

### ***Core PCE in the U.S. Released in Line with Market Expectations***

- In the United States, Core PCE increased by 0.3 percent month-on-month and 2.8 percent year-on-year in October, in line with market expectations. Following the release of the PCE data in line with forecasts, attention has turned to the Federal Reserve's interest rate decision in December. Minneapolis Fed President Neel Kashkari, in his remarks on the macroeconomic outlook, indicated that interest rate cuts may continue. In this context, Kashkari said, "I am still considering a 25 basis point cut in December; it's a reasonable discussion for us." Last week, the Conference Board Consumer Confidence Index for November increased by 2.1 points compared to the previous month, reaching 111.7. Although the released data was slightly below market expectations, it marked the highest level in the past two years. In this week's U.S. economic calendar, key data to watch include: ISM Manufacturing Purchasing Managers Index (PMI), Job Openings and Labor Turnover Survey (JOLTS), ADP Non-Farm Payrolls, Trade Balance, and Non-Farm Payrolls data.
- In the Eurozone, according to the European Central Bank's (ECB) Consumer Expectations Survey for October, the average inflation expectation for the next 12 months increased from 2.4 percent to 2.5 percent, surpassing the ECB's 2 percent target. The data indicates a worsening of inflation expectations, while ECB Chief Economist Philip Lane, in his comments on the macroeconomic outlook, stated, "There is still distance to be covered in terms of adjustments for inflation to return to the desired level in a more sustainable way."
- In Asia, in Japan, Bank of Japan (BOJ) Governor Kazuo Ueda, in his comments on the macroeconomic outlook, expressed that if it is confirmed that core inflation will rise toward 2 percent, the degree of monetary easing will be adjusted at an appropriate time. Ueda also mentioned that interest rate hikes are approaching, in line with economic data going in the right direction. Japan's Prime Minister Shigeru Ishiba urged companies to continue raising wages for workers.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
  - The capacity utilization rate in the manufacturing industry increased by 1.2 points to 76.1 percent in November compared to the previous month.
  - The seasonally adjusted Real Sector Confidence Index increased by 1.2 points to 103.4 in November compared to the previous month.
  - Gross Domestic Product (GDP) for the third quarter of 2024 increased by 2.1 percent compared to the same quarter of the previous year.

## Weekly Status

	22.11.2024	29.11.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	8.988	9.155	1,9%	20,0%	32,6%	210,3%	22,5%
Bist100	9.549	9.652	1,1%	29,2%	35,6%	196,6%	25,8%
USDTRY	34,52	34,70	0,5%	17,7%	57,5%	39,6%	80,3%
DXY	107,49	106,05	-1,3%	4,7%	-2,1%	8,2%	6,4%
US-10Y	4,42	4,18	-5,4%	7,7%	0,0%	156,3%	65,1%
TR-10Y	29,63	29,24	-1,3%	9,3%	169,4%	-59,2%	88,5%
TR-2Y	40,55	40,80	0,6%	2,8%	298,0%	-56,1%	51,7%
CDS (5Y)	255,64	254,21	-0,6%	-8,6%	-45,2%	-10,5%	84,8%
Gold (Ounce/USD)	2.714,00	2.650,00	-2,4%	28,5%	13,1%	-0,3%	-3,7%
Gold (GramTRY)	3.005,00	2.956,00	-1,6%	50,7%	78,9%	40,4%	72,1%
Silver (GramTRY)	34,68	34,02	-1,9%	50,5%	57,1%	44,9%	57,4%

## Global



In the U.S., Core PCE rose by 0.3% month-on-month and 2.8% year-on-year in October. According to the Core PCE data for October released by the U.S. Department of Commerce, core PCE increased by 0.3% on a monthly basis and 2.8% on an annual basis. As a result, core PCE exceeded market expectations on a monthly basis, while the annual figure aligned with market forecasts. In the same period, personal income increased by 0.6% month-on-month, while personal spending rose by 0.4%.

In the U.S., the Pending Home Sales Index increased by 2% in October compared to the previous month, rising to 77.4. According to the Pending Home Sales Index for October released by the National Association of Realtors (NAR), the index increased by 2% compared to the previous month, reaching a level of 77.4, which was above market expectations. In the same period, the Pending Home Sales Index also rose by 5.4% year-on-year.

In the U.S., the Conference Board Consumer Confidence Index for November increased by 2.1 points compared to the previous month, reaching 111.7. Although the reported data was slightly below market expectations, it marked the highest level in the past two years. During the same period, the Present Situation Index increased by 4.8 points to 140.9, while the Expectations Index rose by 0.4 points to 92.3.

In the U.S., the number of newly sold homes in October decreased by 17.3 percent on a seasonally adjusted monthly basis. According to the new home sales statistics for October released by the U.S. Department of Commerce, the number of newly sold homes across the country decreased by 17.3 percent on a seasonally adjusted monthly basis, reaching 610,000 units, the lowest level since 2022. On an annual basis, home sales fell by 9.4 percent. During the same period, the median sales price of newly listed homes increased by 4.7 percent year-on-year, rising to 437,300 dollars.

Minneapolis Fed President Neel Kashkari made statements regarding the macroeconomic outlook. Kashkari expressed that he remains open to lowering interest rates again in the coming month. He said, "I still consider a 25 basis point cut in December to be a reasonable discussion



for us." Additionally, regarding inflation, Kashkari stated, "I have some confidence that inflation is showing a slow downward trend."

The European Central Bank (ECB) published the Consumer Expectations Survey for October. According to the European Central Bank's (ECB) Consumer Expectations Survey for October, the average inflation expectation of consumers for the next 12 months increased from 2.4 percent to 2.5 percent. The inflation expectation for the next 3 years remained at 2.1 percent. Both expectations are above the ECB's target of 2 percent inflation.

European Central Bank (ECB) Chief Economist Philip Lane made statements about the macroeconomic outlook. Lane emphasized that ECB policy should not remain restrictive for too long, or else inflation could fall below the target. He also noted, "There is still some distance to be covered in terms of adjustments to bring inflation back to the desired level in a more sustainable manner."

Francois Villeroy de Galhau, the President of the Bank of France and a member of the European Central Bank (ECB), made statements regarding the macroeconomic outlook. Galhau expressed that the ECB should keep the door open for a larger rate cut at the upcoming meeting. He stated that the ECB no longer needed to restrict the economy and that interest rates might even need to be raised to levels that would encourage growth.

In Germany, the preliminary Consumer Price Index (CPI) decreased by 0.2 percent on a monthly basis in November, while it increased by 2.2 percent on an annual basis. According to the preliminary Consumer Price Index (CPI) for November announced by the Federal Statistical Office (Destatis) in Germany, the preliminary CPI decreased by 0.2 percent on a monthly basis, while it increased by 2.2 percent on an annual basis. This marked the second consecutive month of annual inflation growth. Meanwhile, core inflation, excluding food and energy, increased from 2.9 percent to 3.0 percent.

Japanese Prime Minister Shigeru Ishiba made statements regarding the macroeconomic outlook. Ishiba called on companies to continue raising wages for workers as part of the government's efforts to ensure stable inflation and economic growth while responding to the rising cost of living. He said, "I asked for cooperation in achieving significant wage increases in next year's wage negotiations, continuing the momentum of this year."

Kazuo Ueda, Governor of the Bank of Japan (BOJ), made statements regarding the macroeconomic outlook. Ueda said, "Especially if we are confident that core inflation will rise towards 2 percent, we will adjust the degree of monetary easing at the appropriate time." He also stated that "the next interest rate hike is approaching, in terms of economic data going in the right direction."

## Domestic



The Governor of the Central Bank of the Republic of Turkey (CBRT), Fatih Karahan, made statements regarding the macroeconomic outlook. Karahan stated that the main trend in inflation is improving, although more slowly than anticipated. He added, "Preliminary indicators for November point to a slowdown in monthly rent inflation in the fourth quarter." Karahan also mentioned regarding interest rate cuts, "We will determine the policy interest rate considering inflation outcomes and expectations, to ensure the necessary tightening for the anticipated disinflation process."

In November, the capacity utilization rate in the manufacturing industry increased by 1.2 percentage points compared to the previous month, reaching 76.1%. According to the Central Bank of the Republic of Turkey (CBRT), the manufacturing industry's capacity utilization rate increased by 1.2 percentage points to 76.1% in November compared to the previous month. In the same period, the seasonally adjusted capacity utilization rate rose by 0.4 percentage points, reaching 75.6%. When examining the subcategories, the capacity utilization rate increased in all sectors: consumer goods, durable consumer goods, non-durable consumer goods, intermediate goods, and investment goods.

The seasonally adjusted Real Sector Confidence Index (RKGE) rose by 1.2 points in November compared to the previous month, reaching 103.4. According to the CBRT's Economic Tendency Statistics and Real Sector Confidence Index (RKGE) for November, the seasonally adjusted Real Sector Confidence Index increased by 1.2 points to 103.4 compared to the previous month. When examining the spread indices of the survey questions that make up the index, evaluations of total orders in the past three months, current total orders, general outlook, current stock of finished goods, export order volume in the next three months, and total employment in the next three months had a positive impact on the index, while evaluations regarding fixed capital investment expenditures had a negative effect.

The CBRT released Sectoral Inflation Expectations for November. According to the Sectoral Inflation Expectations for November announced by the Central Bank of the Republic of Turkey (CBRT), 12-month ahead annual inflation expectations decreased by 0.2 percentage points to 27.2 percent for market participants, by 1.7 percentage points to 47.8 percent for the real sector, and by 3.1 percentage points to 64.1 percent for households. During the same period, the proportion of households expecting inflation to decrease in the next 12 months decreased by 2.0 percentage points to 26.3 percent compared to the previous month.

The Central Bank of the Republic of Turkey (CBRT) published the summary of the Monetary Policy Committee Meeting held in November. In the summary of the Monetary Policy Committee Meeting held by the CBRT in November, it was stated that core goods inflation continued to remain low and that there were clear signs of improvement in service inflation. It was also mentioned that a decline was observed in the main trend of inflation. The determined stance of monetary policy was reiterated as a factor that would reduce the main trend of monthly inflation and strengthen the disinflation process through balancing domestic demand, real appreciation of the Turkish lira, and improvement in inflation expectations.

In the third quarter of 2024, TGFE decreased by 6.5 percent in real terms. According to the Commercial Real Estate Price Index (TGFE) for the third quarter of 2024, announced by the



Central Bank of the Republic of Turkey (CBRT), TGFE increased by 6.8 percent compared to the previous quarter, while it rose nominally by 44.1 percent compared to the same quarter of the previous year. In real terms, TGFE decreased by 6.5 percent during the same period. When analyzing the subcomponents, the Shop Price Index (DFE) increased nominally by 45.2 percent year-on-year, while the Office Price Index (OFE) rose by 38.4 percent.

**In the third quarter of 2024, GDP increased by 2.1 percent compared to the same quarter of the previous year.** According to the Gross Domestic Product (GDP) data for the third quarter of 2024, announced by TurkStat, GDP increased by 2.1 percent in terms of the chain volume index compared to the same quarter of the previous year. When examining the subcomponents, construction increased by 9.2 percent, financial and insurance activities grew by 6.2 percent, agriculture increased by 4.6 percent, real estate activities rose by 2.5 percent, taxes on products minus subsidies decreased by 2.3 percent, information and communication activities grew by 2.2 percent, public administration, education, human health, and social services increased by 1.9 percent, and services rose by 1.4 percent. Other service activities grew by 2.4 percent, the industrial sector increased by 2.2 percent, while professional, administrative, and support service activities decreased by 0.3 percent.

**In October, PPI for Services increased by 0.24 percent compared to the previous month and by 55.34 percent compared to the same month of the previous year.** According to the Producer Price Index (PPI) for Services for October, announced by TurkStat, the PPI increased by 0.24 percent compared to the previous month, while it rose by 55.34 percent compared to the same month of the previous year. When analyzing the year-on-year change in subcomponents, transportation and storage services increased by 49.46 percent, accommodation and food services grew by 59.03 percent, information and communication services rose by 64.46 percent, real estate services increased by 58.06 percent, professional, scientific, and technical services rose by 62.10 percent, and administrative and support services grew by 57.46 percent.

**In November, the Economic Confidence Index decreased by 0.9 percent, reaching a level of 97.1.** According to the Economic Confidence Index announced by TurkStat for November, the economic confidence index decreased by 0.9 percent, reaching a level of 97.1. When examining the sub-components, the consumer confidence index fell by 1.0 percent, and the services sector confidence index decreased by 2.9 percent, while the real sector confidence index increased by 1.2 percent, the retail trade sector confidence index rose by 0.9 percent, and the construction sector confidence index went up by 1.7 percent.

**In October, the foreign trade deficit decreased by 0.5 percent compared to the same month of the previous year, reaching 5 billion 909 million dollars.** According to the Foreign Trade Statistics announced by TurkStat for October, exports increased by 3.1 percent compared to the same month of the previous year, reaching 23 billion 500 million dollars, while imports remained unchanged at 29 billion 409 million dollars. As a result, the foreign trade deficit decreased by 0.5 percent compared to the same month of the previous year, reaching 5 billion 909 million dollars. The ratio of exports to imports rose to 79.9 percent.

**The Turkish Statistical Institute (TUIK) published the Service, Retail Trade, and Construction Confidence Indices for November.** According to TUIK's publication, the Service sector confidence decreased by 2.9%, reaching 111.0, while the Retail Trade sector confidence increased by 0.9%, reaching 111.7, and the Construction sector confidence rose by 1.7%, reaching 87.8. When examining the subcategories, the decline in service sector confidence was

driven by a decrease in business conditions in the past three months, demand for services in the past three months, and expectations for demand for services in the next three months.

**Minister of Treasury and Finance Mehmet Şimşek made statements regarding the macroeconomic outlook.** Şimşek stated that they expect inflation to finish the year slightly above the target, at around 44-45 percent. He also mentioned that the inflation expectations of the real sector are still unrealistic. Furthermore, Şimşek emphasized the need for patience regarding inflation and stated that they would succeed in reducing inflation by continuing the disinflation program with patience and determination.

**Istanbul Chamber of Industry (ISO) Chairman Erdal Bahçivan made statements regarding the macroeconomic outlook.** Bahçivan stated that the interest rate on rediscount credits should be reduced to make TL loans more attractive. He also mentioned, "The improvement in the main trend of inflation is still not at the desired level. A similar situation is true for inflation expectations, especially for households and the real sector, which are at levels that make healthy pricing extremely difficult."

**Istanbul Chamber of Commerce (ITO) Chairman Şekib Avdagiç made statements regarding the macroeconomic outlook.** Avdagiç stated that the primary and greatest support for a permanent decrease in inflation will come from production, employment, exports, and investments. He emphasized, "This can be achieved through coordinated work between the real sector and economic management."

## Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	September	-2,4%	-5,3%	
New	Manufacturing PMI	November	48,3	45,8	50,0
	Capacity Utilization Rate (seasonally adj.)	November	75,6%	75,2%	
New	Import - (capital goods) (annually)	October	-9,2%	-10,9%	
New	Import - (intermediate goods) (annually)	October	0,1%	-12,8%	
New	Import - (consumption goods) (annually)	October	7,9%	0,9%	
New	Credit Growth Weekly	November (Week 3)	0,5%	0,1%	
	Consumer Confidence Index	November	79,8	80,6	100,0
	Real sector confidence (seasonally adj.)	November	103,4	102,2	100,0
	Service sector confidence (seasonally adj.)	November	111,0	114,2	100,0
	Retail sector confidence (seasonally adj.)	November	111,7	110,7	100,0
	Construction sector confidence (seasonally adj.)	November	87,8	86,3	100,0
	Car Sales (annually)	October	-4,0%	-9,0%	
	House sales - total (annually)	October	76,1%	37,3%	
	House sales - mortgage (annually)	October	278,2%	87,4%	
	CPI	October	48,6%	49,4%	
	CPI expectations (year-end)	October	44,8%	44,1%	
	Current Year Growth Expectations	October	3,1%	3,1%	
	Retail Sales Volume (annually)	September	15,9%	13,3%	
	Current Account Balance (billion USD)	September	2,9	4,3	
	Unemployment Rate (seasonally adj.)	September	8,6%	8,5%	
New	Dollarization	November (Week 3)	2,93 Billion (+)	0,35 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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