

US Manufacturing PMI Announced at 48 Points

- In the US, the Manufacturing PMI decreased by 1.6 points in August, falling below the threshold level of 50.0 points to 48.0 points, indicating a contraction in the manufacturing sector. New home sales for July, which were announced last month, increased by 10.6 percent compared to the previous month, reaching 739,000 units. Speaking at the Jackson Hole Economic Policy Symposium last week, Fed Chairman Jerome Powell stated that macroeconomic and financial conditions have tightened, the labor market and thus the economy have started to normalize, and the current interest rate levels leave sufficient room for adjustments. He emphasized that future data will determine the speed and extent of interest rate cuts, thus giving relatively dovish signals to the markets. San Francisco Fed President Mary Daly also mentioned in her statements on the macroeconomic outlook that a gradual approach should be adopted when it comes to lowering interest rates. This week, the U.S. economic calendar includes Durable Goods Orders, Atlanta Fed GDPNow, Housing Price Index, Conference Board (CB) Consumer Confidence, FOMC Member Bostic's Speech, Core Personal Consumption Expenditures, Gross Domestic Product (GDP), Goods Trade Balance, Retail Inventories Excluding Autos, Pending Home Sales, and Michigan Inflation Expectations.
- In the Eurozone, the final Consumer Price Index (CPI) showed no change on a monthly basis but increased by 2.6 percent on an annual basis, in line with expectations. In the same period, core inflation stood at negative 0.2 percent monthly and 2.9 percent annually.
- In Asia, Chinese authorities are working on a new plan to provide financing for home purchases to address problems in the real estate sector, while the People's Bank of China kept the policy rate unchanged. Meanwhile, China's Ministry of Commerce has launched a subsidy investigation into dairy products imported from European Union (EU) countries. In Japan, headline CPI exceeded expectations, increasing by 2.8 percent annually.
- In Turkey, various data were published by the Central Bank, TurkStat, and other institutions:
 - The Central Bank of the Republic of Turkey (CBRT) kept the policy rate unchanged at 50.0 percent for the fifth consecutive time, in line with expectations.
 - The Net International Investment Position stood at negative \$328.5 billion in June.
 - Automotive production increased by 5 percent annually between January and July.

Weekly Status

	16.08.2024	23.08.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.454	9.263	-2,0%	21,5%	32,6%	210,3%	22,5%
XU100	9.822	9.668	-1,6%	29,4%	35,6%	196,6%	25,8%
USDTRY	33,69	33,98	0,9%	15,3%	57,5%	39,6%	80,3%
DXY	102,40	100,68	-1,7%	-0,6%	-2,1%	8,2%	6,4%
US-10Y	3,890	3,800	-2,3%	-2,1%	0,0%	156,3%	65,1%
TR-10Y	28,69	28,23	-1,6%	5,5%	169,4%	-59,2%	88,5%
TR-2Y	42,40	42,00	-0,9%	5,8%	298,0%	-56,1%	51,7%
CDS (5Y)	268,95	265,14	-1,4%	-4,6%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.508,00	2.512,00	0,2%	21,8%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.716,00	2.744,00	1,0%	39,9%	78,9%	40,4%	72,1%
Silver (Gram)	31,37	32,60	3,9%	44,2%	57,1%	44,9%	57,4%

Global



Federal Reserve Chair Jerome Powell made statements about the macroeconomic outlook at the Jackson Hole Economic Policy Symposium. Powell said, "Conditions have tightened somewhat. The slowdown in the labor market indicates normalization. The current interest rate level provides us with sufficient space. It is time to make adjustments to monetary policy. The upcoming data will determine the pace and amount of interest rate cuts." Regarding the labor market, Powell also stated that they do not expect a more significant slowdown.

San Francisco Fed President Mary Daly made statements regarding the macroeconomic outlook. Daly stated that a gradual approach should be adopted to reduce borrowing costs. Additionally, she highlighted that it is still too early to determine whether the recent employment report indicates a slowdown or a real weakness, but it is extremely important to prevent the labor market from entering a recessionary period. Daly also added that the recent economic data gave her more confidence that inflation is under control.

The minutes of the Federal Open Market Committee's (FOMC) July meeting were published by the Fed. According to the minutes released by the Fed, most meeting participants expressed that easing might be appropriate at the next meeting if the data supports it. Additionally, participants noted that recent progress in inflation and the increase in the unemployment rate provided a reasonable basis for lowering the target range by 25 basis points at the July meeting and that they could support such a decision.

The manufacturing PMI in the U.S. decreased by 1.6 points in August, falling below the threshold to 48 points. According to the Manufacturing Purchasing Managers' Index (PMI) announced by S&P Global for August, the index decreased by 1.6 points compared to the previous month, falling to 48 points, below market expectations, while the services PMI increased by 0.2 points to 55.2, exceeding market expectations.

The number of new homes sold in the United States increased by 10.6 percent in July compared to the previous month, reaching 739,000 units. According to the new home sales statistics for July, announced by the U.S. Department of Commerce, the number of new homes

sold across the country increased by 10.6 percent compared to the previous month, reaching 739,000 units, exceeding expectations, and reaching the highest level since May 2023. **San Francisc**

The Consumer Price Index (CPI) in the Eurozone remained unchanged on a monthly basis while it increased by 2.6 percent annually. According to the final inflation data for July released by Eurostat, the Consumer Price Index (CPI) in the Eurozone remained unchanged on a monthly basis, while it increased by 2.6 percent on an annual basis, in line with expectations. During the same period, core inflation was recorded at minus 0.2 percent monthly and 2.9 percent annually.

The People's Bank of China kept its policy interest rates unchanged. The People's Bank of China (PBoC) kept the benchmark lending rates (LPR) unchanged, as expected by the market, at 3.35 percent for the 1-year term and 3.85 percent for the 5-year term. PBoC President Pan Gongsheng stated last week that the government is determined to achieve this year's growth targets but also mentioned that officials would avoid taking drastic measures.

In China, to address the problems in the real estate sector, authorities are working on a new plan to provide financing for home purchases through local governments. Following the failure of previous bailout packages to support the real estate market, the new plan is expected to allow local governments to finance home purchases by issuing special bonds, which are currently restricted to uses such as infrastructure and environmental projects.

China's Ministry of Commerce announced that a subsidy investigation had been launched against dairy products imported from European Union (EU) countries. The Ministry stated that certain dairy products imported from the EU, such as fresh cheese, curd, and Roquefort cheese, would be examined, and the damage to the domestic industry during the period from 2020 to 2024 would be assessed.

Headline CPI in Japan increased above expectations. According to the consumer price index (CPI) announced in Japan, headline CPI increased by 2.8 percent year-on-year, exceeding expectations, while core CPI increased by 1.9 percent, marking the slowest rise since the beginning of 2022. During the same period, the core index, which excludes fresh food and energy costs and is monitored by the Bank of Japan to observe broader inflation trends, also increased by 1.9 percent.

Domestic



The Central Bank of the Republic of Turkey (CBRT) kept the policy interest rate unchanged at 50.0 percent for the fifth consecutive time, in line with expectations. In the accompanying statement, it was highlighted that the July monthly inflation data indicated a limited increase in the underlying inflation trend, but it remained below the quarterly averages. It was also emphasized that the disinflation process is expected to accelerate with the weakening of domestic demand in the third quarter. The statement reiterated that the determined stance in monetary policy will be maintained until an improvement in the underlying inflation trend is observed, while a cautious approach will be adopted against the upward risks on inflation.

The Net International Investment Position was recorded at minus 328.5 billion dollars in June. According to the International Investment Position (IIP) Developments announced by the CBRT for June, Turkey's external assets increased by 2.7 percent compared to the end of 2023, reaching 341.7 billion dollars, while its liabilities increased by 10.1 percent, reaching 670.2 billion dollars. Consequently, Turkey's net IIP, defined as the difference between external assets and liabilities,

declined from minus 275.9 billion dollars at the end of 2023 to minus 328.5 billion dollars as of the current date.

The short-term external debt stock increased by 2.5 percent in June compared to the end of 2023, reaching \$180.5 billion. According to the Short-Term External Debt Statistics published by the Central Bank of the Republic of Turkey (CBRT) for the month of June, the short-term external debt stock increased by 2.5 percent compared to the end of 2023, reaching a level of \$180.5 billion. When the subcategories are examined, during the same period, the short-term external debt stock originating from banks increased by 10.2 percent, reaching \$75.4 billion, while the short-term external debt stock of other sectors decreased by 1.6 percent, falling to \$60.4 billion.

The Central Bank of the Republic of Turkey (CBRT) announced the Securities Statistics for the second week of August. According to the Securities Statistics announced by the CBRT for the second week of August, the net decrease in the equity positions of non-residents was recorded as \$297.6 million, while the net increase in government domestic debt securities (GDDS) purchases was \$1.404 billion. As a result, the stock position of non-residents in equities stood at \$35.765 billion, while the stock position in GDDS purchases was \$14.796 billion.

Consumer confidence increased by 0.6 percent month-on-month in August, rising to 76.4. According to the Consumer Confidence Index published by the Turkish Statistical Institute (TurkStat) for August, consumer confidence increased by 0.6 percent month-on-month, rising from 75.9 to 76.4. When examining the sub-indices: the general economic situation expectation for the next 12 months increased by 1.0 percent to 71.5, the current household financial situation improved by 4.5 percent to 63.1, and the household financial situation expectation for the next 12 months increased by 0.9 percent to 76.6. Meanwhile, the intention to spend on durable goods in the next 12 months decreased by 2.3 percent, reaching 94.3.

TurkStat published the Labor Input Indices for the second quarter of 2024. According to the Labor Input Indices announced by TurkStat for the second quarter of 2024; the employment index for the total of the industry, construction, and trade-services sectors increased by 4.2 percent year-on-year, the hours worked index increased by 0.3 percent year-on-year, and the gross wages-salaries index increased by 115.4 percent year-on-year. During the same period, the hourly labor cost index increased by 112.2 percent year-on-year, the hourly earnings index increased by 114.7 percent year-on-year, and the hourly non-wage labor cost index increased by 99.6 percent year-on-year.

The unemployment rate stood at 8.8 percent in the second quarter of 2024. According to the Labor Force Statistics announced by the Turkish Statistical Institute (TurkStat) for the second quarter, the number of unemployed persons aged 15 and over increased by 23,000 compared to the previous quarter, reaching a level of 3.156 million, while the seasonally adjusted unemployment rate remained unchanged at 8.8 percent. During the same period, the seasonally adjusted labor force participation rate increased by 0.3 points compared to the previous quarter, reaching 54.4 percent. Additionally, the unemployment rate among the youth population aged 15-24 increased by 0.4 points compared to the previous quarter, reaching 16.3 percent.

The YD-ÜFE increased by 1.7 percent monthly and 27.4 percent annually. According to the July data published by the Turkish Statistical Institute (TurkStat) for the Domestic Producer Price Index for Foreign Markets (YD-ÜFE), the index increased by 1.7 percent on a monthly basis and by 27.4 percent on an annual basis. In the same period, the YD-ÜFE for manufacturing products increased by 27.3 percent annually, while durable consumer goods saw an annual increase of 33.4 percent. When the annual changes of YD-ÜFE by sectors are examined, metal ore products rose by 42.5 percent, other manufactured goods by 37.7 percent, computers, electronic and optical products by 35.9 percent, and food products by 35.9 percent, contributing to the overall rise in the index.

The Financial Services Confidence Index (FHCI) decreased by 1.9 points in August compared to the previous month, reaching a level of 156.8. According to the Financial Services Statistics and the Financial Services Confidence Index (FHCI) for August, released by the Central Bank of the Republic of Turkey (CBRT), the FHCI decreased by 1.9 points compared to the previous month, reaching a level of 156.8. When examining the subcategories, it was observed that over the same period, the business situation in the last three months, demand for services, and employment decreased on an annual basis, while the demand for services for the next three months increased.

The Motor Vehicle Statistics for July were published by the Turkish Statistical Institute (TÜİK). According to the Motor Vehicle Statistics published by TÜİK for July, the number of vehicles registered in traffic increased by 106.6 percent in minibuses, 99.2 percent in trucks, 76.9 percent in light trucks, 43.7 percent in buses, 43.7 percent in cars, 30.3 percent in motorcycles, 18.3 percent in tractors, and 1.4 percent in special-purpose vehicles compared to the previous month. Thus, motorcycles constituted 46.9 percent of the vehicles registered in traffic, cars 39.4 percent, light trucks 8.5 percent, tractors 2.6 percent, trucks 1.7 percent, minibuses 0.6 percent, buses 0.2 percent, and special-purpose vehicles 0.1 percent.

Automotive production increased by 5 percent annually between January and July. According to the sector report for the month of July published by the Automotive Industry Association (OSD), between January and July of 2024, automotive production increased by 5 percent annually, reaching 823,636 units, while automobile production decreased by 2 percent, reaching 542,177 units. During the same period, automotive exports decreased by 1 percent in terms of units, reaching 581,865 units, while automobile exports increased by 1 percent, reaching 380,383 units.

The Presidential Communications Directorate's Disinformation Combat Center (DMM) made a statement regarding the allegations about Treasury and Finance Minister Mehmet Şimşek. The statement clarified that the claims that Minister Şimşek wanted to resign from his position and was convinced to stay in office are not true and do not reflect reality.

According to a decision published in the Official Gazette, agricultural lands owned by individuals or legal entities that have not been cultivated for two consecutive years can be leased by the Ministry of Agriculture and Forestry for agricultural production purposes. According to the decision made by the Ministry, agricultural lands that have not been cultivated for two consecutive years can be leased seasonally by the Ministry, under the new regulation, provided that the land's characteristics remain unchanged and it is used for agricultural production by the lessee. A commission will be established to determine the fair rental value of the agricultural lands to be leased by the Ministry and to carry out the leasing process.

Minister of Treasury and Finance Mehmet Şimşek denied the rumors of his resignation through his social media account, stating once again that he is still in office. Regarding the rumors, Şimşek said, "Apparently, the official statements were not enough, so let me write it here as well. I have not resigned. The scenarios being circulated are not true." Concerning the current program in place, Şimşek added, "We are aware of the great and difficult responsibility we have taken on. We are working every day with this responsibility in mind to achieve better outcomes. Our economic stability and reform program is functioning successfully, and we have started to see the targeted results."

The Capital Markets Board (CMB) has launched an investigation into accounts manipulating the resignation rumors of Minister of Treasury and Finance Mehmet Şimşek. In a statement on the matter, the CMB said, "An investigation has been initiated regarding social media accounts that misled stock market investors and caused them financial losses through baseless resignation rumors about our Minister of Treasury and Finance, Mr. Mehmet Şimşek, on the last trading day of the week."

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 3)	0,3%	0,7%	
New	Consumer Confidence Index	July	7640,0%	75,9	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%	
	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 3)	0.50 Billion (+)	0.30 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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