

Fed Beige Book Report Published in the U.S.

- According to the Fed Beige Book Report released last week, economic activity in the U.S. showed little change from September to October, while price increases slowed. During this period, manufacturing activity decreased in most regions, while wage increases remained moderate. Housing prices, on the other hand, showed an upward trend. During the same period, consumer confidence reported by the University of Michigan for October was revised upward, indicating a recovery in consumer expectations. San Francisco Fed Bank President Mary Daly stated in her comments on the macroeconomic outlook that she expects the Fed to continue lowering interest rates to prevent further weakness in the labor market, suggesting that a half-point reduction would be more appropriate than a quarter-point cut. This week in the U.S., the economic data calendar will include the Leading Goods Trade Balance (Sept), Conference Board (CB) Consumer Confidence (Oct), Job Openings and Labor Turnover Survey (JOLTS) (Sept), ADP Nonfarm Employment (Oct), Leading Gross Domestic Product (GDP) (quarterly) (Q3), Pending Home Sales (monthly) (Sept), Core Personal Consumption Expenditures Price Index (annual) (Sept), Nonfarm Employment (Oct), and Average Hourly Earnings (monthly) (Oct). In the Eurozone, closely monitored indicators will include the GfK Consumer Confidence Index for Germany (Nov), the Change in Germany's Unemployment Rate (Oct), and the Leading Consumer Price Index (CPI) (annual) (Oct).
- In the Eurozone, the manufacturing PMI was recorded at 45.9, remaining below the threshold value of 50.0, indicating a contraction in the manufacturing sector. However, the released PMI data surpassed expectations, showing that the contraction was more limited than anticipated. European Central Bank (ECB) President Christine Lagarde, in her comments on the macroeconomic outlook, mentioned that inflation could fall faster than previously estimated, indicating that the path for interest rate cuts would continue, though the pace would be determined over time.
- In Asia, Japan's Tokyo consumer prices rose by 1.8 percent year-on-year. The reported inflation figures fell below the central bank's 2 percent target for the first time in the past five months. Bank of Japan (BoJ) President Kazuo Ueda, in his comments on the macroeconomic outlook, indicated that the bank is still maintaining a very loose monetary stance and expressed a desire to raise inflation expectations to a new level.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - The seasonally adjusted capacity utilization rate decreased by 0.7 percentage points in October, reaching 75.2 percent.
 - The seasonally adjusted Real Sector Confidence Index rose by 3.0 points in October, reaching 102.2.
 - Consumer confidence increased by 3.0 percent in October, reaching a level of 80.6.

Weekly Status

	18.10.2024	25.10.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	8.465	8.605	1,7%	12,8%	32,6%	210,3%	22,5%
XU100	8.794	8.909	1,3%	19,3%	35,6%	196,6%	25,8%
USDTRY	34,26	34,31	0,1%	16,4%	57,5%	39,6%	80,3%
DXY	103,46	104,32	0,8%	2,9%	-2,1%	8,2%	6,4%
US-10Y	4,08	4,25	4,2%	9,5%	0,0%	156,3%	65,1%
TR-10Y	29,62	30,31	2,3%	13,3%	169,4%	-59,2%	88,5%
TR-2Y	42,81	42,98	0,4%	8,3%	298,0%	-56,1%	51,7%
CDS (5Y)	274,04	270,13	-1,4%	-2,8%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.722,00	2.748,00	1,0%	33,3%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.995,00	3.003,00	0,3%	53,1%	78,9%	40,4%	72,1%
Silver (Gram)	37,12	37,18	0,2%	64,4%	57,1%	44,9%	57,4%

Global



The Fed published the Beige Book Report for October. In the Beige Book Report released by the Fed for October, it was noted that economic activity in the U.S. remained largely unchanged from September to October, with two regions showing moderate growth. During this period, manufacturing activity declined in most regions, while an emphasis was placed on increased hiring by firms. Despite a slowdown in price increases, sharp rises in some food products were observed. Wage increases remained moderate, while housing prices rose in many regions.

Mary Daly, President of the San Francisco Fed, commented on the macroeconomic outlook. Daly indicated that she expects the Fed to continue lowering interest rates to prevent further weakness in the labor market. She mentioned that the decision to lower rates by half a percentage point instead of a quarter point is a very close call. Regarding the pace of interest rate cuts, Daly refrained from making any comments.

Consumer confidence in the U.S. was revised upward from 68.9 to 70.5 in October. According to the consumer confidence index announced by the University of Michigan for October, consumer confidence was revised upward to 70.5 from 68.9. During the same period, consumers' year-ahead inflation expectations remained unchanged at 2.7 percent, while their 5-10 year inflation expectations decreased from 3.1 percent to 3.0 percent. Additionally, most consumers indicated that they expect interest rate cuts to continue in the coming year.

European Central Bank (ECB) President Lagarde made statements regarding the macroeconomic outlook. Lagarde emphasized that most indicators related to the underlying trend of inflation have been gradually moderate in recent months, stating, "Information regarding inflation shows that the disinflation process is on track." She noted that risks stemming from wage pressures persist. Furthermore, Lagarde indicated that low

confidence, consumption, and investment could hinder the economy's recovery at the expected pace.

Christine Lagarde, President of the European Central Bank (ECB), addressed the macroeconomic outlook. Lagarde stated that inflation could decline faster than expected. She said, "We cannot yet say we have fully conquered inflation. We will sustainably reach the inflation target by 2025, but we do not know the exact timing." She also noted that interest rate cuts will continue, stating, "The direction of travel is clear. The speed will be determined."

Gediminas Simkus, a member of the ECB Governing Council, provided insights on the macroeconomic outlook. Simkus mentioned that he cannot yet predict what the interest rate decision will be in December, but emphasized that the direction is clearly downward. He stated that if the downward trend in inflation continues, borrowing costs will be further reduced. He also indicated that policymakers will have a clearer picture of economic trends within two months.

The manufacturing PMI in the Eurozone was recorded at 45.9 points, exceeding expectations. According to the preliminary Purchasing Managers' Index (PMI) data for manufacturing released by S&P Global for October, the manufacturing PMI was recorded at 45.9 points, remaining below the threshold value of 50.0 points and indicating a contraction in the manufacturing sector. In Germany, the region's leading economy, the manufacturing PMI was recorded at 42.6 points, also exceeding expectations.

Pierre Wunsch, a member of the Governing Council of the European Central Bank (ECB), made statements regarding the macroeconomic outlook. Wunsch expressed that it was too early to consider a half-point interest rate cut in December. He noted that despite signs of weakness in the Eurozone, authorities should wait for more inflation data and monitor how the economy develops before reaching any conclusions.

Tokyo core inflation in Japan showed a year-on-year increase of 1.8 percent. According to the core inflation data for Tokyo released in October, consumer prices rose by 1.8 percent year-on-year, falling below the central bank's 2 percent target for the first time in the past five months. When examining the subcomponents, a slowdown in service inflation was also observed. The announced inflation data raised doubts about the Bank of Japan's expectations that higher wages would increase cost pressures beyond goods and keep price increases consistently around the 2 percent target.

Kazuo Ueda, Governor of the Bank of Japan (BoJ), made statements regarding the macroeconomic outlook. Ueda noted that the underlying trend of inflation is slowly rising and stated that reaching a sustainable 2 percent inflation still requires time. He indicated that the bank maintains a very loose monetary stance and expressed a desire to elevate inflation expectations to a new level. Additionally, Ueda mentioned that keeping interest rates low for an extended period carries speculative costs, indicating that a balance needs to be achieved.

The International Monetary Fund (IMF) released the Global Financial Stability Report for October. In the report published by the IMF, it was highlighted that global economic activity has moderated since April, and inflation continues to slow. The report noted that with advanced countries' central banks continuing to engage in monetary easing, financial

conditions remain accommodative, emerging markets are resilient, and volatility in asset prices remains relatively low. Furthermore, it was stated that increasing vulnerabilities could heighten the risk of negative shocks, particularly amid ongoing military conflicts.

Domestic



Fatih Karahan, President of the Central Bank of the Republic of Turkey (CBRT), evaluated the future of the financial system and the challenges in the changing world during a forum. In the panel, Karahan referred to the independence and credibility of the central bank, stating, "If you have a proper policy framework and the public's confidence that you will do everything necessary, I believe this will help calm the markets." He also emphasized that "sustainable improvement should be preferred over faster or fragile recovery."

The Central Bank of the Republic of Türkiye (CBRT) published a summary of the monetary policy committee meeting held in October. According to the summary, consumer prices rose by 2.97 percent in September, while annual inflation decreased by 2.59 percentage points to 49.38 percent. It was emphasized that seasonally adjusted monthly consumer inflation remained stable compared to the previous month. The rigidity in service inflation was noted as a significant factor contributing to high inflation. Additionally, although the committee decided to keep the policy rate unchanged, it reiterated its cautious stance regarding the upward risks to inflation.

The seasonally adjusted capacity utilization rate decreased by 0.7 percentage points in October, reaching 75.2 percent compared to the previous month. According to the Manufacturing Industry Capacity Utilization Rate announced by the Central Bank of the Republic of Turkey (CBRT) for October, the seasonally adjusted capacity utilization rate in the manufacturing industry fell by 0.7 percentage points, reaching 75.2 percent. Meanwhile, the unadjusted capacity utilization rate remained unchanged at 74.9 percent compared to the previous month. When examining the sub-components, capacity utilization remained stable for consumer goods, while there was a decline in durable consumer goods, investment goods, and intermediate goods. However, there was an increase in non-durable consumer goods.

The seasonally adjusted Real Sector Confidence Index increased by 3.0 points in October, reaching 102.2 compared to the previous month. According to the Economic Sentiment Statistics and Real Sector Confidence Index (RKGE) announced by the CBRT for October, the seasonally adjusted Real Sector Confidence Index rose by 3.0 points to 102.2. Analyzing the diffusion indices of the survey questions that make up the index, assessments regarding production volume in the next three months, total order quantity in the last three months, general outlook, fixed capital investment expenditure, export order quantity in the next three months, current total order quantity, and total employment in the next three months positively influenced the index's increase, while assessments of current finished goods stock negatively affected it.

The Financial Services Confidence Index (FHCI) increased by 9.8 points in October, reaching a level of 167.6. According to the Financial Services Statistics and FHCI released by the CBRT for October, the FHCI rose by 9.8 points compared to the previous month. When examining the subcomponents, it was observed that the business situation over the last three months and the demand for services positively influenced the increase in the FHCI, while expectations for demand for services in the next three months slightly negatively impacted the FHCI.

Agricultural Input Price Index (Tarım-GFE) increased by 1.39 percent month-on-month and 33.25 percent year-on-year in August. According to the data released by TurkStat regarding the Agricultural Input Price Index for August, Tarım-GFE showed increases of 1.39 percent and 33.25 percent respectively on a monthly and yearly basis. When examining the sub-indices, prices of goods and services used in agriculture increased by 0.99 percent and 30.90 percent, while goods and services contributing to agricultural investment rose by 3.75 percent and 48.51 percent, respectively. The annual rise in the index was influenced by veterinary expenses, other goods and services, and seeds and planting materials.

The Foreign Producer Price Index (YD-ÜFE) saw increases of 2.25 percent month-on-month and 32.35 percent year-on-year in September. According to the Yurt Dışı Üretici Fiyat Endeksi released by TurkStat for September, YD-ÜFE recorded increases of 2.25 percent and 32.35 percent respectively. In terms of sub-indices, YD-ÜFE showed a year-on-year increase of 32.27 percent in the manufacturing sector, while mining and quarrying recorded a 36.93 percent increase. During the same period, YD-ÜFE for intermediate goods rose by 30.35 percent, durable consumer goods by 38.17 percent, and non-durable consumer goods by 35.67 percent.

Consumer confidence increased by 3.0 percent in October, reaching a level of 80.6. According to the Consumer Confidence Index published by TurkStat for October, consumer confidence rose by 3.0 percent, reaching a level of 80.6. When examining the sub-indices, the current financial situation of households decreased by 0.2 percent, while expectations for the household's financial situation over the next 12 months, expectations for the general economic situation, and thoughts on spending for durable goods all increased by 6.1 percent, 1.1 percent, and 4.1 percent, respectively.

TurkStat published the confidence indices for the services, retail trade, and construction sectors for October. According to the confidence indices announced by TurkStat for October, the seasonally adjusted confidence index increased by 1.5 percent in the services sector to 114.2, increased by 0.1 percent in the retail trade sector to 110.7, and decreased by 1.7 percent in the construction sector to 86.3.

TurkStat published Household Domestic Tourism Statistics for the second quarter of 2024. According to the Household Domestic Tourism Statistics released by TurkStat for the second quarter of 2024, 16 million 148 thousand residents traveled within the country. The total number of trips made by travelers staying one or more nights increased by 23.3 percent year-on-year, reaching 19 million 830 thousand trips. During the same period, domestic tourists' travel expenditures rose by 115.8 percent year-on-year, totaling 103 billion 114 million 141 thousand TL.

TurkStat released Motor Vehicle Statistics for September. According to the Motor Vehicle Statistics published by TurkStat for September, the number of vehicles registered for traffic increased by 28.4 percent for minibuses, 5.2 percent for tractors, and 4.3 percent for motorcycles compared to the previous month, while special-purpose vehicles decreased by 52.4 percent, buses by 17.1 percent, cars by 5.3 percent, pickup trucks by 4.8 percent, and trucks by 1.7 percent. Consequently, 52.0 percent of registered vehicles were cars, 19.6 percent were motorcycles, 15.2 percent were pickup trucks, 7.3 percent were tractors, 3.2 percent were trucks, 1.7 percent were minibuses, 0.7 percent were buses, and 0.3 percent were special-purpose vehicles.

The gross debt stock amounted to 8 trillion 649 billion 400 million TL in September. According to the central government gross debt stock data announced by the Ministry of Treasury and Finance for September, the gross debt stock reached 8 trillion 649 billion 400 million TL. When analyzing the sub-indices, 3 trillion 558 billion 800 million TL of the debt stock was in TL, while 5 trillion 90 billion 500 million TL was in foreign currency.

The official gazette announced an increase of 23.5 percent in the euro value used for drug pricing, raising it from 17.55 TL to 21.67 TL. According to the presidential decree regarding changes to the pricing of human medicinal products, the euro value used in drug pricing was increased by 23.5 percent from 17.55 TL to 21.67 TL. This new euro value will continue to apply for 2025, with no new euro valuation planned for that year.

Erdal Bahçivan, Chairman of the Istanbul Chamber of Industry (İSO), made statements regarding the macroeconomic outlook. Bahçivan expressed that the inflation being experienced today is quite different from what has been seen in the past 20 years due to changes in consumer habits. He stated, "The industrial sector is paying a high price despite not being the source of the problem." He also conveyed that the industrial sector is experiencing a much more pronounced slowdown compared to the general economy.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	August	-5,3%	-3,9%	
	Manufacturing PMI	September	44,3	47,8	50,0
New	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 3)	-0,1%	0,1%	
New	Consumer Confidence Index	October	80,6	78,2	100,0
New	Real sector confidence (seasonally adj.)	October	102,2	99,2	100,0
New	Service sector confidence (seasonally adj.)	October	114,2	112,6	100,0
New	Retail sector confidence (seasonally adj.)	October	110,7	110,6	100,0
New	Construction sector confidence (seasonally adj.)	October	86,3	87,8	100,0
	Car Sales (annually)	September	-9,4%	0,8%	
	House sales - total (annually)	September	37,3%	9,9%	
	House sales - mortgage (annually)	September	87,4%	-17,1%	
	CPI	September	49,4%	52,0%	
	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%	
New	Dollarization	October (Week 3)	1,99 Billion (+)	2,77 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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