

### ***U.S. Non-Farm Employment Exceeds Expectations***

- According to the non-farm employment data released last week by the U.S. Department of Labor, the number of people employed in non-agricultural sectors in the country increased by 256,000 in December, exceeding expectations. At the same time, the unemployment rate decreased by 0.1 percentage points to 4.1 percent. These employment figures highlight the resilience of the labor market and also provide room for the Fed to take a cautious approach to interest rate cuts. In this context, St. Louis Fed President Alberto Musalem, in his statements regarding the macroeconomic outlook, referred to the difference between the current economic outlook and when the Fed started cutting rates four months ago, and pointed out that new rate cuts would require more attention following the strong data. This week, the U.S. economic calendar will feature Federal Budget Balance, Producer Price Index, Consumer Price Index, and Retail Sales data. In the Eurozone, ZEW Economic Sentiment, Industrial Production, and Consumer Price Index data will be closely monitored.
- In the Eurozone, preliminary consumer inflation in December was 0.4 percent on a monthly basis and 2.4 percent on an annual basis. At the same time, core inflation was 2.7 percent year-on-year. The announced preliminary CPI data was not surprising for the European Central Bank (ECB), which describes the inflation path at 2 percent as bumpy. In the same period, ECB Executive Board Member Piero Cipollone, in his statements regarding the macroeconomic outlook, stated that focusing solely on price stability could cause excessive concerns and create a counterproductive effect.
- In Asia, the People's Bank of China (PBOC) announced that it would suspend government bond purchases in order to ease investor expectations regarding weak economic growth, which has been undermining economic confidence. In Japan, Finance Minister Katsunobu Kato expressed deep concerns about recent movements, including the actions of speculators in the money markets, in his statements regarding the macroeconomic outlook.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
  - The Industrial Production Index in November increased by 1.50 percent compared to the same month of the previous year.
  - The seasonally adjusted unemployment rate in November decreased by 0.10 percentage points to 8.60 percent compared to the previous month.
  - The ISO Manufacturing Export Climate Index stood at 50.9 in December.

## Weekly Status

	3.01.2025	10.01.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	9.514	9.431	-0,9%	0,3%	23,2%	32,6%	210,3%
Bist100	10.075	9.911	-1,6%	0,8%	31,6%	35,6%	196,6%
USDTRY	35,36	35,44	0,2%	0,2%	20,1%	57,5%	39,6%
DXY	108,92	109,64	0,7%	1,1%	7,1%	-2,1%	8,2%
US-10Y	4,60	4,78	3,9%	4,4%	18,0%	0,0%	156,3%
TR-10Y	28,61	28,10	-1,8%	-2,4%	7,6%	169,4%	-59,2%
TR-2Y	39,97	39,88	-0,2%	-1,7%	2,2%	298,0%	-56,1%
CDS (5Y)	257,77	264,56	2,6%	1,9%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	2.638,00	2.691,00	2,0%	2,6%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.000,00	3.065,00	2,2%	2,7%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	33,67	34,55	2,6%	5,1%	45,3%	57,1%	44,9%

## Global



In the US, ADP private sector employment increased by 122,000 in December. According to the ADP private sector employment data released for December, private sector employment in the country increased by 122,000, which was below expectations. This increase in employment is the lowest since August. When examining the sub-sectors, the largest increase in employment was seen in the education and health services sector, while employment in manufacturing, mining, natural resources, and business services sectors showed a decline. Additionally, wages for workers who changed jobs increased by 7.1%, while wage growth for those remaining in the same job dropped to its lowest level since the first half of 2021, at 4.6%.

Fed Board Member Christopher Waller made statements regarding the macroeconomic outlook. Waller, speaking at an event, expressed his belief that the Federal Reserve's path toward its inflation target of 2% will continue and that he supports further interest rate cuts. He cited the better-than-expected inflation trend for the six-month period in November as the reason for his support of rate cuts.

The service sector PMI in the United States stood at 56.8 in December. According to the final service sector PMI data for December released by S&P Global, the service sector PMI increased by 0.7 points compared to the previous month, rising to 56.8, the highest level since March 2022. It remained above the threshold value of 50.0, signaling expansion in the service sector. The preliminary service sector PMI for the same period was reported at 58.5. The composite PMI, which includes both the manufacturing and service sectors, rose by 0.5 points from the previous month, reaching 55.4.

Factory orders in the United States decreased by 0.4 percent month-on-month. According to the factory orders data for November released by the Department of Commerce, factory orders fell by 0.4 percent compared to the previous month, reaching 586.1 billion dollars. Market expectations were for factory orders to decrease by 0.3 percent. When examining the subcategories, orders for durable goods decreased by 1.2 percent, while orders for non-durable goods increased by 0.4 percent.

**In the United States, the services PMI for December was recorded at 54.1 points.** According to the Services Purchasing Managers Index (PMI) for December released by the Institute for Supply Management (ISM), PMI increased by 2 points compared to the previous month, reaching 54.1 points, which is above the threshold level of 50.0, indicating expansion in the services sector. When examining the subcomponents, the production index rose by 4.5 points to 58.2, while the new orders index increased by 0.5 points to 54.2. During the same period, the employment index decreased by 0.1 points to 51.4.

**In the U.S., the number of job openings increased by 259,000 in November.** According to the Job Openings and Labor Turnover Survey (JOLTS) data released by the Department of Labor for November, the number of job openings nationwide increased by 259,000 compared to the previous month, reaching 8.098 million, the highest level in the past 6 months, surpassing market expectations. When examining the subcomponents, job openings increased in professional and business services, finance and insurance, and private educational services sectors, while the information technology sector saw a decline.

**Boston Fed President Susan Collins gave an interview on a program,** stating that upward risks in inflation have increased and that inflation could be volatile. Regarding the upcoming administration of President Trump, which will officially begin on January 20, Collins stated, "There is a lot of uncertainty about what policy changes might emerge with the new administration. I don't think we have enough information on how we should think about this."

**St. Louis Fed President Alberto Musalem made statements regarding the macroeconomic outlook.** In his statement, St. Louis Fed President Alberto Musalem emphasized that the current economic outlook is different from when the Fed began lowering interest rates four months ago. Musalem said, "Since September, the picture has changed. Economic data has come in stronger, and inflation numbers are higher than desired. Therefore, I have adjusted my risk assessment." He also mentioned that the Fed may hold off on further interest rate cuts.

**European Central Bank (ECB) Executive Board Member Piero Cipollone made statements about the macroeconomic outlook.** Cipollone said that focusing only on potential inflation surges could create excessive concern and negative effects. He stated, "In my opinion, (monetary policy) should not try to excessively hedge against future inflation shocks. It should try to keep the economy running at its potential, but not force it, as this could increase inflation expectations."

**In the Eurozone, preliminary consumer inflation in December was 0.4 percent on a monthly basis and 2.4 percent on an annual basis.** According to the preliminary Consumer Price Index (CPI) for December released by Eurostat, consumer inflation stood at 0.4 percent on a monthly basis and 2.4 percent on an annual basis. At the same time, core inflation was recorded at 2.7 percent on an annual basis. The latest data was not surprising for the European Central Bank (ECB), which describes the path to 2 percent inflation as bumpy.

**Japan's Finance Minister Katsunobu Kato made statements regarding the macroeconomic outlook.** Kato expressed deep concerns about recent movements, including those of speculators in the money markets. He said, "If there are excessive movements in the money markets, we will take appropriate measures." Following Kato's remarks, the Japanese Yen strengthened again.

**The People's Bank of China continues to increase its gold reserves.** According to the reserve data for December released by the People's Bank of China (PBOC), the central bank's gold

reserves increased from 73.0 million ounces to 73.3 million ounces. After a 6-month hiatus, the People's Bank of China resumed adding to its gold reserves, with gold purchases reaching historically high levels. The central bank's appetite for buying reflects its desire to diversify its reserves.

The People's Bank of China announced that it would suspend government bond purchases this month. The People's Bank of China (PBOC) stated that it would suspend government bond purchases in order to ease investor expectations regarding weak economic growth that has been depressing the currency's value and undermining trust between businesses and consumers. The PBOC mentioned that due to the oversupply of government bonds, it would suspend bond purchases this month.

## Domestic



The total foreign currency deposits of domestic residents decreased to 163 billion 210 million dollars in the week ending January 3, 2025. According to the weekly money and banking statistics published by the Central Bank of the Republic of Turkey (CBRT) for the week ending January 3, 2025, the total foreign currency deposits of domestic residents in banks fell to 163 billion 210 million dollars. This data indicates a decline of 68 million dollars compared to the previous week. When examining the subcomponents, foreign currency deposits of domestic residents in deposit banks fell from 143 billion 60 million dollars to 142 billion 952 million dollars, while foreign currency deposits in participation banks rose from 20 billion 219 million dollars to 20 billion 258 million dollars.

Securities Statistics for the week ending January 3, 2025, were published by the CBRT. According to the Securities Statistics published by CBRT for the week ending January 3, 2025, foreign residents conducted net purchases of 42 million 100 thousand dollars in stocks and 187 million 500 thousand dollars in Government Domestic Debt Securities (DIBS) compared to the previous week. During this period, the stock position of foreign residents in stocks rose to 34 billion dollars, and the stock position in debt securities increased to 17 billion 910 million dollars.

The Central Bank of the Republic of Turkey (CBRT) published its Monthly Price Developments Report for December. According to the report released by the CBRT for December, consumer prices increased by 1.0 percent month-on-month and 44.4 percent year-on-year. During the same period, annual inflation decreased across all main groups, particularly in food, but the strong increase observed in fresh fruit and vegetable prices in recent months was replaced by a limited decline. As a result, the monthly inflation in the food group significantly slowed down. In the services group, the slowdown in monthly inflation became more pronounced.

The Turkish Statistical Institute (TURKSTAT) published real returns on financial investment instruments for December. According to the data released by TURKSTAT for December, when adjusted for CPI, the highest real return on a monthly basis was 6.0% for BIST 100. This was followed by deposit interest (gross) at 2.4%, DIBS at 2.0%, the dollar at 0.6%, the euro at -0.9%, and gold at -2.1%. When calculated using the same method for the last three months,

the highest return was 5.0% for deposit interest, 6.6% for the last six months, and 7.1% for the last year for gold.

**The seasonally adjusted unemployment rate in November decreased by 0.10 percentage points compared to the previous month, reaching 8.60 percent.** According to the Labor Force Statistics announced by the Turkish Statistical Institute (TURKSTAT), the seasonally adjusted unemployment rate in November decreased by 0.10 percentage points compared to the previous month, reaching 8.60 percent. When examining the breakdown of the data, the female unemployment rate was estimated at 11.70 percent, while the male unemployment rate was 7.00 percent. In the same period, the seasonally adjusted employment rate was 49.60 percent.

**The Construction Cost Index in November increased by 35.93 percent compared to the same month of the previous year.** According to the Construction Cost Index announced by TURKSTAT, in November, compared to the same month of the previous year, the index increased by 35.93 percent, and compared to the previous month, it rose by 0.04 percent. In this period, compared to the same month of the previous year, the material index increased by 28.25 percent, and the labor index increased by 54.93 percent. When examining the subcomponents of the index, the highest annual change was observed in the labor costs for non-building structures, which rose by 58.40 percent.

**The Industrial Production Index in November increased by 1.50 percent compared to the same month of the previous year.** According to the Industrial Production Index announced by TURKSTAT, in November, compared to the same month of the previous year, the index increased by 1.50 percent, and compared to the previous month, it rose by 2.90 percent. When examining the changes in industrial subsectors, the mining and quarrying sector index decreased by 6.6 percent compared to the same month of the previous year, while the manufacturing industry sector index increased by 1.2 percent, and the electricity, gas, steam, and air conditioning supply sector index rose by 11.1 percent.

**Minister of Treasury and Finance Mehmet Şimşek made statements regarding the macroeconomic outlook.** Minister Şimşek, speaking at an event, emphasized the need for fiscal and revenue policies to support the Central Bank of Turkey (CBRT). He said, "We will continue to ensure budget discipline. There is significant rigidity in the service sector's inflation, and breaking this rigidity will take time." He also mentioned that the inflation targets for this year are aimed at around 20%, and for the following year, at around 10%.

**A foreign trade expectations survey for the first quarter of 2025 was released by the Ministry of Trade.** According to the foreign trade expectations survey announced by the Ministry of Trade for the first quarter of 2025, the export expectation index increased by 2.4 points compared to the last quarter of the previous year, reaching a level of 101.3. During the same period, the import expectation index increased by 6.9 points compared to the previous quarter, reaching 117.3, the highest level since the last quarter of 2023. When analyzing the subcomponents of the export expectation index, the expectations for export orders in the next 3 months, the current level of registered export orders, and the evaluations of export orders for the last 3 months all contributed to the increase.

**The ISO Manufacturing Sector Export Climate Index stood at 50.9 in December.** According to the data released by the Istanbul Chamber of Industry (ISO) for December, the Manufacturing Sector Export Climate Index was 50.9, above the threshold value of 50. With the December

data, the year was completed above the threshold level, indicating that the manufacturing sector performed positively in terms of exports.

**The automotive and light commercial vehicle market grew by 7.3 percent year-on-year in December.** According to data for December released by the Automobile Distributors and Mobility Association (ODMD), the automotive and light commercial vehicle market grew by 7.3 percent year-on-year, with the passenger car market growing by 6.6 percent and the light commercial vehicle market increasing by 9.9 percent. Compared to the average sales of December over the last 10 years, the automotive and light commercial vehicle market grew by 43.1 percent, the passenger car market increased by 49.6 percent, and the light commercial vehicle market rose by 22.8 percent.

**The President of the Automobile Distributors and Mobility Association (ODMD), Ali Haydar Bozkurt, made statements regarding the automotive sector.** Bozkurt stated that the automotive market closed the year 2024 much higher than expectations. He said, "At the beginning of the year, we thought that the market would cool down a bit due to the fight against inflation, but the opposite happened. The effect of the demand that was not met during the three-year pandemic period is still being felt in 2023." Regarding 2025, Bozkurt stated that he did not expect the car market to fall below 1 million units.

## Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
<b>New</b>	Industrial Production	November	1,5%	-3,1%	
	Manufacturing PMI	December	49,1	48,3	50,0
	Capacity Utilization Rate (seasonally adj.)	December	0,756	0,756	
	Import - (capital goods) (annually)	November	-15,5%	-9,2%	
	Import - (intermediate goods) (annually)	November	3,9%	0,1%	
	Import - (consumption goods) (annually)	November	15,5%	7,9%	
<b>New</b>	Credit Growth Weekly	January (Week 1)	0,4%	1,4%	
	Consumer Confidence Index	December	81,3	79,8	100,0
	Real sector confidence (seasonally adj.)	December	102,7	103,4	100,0
	Service sector confidence (seasonally adj.)	December	113,6	111,0	100,0
	Retail sector confidence (seasonally adj.)	December	113,0	111,7	100,0
	Construction sector confidence (seasonally adj.)	December	89,4	87,8	100,0
<b>New</b>	Car Sales (annually)	December	7,0%	5,0%	
	House sales - total (annually)	November	63,6%	76,1%	
	House sales - mortgage (annually)	November	315,7%	278,2%	
	CPI	December	44,4%	47,1%	
	CPI expectations (year-end)	December	45,3%	44,8%	
	Current Year Growth Expectations	December	3,0%	3,1%	
<b>New</b>	Retail Sales Volume (annually)	November	16,4%	15,0%	
<b>New</b>	Current Account Balance (billion USD)	November	-2,9	1,9	
<b>New</b>	Unemployment Rate (seasonally adj.)	November	8,6%	8,8%	
<b>New</b>	Dollarization	January (Week 1)	0,14 Billion (+)	0,27 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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