

US Economy Grew by 2.8 Percent in the Second Quarter

- Economic activities in the US grew by 2.8 percent on an annual basis in the second quarter of 2024, surpassing expectations. The higher-than-expected growth was driven by a stronger-than-expected increase in personal spending, the main engine of growth. The core PCE, considered an inflation indicator by the Fed when making interest rate decisions, increased by 0.2 percent monthly and 2.6 percent annually in June, while durable goods orders fell by 6.6 percent monthly. During the same period, seasonally adjusted existing home sales nationwide fell by 5.4 percent monthly, indicating a shift in the housing market from buyers to sellers. The preliminary manufacturing PMI released by S&P Global stood at 49.5 points, remaining below the threshold value of 50.0, while the preliminary services PMI remained above the threshold at 56 points. Thus, the composite PMI, which includes both manufacturing and services sectors, stood at 55 points, indicating economic expansion. This week's economic data calendar in the US includes the Dallas Fed Manufacturing Business Index, Housing Price Index, Conference Board (CB) Consumer Confidence, Job Openings and Labor Turnover Survey (JOLTS), ADP Non-Farm Employment, Federal Open Market Committee (FOMC), Manufacturing Purchasing Managers' Index (PMI), Non-Farm Payrolls, and Unemployment Rate. In the Eurozone, the 2nd Quarter Gross Domestic Product (GDP), Preliminary Consumer Price Index (CPI), Manufacturing Purchasing Managers' Index (PMI), Unemployment Rate, Germany Gross Domestic Product (GDP), Preliminary Consumer Price Index (CPI), Retail Sales, and Unemployment Rate will be closely monitored.
- In the Eurozone, the composite PMI, which includes both manufacturing and services sectors, decreased on a monthly basis to 50.1, the lowest level since February, remaining slightly above the threshold. In Germany, the region's locomotive economy, the composite PMI fell below expectations and the threshold, standing at 48.7.
- In Asia, the People's Bank of China (PBOC) surprised markets for the second time in a week by cutting the interest rate on medium-term loans by 20 basis points to 2.3 percent.
- Domestically, the Central Bank, TurkStat, and other institutions published various data:
 - The Central Bank of the Republic of Turkey (TCMB) kept its policy rate unchanged at 50 percent.
 - The Manufacturing Industry Capacity Utilization Rate decreased by 0.3 points in July compared to the previous month, reaching 75.9 percent.
 - The Real Sector Confidence Index decreased by 1.8 points in July compared to the previous month, reaching 98.7.

Weekly Status

	19.07.2024	26.07.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	10.576	10.442	-1,3%	36,9%	32,6%	210,3%	22,5%
XU100	11.156	10.891	-2,4%	45,8%	35,6%	196,6%	25,8%
USDTRY	33,02	32,95	-0,2%	11,8%	57,5%	39,6%	80,3%
DXY	104,40	104,33	-0,1%	3,0%	-2,1%	8,2%	6,4%
US-10Y	4,250	4,200	-1,2%	8,2%	0,0%	156,3%	65,1%
TR-10Y	27,98	28,06	0,3%	4,9%	169,4%	-59,2%	88,5%
TR-2Y	42,03	42,28	0,6%	6,6%	298,0%	-56,1%	51,7%
CDS (5Y)	251,90	258,70	2,7%	-6,9%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.401,00	2.387,00	-0,6%	15,8%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.550,00	2.529,00	-0,8%	28,9%	78,9%	40,4%	72,1%
Silver (Gram)	31,04	29,55	-4,8%	30,7%	57,1%	44,9%	57,4%

Global



The US economy grew by 2.8 percent annually in the second quarter of 2024. According to the growth data announced for the second quarter of 2024 in the US, economic activity increased by 2.8 percent annually, exceeding expectations. When the sub-components are examined, it is observed that personal consumption, which is the main driver of growth, increased by 2.3 percent, above the forecasts. The announced data indicate that the growth rate has recovered since the first quarter but is at a moderate level compared to the previous year and that the economy is beginning to cool down in the face of high interest rates.

In June, personal incomes in the US increased by 0.2 percent on a monthly basis, while personal consumption expenditures also recorded an increase of 0.3 percent on a monthly basis. According to the personal income and consumption expenditures data for June announced by the US Department of Commerce; personal incomes nationwide increased by 0.2 percent on a monthly basis, while personal consumption expenditures also recorded an increase of 0.3 percent on a monthly basis, falling short of expectations. In the same period, the core PCE, considered an inflation indicator by the Fed, increased by 0.2 percent on a monthly basis and by 2.6 percent on an annual basis.

US Treasury Secretary Janet Yellen strongly denied accusations that the department manipulated Treasury bond issuances to reduce real borrowing costs across the economy. Economist Nouriel Roubini, known as a crisis prophet, stated in an article published last week that the Treasury had shifted mostly to short-term bonds by reducing long-term bond issuance since November, and this trend formed the basis of election economics by reducing long-term borrowing costs.

Durable goods orders in the US decreased by 6.6 percent on a monthly basis in June, reaching 264.5 billion dollars. According to the durable goods orders announced by the US Department of Commerce for June; the amount of orders for durable goods decreased by 6.6 percent on a monthly basis, falling to 264.5 billion dollars, below market expectations, after four consecutive months of increase. In the same period, orders excluding transportation increased by 0.5 percent, while orders excluding defense decreased by 7.0 percent.

In the U.S., existing home sales decreased by 5.4 percent month-on-month, seasonally adjusted. According to the existing home sales data for June released by the National Association of Realtors (NAR), existing home sales in the U.S. decreased by 5.4 percent month-on-month, seasonally adjusted, to 3 million 890 thousand, falling below market expectations. During the same period, the median home prices in the existing home market increased by 4.1 percent year-on-year, reaching an all-time high of 426 thousand 900 dollars. Following the release of the data, NAR Chief Economist Lawrence Yun commented, "We are seeing a gradual transition from a seller's market to a buyer's market."

The composite PMI, which includes the manufacturing and services sectors in the USA, increased by 0.2 points on a monthly basis, reaching 55 points. According to preliminary PMI data for July released by S&P Global, the manufacturing PMI in the USA decreased by 2.1 points on a monthly basis, reaching 49.5 points, falling short of market expectations. During the same period, the services sector PMI increased by 0.7 points, reaching 56 points, exceeding expectations. Thus, the composite PMI, which includes both the manufacturing and services sectors, increased by 0.2 points on a monthly basis, reaching 55 points.

The composite PMI for the Eurozone, which includes the manufacturing and services sectors, declined on a monthly basis, reaching its lowest level since February at 50.1 points. According to the composite PMI data for July released by S&P Global, the composite PMI for the Eurozone, which includes the manufacturing and services sectors, declined more than expected compared to the previous month, reaching 50.1 points. Although the announced data technically indicates growth, it was at its lowest level since February 2024. During the same period, Germany's composite PMI, the locomotive economy of Europe, also fell short of expectations, reaching 48.7 points.

The total public debt in the Eurozone amounted to 12 trillion 926 billion euros in the first quarter of 2024. According to the public debt and budget deficit data announced by the European Statistics Office (Eurostat) for the first quarter of 2024, the ratio of public debt to GDP in the Eurozone increased from 88.2 percent to 88.7 percent. Thus, the total public debt in the Eurozone amounted to 12 trillion 926 billion euros.

The People's Bank of China (PBOC) cut the interest rate on medium-term loans by 20 basis points, bringing it down to 2.3%. The People's Bank of China (PBOC) surprised the markets for the second time this week by cutting the interest rate on medium-term loans by 20 basis points, bringing it down to 2.3%, and issuing 200 billion yuan worth of one-year loans. The surprise rate cut decision came after the reduction of several benchmark lending rates on Monday. Additionally, the Bank conducted a seven-day reverse repo operation worth 235.1 billion yuan at an interest rate of 1.7%.

Domestic



The Central Bank of the Republic of Turkey (CBRT) kept its policy rate unchanged at 50 percent. The decision statement regarding the interest rate stated that a significant weakening in the main trend of monthly inflation was observed in June, and it was predicted that the increase in the main trend would remain relatively limited in the future. Additionally, the bank's cautious stance against upward risks to inflation was reiterated, and it was expressed that a tight monetary policy stance would be maintained until a significant and permanent decline in the main trend of monthly inflation is achieved.

Vice President of the Central Bank of the Republic of Turkey (CBRT), Cevdet Akçay, made statements regarding the macroeconomic outlook in an interview with Reuters. In the interview, Akçay stated that a rate cut cycle is not currently being considered and that there will be no doubt about maintaining a tight stance when the cuts begin. He also pointed out that a significant and permanent decline in the underlying trend of monthly inflation is a prerequisite for considering a relaxation cycle in monetary policy.

Sectoral inflation expectations were published by CBRT. According to the sectoral inflation expectations for the next 12 months announced by TCMB; the market participants' inflation expectation for a year ahead decreased by 1.8 points compared to the previous month, reaching the level of 30.0 percent, the real sector's expectation decreased by 1.2 points to 55.0 percent, and the household's expectation increased by 0.5 points to 72.0 percent.

According to the Market Participants Survey announced by the Central Bank of the Republic of Turkey (CBRT) for the month of July, market participants' expectations for consumer inflation (CPI) for the end of the current year and the next 12 months slightly declined compared to the previous month, standing at 42.95 percent and 30.02 percent, respectively. The participants' expectation for the CBRT one-week repo auction rate at the end of the current month was recorded at 50 percent. The participants' expectation for the exchange rate (USD/TRY) at the end of the current year decreased from 37.75 TL to 37.37 TL compared to the previous month. The participants' growth expectation for 2024 was 3.4 percent.

The Central Bank of the Republic of Turkey (CBRT) mutually terminated the \$5 billion repo transaction carried out with the Saudi Fund for Development in 2023. The TCMB announced in a press release regarding its international repo transactions to reduce its external liabilities as part of reserve management. The announcement stated that the \$5 billion repo transaction carried out with the Saudi Fund for Development in 2023 was mutually terminated. Thus, the Bank's external liabilities improved by a total of \$7 billion in recent times.

The Financial Services Confidence Index increased by 9.2 points on a monthly basis in July, reaching 158.7 points. According to the Financial Services Confidence Index (FHGE) for July published by the CBRT, the FHGE increased by 9.2 points on a monthly basis, reaching 158.7 points. When examining the subcomponents, it was observed that all subgroups positively impacted the index, including business conditions over the last three months, demand for services over the last three months, and demand expectations for services over the next three months. Additionally, the trend favoring those reporting an increase in employment over the last three months strengthened, while the trend favoring those expecting an increase in employment over the next three months weakened.

The Real Sector Confidence Index decreased by 1.8 points in July compared to the previous month, reaching 98.7. According to the results of the Economic Tendency Survey announced by the Central Bank of the Republic of Turkey (CBRT) for July; the seasonally adjusted Real Sector Confidence Index decreased by 1.8 points compared to the previous month, reaching 98.7. When the sub-components are examined, evaluations regarding current finished goods inventory, production volume for the next three months, and export order quantity for the next three months positively affected the index, while evaluations regarding total order quantity in the last three months, overall outlook, fixed capital investment expenditure, current total order quantity, and total employment for the next three months negatively affected the index.

The Manufacturing Industry Capacity Utilization Rate decreased by 0.3 points in July compared to the previous month, reaching 75.9 percent. According to the Manufacturing Industry Capacity Utilization Rate published by the CBRT for July; the seasonally adjusted capacity utilization rate decreased by 0.3 points compared to the previous month, falling to 75.9 percent. In the same period, when the capacity utilization rate is examined by goods groups, investment goods showed

an increase, while consumer goods, durable consumer goods, non-durable consumer goods, and intermediate goods showed a decrease.

Confidence in the service, retail trade, and construction sectors decreased by 1.1 percent, 1.5 percent, and 0.9 percent, respectively, on a monthly basis in July. According to the Service, Retail Trade, and Construction Confidence Indices published by the Turkish Statistical Institute (TurkStat) for July; the Service Sector Confidence Index decreased by 1.1 percent to 114.1, the Retail Trade Sector Confidence Index decreased by 1.5 percent to 107.1, and the Construction Sector Confidence Index decreased by 0.9 percent to 87.1.

Consumer confidence decreased by 3.2 percent month-on-month, falling from 78.3 to 75.9. According to the Consumer Confidence Index for July published by the Turkish Statistical Institute (TurkStat), consumer confidence decreased by 3.2 percent month-on-month, from 78.3 to 75.9. When examining the sub-indices; the expectation of the general economic situation over the next 12 months decreased by 7.0 percent to 70.8, the current household financial situation decreased by 5.4 percent to 60.4, and the expectation of the household's financial situation over the next 12 months also decreased by 4.2 percent to 75.9, while the intention to spend on durable goods over the next 12 months increased by 2.6 percent to 96.5.

The Turkish Statistical Institute (TurkStat) released the Household Domestic Tourism Statistics for the first quarter of 2024. According to the Household Domestic Tourism Statistics for the first quarter of 2024 released by TurkStat, the number of people residing in the country who went on trips was 8 million 262 thousand. During the same period, the total number of trips within the country, including one or more overnight stays, decreased by 2.3 percent on a quarterly basis to 9 million 854 thousand. Additionally, domestic tourists' travel expenditures within the country increased by 103.2 percent year-on-year to 45 billion 262 million 452 thousand TL, and the average expenditure per trip was 4 thousand 593 TL.

The Domestic Producer Price Index (YD-ÜFE) published by the Turkish Statistical Institute (TurkStat) for June increased by 0.97 percent on a monthly basis and by 44.51 percent on an annual basis. During the same period, the YD-ÜFE for manufacturing products increased by 44.35 percent annually, while durable consumer goods increased by 53.68 percent annually. When analyzed on an annual basis by sectors, the YD-ÜFE for metal ore products increased by 66.91 percent, computers and electronic and optical products by 58.11 percent, other manufactured goods by 55.78 percent, and furniture products by 54.93 percent, contributing to the rise in the index.

Minister of Treasury and Finance Mehmet Şimşek made statements on the macroeconomic outlook at the G20 meetings held in Brazil. Şimşek stated in the meetings he attended that progressive taxation reduces income and wealth inequality, strengthens fiscal discipline, supports tax justice and inclusive growth. He also stated that while strengthening macro stability with the implemented program, structural reforms will make gains permanent and increase growth potential.

Minister of Treasury and Finance Mehmet Şimşek made statements regarding the macroeconomic outlook on his social media account. Şimşek shared, "Inflation expectations are converging towards our target. The year-end inflation expectation fell to 43 percent, the 12-month expectation to 30 percent, and the 24-month expectation to 19.3 percent. Since we announced the Medium-Term Program (OVP), 12-month and 24-month inflation expectations have continuously declined. The improvement in expectations during this period of rising annual inflation shows the belief that our disinflation policies will be successful."

The central government gross debt stock amounted to 7 trillion 884 billion 500 million TL in June. According to the Central Government Gross Debt Stock Statistics announced by the Ministry

of Treasury and Finance for June, the central government gross debt stock amounted to 7 trillion 884 billion 500 million TL. Of the debt stock, 3 trillion 166 billion 400 million TL was in TL, and 4 trillion 718 billion 100 million TL was in foreign currency. Additionally, Treasury receivables stood at 28 billion 100 million TL, with 2 billion 700 million TL collected from Treasury receivables.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	May	-0,1%	-0,7%	
	Manufacturing PMI	June	47,9	48,4	50,0
New	Capacity Utilization Rate (seasonally adj.)	June	75,9%	76,6%	
	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 3)	0,0%	0,9%	
New	Consumer Confidence Index	July	75,9	78,3	100,0
New	Real sector confidence (seasonally adj.)	July	98,7	103,5	100,0
New	Service sector confidence (seasonally adj.)	July	117,4	117,1	100,0
New	Retail sector confidence (seasonally adj.)	July	107,1	111,7	100,0
New	Construction sector confidence (seasonally adj.)	July	87,1	88,3	100,0
	Car Sales (annually)	June	-5,3%	-10,1%	
	House sales - total (annually)	June	-5,2%	-2,4%	
	House sales - mortgage (annually)	June	-49,4%	-63,9%	
	CPI	June	71,6%	75,5%	
New	CPI expectations (year-end)	July	42,95%	43,52%	
New	Current Year Growth Expectations	July	3,3%	3,3%	
	Retail Sales Volume (annually)	May	5,8%	10,2%	
	Current Account Balance (billion USD)	May	-1,2	-5,2	
	Unemployment Rate (seasonally adj.)	May	8,4%	8,5%	
New	Dollarization	July (Week 3)	1.36 Billion (+)	0.27 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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