

CPI in the U.S. Announced in Line with Expectations

- In the U.S., the Consumer Price Index (CPI) increased by 0.2% and 2.9% on a monthly and yearly basis, respectively, in July, in line with expectations, while the Producer Price Index (PPI) rose by 0.1% and 2.2% on a monthly and yearly basis, respectively, falling below expectations. During the same period, the federal government budget balance posted a deficit of \$244 billion, below expectations. The results of the Consumer Expectations Survey published by the New York Fed revealed that the median short-term inflation expectation covering the next 12 months remained steady at 3%, while the Michigan University Consumer Confidence Index exceeded expectations, providing positive signals for consumer spending. On the production side, the New York and Philadelphia Fed Manufacturing Indexes indicated contraction, while Atlanta Fed President Raphael Bostic stated regarding the interest rate cycle, “It would really be bad if we have to go back and raise rates again after we have started lowering them.” This week’s economic data calendar in the U.S. will include the Leading Index, Redbook, Energy Information Administration Crude Oil Inventories, Federal Open Market Committee (FOMC) Meeting Minutes, Jackson Hole Symposium, S&P Global Composite Purchasing Managers’ Index (PMI), Existing Home Sales, Fed Chair Powell’s Speech, and New Home Sales. In the Eurozone, the Current Account, Consumer Price Index (CPI), S&P Global Composite Purchasing Managers’ Index (PMI), Consumer Confidence, Germany Producer Price Index (PPI), and Germany Composite Purchasing Managers’ Index (PMI) will be closely watched.
- The revised GDP data released in the Eurozone confirmed that the region’s economy grew by 0.3% on a quarterly basis and by 0.6% on an annual basis in the second quarter of the year. In June, industrial production decreased by 0.1% on a monthly basis, falling below expectations and indicating a contraction on the production side. During the same period, the trade balance posted a surplus of 22.3 billion euros.
- On the Asian side, in Japan; economic activities grew by 0.8% and 3.1% on a quarterly and yearly basis, respectively. Despite Japan’s economy showing a mixed performance of contraction and weak expansion throughout 2023, it recorded strong growth in the second quarter of 2024, strengthening expectations for interest rate hikes from the Bank of Japan (BOJ).
- Domestically, the Central Bank, TURKSTAT, and other institutions released various data:
 - The Central Bank’s Official Reserve Assets reached \$147.9 billion in the first week of August.
 - The current account posted a surplus of \$407 million in June.
 - The Service Production Index decreased by 1.1% on a monthly basis in July, while it increased by 1.6% on an annual basis.

Weekly Status

	9.08.2024	16.08.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.700	9.454	-2,5%	24,0%	32,6%	210,3%	22,5%
XU100	9.907	9.822	-0,9%	31,5%	35,6%	196,6%	25,8%
USDTRY	33,57	33,69	0,4%	14,3%	57,5%	39,6%	80,3%
DXY	103,15	102,40	-0,7%	1,1%	-2,1%	8,2%	6,4%
US-10Y	3,950	3,890	-1,5%	0,3%	0,0%	156,3%	65,1%
TR-10Y	28,32	28,69	1,3%	7,3%	169,4%	-59,2%	88,5%
TR-2Y	42,89	42,40	-1,1%	6,9%	298,0%	-56,1%	51,7%
CDS (5Y)	278,22	268,95	-3,3%	-3,3%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.431,00	2.508,00	3,2%	21,6%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.618,00	2.716,00	3,7%	38,4%	78,9%	40,4%	72,1%
Silver (Gram)	29,55	31,37	6,2%	38,7%	57,1%	44,9%	57,4%

Global



The CPI in the U.S. increased by 0.2 percent monthly and 2.9 percent annually. According to the Consumer Price Index (CPI) released by the U.S. Department of Labor for July, the CPI increased by 0.2 percent monthly and 2.9 percent annually. This monthly change was in line with expectations, while the annual change was below expectations. In the same period, the core CPI, which excludes volatile food and energy prices, increased by 0.2 percent monthly and 3.2 percent annually.

PPI in the U.S. came in below expectations in July. According to the Producer Price Index (PPI) announced by the U.S. Department of Labor for the month of July, PPI increased by 0.1% monthly and 2.2% annually, falling below expectations. During the same period, the core PPI, which excludes volatile food and energy prices, remained unchanged on a monthly basis, while it increased by 2.4% annually, also falling short of expectations.

The New York and Philadelphia Fed Manufacturing Indices indicated a contraction in August. According to the manufacturing index reports released by the New York and Philadelphia Feds for August, the New York Fed Manufacturing Index increased by 1.9 points but remained at -4.7 points, while the Philadelphia Fed Manufacturing Index decreased by 20.9 points, falling to -7 points. Both indices remained below the zero threshold, indicating a contraction in the manufacturing sector.

Retail sales in the U.S. increased by 1% on a monthly basis in July. According to retail sales data released by the U.S. Department of Commerce for July, retail sales increased by 1% on a monthly basis, exceeding market expectations. When the subcategories are examined, automobile sales, which had sharply declined following a cyber attack on car dealerships, recovered, and sales of electronics and home appliances also gained momentum. Despite the reduction in pandemic savings and wage increases, the positive trend in retail sales reinforces the view that consumers are financing their purchases through credit and credit cards.

The federal government budget balance posted a deficit of 244 billion dollars in July, below expectations. According to the Federal Government Budget Statistics released by the U.S.

Department of the Treasury for July; federal government revenues increased by 20 percent year-on-year, reaching 330 billion dollars, while federal government expenditures increased by 16 percent year-on-year, reaching 574 billion dollars. Thus, the federal government budget balance posted a deficit of 244 billion dollars, below expectations.

The results of the Consumer Expectations Survey for July were released by the New York Fed. According to the Consumer Expectations Survey results released by the New York Fed for July; the short-term median inflation expectation covering the next 12 months remained unchanged at 3 percent. The median inflation expectation covering the next 3 years decreased from 2.9 percent to 2.3 percent, while the median inflation expectation covering the next 5 years remained unchanged at 2.8 percent.

Atlanta Fed President Raphael Bostic made statements regarding the macroeconomic outlook. Bostic stated that with the latest data, the Fed is more confident that it can bring inflation down to the 2% target but wants to see more data before being ready to support the decline. He also added, "If we start lowering interest rates and then have to go back and raise them again, that would be really bad."

The Consumer Confidence Index in the U.S. exceeded market expectations in August. According to the Consumer Confidence Index released by the University of Michigan for August, consumer confidence across the United States increased by 1.4 points, exceeding market expectations, and reached a level of 67.8 points. During the same period, the consumer expectations index, reflecting consumers' long-term forecasts, increased by 3.3 points compared to the previous month, rising to 72.1 points. Additionally, consumers' short-term inflation expectations were recorded at 2.9%, while long-term inflation expectations were recorded at 3%.

The Eurozone's foreign trade balance registered a surplus of 22.3 billion euros in June. According to the international trade data released by the European Statistics Office (Eurostat) for June, exports in the Eurozone decreased by 6.3% on an annual basis, amounting to 236.7 billion euros, while imports decreased by 8.6%, amounting to 214.4 billion euros. Thus, the Eurozone's foreign trade balance registered a surplus of 22.3 billion euros.

Economic activities in Japan grew by 0.8 percent quarterly and 3.1 percent annually. According to the Gross Domestic Product (GDP) data for the second quarter of 2024 released in Japan, economic activity grew by 0.8 percent quarterly and 3.1 percent annually. Throughout 2023, the Japanese economy fluctuated between contraction and weak expansion. The strong growth data has reinforced expectations that the Bank of Japan (BOJ) may raise interest rates again soon.

Domestic



The Central Bank's Official Reserve Assets reached 147.9 billion dollars in the first week of August. According to the International Reserves and Foreign Currency Liquidity Developments data announced by the Central Bank of the Republic of Turkey (CBRT) for the first week of August, Official Reserve Assets increased by 3.5% on a monthly basis, reaching 147.9 billion dollars. When the subcategories are examined, foreign exchange assets increased by 7.5% on a monthly basis, reaching 83.2 billion dollars, while reserve assets in gold decreased by 1.6%, falling to 57.2 billion dollars.

Equity positions in non-residents' portfolios decreased by 323.5 million dollars in the first week of August, while net purchases of government domestic debt securities (GDDS) increased by 17.6 million dollars. According to the Securities Statistics announced by the CBRT

for the first week of August, non-residents' equity positions in Turkey's portfolio decreased by 323.5 million dollars, while net purchases of government domestic debt securities (GDDS) increased by 17.6 million dollars. As a result, the stock position of non-residents in equities stood at 36.138 billion dollars, while the net stock position in GDDS was recorded at 13.428 billion dollars.

The current account posted a surplus of 407 million dollars in June. According to the Balance of Payments Statistics published by the Central Bank of the Republic of Turkey (CBRT) for the month of June, the current account posted a surplus of 407 million dollars. During the same period, the current account excluding gold and energy registered a surplus of 4 billion 549 million dollars. On the financial account side, net inflows from direct investments amounted to 447 million dollars, while net inflows from portfolio investments were recorded at 591 million dollars. Additionally, reserve assets showed a net increase of 1 billion 242 million dollars.

The Central Bank of the Republic of Turkey (CBRT) announced the Market Participants Survey for August. According to the Market Participants Survey Statistics released by the CBRT for August, market participants' consumer inflation (CPI) expectations for the end of the current year and for 12 months ahead were 43.31% and 28.71%, respectively. The participants' current month-end expectation for the CBRT one-week repo auction rate was recorded at 50%. The participants' exchange rate (Dollar/TRY) expectation for the end of the current year was realized at 37.27 TRY. Additionally, participants' growth expectation for 2024 remained stable at 3.4%.

House prices recorded a real annual decrease of 14.3% in July. According to the House Price Index (HPI) published by the CBRT for July, house prices across the country increased nominally by 0.9% on a monthly basis and by 38.7% on an annual basis, reaching a level of 141.3. During the same period, the index recorded a real annual decrease of 14.3%. When examining the price changes of houses in Istanbul, Ankara, and Izmir, house prices increased by 26.8%, 39.4%, and 37.0% on an annual basis, respectively.

House sales reached 127,088 units in July. According to the Housing Sales Statistics announced by the Turkish Statistical Institute (TÜİK) for the month of July, 127,088 houses were sold nationwide. Thus, there was a 16.0% increase in house sales on an annual basis. During the same period, mortgage sales decreased by 20.9% year-on-year, reaching 11,496 units, while second-hand house sales increased by 10.8% year-on-year, reaching 86,304 units. Additionally, the total number of houses sold to foreigners decreased by 16.1% year-on-year, registering at 2,350 units.

The construction cost index recorded monthly and annual increases of 0.4% and 66.1%, respectively, in June. According to the Construction Cost Index announced by the Turkish Statistical Institute (TÜİK) for the month of June, the construction cost index increased by 0.4% monthly and 66.1% annually. During the same period, the material index increased by 1.0% monthly and 51.6% annually, while the labor index decreased by 0.8% monthly and increased by 105.5% annually.

Agriculture-PPI decreased by 1.74% on a monthly basis in June, while it increased by 41.07% on an annual basis. According to the Agricultural Producer Price Index (Agriculture-PPI) published by the Turkish Statistical Institute (TurkStat) for June, the Agriculture-PPI decreased by 1.74% on a monthly basis, while it increased by 41.07% on an annual basis. When the subcategories are examined, the annual increase in the index was driven by perennial (long-lived) crops, live animals, animal products, and agriculture, hunting products, and related services sectors. Meanwhile, the monthly decrease in the subcategories was influenced by vegetables and melons, roots and tubers, other tree and bush fruits, and nuts, tropical and subtropical fruits.

The unemployment rate in June increased by 0.7 percentage points on a monthly basis, reaching 9.2 percent. According to the Labor Force Statistics released by the Turkish Statistical

Institute (TurkStat) for June, the number of unemployed people aged 15 and over in Turkey increased by 234,000 compared to the previous month, reaching 3.305 million. Thus, the seasonally adjusted unemployment rate increased by 0.7 percentage points on a monthly basis, reaching 9.2 percent. In the same period, the unemployment rate for the youth population aged 15-24 increased by 1.7 percentage points compared to the previous month, reaching 17.6 percent, while the idle labor force rate, which consists of time-related underemployment, potential labor force, and the unemployed, increased by 3.8 percentage points on a monthly basis, reaching 29.2 percent.

The turnover index in June increased by 1.8 percent on a monthly basis and by 58.0 percent on an annual basis. According to the Turnover Indices published by TurkStat for June; the turnover index, which is composed of the total of industry, construction, trade, and services sectors, increased by 1.8 percent on a monthly basis and by 58.0 percent on an annual basis. When the sub-components are examined, on a monthly basis, the construction turnover index increased by 12.0 percent, the trade turnover index by 1.3 percent, and the services turnover index by 3.3 percent, while the industry turnover index decreased by 0.5 percent. On an annual basis, the industry turnover index increased by 41.0 percent, the construction turnover index by 103.5 percent, the trade turnover index by 58.5 percent, and the services turnover index by 76.1 percent.

The trade sales volume in June increased by 1.0 percent on a monthly basis, while it decreased by 1.1 percent on an annual basis. According to the Trade Sales Volume Index released by TurkStat for June; the trade sales volume increased by 1.0 percent on a monthly basis, while it decreased by 1.1 percent on an annual basis. In the same period, the wholesale trade sales volume increased by 0.8 percent on a monthly basis, while it decreased by 2.5 percent on an annual basis. Additionally, the retail trade sales volume increased by 1.7 percent on a monthly basis and by 8.6 percent on an annual basis.

TurkStat released the Milk and Dairy Products Production Statistics for June. According to the Milk and Dairy Products Production statistics released by the Turkish Statistical Institute (TurkStat) for June, the amount of cow's milk collected by commercial dairy enterprises increased by 6.4 percent on an annual basis, reaching approximately 921,900 tons. In the same period, the production of drinking milk decreased by 7.8 percent, falling to approximately 97,000 tons. Additionally, the amount of yogurt produced increased by 10.1 percent on an annual basis, reaching approximately 110,200 tons.

TurkStat released the Poultry Production Statistics for June. According to the Poultry Production statistics released by TurkStat for June, the amount of chicken meat produced increased by 1.0 percent on an annual basis, reaching approximately 177,700 tons. In the same period, the number of chickens slaughtered increased by 3.0 percent, reaching approximately 94.7 million. Additionally, the amount of chicken eggs produced increased by 6.8 percent on an annual basis, reaching approximately 1.7 billion.

TurkStat released the Internal Migration Statistics for 2023. According to the Internal Migration Statistics released by TurkStat for 2023, the rate of inter-provincial migration was recorded at 4.04 percent. Of the 3,450,953 people who migrated, 47.9 percent were men, and 52.1 percent were women. During this period, Istanbul received the most migrants, with 412,707 people, while Ardahan received the least, with 6,856 people. Istanbul was also the province with the most people leaving, with 581,330 people migrating out, while Ardahan had the fewest, with 6,811 people leaving. The most significant reason for migration during the past year was recorded as dependency on a household member.

The Service Production Index decreased by 1.1% on a monthly basis in July, while it increased by 1.6% on an annual basis. According to the Service Production Index published by the Turkish Statistical Institute (TurkStat) for July, service production decreased by 1.1% on a monthly basis,

while it increased by 1.6% on an annual basis. When examining the sub-sectors on an annual basis, transportation and storage services increased by 0.1%, information and communication services by 5.9%, real estate services by 5.3%, and administrative and support services by 4.3%. Meanwhile, accommodation and food services decreased by 0.9%, and professional, scientific, and technical services decreased by 1.6%.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	June	-4,7%	0,1%	
	Manufacturing PMI	July	47,2	47,9	50,0
	Capacity Utilization Rate (seasonally adj.)	June	75,9%	76,6%	
	Import - (capital goods) (annually)	June	-3,5%	-5,5%	
	Import - (intermediate goods) (annually)	June	-6,4%	-16,5%	
	Import - (consumption goods) (annually)	June	5,0%	19,6%	
New	Credit Growth Weekly	August (Week 2)	0,7%	1,0%	
	Consumer Confidence Index	July	75,9	78,3	100,0
	Real sector confidence (seasonally adj.)	July	98,7	103,5	100,0
	Service sector confidence (seasonally adj.)	July	117,4	117,1	100,0
	Retail sector confidence (seasonally adj.)	July	107,1	111,7	100,0
	Construction sector confidence (seasonally adj.)	July	87,1	88,3	100,0
	Car Sales (annually)	July	-17,5%	-5,3%	
New	House sales - total (annually)	July	16,0%	-5,2%	
New	House sales - mortgage (annually)	July	-20,9%	-49,4%	
	CPI	July	61,8%	71,6%	
New	CPI expectations (year-end)	August	43,3%	43,0%	
New	Current Year Growth Expectations	August	3,4%	3,4%	
New	Retail Sales Volume (annually)	June	8,6%	5,8%	
New	Current Account Balance (billion USD)	June	0,4	-1,2	
New	Unemployment Rate (seasonally adj.)	June	9,2%	8,4%	
New	Dollarization	August (Week 2)	2,84 Billion (+)	1,14 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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