

### ***U.S. Consumer Inflation in Line with Expectations***

- In the U.S., both consumer prices and producer price levels increased in October, in line with market expectations, on a monthly and yearly basis. During the same period, the New York Fed announced that the short-term median inflation expectations of consumers for the next 12 months had decreased by 0.1 percentage points, reaching 2.9 percent, the lowest level since October 2020, indicating an improvement in consumer expectations regarding inflation. Federal Reserve Chairman Jerome Powell, in his statements on the macroeconomic outlook, said that the economy had not shown any signals requiring urgency for interest rate cuts. He also stated that the strong economic performance allowed them to move cautiously when making decisions. Powell's remarks implied that rate cuts would slow down, and the decrease in geopolitical risks, particularly after the election of Donald Trump as U.S. President and the Russia-Ukraine war, led to a downward movement in gold prices last week. This week, the U.S. economic data calendar will include Construction Starts, the Philadelphia Fed Manufacturing Index, Existing Home Sales, the S&P Global Leading Composite Purchasing Managers Index (PMI), and Michigan Consumer Expectations. In the Eurozone, key indicators to watch will include the Trade Balance, European Central Bank (ECB) President Lagarde's speech, the Consumer Price Index (CPI), and the S&P Global Leading Composite Purchasing Managers Index (PMI).
- In the Eurozone, the ZEW Economic Sentiment Index decreased by 7.6 points in November, falling well below market expectations. The sharp decline in economic confidence beyond expectations was influenced by uncertainties caused by the election of Donald Trump as U.S. President and the political crisis within Germany's coalition government.
- In Asia, in China, industrial production increased by 5.3 percent year-on-year in October. Additionally, new tax incentives were announced to support the property markets, which had been affected by the crisis, in an effort to boost demand and ease the financial difficulties of developers. In Japan, Bank of Japan (BOJ) Governor Kazuo Ueda, in his comments on the macroeconomic outlook, stated that the economy had made progress toward achieving sustainable inflation supported by rising wages.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
  - Retail sales volume increased by 2.3 percent on a monthly basis and 15.9 percent on a yearly basis in September.
  - Industrial production increased by 1.6 percent on a monthly basis in September, but declined by 2.4 percent on a yearly basis.
  - The current account balance recorded a surplus of 2.988 billion dollars in September.

## Weekly Status

	8.11.2024	15.11.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	8.933	8.967	0,4%	17,6%	32,6%	210,3%	22,5%
XU100	9.185	9.389	2,2%	25,7%	35,6%	196,6%	25,8%
USDTRY	34,36	34,60	0,7%	17,4%	57,5%	39,6%	80,3%
DXY	104,95	106,67	1,6%	5,3%	-2,1%	8,2%	6,4%
US-10Y	4,33	4,43	2,3%	14,2%	0,0%	156,3%	65,1%
TR-10Y	29,88	29,98	0,3%	12,1%	169,4%	-59,2%	88,5%
TR-2Y	42,87	42,67	-0,5%	7,5%	298,0%	-56,1%	51,7%
CDS (5Y)	250,14	253,63	1,4%	-8,8%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.685,00	2.562,00	-4,6%	24,2%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.968,00	2.837,00	-4,4%	44,6%	78,9%	40,4%	72,1%
Silver (Gram)	34,56	33,49	-3,1%	48,1%	57,1%	44,9%	57,4%

## Global



### In the United States, the preliminary Consumer Sentiment Index for November

Federal Reserve Chairman Jerome Powell made statements regarding the macroeconomic outlook. Powell stated, "The economy is not signaling a need for an immediate rate cut. The strong momentum we see in the economy gives us room to make decisions carefully." He emphasized that the labor market remains strong and that economic growth has remained resilient. Powell also mentioned that decisions are made based on macroeconomic data and stated that independent central banks have done a better job in combating inflation.

In the U.S., the overall producer price level for October increased in line with expectations. According to the Producer Price Index (PPI) data for October released in the U.S., the overall producer price level increased by 0.2 percent month-on-month and 2.4 percent year-on-year, in line with expectations. During the same period, the core Producer Price Index (PPI) rose by 0.3 percent month-on-month and 3.1 percent year-on-year, also in line with expectations.

The Federal Reserve published its Supervision and Regulation Report for November. According to the report, the banking system remains generally strong and resilient, with credit default rates continuing to stay at low levels. The report also noted that default rates had risen in commercial real estate and consumer loans, with the default rate for commercial real estate loans reaching its highest level since 2014.

Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, made comments on the macroeconomic outlook. Kashkari stated that the U.S. economy remains notably strong and that the central bank has made progress in tackling inflation, but the Fed has still not fully defeated inflation. He said, "The current expectation is that the Fed will implement a quarter-point rate cut at the December meeting, but we need to look at the data before making a decision."



In the United States, consumer prices increased by 0.2 percent month-on-month and by 2.6 percent year-on-year. According to the Consumer Price Index (CPI) data for October, consumer prices increased by 0.2 percent month-on-month and by 2.6 percent year-on-year, in line with market expectations. During the same period, the core CPI rose by 0.3 percent month-on-month and by 3.3 percent year-on-year, also in line with expectations. As a result, market expectations for a rate cut by the Federal Reserve in December have strengthened.

In the U.S., the short-term median inflation expectation for the next 12 months decreased by 0.1 percentage point in October, falling to 2.9 percent. According to the Consumer Expectations Survey results for October released by the New York Fed, the short-term median inflation expectation for the next 12 months dropped by 0.1 percentage point, reaching its lowest level since October 2020 at 2.9 percent. The three-year median inflation expectation also decreased by 0.2 percentage points during the same period, settling at 2.5 percent.

In the Euro Area, the ZEW Economic Sentiment Index for November stood at 12.5 points. According to the ZEW Economic Sentiment Index for November, published by the Centre for European Economic Research (ZEW), confidence in the economy decreased by 7.6 points, reaching 12.5 points, significantly below market expectations. The sharp drop in the index was influenced by the election of Donald Trump in the U.S. and the coalition government crisis in Germany.

Robert Holzmann, a member of the European Central Bank (ECB), made statements regarding the macroeconomic outlook. Holzmann said that a rate cut in December is possible depending on the data to be released in the coming period, but given the current situation, it seems likely. Last month, the ECB had made its third interest rate cut of the year.

In China, tax incentives were announced to support the real estate market affected by the crisis and ease the financial difficulties of developers. The Ministry of Finance announced tax cuts for first-time homebuyers and reduced the minimum prepayment rate for land value-added tax. Additionally, property owners will be exempt from VAT on home sales if the property is sold two years after purchase. These measures will apply in the cities of Beijing, Shanghai, Shenzhen, and Guangzhou.

In China, industrial production increased in October. According to the industrial production data for October released by China's National Bureau of Statistics, industrial production increased by 5.3 percent year-on-year. During the same period, retail sales increased by 4.8 percent, exceeding expectations. New home prices, however, showed a 0.5 percent decrease on a monthly basis.

Kazuo Ueda, Governor of the Bank of Japan (BOJ), made statements regarding the macroeconomic outlook. Ueda indicated that the economy had made progress toward achieving sustainable inflation supported by rising wages. He added, "As the economy continues to improve and companies continue to raise wages, we expect inflationary pressures from wages to increase." Ueda also stated that the BOJ must carefully monitor various risks, including the effects on the US economy and the BOJ's ability to meet its inflation target and other economic outlooks.

## Domestic



Turkey's current account recorded a surplus of 2.988 billion dollars in September. According to the Balance of Payments Statistics for September released by the Central Bank of the Republic of Turkey (CBRT), the current account posted a surplus of 2.988 billion dollars. During the same period, the current account excluding gold and energy recorded a surplus of 7.734 billion dollars. Net inflows from direct investments amounted to 649 million dollars, while net inflows from portfolio investments totaled 370 million dollars. Additionally, official reserves declined by a net 719 million dollars.

The Central Bank of the Republic of Turkey (CBRT) announced the Securities Statistics for the first week of November. According to the Securities Statistics for the first week of November announced by the CBRT, non-resident individuals conducted net sales of approximately 164 million dollars in stocks, while net purchases of government domestic debt securities (GDDS) amounted to approximately 150 million dollars. As a result of market fluctuations and buy-sell transactions, the stock position of non-resident individuals in shares reached 30 billion 903 million dollars, while the stock position for GDDS purchases stood at 16 billion 396 million dollars.

The Central Bank of the Republic of Turkey (CBRT) released the results of the Market Participants Survey for November. According to the survey results announced by the CBRT, market participants' year-end expectations for consumer inflation and the CBRT one-week repo auction interest rate were 44.8 percent and 50.0 percent, respectively. Participants' expectations for the interbank foreign exchange market's dollar exchange rate for the same period stood at 35.7. Additionally, the year-end GDP growth expectation was 3.1 percent.

The total external credit debt of the private sector reached 178.5 billion dollars in September. According to the data on the External Borrowing of the Private Sector from Foreign Sources for September, announced by the CBRT, the total external credit debt of the private sector increased by 14.3 billion dollars compared to the end of 2023, reaching 178.5 billion dollars. When examined by maturity, long-term credit debt increased by 10.2 billion dollars compared to the end of 2023, reaching 165.2 billion dollars, while short-term credit debt increased by 4.1 billion dollars, reaching 13.3 billion dollars.

The number of wage earners increased by 2.7 percent in September compared to the same month of the previous year. According to the Wage Earners Statistics for September, announced by TurkStat, the number of wage earners in the industrial, construction, and trade-service sectors increased by 2.7 percent year-on-year. Thus, the number of wage earners reached 15,973,744. When examining the annual change in sub-sectors, the number of wage earners decreased by 0.7 percent in industry, while it increased by 6.3 percent in construction and by 4.0 percent in trade/services.

Housing sales in Turkey increased by 76.1 percent on an annual basis in October, reaching 165,138 units. According to the Housing Sales Statistics for October announced by TurkStat, housing sales across the country increased by 76.1 percent year-



on-year, totaling 165,138 units. When broken down, mortgaged sales increased by 278.2 percent year-on-year, reaching 21,095 units, while other sales rose by 63.3 percent, totaling 144,043 units. The majority of these sales were second-hand housing transactions.

**Construction costs in Turkey increased by 0.57 percent month-on-month and by 38.93 percent year-on-year in September.** According to the Construction Cost Index for September released by TurkStat, construction costs rose by 0.57 percent month-on-month and by 38.93 percent year-on-year. When broken down, the material index increased by 0.77 percent on a monthly basis and by 31.56 percent year-on-year, while the labor index rose by 0.18 percent month-on-month and by 56.68 percent year-on-year.

**Industrial production increased by 1.6 percent on a monthly basis in September, while it decreased by 2.4 percent on a yearly basis.** According to the Industrial Production Index for September released by TurkStat (Turkish Statistical Institute), industrial production increased by 1.6 percent on a monthly basis, while it decreased by 2.4 percent on a yearly basis. When examining the yearly changes in the sub-sectors, production in the mining and quarrying sector decreased by 5.3 percent, and production in the manufacturing sector declined by 2.5 percent. However, production in the electricity, gas, steam, and air conditioning production and distribution sector increased by 1.1 percent.

**In September, the foreign trade terms decreased by 1.0 points compared to the same month of the previous year, reaching 86.7 points.** According to the Foreign Trade Index for September published by TurkStat, the export unit value index increased by 3.6 percent year-on-year, while the import unit value index rose by 4.7 percent. In the same period, the export quantity index decreased by 5.2 percent, while the import quantity index showed a 5.8 percent decline. As a result, the foreign trade terms, calculated by dividing the export unit value index by the import unit value index, decreased by 1.0 point compared to the same month of the previous year, reaching 86.7 points.

**Retail sales volume increased by 2.3 percent month-on-month and by 15.9 percent year-on-year in September.** According to the Trade Sales Volume Index for September released by TurkStat, the trade sales volume increased by 3.2 percent month-on-month and by 12.7 percent year-on-year. In the same period, retail sales volume rose by 2.3 percent month-on-month and by 15.9 percent year-on-year. When examining the subcategories, the significant annual increase in retail sales was driven by groups such as computers, books, communication devices, non-food (excluding automotive fuel), mail or internet sales, medical products, and cosmetics, as well as food, beverages, and tobacco.

**The turnover index increased by 5.5 percent month-on-month and by 47.0 percent year-on-year in September.** According to the Turnover Indices for September released by TurkStat, the turnover index for the industrial, construction, trade, and services sectors increased by 5.5 percent month-on-month and by 47.0 percent year-on-year. When analyzing the annual changes in the subcategories, the industrial sector turnover index increased by 33.2 percent, the construction sector turnover index rose by 76.4 percent, the trade sector turnover index grew by 49.0 percent, and the services sector turnover index increased by 55.4 percent.

**The seasonally adjusted unemployment rate stood at 8.6 percent in September.** According to the labor force statistics for September released by TurkStat, the number of

unemployed individuals aged 15 and over increased by 35,000 compared to the previous month, reaching 3.1 million. As a result, the seasonally adjusted unemployment rate stood at 8.6 percent. During the same period, the labor force participation rate increased by 0.2 percentage points, reaching 54.4 percent, while the idle labor force rate, which includes underemployed individuals, potential labor force, and the unemployed, decreased by 1.7 percentage points, reaching 25.6 percent.

**TurkStat announced the Milk and Dairy Products Production Statistics for September.** According to the Milk and Dairy Products Production Statistics for September announced by TurkStat, the amount of cow's milk collected by commercial dairy enterprises increased by 14.9 percent year-on-year, reaching approximately 903,500 tons. During the same period, the amount of drinking milk rose by 7.2 percent, reaching approximately 135,200 tons, and yogurt production increased by 0.9 percent year-on-year, reaching 111,900 tons.

**TurkStat announced the Poultry Farming Production Statistics for September.** According to the Poultry Farming Production Statistics for September announced by TurkStat, the production of chicken meat increased by 11.8 percent year-on-year, reaching approximately 214,100 tons. During the same period, the number of chickens slaughtered increased by 10.0 percent, reaching approximately 115 million 800 thousand birds. Additionally, the production of eggs increased by 4.1 percent year-on-year, reaching approximately 1.8 billion eggs.

**Erdal Bahçivan, Chairman of the Board of Directors of the Istanbul Chamber of Industry (ISO), made statements regarding the macroeconomic outlook.** Bahçivan said, "The biggest sacrifice in solving a problem whose cause and reason are not of our making is being made by industrialists." Regarding monetary policy, he stated, "We should not put too much pressure on the Central Bank's interest rate policy because right now, it is the biggest weapon at the front." He also defended the current economic policy but pointed out that the prolonged process was increasing the burden on the industry and the real sector.



## Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	September	-2,4%	-5,3%	
	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%	
<b>New</b>	Import - (consumption goods) (annually)	August	0,9%	-3,2%	
	Credit Growth Weekly	November (Week 2)	0,1%	0,6%	
	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
	Car Sales (annually)	October	-4,0%	-9,4%	
<b>New</b>	House sales - total (annually)	October	76,1%	37,3%	
<b>New</b>	House sales - mortgage (annually)	October	278,2%	87,4%	
	CPI	October	48,6%	49,4%	
<b>New</b>	CPI expectations (year-end)	October	44,8%	44,1%	
<b>New</b>	Current Year Growth Expectations	October	3,1%	3,1%	
<b>New</b>	Retail Sales Volume (annually)	September	15,9%	13,3%	
<b>New</b>	Current Account Balance (billion USD)	September	2,9	4,3	
	Unemployment Rate (seasonally adj.)	September	8,6%	8,5%	
<b>New</b>	Dollarization	November (Week 2)	0,35 Billion (+)	0,96 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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