



ECONOMIC BULETTIN



Core PCE in the U.S. Exceeds Expectations

- Last week in the U.S., the Core Personal Consumption Expenditures (PCE) price index for February increased by 0.3 percent month-over-month and 2.8 percent year-over-year, surpassing market expectations. In addition to inflation data, economic activity also exceeded expectations. The U.S. economy grew by 2.4 percent in the last quarter of 2024. Despite economic activity coming in above expectations, the Atlanta Fed GDPNow and Michigan Consumer Sentiment indicators presented a negative outlook for the upcoming period. This week, the U.S. economic calendar includes President Trump's Independence Day Speech, Trade Balance, Services PMI, and Non-Farm Payrolls. In the Eurozone, key events include ECB President Lagarde's Speech, Producer Price Index, and Services PMI.
- In the Eurozone, preliminary consumer prices in March increased by 0.6 percent month-over-month and 2.2 percent year-over-year, maintaining a flat trend near the European Central Bank's targets. Meanwhile, preliminary core inflation increased by 1.0 percent month-over-month and 2.4 percent year-over-year, coming in below expectations. Analyzing the main components of inflation, services and food continued to be the key drivers pushing inflation higher. In Germany, the leading economy of the Eurozone, the Ifo Business Climate Index rose by 1.4 points in March, reaching its highest level in the past nine months.
- On the Asian front, Chinese Premier Li Qiang stated in his remarks on the macroeconomic outlook that China is prepared for external economic shocks and will continue to maintain the stability of its economy. Qiang also highlighted that efforts will be made to attract foreign investors by improving intellectual property rights protections and addressing data transfer issues.

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➤ Domestically, the Central Bank, TurkStat, and other institutions released various data:

- The seasonally adjusted Real Sector Confidence Index increased by 0.4 points, reaching 103.2 points in March.
- The seasonally adjusted Capacity Utilization Rate rose by 0.3 points month-over-month, reaching 75.2 percent in March.
- The Service Producer Price Index (PPI) increased by 2.48 percent month-over-month and 39.81 percent year-over-year in February.

Weekly Status

	21.03.2025	28.03.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	9.241	9.925	7,4%	5,6%	23,2%	32,6%	210,3%
Bist100	9.045	9.659	6,8%	-1,7%	31,6%	35,6%	196,6%
USDTRY	37,83	37,99	0,4%	7,4%	20,1%	57,5%	39,6%
DXY	104,15	104,01	-0,1%	-4,1%	7,1%	-2,1%	8,2%
US-10Y	4,28	4,26	-0,5%	-7,0%	18,0%	0,0%	156,3%
TR-10Y	33,38	33,58	0,6%	16,7%	7,6%	169,4%	-59,2%
TR-2Y	50,36	49,10	-2,5%	21,1%	2,2%	298,0%	-56,1%
CDS (5Y)	300,20	312,79	4,2%	20,5%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	3.024,00	3.085,00	2,0%	17,6%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.678,00	3.768,00	2,4%	26,3%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	40,54	41,72	2,9%	27,0%	45,3%	57,1%	44,9%

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Global



In the United States, the Services PMI in March increased by 3.3 points on a monthly basis, reaching 54.3 points. According to the Services Sector Leading Purchasing Managers Index (PMI) for March, released by the Institute for Supply Management (ISM), it increased by 3.3 points from the previous month, reaching 54.3 points, exceeding market expectations. During the same period, the Manufacturing PMI decreased by 2.9 points, dropping to 49.8 points, falling below market expectations.

In the United States, consumer confidence decreased by 7.2 points on a monthly basis, reaching 92.9 points in March. According to the Consumer Confidence Index for March, released by the Conference Board, consumer confidence decreased by 7.2 points compared to the previous month, reaching 92.9 points, which was below market expectations. Thus, consumer confidence declined for the fourth consecutive month. During the same period, the Present Situation Index, which reflects consumers' evaluations of current job and labor market conditions, decreased by 3.6 points, reaching 134.5 points. Additionally, the Expectations Index, reflecting consumers' short-term expectations regarding income, job, and labor market conditions, decreased by 9.6 points, dropping to 65.2 points.

In the United States, housing prices increased by 4.1 percent annually in January. According to the S&P Case-Shiller National Home Price Index for January, housing prices across the country increased by 4.1 percent compared to the previous year. During the same period, the index for housing prices in 20 U.S. cities increased by 4.7 percent annually, exceeding market expectations. Breaking it down, the city with the highest annual increase was New York at 7.7 percent, while the only city to experience a decrease was Tampa, with a 1.5 percent drop.

The U.S. economy grew by 2.4 percent in the fourth quarter of 2024. According to the Gross Domestic Product (GDP) data for the fourth quarter of 2024, released by the U.S. Department of Commerce, the U.S. economy grew by 2.4 percent, exceeding expectations. This brought the overall U.S. economic growth for 2024 to 2.8 percent. The growth, which surpassed expectations, was driven by increases in consumer spending, state, local, and federal government expenditures, as well as public spending.

In the United States, jobless claims in the third week of March were 224,000. According to the jobless claims data for the third week of March, released by the U.S. Department of Labor, the number of jobless insurance claims was 224,000, which was below market expectations. At the same time, the number of continuing jobless claims dropped to 1.856 million.

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In the U.S., personal income increased by 0.4 percent monthly, the personal consumption expenditures (PCE) price index rose by 0.3 percent, and the core PCE price index grew by 0.4 percent in February. According to personal income and consumption expenditure data for February, released by the U.S. Department of Commerce, personal income increased by 0.8 percent compared to the previous month, surpassing market expectations of 0.4 percent. During the same period, the Personal Consumption Expenditures (PCE) Price Index, which is closely monitored as a key inflation indicator, increased by 0.3 percent on a monthly basis and by 2.5 percent on an annual basis, in line with market expectations. Additionally, the core personal consumption expenditures price index, which excludes food and energy components and is considered a key inflation gauge by the U.S. Federal Reserve (Fed), increased by 0.4 percent on a monthly basis and by 2.8 percent on an annual basis.

In the U.S., the Consumer Sentiment Index released by the University of Michigan declined by 7.7 points monthly, falling to 57 points. According to the Consumer Confidence Index for March, published by the University of Michigan, consumer confidence decreased by 7.7 points compared to the previous month, reaching 57 points. When examining subcategories, the current economic conditions index, which measures assessments of current financial conditions, decreased by 1.9 points from the previous month, reaching 63.8 points. Meanwhile, the consumer expectations index, which reflects consumers' long-term outlook, declined by 11.4 points to 52.6 points.

In the Eurozone, composite leading PMI for March showed the highest level of economic activity in the last seven months. According to the composite leading PMI data for March, released by S&P Global, economic activity in the Eurozone reached the highest level in the last seven months. The composite PMI, which includes manufacturing and services sectors, showed a limited increase compared to the previous month, reaching 50.4 points, which was below expectations. This level indicates a moderate recovery in the economy, though sector-specific differences were observed. The manufacturing PMI rose to 48.7, above expectations, while the services PMI decreased to 50.4, signaling a slowdown in growth.

In Germany, the services PMI for March decreased by 0.9 points, reaching 50.2. According to the HCOB Services PMI data for March, the index decreased by 0.9 points from the previous month, reaching 50.2, which was below market expectations. This decline indicates that the growth momentum in the services sector has slowed. While the index remains above 50, indicating no contraction in the sector, the weakening demand conditions and stagnation in business activity suggest that the pace of growth has slowed.

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In Germany, the Ifo Business Climate Index for March increased by 1.4 points, reaching 86.7, the highest value in the last 9 months. According to the Ifo Business Survey for March, the Ifo Business Climate Index increased by 1.4 points, reaching 86.7, the highest level in the last nine months, in line with market expectations. During the same period, the Ifo Expectations Index and Current Situation Index increased to 87.7 and 85.7, respectively.

In Germany, seasonally adjusted unemployment increased by 26,000 in March, reaching 2.92 million people. According to unemployment data for March, released by the German Federal Employment Agency (BA), the seasonally adjusted number of unemployed people increased by 26,000 on a monthly basis, surpassing market expectations of 10,000, reaching 2.92 million. This increase marked the fastest rise in unemployment since October 2024. During the same period, the seasonally unadjusted number of unemployed people decreased by 22,000, falling to 2.96 million.

Chinese Premier Li Qiang stated that China is prepared for external economic shocks and will continue to maintain its economic stability. In remarks on the macroeconomic outlook, Chinese Premier Li Qiang stated that China is prepared for external economic shocks and will continue to maintain its economic stability. Li noted that despite challenges such as tariffs and restrictions imposed by the U.S., the government aims to attract more foreign investors to the finance, healthcare, and telecommunications sectors. He also mentioned that improvements would be made in protecting intellectual property rights and efforts to resolve data transfer issues would continue.

Domestic



The Financial Services Confidence Index decreased by 0.7 points on a monthly basis in March, reaching the level of 170.3. According to the Financial Services Confidence Index (FHCI) published by the Central Bank of the Republic of Turkey (CBRT) for March, FHCI decreased by 0.7 points on a monthly basis, reaching 170.3 points. When examining the subcomponents, the business situation in the last three months and the demand for services positively affected FHCI, while the expectation of demand for services in the next three months negatively impacted FHCI.

The seasonally adjusted Real Sector Confidence Index increased by 0.4 points in March, reaching 103.2 points. According to the results of the Economic Tendency Survey announced by the CBRT for March, the seasonally adjusted Real Sector Confidence Index increased by 0.4 points compared to the previous month, reaching 103.2 points. When examining the subcomponents, assessments regarding the general outlook, production volume in the next three months, current finished goods stock, total employment in the next three months, current total order quantity, and total order

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quantity in the last three months positively influenced the index, while evaluations regarding export order quantity in the next three months and fixed capital investment expenditures negatively affected the index.

The seasonally adjusted capacity utilization rate increased by 0.3 points on a monthly basis, reaching 75.2 points in March. According to the Manufacturing Industry Capacity Utilization Rate published by the CBRT for March, the seasonally adjusted capacity utilization rate increased by 0.3 points compared to the previous month, reaching 75.2 percent. In the same period, the unadjusted Capacity Utilization Rate decreased by 0.1 points, registering at 74.4 percent. When examining the annual change in capacity utilization rates by product groups, durable consumer goods and investment goods showed an increase, while intermediate goods and non-durable consumer goods recorded a decrease.

The 12-month ahead inflation expectation for market participants decreased by 0.7 points in March, registering at 24.6 percent. According to the Sectoral Inflation Expectations announced by the CBRT for March, the 12-month ahead annual inflation expectations for market participants decreased by 0.7 points to 24.6 percent, for the real sector decreased by 0.8 points to 41.1 percent, while for households, it increased by 0.1 points to 59.3 percent. In the same period, the proportion of households expecting inflation to decrease in the next 12 months increased by 3.0 points compared to the previous month, reaching 31.3 percent.

In the third week of March, non-residents sold stocks worth 443,8 million dollars and government domestic debt securities worth 439,5 million dollars. According to the Securities Statistics announced by the CBRT for the third week of March, the net stock sales of non-residents amounted to 443 million 800 thousand dollars, while the net sales of government domestic debt securities reached 439 million 500 thousand dollars. As a result, the stock position of non-residents stood at 28 billion 760 million dollars, while the position in government domestic debt securities was recorded at 18 billion 700 million dollars.

In February, broad money supply M3 and the narrowest money supply M1 increased by 41.8 percent and 29.4 percent annually, respectively. According to the Monetary Developments Report published by the Central Bank of the Republic of Türkiye (CBRT) for February, broad money supply M3 grew by 41.8 percent on an annual basis in February. Additionally, the narrowest money definition M1 increased by 29.4 percent annually in February. During the same period, the annual growth rate of loans provided by the monetary sector was recorded at 36.1 percent.

The Human Development Index increased by 1.1 percent in 2022 compared to 2018, reaching 0.854. The Turkish Statistical Institute (TurkStat) published the Provincial Human Development Index

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(PHDI) data for the period 2018-2022. The Human Development Index increased by 1.1 percent in 2022 compared to 2018, reaching 0.854. When examining the subcomponents, Istanbul, Ankara, and Izmir ranked as the top three provinces with the highest level of human development in Turkey. The report, which evaluates education, health, and economic indicators, noted that the level of development increased in some provinces while it remained unchanged in others.

In March, the Service, Retail Trade, and Construction Confidence Indices were recorded at 114.4, 113.4, and 88.9, respectively. According to the Service, Retail Trade, and Construction Confidence Indices published by TurkStat for March, the seasonally adjusted service sector confidence index increased by 0.2 percent on a monthly basis, reaching 114.4, while the retail trade sector confidence index decreased by 2.5 percent to 113.4. In the same period, the construction sector confidence index declined by 0.5 percent to 88.9.

In 2023, total greenhouse gas emissions increased by 6.9 percent annually, reaching 598 million 900 thousand tons CO2 equivalent. According to the Greenhouse Gas Emission Statistics published by TurkStat for 2023, total greenhouse gas emissions increased by 6.9 percent annually, reaching 598 million 900 thousand tons CO2 equivalent. Historically, per capita total greenhouse gas emissions were recorded at 4.1 tons CO2 equivalent in 1990, 6.6 tons CO2 equivalent in 2022, and 7.0 tons CO2 equivalent in 2023. In the same period, the energy sector accounted for 73.8 percent of total greenhouse gas emissions, the agricultural sector 12.0 percent, and the waste sector 2.3 percent.

In February, the number of unemployed persons aged 15 and over in Turkey decreased by 95 thousand, reaching 2 million 890 thousand. According to the Labor Force Statistics published by TurkStat for February, the number of unemployed persons aged 15 and over in Turkey decreased by 95 thousand compared to the previous month, reaching 2 million 890 thousand. Thus, the seasonally adjusted unemployment rate decreased by 0.2 points on a monthly basis to 8.2 percent. In the same period, the youth unemployment rate covering the 15-24 age group increased by 0.1 points compared to the previous month, reaching 15.0 percent, while the rate of time-related underemployment, potential labor force, and unemployed persons increased by 0.2 points to 28.4 percent.

In February, exports decreased by 1.6 percent annually, while imports increased by 2.4 percent according to the general trade system. According to the Foreign Trade Statistics announced by TurkStat for February, exports decreased by 1.6 percent annually, reaching 20 billion 760 million dollars, while imports increased by 2.4 percent to 28 billion 530 million dollars. As a result, the foreign trade deficit increased by 14.8 percent compared to the previous year, reaching 6 billion 770

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million dollars. In the same period, the foreign trade deficit excluding energy products and non-monetary gold was recorded at 1 billion 210 million dollars. Additionally, the foreign trade volume decreased by 2.7 percent to 39 billion 460 million dollars, while the export-to-import ratio excluding energy and gold was recorded at 94.1 percent.

The Economic Confidence Index increased by 1.6 percent monthly in March, reaching 100.8.

According to the Economic Confidence Index for March, published by the Turkish Statistical Institute (Turkstat), the index increased by 1.6 percent on a monthly basis, reaching 100.8 points. During the same period, the consumer confidence index increased by 4.6 percent, reaching 85.9 points; the real sector (manufacturing industry) confidence index increased by 0.4 percent, reaching 103.2 points; the services sector confidence index increased by 0.2 percent, reaching 114.4 points; and the retail trade sector confidence index increased by 2.5 percent, reaching 113.4 points. Meanwhile, the construction sector confidence index decreased by 0.5 percent, falling to 88.9 points.

The Services PPI increased by 2.48 percent monthly and 39.81 percent annually in February.

According to the Services Producer Price Index (S-PPI) for February, published by Turkstat, the index increased by 2.48 percent on a monthly basis and by 39.81 percent on an annual basis. When examining the changes in subcategories, professional, scientific, and technical services, information and communication services, as well as administrative and support services, played a role in the annual increase of the index. Meanwhile, information and communication services, along with professional, scientific, and technical services, were the main contributors to the monthly increase.

Treasury and Finance Minister Şimşek evaluated the 12-month ahead inflation expectations of market participants and the real sector.

Treasury and Finance Minister Mehmet Şimşek, in his evaluation of inflation expectations, stated that the 12-month ahead inflation expectation of market participants decreased to 24.6 percent, while the real sector's expectation decreased to 41.1 percent. Şimşek predicted that the impact of financial market volatility on expectations would be short-term and limited, highlighting that tightening financial conditions and the measures taken would contribute to the disinflation process. He also pointed out that the economic program would be implemented decisively until price stability is achieved.

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Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	January	1,2%	7,0%	
New	Manufacturing PMI	March	47,3	48,3	50
New	Capacity Utilization Rate (seasonally adj.)	March	75,2%	74,9%	
New	Import - (capital goods) (annually)	February	-21,0%	1,7%	
New	Import - (intermediate goods) (annually)	February	8,2%	9,2%	
New	Import - (consumption goods) (annually)	February	-0,8%	20,6%	
New	Credit Growth Weekly	March (Week 3)	1,4%	1,1%	
	Consumer Confidence Index	March	85,9	82,1	100,0
New	Real sector confidence (seasonally adj.)	March	103,2	102,8	100,0
New	Service sector confidence (seasonally adj.)	March	114,4	114,2	100,0
New	Retail sector confidence (seasonally adj.)	March	113,4	116,3	100
New	Construction sector confidence (seasonally adj.)	March	88,9	89,3	100
	Car Sales (annually)	February	-14,4%	-13,9%	
	House sales - total (annually)	February	20,1%	39,7%	
	House sales - mortgage (annually)	February	90,1%	182,8%	
	CPI	February	39,1%	42,1%	
	CPI expectations (year-end)	March	28,0%	28,3%	
	Current Year Growth Expectations	March	3,1%	3,0%	
	Retail Sales Volume (annually)	January	12,5%	13,5%	
	Current Account Balance (billion USD)	January	-3,8	-4,7	
New	Unemployment Rate (seasonally adj.)	February	8,2%	8,4%	
New	Dollarization	March (Week 3)	5,86 Billion (+)	0,67 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

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