

Non-Farm Employment in the U.S. Exceeds Expectations

- Last week, it was announced that non-farm employment in the U.S. increased by 254,000 in September, significantly surpassing expectations. This development indicates a slight decrease in unemployment. The JOLTS report showed that job openings rose by 329,000 in August compared to the previous month, reaching a total of 8.04 million, also exceeding expectations. Meanwhile, factory orders fell by 0.2% compared to the previous month, coming in below market forecasts. Richmond Fed President Thomas Barkin stated in his comments on the macroeconomic outlook that a 50 basis point cut in interest rates by the Fed would be consistent with the economic outlook, but should not be interpreted as a signal that the battle against inflation is over. He added, "It's hard to say we've won the fight against inflation. There's still work to be done." This week's economic data calendar includes speeches from FOMC members Bowman, Kashkari, Bostic, and Williams, the Trade Balance (August), Atlanta Fed's GDPNow (Q3), Energy Information Administration Crude Oil Stocks, the release of FOMC Meeting Minutes, the Consumer Price Index (CPI) (Monthly) (September), Core Consumer Price Index (CPI) (Monthly) (September), Federal Budget Balance (September), Producer Price Index (PPI) (Monthly) (September), Core Producer Price Index (PPI) (Monthly) (September), Michigan Consumer Sentiment Index (October), and another speech from FOMC member Bowman. In the Eurozone, closely watched events include a speech from ECB's Lane, Sentix Investor Confidence (October), Retail Sales (Monthly) (August), a speech from ECB's Elderson, and the release of the ECB's Monetary Policy Meeting Minutes.
- In the Eurozone, the Manufacturing PMI released last week decreased by 0.8 points compared to the previous month, falling below the neutral level of 50 to 45 points, indicating a contraction in the manufacturing sector. Negative trends in production, new orders, employment, and supply chain activities deepened the decline, marking the steepest drop in the manufacturing PMI since the beginning of 2024. During this period, European Central Bank (ECB) President Christine Lagarde expressed increasing optimism about controlling inflation, indicating that this optimism would be reflected in the October interest rate decision.
- In Asia, Japan's new Prime Minister Shigeru Ishiba stated regarding the macroeconomic outlook that Japan is not in a suitable environment for further interest rate hikes and is attempting to shed its reputation for hawkish monetary policy.
- Domestically, the Central Bank, Turkish Statistical Institute (TÜİK), and other institutions released various data:
 - The CPI in September increased by 2.97% on a monthly basis and by 49.38% on a yearly basis, exceeding expectations.
 - The Producer Price Index (PPI) in September rose by 1.37% on a monthly basis and by 33.09% on a yearly basis.
 - The net foreign exchange position deficit of non-financial firms, adjusted for seasonality, reached \$121.409 billion.

Weekly Status

	27.09.2024	4.10.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.215	8.760	-4,9%	14,9%	32,6%	210,3%	22,5%
XU100	9.778	9.109	-6,8%	21,9%	35,6%	196,6%	25,8%
USDTRY	34,17	34,26	0,3%	16,3%	57,5%	39,6%	80,3%
DXY	100,42	102,48	2,1%	1,1%	-2,1%	8,2%	6,4%
US-10Y	3,75	3,97	5,9%	2,3%	0,0%	156,3%	65,1%
TR-10Y	28,45	29,71	4,4%	11,1%	169,4%	-59,2%	88,5%
TR-2Y	39,89	41,30	3,5%	4,1%	298,0%	-56,1%	51,7%
CDS (5Y)	268,13	268,14	0,0%	-3,5%	-45,2%	-10,5%	84,8%
Gold (Ounce)	2.658,00	2.653,00	-0,2%	28,7%	13,1%	-0,3%	-3,7%
Gold (Gram)	2.923,00	2.922,00	0,0%	48,9%	78,9%	40,4%	72,1%
Silver (Gram)	34,77	35,48	2,0%	56,9%	57,1%	44,9%	57,4%

Global



Fed Chairman Jerome Powell provided insights on the macroeconomic outlook. Powell stated that the Fed will not rush into rapid interest rate cuts and will focus on the integrity of the data, gradually moving towards a more neutral stance in monetary policy over time. Regarding the labor market, Powell noted that conditions are solid and have cooled compared to previous overheating situations. On prices, he highlighted that core service inflation excluding housing is close to its pre-pandemic pace.

In the U.S., the number of job openings according to the JOLTS report increased by 329,000 from the previous month, reaching a total of 8 million 40 thousand. According to the data released by the U.S. Department of Labor for August, the number of job openings nationwide rose by 329,000 compared to the previous month, exceeding expectations. During this period, the number of job openings increased in state and local governments, excluding construction and education, while other services recorded a decline. Additionally, the number of hires decreased by 99,000, falling to 5 million 317 thousand.

Richmond Fed President Thomas Barkin made remarks regarding the macroeconomic outlook. Barkin stated that the Fed's decision to lower interest rates by 50 basis points aligns with the economic outlook but should not be interpreted as a sign that the fight against inflation is over. In this context, Barkin said, "It's hard to say we have won the fight against inflation. There is still work to be done."

In August, factory orders fell by 0.2 percent compared to the previous month, falling below market expectations. According to data released by the U.S. Department of Commerce regarding factory orders for August, nationwide factory orders decreased by 0.2 percent compared to the previous month, falling short of market expectations. When examining the sub-sectors, durable goods orders showed no significant change, while orders for non-durable goods decreased by 0.5 percent.

European Central Bank (ECB) President Christine Lagarde also spoke about the macroeconomic outlook in the European Parliament. Lagarde expressed increasing optimism about controlling inflation, noting that this optimism will reflect in the October interest rate decision. She attributed this optimism to the acceleration of disinflation over the past two months and the significant progress made in the fight against inflation.

Francois Villeroy de Galhau, a member of the Governing Council of the European Central Bank (ECB), made statements regarding the macroeconomic outlook. Villeroy noted that inflation fell below the ECB's target of 2 percent in September, and that the core measure of price increases is expected to gradually approach this level by 2025. Additionally, Villeroy indicated that the ECB is "likely" to reduce interest rates at its next meeting.

In the Eurozone, the Manufacturing PMI fell by 0.8 points compared to the previous month, reaching a level of 45. According to the Purchasing Managers' Index (PMI) data for the manufacturing sector in the Eurozone for September, the PMI decreased by 0.8 points, landing below the threshold of 50 at 45 points. The manufacturing sector PMI recorded its sharpest decline since September 2024, driven by decreases in production, new orders, employment, and supply chain activities.

New Japan Prime Minister Shigeru Ishiba made statements about the macroeconomic outlook. Ishiba expressed that Japan is not in a suitable environment for an additional interest rate hike, indicating that he is trying to shed his reputation for hawkish monetary policy. These remarks surprised the markets, leading to a sharp decline in the country's currency, the Yen. Expectations for an interest rate cut in December were also shelved.

New Japanese Prime Minister Shigeru Ishiba has instructed the preparation of a new economic package to alleviate the impact of rising living costs on households. Ishiba stated earlier this week that the primary priority of his administration's economic policies would be to pull Japan out of deflation, including increasing real wages and corporate capital expenditures.

Domestic



President Erdoğan made statements following the Cabinet meeting. He indicated that a local development initiative incentive program for the private sector will be announced in the coming weeks. Regarding price increases, Erdoğan stated, "We will further tighten our inspections on those who engage in exorbitant price increases and label manipulation. We are seeing the price bubble gradually dissipate. This will accelerate even more in the upcoming period."

Treasury and Finance Minister Mehmet Şimşek made statements regarding the macroeconomic outlook. Şimşek stated, "We expect the annual current account deficit to decline to approximately 15 billion dollars in August, with similar levels expected in September. Thus, the annual current account deficit as a percentage of GDP will fall below 1.5 percent in the third quarter. The decreasing current account deficit reduces our

external financing needs while supporting macro-financial stability and making significant contributions to our primary goal of achieving lasting price stability." Additionally, Şimşek mentioned that new social housing projects will be developed to curb rent increases.

Turkey's Central Bank President Fatih Karahan made statements regarding the macroeconomic outlook at a meeting of the Turkish Grand National Assembly's Planning and Budget Commission. Karahan emphasized that the two main conditions they are monitoring are a clear and sustainable decline in monthly inflation and the convergence of inflation expectations to the projected forecast range. He noted that there is still some distance to cover on the path to achieving these two conditions, and therefore, the tight monetary policy will continue to be upheld.

The net foreign currency position deficit of non-financial firms reached 121 billion 409 million dollars. According to the Financial Sector's Non-Financial Firms' Foreign Currency Assets and Liabilities Statistics published by the Central Bank of the Republic of Turkey (CBRT) for July, firms' foreign currency assets increased by 23 million dollars, while foreign currency liabilities rose by 8 billion 41 million dollars. Consequently, the net foreign currency position deficit of non-financial firms increased by 8 billion 18 million dollars compared to the previous month, reaching 121 billion 409 million dollars.

The Central Bank of the Republic of Turkey (CBRT) announced the results of the Bank Lending Survey for the third quarter of 2024. According to these results, it has been observed that banks continue to tighten the standards they apply to loans granted to businesses. Regarding the expectations for credit tightening in the last quarter, banks anticipate that the pace of tightening will slow down. In the context of individual loans, it is expected that the tightening in vehicle loans will come to an end in the last quarter, while a relaxation is anticipated to begin in housing loans. When examining credit demand in the relevant period, it has been observed that the decline in the demand for loans granted to businesses continues to weaken.

The CBRT published the Monthly Price Developments Report for September. According to this report, consumer prices increased by 2.97 percent on a monthly basis and 49.38 percent on an annual basis. On the monthly inflation side, the monthly price increase in the basic goods group rose slightly, while the monthly price increase in the services group maintained its strong trend. On the annual inflation side, the increase in consumer prices lost momentum across all groups, with the increase being more pronounced in energy and services. When the seasonally adjusted CPI index changes are examined for the period, a horizontal trend was observed in indicator B, while a slight increase was noted in other indicators.

In September, the Consumer Price Index (CPI) showed a monthly increase of 2.97 percent and an annual increase of 49.38 percent, surpassing expectations. According to the data released by the Turkish Statistical Institute (TurkStat), the CPI exhibited a monthly rise of 2.97 percent and an annual rise of 49.38 percent. The main contributors to the monthly and annual increases in the index were the education and housing sectors. During the same period, the Core CPI indicator, which tracks the change in general prices excluding energy, food, non-alcoholic beverages, tobacco products, and gold, recorded a monthly increase of 3.57 percent and an annual increase of 49.10 percent. Additionally, the CPI, excluding administered and guided prices, rose by 3.08 percent monthly and 46.09 percent annually.

In September, the Producer Price Index (PPI) increased by 1.37 percent monthly and 33.09 percent annually. According to the data published by TurkStat, the PPI showed a monthly increase of 1.37 percent and an annual increase of 33.09 percent. When examining the sub-sectors, the PPI in the manufacturing sector increased by 1.25 percent monthly, in mining and quarrying by 1.83 percent, in the electricity, gas, and steam sector by 2.28 percent, and in the energy sector by 0.45 percent. During the same period, the annual changes in the main industrial groups showed increases of 32.70 percent in intermediate goods, 37.95 percent in durable consumer goods, 44.38 percent in non-durable consumer goods, 11.89 percent in energy, and 36.55 percent in capital goods.

The Producer Price Index for Services (H-PPI) recorded a monthly increase of 2.62 percent and an annual increase of 57.72 percent in August. According to the Turkish Statistical Institute (TurkStat), the annual increase in the index was influenced by professional, scientific, and technical services, information and communication services, as well as accommodation and food services. Meanwhile, the monthly increase was driven by transportation and storage services, accommodation and food services, and information and communication services.

TurkStat published Potential Education Duration Statistics for 2023. According to these statistics, the probable duration a child starting primary school will spend in education until completing the highest educational level has decreased by 1.3 percent compared to the previous year, now estimated at 17.9 years. This duration is projected to be 17.6 years for males and 18.4 years for females. Furthermore, the probable duration a primary school-age child will spend in education until completing secondary education is estimated at 12.3 years, while preschool education is calculated at 1.6 years.

The general government deficit is estimated to be 1 trillion 272 billion 714 million TL for the year 2023. According to the State Accounts Statistics announced by TurkStat, the ratio of the general government deficit to Gross Domestic Product (GDP) stands at 4.8 percent. The primary reason for the increase in the deficit was the disaster aid provided to households and businesses. When the subcomponents are examined, both the central government and local authorities reported deficits, while the social security institutions sub-sector posted a surplus.

The foreign trade deficit decreased by 31.5 percent year-on-year in the first nine months of 2024, reaching 60.1 billion dollars. Trade Minister Ömer Bolat announced the foreign trade figures for September. Accordingly, exports increased by 3.2 percent year-on-year in the first nine months of 2024, reaching 192.8 billion dollars, while imports decreased by 7.9 percent year-on-year, totaling 252.9 billion dollars. Thus, the foreign trade deficit decreased by 31.5 percent year-on-year, reaching 60.1 billion dollars.

The Manufacturing PMI from ISO declined by 3.5 points in September, reaching a level of 44.3. According to the Istanbul Chamber of Industry (İSO) report on the manufacturing industry for September, the Manufacturing PMI decreased by 3.5 points compared to the previous month, settling at 44.3 points. The sharp decline in the PMI was significantly influenced by a sharp slowdown in new orders, an accelerating contraction in production and employment, and a marked increase in input costs. Regarding this data, Andrew Harker, Economic Director of S&P Global Market Intelligence, commented, "Although inflationary pressures are not as severe as in previous periods, the persistent increases in prices are not supportive of an improvement in the demand environment."

The Istanbul Wage Earners' Cost of Living Index and the Wholesale Goods Price Index both recorded monthly increases of 3.90 percent and 4.67 percent, respectively, in September. According to the Istanbul Chamber of Commerce (İTO) report for September, the Istanbul Wage Earners' Cost of Living Index rose by 3.90 percent month-on-month and 59.18 percent year-on-year, while the Wholesale Goods Price Index increased by 4.67 percent month-on-month and 47.89 percent year-on-year. The rise in the Istanbul Wage Earners' Cost of Living Index on a monthly basis was influenced by other expenses, cultural, educational, and entertainment expenditures, as well as clothing expenses, while the increase in the Wholesale Goods Price Index was driven by textiles, raw materials, and construction materials.

The automobile and light commercial vehicle market contracted by 12 percent year-on-year in September. According to the data released by the Automotive Distributors and Mobility Association (ODMD) for September, the automobile and light commercial vehicle market shrank by 12 percent year-on-year, totaling 85,540 units. When examining the sub-segments, the automobile market decreased by 14.61 percent, reaching 67,434 units, while the light commercial vehicle market expanded by 1.6 percent, totaling 18,106 units. During the same period, the automobile and light commercial vehicle market expanded by 33.4 percent compared to the 10-year averages.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	July	-3,9%	-4,7%	
New	Manufacturing PMI	September	44,3	47,8	50,0
	Capacity Utilization Rate (seasonally adj.)	September	75,9%	75,7%	
	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	September (Week 3)	0,1%	0,6%	
	Consumer Confidence Index	September	78,2	76,4	100,0
	Real sector confidence (seasonally adj.)	September	99,2	98,0	100,0
	Service sector confidence (seasonally adj.)	September	112,6	111,8	100,0
	Retail sector confidence (seasonally adj.)	September	110,6	107,9	100,0
	Construction sector confidence (seasonally adj.)	September	87,8	88,0	100,0
New	Car Sales (annually)	September	-9,4%	0,8%	
	House sales - total (annually)	August	9,9%	16,0%	
	House sales - mortgage (annually)	August	-17,1%	-20,9%	
New	CPI	September	49,4%	52,0%	
	CPI expectations (year-end)	September	43,1%	43,3%	
	Current Year Growth Expectations	September	3,2%	3,4%	
	Retail Sales Volume (annually)	July	5,4%	8,6%	
	Current Account Balance (billion USD)	July	0,6	0,4	
	Unemployment Rate (seasonally adj.)	July	8,8%	9,2%	
New	Dollarization	September (Week 3)	2,0 Billion (-)	1,2 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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