

Non-Farm Employment in the U.S. Falls Below Expectations

- According to the recently announced non-farm employment data in the U.S., the number of people employed outside of agriculture increased by 12,000, falling well below expectations. This deviation was influenced by hurricanes affecting the southeastern region of the country and the Boeing strike. Preliminary data regarding employment markets had shown a positive outlook; ADP private sector employment performed better than expected, while weekly unemployment claims were recorded at their lowest levels. On the production side, the Manufacturing PMI for October stood at 46.5, also below expectations. This PMI figure marks the lowest level since July 2023, indicating a contraction in the manufacturing sector. In the economic calendar this week, the following U.S. indicators will be closely monitored: Factory Orders (Monthly) (Sept), U.S. Presidential Elections, Trade Balance (Sept), S&P Global Composite Purchasing Managers' Index (PMI) (Oct), Interest Rate Decision, and Michigan Consumer Sentiment Index (Nov). In the Eurozone, the focus will be on the Manufacturing Purchasing Managers' Index (PMI) (Oct), speeches from ECB officials Elderson and McCaul, a speech from ECB President Lagarde, the S&P Global Composite Purchasing Managers' Index (PMI) (Oct), and Retail Sales (Annual) (Sept).
- In the Eurozone, European Central Bank (ECB) President Christine Lagarde stated regarding the macroeconomic outlook that "unless there is a major shock, the permanent 2 percent inflation target will be achieved by 2025." She also expressed that a critical report published by Mario Draghi on the competitiveness of the European economy in the face of global developments reflects the realities.
- In Asia, China's total industrial profits decreased by 27.1 percent year-on-year, marking the sharpest decline this year. The drop in industrial profitability highlights the ongoing weakness in domestic demand conditions and the problem of deflation. Despite the low total industrial profitability, the official manufacturing Purchasing Managers' Index (PMI) rose to 50.1 in October, signaling a positive shift after six months of negative signals and indicating expansion in the manufacturing sector.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - The Seasonal Economic Confidence Index increased by 3.2 percent in October, reaching a level of 98.0.
 - The trade balance recorded a deficit of 5 billion 129 million dollars.
 - The Price Index for services sector rose by 1.14 percent month-on-month and 56.85 percent year-on-year.

Weekly Status

	25.10.2024	1.11.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	8.605	8.665	0,7%	13,6%	32,6%	210,3%	22,5%
XU100	8.909	8.885	-0,3%	18,9%	35,6%	196,6%	25,8%
USDTRY	34,31	34,33	0,1%	16,5%	57,5%	39,6%	80,3%
DXY	104,32	104,32	0,0%	2,9%	-2,1%	8,2%	6,4%
US-10Y	4,25	4,37	2,8%	12,6%	0,0%	156,3%	65,1%
TR-10Y	30,31	30,68	1,2%	14,7%	169,4%	-59,2%	88,5%
TR-2Y	42,98	43,02	0,1%	8,4%	298,0%	-56,1%	51,7%
CDS (5Y)	270,13	266,23	-1,4%	-4,2%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.748,00	2.736,00	-0,4%	32,7%	13,1%	-0,3%	-3,7%
Gold (Gram)	3.003,00	3.020,00	0,6%	53,9%	78,9%	40,4%	72,1%
Silver (Gram)	37,18	35,83	-3,6%	58,5%	57,1%	44,9%	57,4%

Global



In the United States, the Manufacturing PMI for October was reported at 46.5 points. According to the Purchasing Managers' Index (PMI) data for the manufacturing sector released by the Institute for Supply Management (ISM) for October, the manufacturing PMI was at 46.5 points, remaining below the threshold of 50.0 and falling short of expectations. This data represents the lowest level since July 2023, indicating a contraction in the manufacturing sector. When examining the subcomponents, growth was recorded in 5 sub-sectors of manufacturing, while 11 sectors experienced contraction.

In the United States, ADP private sector employment increased by 233,000, exceeding expectations. According to the ADP private sector employment report for October, employment in the private sector rose by 233,000, showing a rise above expectations. This increase was the largest since July 2023. During the same period, wage growth slowed down. Workers changing jobs saw an increase in wages of 6.2 percent, while wages for employees remaining in their positions rose by 4.6 percent.

The Job Openings and Labor Turnover Survey (JOLTS) showed a decrease in open job positions. In the United States, the Department of Labor reported that the number of job openings decreased by 418,000 compared to the previous month, falling to 7.443 million. This figure represents the lowest level since January 2021 and was below expectations. During this period, job openings increased in the finance and insurance sectors, while they decreased in healthcare and social assistance, education, and local and federal government sectors excluding education.

Unemployment benefit claims in the United States reached 216 thousand in the last week of October. According to the unemployment benefit claims data for the last week of October, claims across the country declined to 216 thousand, marking the lowest level in the past five months. The median estimate from economists for the

number of claims was 230 thousand. During this period, the number of ongoing unemployment claims, which reflects the number of individuals receiving aid, decreased to 1.86 million.

European Central Bank (ECB) President Christine Lagarde made statements regarding the macroeconomic outlook. Lagarde stated that, barring a major shock, the enduring target of 2 percent inflation is expected to be achieved within 2025. Additionally, she noted that Mario Draghi's recently published critical report on the competitiveness of the European economy in the face of global developments accurately reflects the realities.

In China, the total profit of industrial companies decreased significantly. According to the National Bureau of Statistics (NBS), the total profit of industrial enterprises fell by 27.1 percent year-on-year, marking the steepest decline this year. During this period, profitability decreased by 6.5 percent for state-owned enterprises and by 9.6 percent for private sector firms. The decline in industrial profitability highlights the ongoing weakness in domestic demand conditions and the persistent problem of deflation.

In China, the official Manufacturing Purchasing Managers' Index (PMI) was reported at 50.1 in October. The PMI for the manufacturing sector in China was above the threshold of 50.0, indicating expansion in the manufacturing sector for the first time in six months. Meanwhile, the non-manufacturing PMI, which includes construction and services, also remained above the threshold at 50.2. Manufacturing sector activity in China has been stagnant for months due to falling producer prices and decreasing orders.

In Japan, the Bank of Japan (BoJ) kept its policy interest rate unchanged at 0.25 percent. In its statement, the BoJ projected that inflation would hover around the 2 percent target in the coming years, emphasizing that if the economy continues its moderate recovery, borrowing costs would continue to rise. It also highlighted the risks of a fragile domestic recovery.

Domestic



The Central Bank of the Republic of Türkiye has published Sectoral Inflation Expectations for October. According to the Sectoral Inflation Expectations announced by the Central Bank for October, the annual inflation expectations for 12 months later decreased by 0.1 percentage points to 27.4 percent for market participants, by 1.6 percentage points to 49.5 percent for the real sector, and by 4.4 percentage points to 67.2 percent for households. During the same period, the percentage of households expecting inflation to decrease over the next 12 months fell by 0.7 percentage points to 28.3 percent compared to the previous month.

The Economic Confidence Index rose by 3.2 percent in October, reaching a level of 98.0. According to the Economic Confidence Index published by TurkStat for

October, confidence in the economy increased by 3.2 percent compared to the previous month, reaching a level of 98.0. During this period, consumer confidence was at 80.6, real sector confidence at 102.2, service sector confidence at 114.2, retail trade sector confidence at 110.7, and construction sector confidence at 86.3.

The foreign trade balance recorded a deficit of 5 billion 129 million dollars.

According to the foreign trade statistics for September released by TurkStat (Türkiye İstatistik Kurumu), exports decreased by 1.9 percent year-on-year, amounting to 21 billion 987 million dollars, while imports also decreased by 1.4 percent, reaching 27 billion 116 million dollars. Consequently, the foreign trade balance showed a deficit of 5 billion 129 million dollars. During this period, imports of intermediate goods fell by 6.2 percent, while imports of capital and consumption goods increased by 5.6 percent and 12.0 percent, respectively.

H-ÜFE increased by 1.14 percent on a monthly basis and by 56.85 percent on an annual basis.

According to the Producer Price Index for Services (H-ÜFE) released by TurkStat for September, H-ÜFE showed increases of 1.14 percent monthly and 56.85 percent annually. Analyzing the subcomponents, the increases in professional, scientific and technical services, and information and communication services significantly contributed to the monthly and annual rises. Notably, the increase in storage and support services and information services sectors drew attention during this period.

A presidential decision published in the Official Gazette has increased the withholding tax rate on TL deposits and funds. Accordingly, the withholding tax rate on 6-month term deposits has been raised from 7.5 percent to 10 percent, and for deposits with terms of up to 1 year, it has been increased from 5 percent to 7.5 percent. This regulation will come into effect starting in January 2025.

The Minister of Treasury and Finance, Mehmet Şimşek, made statements regarding the macroeconomic outlook. Şimşek emphasized that Turkey is not experiencing a growth problem while fighting inflation, stating, "The worst is behind us; inflation is decreasing and will continue to fall thanks to tight fiscal and monetary policies." He noted that Turkey has overcome many macroeconomic challenges and highlighted that "Central Bank reserves have increased by 100 billion dollars in 1.5 years." Additionally, Şimşek mentioned that Turkey has a broad reform agenda, including green and digital transformation, and that these reforms are being implemented.

The Export Demand Index published by the Turkish Exporters Assembly (TİM) for September reached the threshold level of 100.0 points. TİM stated that export demand showed a limited increase, reaching this critical level. The announcement indicated that despite some deterioration in the indicators driving global demand, a significant improvement in inflation expectations brought the index up to its long-term average. During the same period, the Market Resilience Index also recorded a slight increase, reaching 99.6 points.

The Istanbul Wage Earners' Living Index and Wholesale Goods Price Index increased by 3.64 percent and 0.15 percent, respectively, on a monthly basis in

October. According to the indices for Istanbul Wage Earners' Living and Wholesale Goods Prices announced by the Istanbul Chamber of Commerce (ITO) for October, the Istanbul Wage Earners' Living Index increased by 3.64 percent month-on-month and 59.10 percent year-on-year, while the Wholesale Goods Price Index recorded an increase of 0.15 percent month-on-month and 43.07 percent year-on-year. In this period, clothing expenditures and other spending groups contributed to the monthly increase in retail prices, while the monthly increase in wholesale prices was influenced by construction materials and fuel and energy items.

The Istanbul Sanayi Odası (ISO) reported that the Manufacturing PMI for October was at 45.8 points. According to the Manufacturing PMI data for October released by the Istanbul Chamber of Industry (ISO), the manufacturing PMI slightly rose compared to the previous month, remaining below the threshold value of 50.0 at 45.8 points. The reported headline PMI indicated a contraction in the manufacturing sector. When examining the subcomponents, it was noted that production and new orders continued to slow down, while inflationary pressures eased slightly. A decline in employment was also observed.

The international credit rating agency Standard & Poor's (S&P) raised Turkey's long-term credit rating from B+ to BB-, while changing its outlook from positive to stable. The decision statement indicated that the Central Bank of the Republic of Turkey's (TCMB) tight stance has enabled Turkish authorities to stabilize the lira, reduce inflation, rebuild reserves, and decrease dollarization in the financial system. Additionally, the outlook was recorded as stable, reflecting balanced risks for the next 12 months regarding the authorities' ambitious plans to lower the still-high inflation, manage wage expectations, and rebalance the Turkish economy.

ITO President Şekib Avdagiç commented on S&P's rating upgrade. Avdagiç stated, "Turkey's credit rating is progressing toward the 'investment grade' level, driven by tight monetary policy, reserve accumulation, and a decline in inflation." He also emphasized that maintaining and increasing the production capacity of the real sector that makes direct investments will further enhance the goal of elevating the credit rating to 'investment grade.' "We believe that stability in the macro economy will also show its effects in the real sector," he added.

The Economic Coordination Council (EKK) convened under the chairmanship of Vice President Cevdet Yılmaz. During the meeting, the potential effects of the implemented economic program on the manufacturing sector, particularly labor-intensive sectors, were evaluated, along with efforts to enhance competitiveness in sectors that may be affected by the disinflation process and to protect employment. Suggestions for solutions to the challenges faced by the manufacturing sector and additional measures to be taken were also discussed.

Carcass meat prices saw an increase last week. According to the weekly carcass meat prices announced by the National Red Meat Council (UKON), carcass meat prices in the week of October 17 increased by 0.20 percent to 1.70 percent month-on-month and by 40.60 percent to 75.00 percent year-on-year. The new list announced by UKON indicates that the average beef carcass price across Turkey has reached 323.25 TL, while the lamb carcass price is at 364.86 TL. Carcass meat prices vary by region in

Turkey, generally being higher in the Black Sea and Marmara regions and lower in the Aegean and Southeast Anatolia regions.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	August	-5,3%	-3,9%	
New	Manufacturing PMI	October	45,8	44,3	50,0
	Capacity Utilization Rate (seasonally adj.)	October	75,2%	75,9%	
	Import - (capital goods) (annually)	August	-10,9%	-7,7%	
	Import - (intermediate goods) (annually)	August	-12,8%	-8,9%	
	Import - (consumption goods) (annually)	August	0,9%	-3,2%	
New	Credit Growth Weekly	October (Week 4)	0,1%	-0,1%	
	Consumer Confidence Index	October	80,6	78,2	100,0
	Real sector confidence (seasonally adj.)	October	102,2	99,2	100,0
	Service sector confidence (seasonally adj.)	October	114,2	112,6	100,0
	Retail sector confidence (seasonally adj.)	October	110,7	110,6	100,0
	Construction sector confidence (seasonally adj.)	October	86,3	87,8	100,0
New	Car Sales (annually)	October	-4,0%	-9,4%	
	House sales - total (annually)	September	37,3%	9,9%	
	House sales - mortgage (annually)	September	87,4%	-17,1%	
New	CPI	October	48,6%	49,4%	
	CPI expectations (year-end)	October	44,1%	43,1%	
	Current Year Growth Expectations	October	3,1%	3,2%	
	Retail Sales Volume (annually)	August	13,3%	5,4%	
	Current Account Balance (billion USD)	August	4,3	0,6	
	Unemployment Rate (seasonally adj.)	August	8,5%	8,8%	
	Dollarization	October (Week 4)	-	1,99 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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