In the Eurozone, the ECB Bank Lending Survey, Trade Balance, ZEW Economic Sentiment, and the Eurogroup meeting will be closely watched.
- In the Eurozone, the Sentix General Investor Confidence Index decreased by 7.6 points in July, ending the recovery trend observed since October 2023. In Germany, the region's economic powerhouse, both exports and imports fell by 3.6 percent and 6.6 percent on a monthly basis, respectively. As a result, the seasonally and calendar-adjusted trade balance showed a surplus of 24 billion 900 million euros.
- In Asia, in China, the general level of consumer prices increased by 0.2 percent on a yearly basis, while the general level of producer prices decreased by 0.8 percent, in line with market expectations. The trends in CPI and PPI indicated continued weakness in demand in China. In Japan, Deputy Finance Minister Masato Kanda stated that he is not authorized to comment on whether the recent appreciation of the yen is due to intervention but suggested that the appreciation might be driven by speculation.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - The seasonally adjusted unemployment rate decreased by 0.1 percentage points on a monthly basis to 8.4 percent in May.
 - The trade sales volume declined by 3.4 percent on a monthly basis and 3.8 percent on a yearly basis in May.
 - The export unit value index remained unchanged on a yearly basis in May, while the import unit value index increased by 1.0 percent on a yearly basis.

Weekly Status

	5.07.2024	12.07.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	10,190	10,422	2.3%	36.6%	32.6%	210.3%	22.5%
XU100	10,851	11,065	2.0%	48.1%	35.6%	196.6%	25.8%
USDTRY	32.66	32.99	1.0%	11.9%	57.5%	39.6%	80.3%
DXY	104.88	104.26	-0.6%	2.9%	-2.1%	8.2%	6.4%
US-10Y	4.280	4.190	-2.1%	8.0%	0.0%	156.3%	65.1%
TR-10Y	27.31	27.70	1.4%	3.6%	169.4%	-59.2%	88.5%
TR-2Y	39.76	40.68	2.3%	2.5%	298.0%	-56.1%	51.7%
CDS (5Y)	259.55	251.66	-3.0%	-9.5%	-45.2%	-10.5%	84.8%
Gold (Ounce)	2,392.00	2,422.00	1.3%	17.5%	13.1%	-0.3%	-3.7%
Gold (Gram)	2,496.00	2,562.00	2.6%	30.6%	78.9%	40.4%	72.1%
Silver (Gram)	32.55	32.64	0.3%	44.4%	57.1%	44.9%	57.4%

Global



Federal Reserve Chairman Powell addressed questions from members of the U.S. House Financial Services Committee on the second day of his semiannual Monetary Policy Report presentation. Powell expressed some confidence that inflation is trending downwards but stated he is not yet confident enough to say it has sufficiently fallen to the 2 percent target in a sustainable manner. Powell also reiterated that confidence in inflation reaching the 2 percent target would strengthen with further positive data releases.

Federal Reserve Chairman Jerome Powell presented a mid-year economic outlook to the Senate Banking Committee. Powell stated that inflation was not the only risk they faced, highlighting that too little or too late interest rate cuts could pose risks to the economy and the labor market, while early or excessive rate cuts could halt or reverse progress towards inflation. He also conveyed that recent data indicated modest progress on the inflation target path.

The short-term median inflation expectation covering the next 12 months in the US decreased by 0.2 points to 3 percent. According to the Consumer Expectations Survey announced by the New York Fed for June, the short-term median inflation expectation covering the next 12 months decreased by 0.2 points to 3 percent. In the same period, the median inflation expectation covering the next 3 years increased by 0.1 points to 2.9 percent.

In the US, the CPI decreased by 0.1 percent monthly but increased by 3.3 percent annually. According to the Consumer Price Index (CPI) announced for June in the US, the general price level in the country decreased by 0.1 percent monthly, marking the first negative territory since May 2020. Meanwhile, the annual change in CPI was lower than expected at 3.3 percent. Additionally, the core CPI recorded a 0.1 percent monthly increase, also below expectations.

In the United States, the Producer Price Index (PPI) for June showed an increase of 0.2 percent on a monthly basis and 2.3 percent on a yearly basis. According to the Producer Price Index (PPI) for June released in the United States, PPI increased by 0.2 percent on a monthly basis and 2.3 percent on a

yearly basis, exceeding expectations. During the same period, core inflation, excluding food and energy, increased by 0.4 percent on a monthly basis and 3 percent on a yearly basis.

In the United States, the Consumer Confidence Index declined from 68.2 to 66.0. According to the Consumer Confidence Index for July released by the University of Michigan, consumer confidence declined from 68.2 to 66.0. During the same period, inflation expectations for the next year decreased for the second consecutive month, falling from 3 percent to 2.9 percent. Additionally, the current conditions index fell from 65.9 to 64.1, while the expectations index reached its lowest level in the past 8 months at 67.2.

The total population of the European Union (EU) countries reached 449.2 million people. According to population data published by Eurostat for the year 2023, the total population of the European Union (EU) countries reached 449.2 million people. With 83.4 million people, Germany constituted the largest share of the EU total population, followed by France with 68.4 million people, Italy with 59 million people, Spain with 48.6 million people, Poland with 36.6 million people, Romania with 19 million people, the Netherlands with 17.9 million people, and Belgium with 11.8 million people.

The Eurozone Sentix General Investor Confidence Index decreased by 7.6 points to minus 7.3 points in July. According to the Eurozone General Investor Confidence Index announced by Sentix, a market research firm based in Frankfurt, for July, the Eurozone General Investor Confidence Index fell by 7.6 points, exceeding expectations, to minus 7.3 points, ending the recovery observed in the index since October 2023.

Germany's seasonally and calendar-adjusted foreign trade balance gave a surplus of 24.9 billion euros. According to the foreign trade data announced by the German Federal Statistical Office (Destatis) for May, seasonally and calendar-adjusted exports decreased by 3.6 percent month-on-month to 131.6 billion euros, while imports decreased by 6.6 percent month-on-month to 106.7 billion euros. Thus, Germany's seasonally and calendar-adjusted foreign trade balance gave a surplus of 24.9 billion euros.

In China, the Consumer Price Index (CPI) increased by 0.2 percent annually, while the Producer Price Index (PPI) decreased by 0.8 percent year-on-year in June, as reported by the National Bureau of Statistics. The CPI increase was below expectations, and the PPI decrease followed forecasts. The core CPI, calculated excluding volatile food and energy prices, showed a 0.6 percent annual increase during the same period. The released inflation data indicated ongoing weakness in domestic demand.

In response to the decline in stock indexes, the China Securities Regulatory Commission increased margin requirements for short selling starting from July 22nd. This decision, one of the strictest measures taken in China to date, followed a \$1 trillion market value loss in Chinese markets since mid-May.

Domestic



Seasonally adjusted unemployment rate decreased by 0.1 points to 8.4 percent in May on a monthly basis. According to the Labor Force Statistics announced by the Turkish Statistical Institute (TurkStat) for May, unemployment among individuals aged 15 and over decreased by 27 thousand people compared to the previous month, reaching 3 million 11 thousand people. During the same period, the number of people entering the labor force increased by 245 thousand people compared to the previous month, reaching 35 million 931 thousand people. Thus, the seasonally adjusted unemployment rate decreased by 0.1 points to 8.4 percent compared to the previous month.

Industrial production increased by 1.7 percent on a monthly basis in May, while it decreased by 0.1 percent on an annual basis. According to the Industrial Production Index announced by TurkStat for May, industrial production increased by 1.7 percent on a monthly basis, while it decreased by 0.1 percent on an annual basis. When the sub-sectors are examined, production increased in the manufacturing, electricity, gas, and steam sectors on a monthly basis, whereas it decreased in the mining and quarrying sector. During the same period, production increased on an annual basis in the mining and quarrying, and electricity, gas, and steam sectors, while it decreased in the manufacturing sector.

Construction costs showed increases of 1.1 percent and 72.8 percent on a monthly and annual basis, respectively, in May. According to the Construction Cost Index announced by TurkStat for May, construction costs increased by 1.1 percent and 72.8 percent on a monthly and annual basis, respectively. When the changes in sub-categories are examined on a monthly and annual basis, material costs increased by 1.3 percent and 58.8 percent, respectively, while labor costs also saw increases of 0.8 percent and 108.9 percent.

In May, the number of wage employees in the industry, construction, and trade-services sectors increased by 4.3 percent on a yearly basis, reaching 15 million 669 thousand 792 individuals. According to the Turkish Statistical Institute (TurkStat), the Wage Employee Statistics for May reveal that the number of wage employees in the industry, construction, and trade-services sectors increased by 0.7 percent on a monthly basis and 4.3 percent on a yearly basis, reaching 15 million 669 thousand 792 individuals. When examining the subcategories, the number of wage employees in the industry, construction, and trade-services sectors increased by 0.6 percent, 11.1 percent, and 5.1 percent on a yearly basis, respectively. The increase in the number of wage employees on a monthly basis was influenced by the accommodation and food service activities and the construction sector.

TurkStat has released the Milk and Dairy Products Production statistics for May. According to the Milk and Dairy Products Production statistics released by TurkStat for May, the amount of cow's milk collected by commercial dairy enterprises increased by 7.4 percent on a yearly basis, reaching approximately 1 million 14 thousand 789. During the same period, the amount of drinking milk increased by 4.6 percent on a yearly basis, rising to approximately 120 thousand 652 tons. Additionally, the amount of yogurt produced increased by 5.4 percent on a yearly basis, reaching 110 thousand 316 tons.

TurkStat has also published the Poultry Farming Production statistics for May. According to the Poultry Farming Production statistics released by TurkStat for May, the production of chicken meat increased by 3.2 percent on a yearly basis, reaching approximately 216 thousand 453 tons. During the same period, the number of chickens slaughtered increased by 4.9 percent, reaching approximately 119 million 362 thousand. Additionally, the amount of chicken eggs produced increased by 7.1 percent on a yearly basis, reaching approximately 1 billion 762 million.

The Turkish Statistical Institute (TurkStat) shared population study data on the occasion of World Population Day. According to the data released by TurkStat, Turkey ranked 18th among 194 countries in terms of population size with a population of 85 million 372 thousand people in 2023, constituting

1.1 percent of the world's total population. During the same period, India, with 1 billion 428 million 627 thousand people, was the most populous country, and the three most populous countries accounted for 39.7 percent of the world's total population.

TurkStat President Erhan Çetinkaya addressed questions from journalists at a press conference, attributing the lower-than-expected inflation rate in June to the postponement of public sector price hikes to July, exchange rate stability, and historically lower summer prices. Additionally, Çetinkaya discussed the debate over the impact of corporate profits on inflation globally, noting, "Yes, corporate profits appear to have an increasing effect on inflation. Academic research conducted in Turkey also supports this."

Erdal Bahçivan, President of the Istanbul Chamber of Industry (ISO), reacted to TurkStat President Erhan Çetinkaya's remarks on social media, criticizing, "Instead of blaming certain sectors for inflation, TurkStat should have provided a more convincing explanation to questions about the inflation calculation method, which is of general interest to the public."

The Ministry of Treasury and Finance conducted a bond and bill issuance totaling 19.7 billion dollars. In the related issuance, the simple interest rate was 46.15 percent, and the compound interest rate was 48.63 percent in the 9-month bond auction, while the periodic interest rate was 23.38 percent in the 7-year floating rate bond auction. Before the auctions, 2.55 billion TL was sold to the public and 5 billion TL was sold to market makers in the 9-month zero-coupon bond, while no sales were made to the public in the 7-year bond.

Trade sales volume decreased by 3.4 percent monthly and 3.8 percent annually in May. According to the Trade Sales Volume Index announced by TurkStat for May, trade sales volume showed a decline of 3.4 percent monthly and 3.8 percent annually. During the same period, wholesale trade sales volume decreased by 5.1 percent monthly and 4.6 percent annually, whereas retail trade sales volume decreased by 0.2 percent monthly but increased by 5.8 percent annually. Detailed breakdowns indicate that the monthly decline in retail sales volume was influenced by automotive fuel, electrical goods, furniture, as well as computers, books, and communication devices.

The turnover index increased by 0.8 percent monthly and 66.8 percent annually in May. According to the Turnover Indices announced by TurkStat for May, the turnover index for the industrial, construction, trade, and service sectors combined increased by 0.8 percent monthly and 66.8 percent annually. When examining year-on-year changes in subcategories, the industrial sector's turnover index increased by 60.4 percent, construction turnover index by 87.4 percent, trade turnover index by 65.1 percent, and service turnover index by 80.6 percent.

The foreign trade ratio was 86.5 in May. According to the Foreign Trade Indices announced by TurkStat for May, while the export unit value index remained unchanged annually, the import unit value index increased by 1.0 percent annually. During the same period, the export quantity index increased by 11.3 percent annually, whereas the import quantity index decreased by 11.2 percent annually. Thus, the foreign trade ratio, calculated by dividing the export unit value index by the import unit value index, was 86.5.

The number of registered unemployed decreased by 13.4 percent year-on-year to 2 million 254 thousand people in June. According to the Labor Market Statistics announced by the Turkish Employment Agency for June, the number of registered unemployed decreased by 13.4 percent year-on-year to 2 million 254 thousand people. In the same period, the number of job vacancies decreased by 3.1 percent year-on-year to 193,968. Additionally, in June, 109 thousand people were placed in jobs, with 57.5 percent of those placed being men and 42.5 percent being women.

An investment agreement was signed between Chinese electric vehicle manufacturer BYD and the Ministry of Industry and Technology. According to the signed agreement, BYD plans to invest approximately 1 billion dollars in Turkey to establish an electric and rechargeable hybrid car production

facility with an annual capacity of 150,000 vehicles and an R&D center for sustainable mobility technologies.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	May	-0.1%	-0.7%	
	Manufacturing PMI	June	47.9	48.4	50.0
	Capacity Utilization Rate (seasonally adj.)	May	76.6%	77.0%	
	Import - (capital goods) (annually)	May	-5.5%	3.2%	
	Import - (intermediate goods) (annually)	May	-16.5%	-1.1%	
	Import - (consumption goods) (annually)	May	19.6%	30.0%	
New	Credit Growth Weekly	July (Week 1)	0.3%	-0.5%	
	Consumer Confidence Index	June	78.3	80.5	100.0
	Real sector confidence (seasonally adj.)	May	103.5	103.5	100.0
	Service sector confidence (seasonally adj.)	May	117.1	117.1	100.0
	Retail sector confidence (seasonally adj.)	May	111.7	115.5	100.0
	Construction sector confidence (seasonally adj.)	May	88.3	88.6	100.0
	Car Sales (annually)	May	-10.1%	25.2%	
	House sales - total (annually)	May	-2.4%	-11.8%	
	House sales - mortgage (annually)	May	-63.9%	-67.5%	
	CPI	June	71.6%	75.5%	
	CPI expectations (year-end)	June	43.52%	43.64%	
	Current Year Growth Expectations	June	3.3%	3.3%	
	Retail Sales Volume (annually)	May	5.8%	10.2%	
New	Current Account Balance (billion USD)	May	-1.2	-5.2	
New	Unemployment Rate (seasonally adj.)	May	8.4%	8.5%	
New	Dollarization	July (Week 1)	2.00 billion (+)	1.6 billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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