

ISM Manufacturing PMI in the U.S. Remains Below the Threshold

- In the U.S., the ISM Manufacturing PMI in November increased by 1.9 points compared to the previous month, reaching 48.4, which is below the threshold value of 50.0. The released PMI indicates a contraction in the manufacturing sector. The JOLTS data for the same period revealed that the number of job openings increased by 372,000 in October compared to the previous month. The Michigan Consumer Sentiment Index rose from 71.8 to 74.0 in December, indicating improved consumer confidence in the economy. Federal Reserve Chairman Jerome Powell emphasized the strong condition of the U.S. economy in his remarks, stating, "I feel good about the economy and monetary policy." Cleveland Fed President Beth Hammack, also commenting on the economic outlook, supported the market expectations of a further rate cut by the end of January, in addition to a "few cumulative cuts" expected by the end of next year. This week, key economic data to be followed in the U.S. includes CPI and PPI, while the European Central Bank's interest rate decision will be the focus for the Eurozone.
- In the Eurozone, European Central Bank (ECB) President Christine Lagarde, in her remarks on the macroeconomic outlook, stated that the region's growth would remain weak in the short term due to the slowdown in the services sector and the ongoing contraction in manufacturing. She also emphasized the uncertain medium-term economic outlook and noted that downside risks are prevalent, with rising geopolitical risks and increased threats to international trade.
- In Asia, in China, Central Bank Governor Pan Gongsheng reiterated plans to implement a supportive monetary policy next year to stimulate growth. Gongsheng stated that the central bank would "accelerate counter-cyclical policy adjustments" to revitalize the slowing economy.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - Consumer prices in November rose by 2.2% on a monthly basis and 47.1% on an annual basis.
 - The Producer Price Index (PPI) in November increased by 0.7% compared to the previous month and 29.5% compared to the previous year.
 - The Istanbul Chamber of Industry (ISO) Manufacturing PMI in November was recorded at 48.3.

Weekly Status

	29.11.2024	6.12.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.155	9.476	3,5%	24,2%	32,6%	210,3%	22,5%
Bist100	9.652	10.081	4,4%	35,0%	35,6%	196,6%	25,8%
USDTRY	34,70	34,81	0,3%	18,1%	57,5%	39,6%	80,3%
DXY	106,05	105,97	-0,1%	4,6%	-2,1%	8,2%	6,4%
US-10Y	4,18	4,16	-0,5%	7,2%	0,0%	156,3%	65,1%
TR-10Y	29,24	29,74	1,7%	11,2%	169,4%	-59,2%	88,5%
TR-2Y	40,80	41,82	2,5%	5,4%	298,0%	-56,1%	51,7%
CDS (5Y)	254,21	247,91	-2,5%	-10,8%	-45,2%	-10,5%	84,8%
Gold (Ounce/USD)	2.650,00	2.632,00	-0,7%	27,6%	13,1%	-0,3%	-3,7%
Gold (Gram/TRY)	2.956,00	2.944,00	-0,4%	50,1%	78,9%	40,4%	72,1%
Silver (Gram/TRY)	34,02	34,66	1,9%	53,3%	57,1%	44,9%	57,4%

Global



In the U.S., the ISM Manufacturing PMI increased by 1.9 points to 48.4 compared to the previous month. According to the Manufacturing Purchasing Managers' Index (PMI) data for November released by the Institute for Supply Management (ISM) in the U.S., the manufacturing PMI increased by 1.9 points compared to the previous month, reaching 48.4, still below the threshold value, indicating a contraction in the manufacturing sector. During this period, growth was recorded in three subsectors of manufacturing, while contraction was observed in 11 sectors.

Federal Reserve Board Member Christopher Waller made statements regarding the macroeconomic outlook. Waller expressed his inclination to support a rate cut at the Central Bank's meeting this month. He mentioned that despite the recent rate cuts, monetary policy remains restrictive, and downward pressure on inflation has been exerted without causing undesirable weakness in the labor market. Waller also stated that he expects rate cuts to continue throughout next year until the policy rate approaches a more neutral level.

The number of job openings in the U.S. increased by 372 thousand in October compared to the previous month, reaching 7 million 744 thousand. According to the Job Openings and Labor Turnover Survey (JOLTS) data for October, published by the U.S. Department of Labor, the number of job openings across the country increased by 372 thousand compared to the previous month, reaching 7 million 744 thousand. The rise in job openings, which exceeded market expectations, was driven by the professional and business services, accommodation and food services, and information services sectors. During the same period, the number of hires decreased by 269 thousand, reaching 5 million 313 thousand.

Fed Chairman Jerome Powell made statements about the macroeconomic outlook. Powell highlighted that the U.S. economy is in very good shape, stating, "I feel good about the economy and monetary policy." He mentioned that they had acted quickly on interest rates, unemployment remains low, and although inflation has not yet reached the 2% target, progress is being made.

Powell also stated that he had no concerns about the independence of the Fed under the Trump administration, saying, "I certainly do not think a shadow Fed Chairman is on the table."

Cleveland Fed President Beth Hammack made statements regarding the macroeconomic outlook. Hammack expressed agreement with market expectations that there would be "several cumulative cuts" by the end of next year, as well as one more rate cut by the end of January. However, she emphasized that future decisions would be based on incoming data. Hammack mentioned that interest rates are close to neutral levels and stated that rates should remain "modestly restrictive" for a while longer.

In the U.S., Michigan consumer confidence rose in December. According to the Consumer Sentiment Survey results for December, released by the University of Michigan in the U.S., consumer confidence increased from 71.8 to 74.0. When broken down, the current conditions index rose by 14 points, while the expectations index dropped by 53 points. During the same period, consumers' inflation expectations for the next year rose from 2.6 percent to 2.9 percent, while the 5-10 year inflation expectations decreased from 3.2 percent to 3.1 percent.

European Central Bank President Christine Lagarde made statements regarding the macroeconomic outlook. Lagarde indicated that growth in the Eurozone would be weak in the short term due to the slowdown in the services sector and ongoing contraction in manufacturing. She emphasized that the medium-term economic outlook is uncertain, with downside risks prevailing, and noted the rising geopolitical risks and increased threats to international trade.

Forecasts on the economy have been published by the German Economic Institute (IW). According to forecasts specifically published by the German Economic Institute (IW), after two consecutive years of contraction, the German economy is expected to grow by 0.1 percent next year. The report stated that the stability in the services sector would be sufficient to offset the ongoing declines in the industrial and construction sectors. The report also mentioned that the industry continues to suffer from geopolitical conflicts, and no improvements are expected in the situation.

In China, the Caixin/S&P Global Services Purchasing Managers' Index (PMI) for November stood at 51.5, remaining above the neutral 50.0 threshold. The PMI data indicated expansion in the services sector, although it came under pressure due to a slowdown in growth in new business categories, including exports.

The Governor of the People's Bank of China, Pan Gongsheng, made statements about the macroeconomic outlook. Gongsheng reiterated plans to adopt a supportive monetary policy to promote growth next year. He mentioned that the central bank would "accelerate counter-cyclical policy adjustments" in response to the slowing economy. Additionally, Gongsheng noted that liquidity would be kept abundant, and various tools would be used to reduce borrowing costs for businesses and households.

Bank of Japan Board Member Toyoaki Nakamura made statements regarding the macroeconomic outlook. Nakamura stated that the degree of monetary easing should be appropriate for the economy. He expressed uncertainty about the sustainability of wage increases and mentioned that there is a possibility that annual inflation may not reach 2% by 2025. Thus, Nakamura signaled that there is no need for the BOJ to take action on interest rates in December.

The Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC producer countries, forming the OPEC+ group, have decided to extend the production cut until the end of 2026. According to the announcement, the total production of member countries will be 39 million 725 thousand barrels per day for 2025 and 2026. During the same period, the United Arab Emirates (UAE) will increase its production by 300 thousand barrels per day. Thus, the OPEC+ group will continue a production cut of 2 million barrels per day until the end of 2026.

Domestic



The CBRT published the **Monthly Price Developments Report for November**. According to the report published by the Central Bank of the Republic of Turkey (CBRT) for November, the sharp increase in food prices, following October, was the main factor driving the rise in monthly consumer inflation. When excluding the food category, the inflation outlook showed a relatively positive trend, with price increases in the core goods group remaining subdued. In the services group, however, the monthly price increase followed a moderate trend. During the same period, the increase in producer prices weakened significantly, and a downward trend in annual producer inflation was observed.

The **Net Foreign Currency Position Deficit of Firms Outside the Financial Sector increased by 5 billion 773 million dollars in September compared to the previous month**. According to the Foreign Currency Assets and Liabilities Statistics of Firms Outside the Financial Sector for September, published by the Central Bank of the Republic of Turkey (CBRT), the assets of firms outside the financial sector decreased by 2 billion 606 million dollars, while their liabilities increased by 3 billion 167 million dollars. As a result, the Net Foreign Currency Position Deficit of Firms Outside the Financial Sector rose by 5 billion 773 million dollars compared to the previous month, reaching 135 billion 791 million dollars.

The Central Bank of the Republic of Turkey (CBRT) has reduced the collateral discount rates applicable to its Open Market, Interbank Money Market, and Foreign Exchange Market transactions. In this context, the discount rate for CPI-indexed Government Bonds (DİBS) and lease certificates has been lowered from 80 percent to 30 percent.

The CBRT has published the **Securities Statistics for the last week of November**. According to the Securities Statistics announced by the CBRT for the last week of November, the net change in equities held by foreign residents increased by 280 million dollars, while the net purchases of DİBS rose by 610 million dollars. During the same period, the stock value of equities and debt securities in foreign residents' portfolios reached 33 billion 100 million dollars and 17 billion 900 million dollars, respectively.

TurkStat has announced the **Education Expenditure Statistics for 2023**. According to the Education Expenditure Statistics for 2023 announced by TurkStat, education expenditures increased by 92.5 percent year-on-year, reaching 1 trillion 130 billion 844 million Turkish liras. As a result, the share of education expenditures in Gross Domestic Product (GDP) rose from 3.9 percent to 4.3 percent. When examining sub-categories, the education levels with the highest increases in expenditures compared to the previous year were primary school with 109.0 percent and preschool with 107.2 percent.

Consumer prices increased by 2.2 percent on a monthly basis and 47.1 percent on an annual basis in November. According to the Consumer Price Index (CPI) for November, published by TurkStat, consumer prices rose by 2.2 percent on a monthly basis and 47.1 percent on an annual basis. The CPI data, which came in slightly above expectations, was significantly influenced by a sharp increase in the food and non-alcoholic beverages category. During the same period, the CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco, and gold increased by 1.5 percent on a monthly basis, showing that the rise in core indicators had slowed down.

The Producer Price Index (PPI) increased by 0.7 percent in November compared to the previous month and by 29.5 percent compared to the previous year. According to the Producer Price Index (PPI) for November, published by TurkStat, the PPI increased by 0.7 percent on a monthly basis and 29.5 percent on an annual basis. When examining the annual changes in the subcategories, the PPI in mining and quarrying increased by 38.01 percent, in manufacturing by 31.3 percent, in electricity and gas production and distribution by 4.7 percent, and in water supply by 42.1 percent. During the same period, the PPI increased by 29.4 percent in intermediate goods, by 37.2 percent in durable consumer goods, by 40.3 percent in nondurable consumer goods, by 8.2 percent in energy, and by 30.9 percent in capital goods.

TurkStat has published the Culture Economy and Cultural Employment Statistics for 2023. According to the Culture Economy and Cultural Employment Statistics for 2023 released by TurkStat, cultural expenditures increased by 84.7 percent year-on-year, reaching a total of 276 billion 338 million 253 thousand TL. Thus, the share of cultural expenditures in gross domestic product (GDP) stood at 1.0 percent. When broken down, general government expenditures accounted for 64.3 percent of total cultural spending, and general government cultural expenditures increased by 98.1 percent year-on-year, reaching 177 billion 594 million 791 thousand TL.

TurkStat has announced the Health Expenditure Statistics for 2023. According to the Health Expenditure Statistics for 2023 released by TurkStat, total health expenditure increased by 105.0 percent compared to the previous year, reaching 1 trillion 244 billion 237 million TL. As a result, per capita health expenditure rose by 104.2 percent to 14,582 TL. When broken down, general government health expenditure increased by 108.1 percent, reaching 964 billion 355 million TL, while private sector health expenditure rose by 95.3 percent, reaching 279 billion 883 million TL.

TurkStat has announced the Environmental Protection Expenditure Statistics for 2023. According to the Environmental Protection Expenditure Statistics for 2023 released by TurkStat, environmental protection expenditures increased by 56.8 percent compared to the previous year, reaching a total of 224 billion 600 million TL. Thus, the share of environmental protection expenditures in Gross Domestic Product (GDP) decreased from 0.95 percent to 0.85 percent. During the same period, 66.8 percent of environmental protection expenditures were made by financial and non-financial corporations, 28.1 percent by the general government and non-profit institutions serving households, and 5.1 percent by households.

Minister of Treasury and Finance Mehmet Şimşek made statements regarding the macroeconomic outlook. Şimşek stated, "Turkey has become an important production hub globally," and reported that significant investments are being made in preparation for artificial intelligence technologies. He further stated, "This includes investments in digital infrastructure such as human capital, fiber optic lines, internet access, and broadband subscriptions."

Additionally, Şimşek noted that the United Nations (UN) has prepared an index for readiness for advanced technologies, and Turkey is ahead of its peers in this index relative to its per capita income.

ISO's Manufacturing PMI stood at 48.3 in November. According to the Manufacturing Industry Report for November, released by the Istanbul Chamber of Industry (ISO), the Manufacturing Purchasing Managers' Index (PMI) increased from 45.8 to 48.3, remaining below the threshold value of 50.0. While the PMI data signals a contraction in the manufacturing sector, it also highlighted that the deterioration in business conditions was the mildest since May. The slight increase in the PMI was attributed to limited signs of recovery in demand.

OECD published the Economic Outlook Report. According to the Economic Outlook Report published by the Organisation for Economic Co-operation and Development (OECD), the OECD revised Turkey's economic growth forecast downward to 2.6%, while raising its CPI forecast for next year from 28.9% to 30.7%. The report emphasized that for Turkey to fully benefit from improving international conditions, macroeconomic stability policies should be maintained until progress is made toward inflation targets

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	September	-2,4%	-5,3%	
	Manufacturing PMI	November	48,3	45,8	50,0
	Capacity Utilization Rate (seasonally adj.)	November	75,6%	75,2%	
	Import - (capital goods) (annually)	October	-9,2%	-10,9%	
	Import - (intermediate goods) (annually)	October	0,1%	-12,8%	
	Import - (consumption goods) (annually)	October	7,9%	0,9%	
New	Credit Growth Weekly	December (Week 1)	1,2%	0,5%	
	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
New	Car Sales (annually)	November	5,0%	-4,0%	
	House sales - total (annually)	October	76,1%	37,3%	
	House sales - mortgage (annually)	October	278,2%	87,4%	
New	CPI	November	47,1%	48,6%	
	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	December (Week 1)	0,54 Billion (-)	1,99 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

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