

CBRT Did Not Change Its Monetary Policy Stance

- Last week in the US, the University of Michigan's consumer confidence index increased by 1.3 points compared to the previous month, reaching 71.8 points. The rise in consumer confidence reflects an ongoing improvement in consumers' perceptions of the economy. Looking at the subcomponents, it was observed that the current outlook negatively affected consumer confidence, while the recovery in long-term expectations had a positive effect. The increase in existing home sales in October also confirmed the positive trend in consumer confidence. Boston Fed President Susan Collins, in her comments on the macroeconomic outlook, predicted that the Fed may make further interest rate cuts as it tries to ease its monetary policy. Collins stated, "Over time, additional adjustments will likely be appropriate, and I expect the policy rate to gradually return to a more neutral range from its current restrictive stance." This week's economic data calendar in the US will include Construction Permits, Conference Board Consumer Confidence, New Home Sales, Federal Open Market Committee (FOMC) Meeting Minutes, Core PCE, and the Leading Gross Domestic Product (GDP) Index. In the Euro Area, speeches from ECB's Lane, Elderson, and McCaul, along with the Leading Consumer Price Index (CPI), will be closely monitored.
- In the Euro Area, consumer inflation in October was in line with market expectations, rising by 0.3% on a monthly basis and 2.0% on an annual basis. This brought the region's economy closer to the European Central Bank's (ECB) target of 2%. ECB Governing Council Member and President of the German Bundesbank, Joachim Nagel, commented on the macroeconomic outlook, stating that in response to expected volatility in inflation after Trump, central banks will need to respond with higher interest rates.
- In Asia, in China, the People's Bank of China (PBOC) decided to keep interest rates unchanged, maintaining its main policy rate at 2.0%. With this decision, the Central Bank injected 900 billion yuan into the banking system via the one-year Medium-Term Lending Facility (MLF). In Japan, core consumer prices increased by 2.3% on an annual basis in October, surpassing the Bank of Japan's 2% target.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - The CBRT kept its policy rate unchanged at 50.0%.
 - Net Foreign Assets (UYP) were at -318.1 billion USD in September.
 - Consumer confidence decreased by 1.0% in November, reaching 79.8 points.

Weekly Status

	15.11.2024	22.11.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	8.967	8.988	0,2%	17,8%	32,6%	210,3%	22,5%
XU100	9.389	9.549	1,7%	27,8%	35,6%	196,6%	25,8%
USDTRY	34,60	34,52	-0,2%	17,1%	57,5%	39,6%	80,3%
DXY	106,67	107,49	0,8%	6,1%	-2,1%	8,2%	6,4%
US-10Y	4,43	4,42	-0,2%	13,9%	0,0%	156,3%	65,1%
TR-10Y	29,98	29,63	-1,2%	10,8%	169,4%	-59,2%	88,5%
TR-2Y	42,67	40,55	-5,0%	2,2%	298,0%	-56,1%	51,7%
CDS (5Y)	253,63	255,64	0,8%	-8,0%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.562,00	2.714,00	5,9%	31,6%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.837,00	3.005,00	5,9%	53,2%	78,9%	40,4%	72,1%
Silver (Gram)	33,49	34,68	3,6%	53,4%	57,1%	44,9%	57,4%

Global



In the United States, the Consumer Confidence Index increased by 1.3 points compared to the previous month, reaching 71.8 points in November. According to the Consumer Confidence Index for November, released by the University of Michigan, consumer confidence increased by 1.3 points compared to the previous month, reaching a level of 71.8 points. During the same period, the current economic conditions index, which measures Americans' assessments of their current financial situation, decreased by 1 point month-over-month, falling to 63.9 points. The consumer expectations index, reflecting long-term forecasts, increased by 2.8 points, reaching 76.9 points.

Boston Fed President Susan Collins made statements regarding the macroeconomic outlook. Collins predicted that, in an environment where the Fed is trying to ease its monetary policy, further interest rate cuts might be possible. She stated, "Over time, additional adjustments will likely be appropriate, and the policy interest rate will gradually return to a more neutral range from its current restrictive stance." Collins also mentioned that the economy is generally in a good place and that, amid a healthy labor market, inflation has returned to the 2 percent target.

In the United States, second-hand home sales increased by 3.4 percent month-on-month and 2.9 percent year-on-year in October. According to the National Association of Realtors (NAR), the data for October on existing home sales showed an increase of 3.4 percent monthly and 2.9 percent annually, reaching 3.83 million units. In the same period,

the median home price in the second-hand market increased by 4 percent year-on-year, reaching 407,200 dollars.

In the Eurozone, construction output decreased by 0.1 percent month-on-month and 1.6 percent year-on-year in September. According to the data released for September, the largest declines in construction output among EU countries were observed in the Czech Republic (down 5.5 percent), Slovakia (down 4 percent), and the Netherlands (down 3.2 percent). The largest increases were recorded in Romania (up 2.8 percent), Italy (up 2.2 percent), and Spain and Slovenia (both up 1.7 percent).

Joachim Nagel, a member of the European Central Bank's Governing Council and the President of the German Bundesbank, made statements regarding the macroeconomic outlook. Nagel pointed out the challenges that could arise from the re-election of Donald Trump as President of the United States, noting that this could lead to greater fragmentation in the global economy, resulting in more volatile inflation and creating new challenges for central banks. He added that central banks would need to respond to the increased volatility in inflation with higher interest rates.

The European Union economies posted a total trade surplus of 9.6 billion euros in September. According to the international trade data for September released by Eurostat, the European Union's exports increased by 0.8% year-on-year, reaching 212.6 billion euros, while imports decreased by 0.3%, amounting to 203 billion euros. As a result, the EU economies recorded a total trade surplus of 9.6 billion euros.

In the Euro Area, consumer inflation in October met market expectations. According to the final Consumer Price Index (CPI) data for October published by the European Statistics Office (Eurostat), consumer inflation came in at 0.3 percent month-on-month and 2.0 percent year-on-year. In the same period, core inflation stood at 2.7 percent year-on-year and 0.2 percent month-on-month. Thus, the region's economy has reached the European Central Bank's (ECB) target of 2 percent.

The People's Bank of China (PBOC) kept its benchmark lending rates unchanged in line with market expectations. Thus, the 1-year loan prime rate (LPR) remains at 3.1 percent, and the 5-year LPR at 3.6 percent. This decision to keep rates steady was made after policy incentives to support the economy failed to increase credit demand, leading to a larger-than-expected drop in new bank loans.

In China, the People's Bank of China (PBOC) kept its interest rates unchanged, maintaining the benchmark policy interest rate at 2.0 percent. The central bank decided to keep its interest rates unchanged, maintaining the benchmark policy interest rate at 2.0 percent. With this decision, the central bank provided 900 billion yuan of liquidity to the banking system through the one-year Medium-Term Lending Facility (MLF). Additionally, 900 billion yuan of policy loans were offered by the central bank within the framework of monthly operations.

In Japan, core consumer prices rose by 2.3 percent year-on-year in October. According to the Bank of Japan (BOJ), the core inflation data for October showed that core consumer prices rose by 2.3 percent year-on-year, exceeding the BOJ's 2 percent target. The inflation data highlighted the ongoing increase in service prices, suggesting that conditions for further interest rate hikes might be emerging.

Domestic



President Recep Tayyip Erdoğan made statements regarding the macroeconomic outlook. Erdoğan emphasized that despite the challenges and conflicts surrounding Turkey, the Turkish economy continues to maintain its growth trend in a stable manner. He shared his expectations that the national income will reach 1 trillion 331 billion dollars by the end of 2024, and the per capita income will rise to 15,551 dollars. Additionally, Erdoğan mentioned that the disinflation process, which began in June 2024, will continue into 2025.

The Central Bank of the Republic of Turkey (CBRT) decided to keep the policy interest rate unchanged at 50.0 percent. In the statement, it was noted that a decline in the core trend of inflation was observed in October, and that the indicators for the last quarter suggested that domestic demand continued to slow, reaching levels that supported the decrease in inflation. The CBRT stated that the tight monetary policy stance would be maintained until a significant and lasting decline in the core trend of monthly inflation is achieved and inflation expectations converge to the projected forecast range.

The CBRT made changes to the reserve requirement ratios for deposit accounts. According to this change, the reserve requirement ratios for short-term TRY deposits were increased from 15 percent to 17 percent, while the ratio for foreign currency (FX) deposits was decreased from 5 percent to 4 percent. Additionally, the target for corporate TRY deposit share was removed, and the overall target for the transition and renewal of the FX-protected deposit (KKM) to TRY was lowered from 75 percent to 70 percent.

Net IIP in September stood at minus 318.1 billion dollars. According to the International Investment Position (IIP) developments for September, announced by the Central Bank of the Republic of Turkey (CBRT), Turkey's foreign assets increased by 6.7 percent compared to the end of 2023, reaching 354.8 billion dollars, while its liabilities rose by 3.3 percent to 672.9 billion dollars. As a result, the net IIP, defined as the difference between Turkey's foreign assets and its liabilities, amounted to minus 318.1 billion dollars.

The CBRT issued a press release regarding the issuance of the VIII Series 50 Turkish Lira and VII Series 5 Turkish Lira banknotes. These banknotes, except for the signatures, will be printed with the same size, front and back composition, and overall characteristics as the previous series. Furthermore, the new series banknotes will circulate alongside the previous series.

Housing prices fell by 14.7% in real terms in October. According to the Housing Price Index for October released by the Central Bank of the Republic of Turkey (CBRT), housing prices across the country increased by 2.1% compared to the previous month and showed a nominal increase of 26.8% compared to the same month of the previous year. In the same period, however, housing prices decreased by 14.7% in real terms. When examining

the annual changes in housing prices in Istanbul, Ankara, and Izmir, the respective increases were 21.2%, 32.5%, and 28.7%.

Short-term external debt stock amounted to 176.4 billion dollars in September. According to the Short-Term External Debt Statistics for September released by the CBRT, the short-term external debt stock increased by 0.1% compared to the end of 2023, reaching 176.4 billion dollars. Looking at the subcomponents, the short-term external debt stock of banks increased by 15.5%, amounting to 79 billion dollars, while the short-term external debt stock of other sectors decreased by 3.9%, reaching 59 billion dollars.

FHCl increased by 6.0 points compared to the previous month, reaching a level of 173.6 in November. According to the Financial Services Statistics and Financial Services Confidence Index (FHCl) for November, published by the Central Bank of the Republic of Turkey (CBRT), the FHCl rose by 6.0 points compared to the previous month, reaching a level of 173.6. When examining the diffusion indices of the survey questions that make up the index, it was observed that the business situation and demand for services in the past three months positively affected the FHCl, while the expectation of demand for services in the next three months negatively impacted the FHCl.

The employment index increased by 3.0 percent in the third quarter of 2024 compared to the same quarter of the previous year. According to the Labor Input Indices for the third quarter, published by TurkStat (Turkish Statistical Institute), the employment index increased by 3.0 percent compared to the same quarter of the previous year. During the same period, the hours worked index decreased by 1.1 percent compared to the same quarter of the previous year. The gross wage salary index increased by 74.7 percent compared to the same quarter of the previous year. Additionally, the hourly labor cost index increased by 76.9 percent compared to the same quarter of the previous year.

According to the Indirect R&D Incentives data for 2023, published by TurkStat, the total tax incentive for R&D activities increased by 126.7 percent on an annual basis. The total tax incentive for R&D activities increased by 126.7 percent on an annual basis, reaching 59 billion 332 million Turkish lira. According to the declared R&D expenditures, it was observed that 60.1 percent of the indirect R&D incentives came from corporate tax, income tax, and VAT, while 39.9 percent came from income tax withholding support. Moreover, the share of indirect R&D incentives in the total R&D expenditure of both financial and non-financial companies rose to 24.1 percent.

Consumer confidence decreased by 1.0 percent in November, reaching 79.8 points. According to the Consumer Confidence Index for November, released by TurkStat, consumer confidence decreased by 1.0 percent to 79.8 points. When examining the subcomponents, the current household financial situation increased by 2.1 percent, while expectations for the general economic situation in the next 12 months decreased by 2.0 percent. During the same period, the expectation for the household financial situation in the next 12 months decreased by 1.8 percent, and the intention to spend on durable goods in the next 12 months fell by 1.5 percent.

TurkStat released the Motor Vehicle Statistics for October. According to the Motor Vehicle Statistics for October published by TurkStat, the number of vehicles registered to traffic increased compared to the previous month: 19.1 percent for automobiles, 6.3 percent for special purpose vehicles, 1.6 percent for light trucks, and 0.3 percent for buses.

However, the number of minibuses, trucks, motorcycles, and tractors decreased by 18.4 percent, 14.5 percent, 11.7 percent, and 5.6 percent, respectively. Thus, the distribution of vehicles registered to traffic was as follows: 51.9 percent automobiles, 19.8 percent motorcycles, 15.1 percent light trucks, 7.3 percent tractors, 3.2 percent trucks, 1.7 percent minibuses, 0.7 percent buses, and 0.3 percent special purpose vehicles.

The Agricultural Input Price Index (Agriculture-GFE) for September showed an increase of 1.8 percent month-on-month and 31.8 percent year-on-year. According to the data published by TurkStat for September, agricultural input prices rose by 1.6 percent month-on-month and 29.7 percent year-on-year for goods and services used in agriculture. Additionally, goods and services contributing to agricultural investment increased by 2.9 percent month-on-month and 45.3 percent year-on-year.

The Producer Price Index for Foreign Trade (YD-PPI) showed an increase of 0.1 percent month-on-month and 30.7 percent year-on-year in October. According to the YD-PPI data for October published by TurkStat, annual changes in subcategories showed increases of 28.2 percent in intermediate goods, 36.6 percent in durable consumer goods, 31.1 percent in non-durable consumer goods, 4.7 percent in energy, and 38.7 percent in capital goods.

Service production remained unchanged on an annual basis in September. According to the Service Production Index for September released by the Turkish Statistical Institute (TUIK), service production remained unchanged on an annual basis. When examining the subcomponents, transportation and storage services decreased by 3.2%, and administrative and support services decreased by 0.7%. Meanwhile, accommodation and food services increased by 0.9%, information and communication services grew by 1.2%, real estate services rose by 18.8%, and professional, scientific, and technical services increased by 1.0%.

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
New	Capacity Utilization Rate (seasonally adj.)	November	75,6%	75,2%	
	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	November (Week 3)	0,1%	0,1%	
New	Consumer Confidence Index	November	79,8	80,6	100,0
New	Real sector confidence (seasonally adj.)	November	103,4	102,2	100,0
New	Service sector confidence (seasonally adj.)	November	111,0	114,2	100,0
New	Retail sector confidence (seasonally adj.)	November	111,7	110,7	100,0
New	Construction sector confidence (seasonally adj.)	November	87,8	86,3	100,0
	Car Sales (annually)	October	-4,0%	-9,4%	
	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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