

U.S. CPI Increased in Line with Expectations

- In the U.S., consumer prices in November rose by 0.3 percent on a monthly basis and 2.7 percent on a yearly basis, in line with market expectations. In the same period, core CPI, which excludes volatile energy and food prices, also increased by 0.3 percent monthly and 3.3 percent yearly, aligning with forecasts. During this period, producer prices rose by 0.4 percent on a monthly basis and 3.0 percent on a yearly basis. Following the released inflation data, the market continues to price in a rate cut for December. The market's interest rate projections for 2025, however, show a more cautious outlook. This week, key economic data to be followed include U.S. Retail Sales and the Interest Rate Decision, and in the Eurozone, the ZEW Economic Sentiment and CPI data.
- In the Eurozone, the European Central Bank (ECB) made its fourth rate cut of 2024 in line with market expectations. With this decision, the bank lowered its main refinancing rate from 3.40 percent to 3.15 percent, and the marginal lending facility rate from 3.65 percent to 3.40 percent. In the decision statement, it was emphasized that inflation is stabilizing around the 2 percent target level. After the rate decision, ECB President Lagarde stated, "There is easing in financing conditions, and we will follow the data, making decisions from meeting to meeting."
- In Asia, in China, consumer prices increased by 0.2 percent year-on-year in November, coming in below expectations. The decline in food prices was a key factor in the drop in consumer prices. In the same period, core inflation, excluding volatile food and fuel prices, came in at 0.3 percent. In Japan, producer prices rose by 3.7 percent year-on-year in November, marking the fastest increase in the last 16 months.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - The current account recorded a surplus of 1.88 billion dollars in October.
 - Retail trade sales volume increased by 0.2 percent month-on-month and 15.0 percent year-on-year in October.
 - Industrial production contracted by 0.9 percent month-on-month and 3.1 percent year-on-year in October.

Weekly Status

	6.12.2024	13.12.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.476	9.583	1,1%	25,6%	32,6%	210,3%	22,5%
Bist100	10.081	10.059	-0,2%	34,7%	35,6%	196,6%	25,8%
USDTRY	34,81	34,94	0,4%	18,6%	57,5%	39,6%	80,3%
DXY	105,97	106,95	0,9%	5,5%	-2,1%	8,2%	6,4%
US-10Y	4,16	4,41	6,0%	13,7%	0,0%	156,3%	65,1%
TR-10Y	29,74	30,36	2,1%	13,5%	169,4%	-59,2%	88,5%
TR-2Y	41,82	43,62	4,3%	9,9%	298,0%	-56,1%	51,7%
CDS (5Y)	247,91	244,48	-1,4%	-12,1%	-45,2%	-10,5%	84,8%
Gold (Ounce/USD)	2.632,00	2.648,00	0,6%	28,4%	13,1%	-0,3%	-3,7%
Gold (Gram/TRY)	2.944,00	2.976,00	1,1%	51,7%	78,9%	40,4%	72,1%
Silver (Gram/TRY)	34,66	34,22	-1,3%	51,3%	57,1%	44,9%	57,4%

Global



In the U.S., consumer prices increased by 0.3 percent on a monthly basis and 2.7 percent on an annual basis in November, in line with market expectations. According to the Consumer Price Index (CPI) data for November released by the U.S. Department of Labor, the general level of consumer prices increased by 0.3 percent on a monthly basis and 2.7 percent on an annual basis, meeting market expectations. In the same period, the core CPI, which excludes volatile energy and food prices, increased by 0.3 percent on a monthly basis and 3.3 percent on an annual basis.

Non-farm labor productivity in the U.S. increased by 2.2% compared to the previous quarter. According to the U.S. Department of Labor's statistics for the third quarter of 2024, non-farm labor productivity in the country increased by 2.2% compared to the previous quarter, in line with market expectations. Production increased by 3.5%, while hours worked increased by 1.2% compared to the previous quarter. One of the inflation indicators closely monitored by the Fed, unit labor costs, also increased by 0.8% compared to the previous quarter.

The federal government budget deficit reached 367 billion dollars in November. According to the Budget Balance Report for November released by the U.S. Department of the Treasury, the federal government's revenues increased by 10 percent on an annual basis, reaching 302 billion dollars, while its expenditures rose by 14 percent to 669 billion dollars. As a result, the federal government's budget deficit increased by 17 percent compared to the same month of the previous year, reaching 367 billion dollars.

U.S. Treasury Secretary Janet Yellen issued warnings about countries trying to manipulate their currencies to gain a competitive advantage. Yellen stated, "We do not approve of countries attempting to manipulate their currencies to gain a competitive advantage, and we are very cautious and respond strongly when we see countries manipulating their currencies to gain an advantage." She also emphasized that she does not see any threat to the dollar's status as the reserve currency.

In the U.S., the Producer Price Index (PPI) increased in November. According to the Producer Price Index (PPI) for November released by the U.S. Bureau of Labor Statistics, the PPI increased by 0.4 percent month-on-month and 3.0 percent year-on-year. In the same period, the core PPI, which excludes food and energy, increased by 0.2 percent on a monthly basis and 3.4 percent on a yearly basis.

The European Central Bank (ECB) made its fourth interest rate cut of 2024 in line with market expectations. With this decision, the bank's main refinancing rate was reduced from 3.40 percent to 3.15 percent, and the marginal lending facility rate was lowered from 3.65 percent to 3.40 percent. The statement emphasized that inflation remains stable around the 2 percent target level. In her remarks following the interest rate decision, ECB President Lagarde said, "There is some loosening in financing conditions; we will monitor the data and make decisions from meeting to meeting."

In the Eurozone, Sentix Investor Confidence fell to minus 17.5 in December. According to the Sentix Investor Confidence Index for December, investor confidence in the Eurozone declined to its lowest level since November 2023, reaching minus 17.5. The data was well below market expectations. During the same period, the Current Situation Index also dropped to minus 28.5, the lowest level since November 2022. The decline in investor confidence was influenced by economic weaknesses in Germany and political turmoil in France.

In the Euro Area, seasonally adjusted industrial production remained unchanged on a monthly basis in October, while it decreased by 1.2 percent on an annual basis. According to the industrial production data for October released by Eurostat, seasonally adjusted industrial production in the Euro Area remained stable on a monthly basis, but decreased by 1.2 percent compared to the previous year. The data met market expectations on a monthly basis but was below expectations on an annual basis. During this period, the highest monthly increases in the European Union countries were recorded in Ireland (5.7 percent), Denmark (5.4 percent), and Poland (3.5 percent).

Francois Villeroy de Galhau, a member of the European Central Bank (ECB) Executive Board, made statements regarding the macroeconomic outlook. Galhau mentioned that there is still a significant distance to cover before monetary policy moves away from being restrictive. He stated, "There will be more interest rate cuts next year. The ECB is not pre-committed to any specific interest rate path." Additionally, Galhau defined the three areas in which the ECB can act: size, communication, and speed.

In China, consumer prices increased by 0.2 percent year-on-year in November. According to the Consumer Price Index (CPI) data for November, released by the National Bureau of Statistics of China, consumer prices increased by 0.2 percent year-on-year, falling below expectations. The decline in consumer prices was largely driven by the drop in food prices. Meanwhile, the core inflation, excluding volatile food and fuel prices, stood at 0.3 percent during the same period.

Producer Price Index (PPI) in Japan increased by 3.7% on an annual basis in November. According to the Producer Price Index (PPI) data for November released by the Bank of Japan (BOJ), producer prices rose by 3.7% on an annual basis, marking the fastest increase in the last 16 months. The announced PPI data exceeded expectations and highlighted the continued pressure on companies to pass on costs to their customers.

The Bank of Japan (BOJ) released the results of the Tankan Corporate Survey for the third quarter. According to the Tankan Corporate Survey results for the third quarter released by the Bank of Japan (BOJ), the sentiment of large manufacturers improved, rising from 13 to 14, signaling an improvement. In contrast to large companies, weak global demand and the uncertainty caused by the potential risks of trade wars indicated that companies expect business conditions to worsen in the next three months.

Domestic



Vice President Cevdet Yılmaz made statements regarding the macroeconomic outlook. Yılmaz stated that they expect the inflation rate at the end of 2024 to be in line with the forecast range of the Central Bank of the Republic of Turkey (CBRT). He emphasized that the fight against inflation would continue with determination, saying, "With the continuation of this trend in the upcoming period, we aim to successfully complete the disinflation process, achieve single-digit inflation levels again, and thus enter a period of permanent price stability."

The Governor of the Central Bank of the Republic of Turkey (CBRT), Fatih Karahan, gave a presentation on the macroeconomic outlook at the Foreign Economic Relations Board (DEİK). Karahan stated that the tight monetary policy stance has had a positive impact on reserves. Regarding inflation, Karahan said, "The prices of basic goods continue to show a relatively positive trend. Strong indexing tendencies are pushing service inflation higher. Price increases in services, excluding rent, are gradually losing momentum."

The current account recorded a surplus of 1 billion 880 million dollars in October. According to the Balance of Payments Statistics for October released by the Central Bank of the Republic of Turkey (CBRT), the current account recorded a surplus of 1 billion 880 million dollars. During the same period, the current account excluding gold and energy recorded a surplus of 7 billion 163 million dollars. On the financial account side, net outflows from direct investments amounted to 204 million dollars, while net inflows from portfolio investments reached 587 million dollars. Additionally, a net increase of 4 billion 861 million dollars was observed in official reserves.

The CBRT released the Securities Statistics for the first week of December. According to the Securities Statistics for the first week of December released by the CBRT, non-resident individuals made net sales of 157 million 600 thousand dollars in stocks within their portfolios, and net sales of 102 million 300 thousand dollars in government domestic debt securities (GDDS, Direct Purchase). As a result, the total stock position of stocks in the portfolios of non-resident individuals stood at 35 billion 939 million dollars, while the stock position of government domestic debt securities (GDDS, Direct Purchase) amounted to 17 billion 747 million dollars.

TurkStat published the Gross Domestic Product (GDP) data by region for 2023. According to the Gross Domestic Product (GDP) data by region for 2023 published by TurkStat, Istanbul reached the highest GDP at 8 trillion 60 billion 358 million Turkish lira, accounting for 30.4 percent of the total GDP. Istanbul was followed by Ankara with 2 trillion 538 billion 686 million Turkish lira, accounting for 9.6 percent, and Izmir with 1 trillion 614 billion 161 million Turkish lira, accounting for 6.1 percent. In this way, the top five provinces accounted for 54.02 percent of the total GDP.

TurkStat published the Real Return Rates of Financial Investment Instruments for November. According to the data released by TurkStat, the highest real return in November, after adjusting for the consumer price index (CPI), was provided by the BIST100 Index, with a rate of 2.35 percent. The BIST100 Index was followed by deposit interest at 1.10 percent, Government Domestic Debt Securities (DİBS) at negative 0.78 percent, the dollar at negative 1.58 percent, gold at negative 2.16 percent, and the euro at negative 4.17 percent. When calculated using the same method for the past three and six months, the highest return was provided by gold.

Industrial production in October decreased by 0.9% on a monthly basis and 3.1% on an annual basis. According to the Industrial Production Index released by the Turkish Statistical Institute (TUIK) for October, industrial production decreased by 0.9% on a monthly basis and 3.1% on an annual basis. When examining the annual changes in the subcategories, the mining and quarrying sector decreased by 14.2%, the manufacturing sector decreased by 3.3%, while the electricity, gas, steam, and air conditioning production and distribution sector increased by 7.6%. When examining the monthly changes in the subcategories, the mining and quarrying sector decreased by 4.8%, the manufacturing sector decreased by 1.0%, while the electricity, gas, steam, and air conditioning production and distribution sector increased by 3.3%.

The terms of trade decreased by 0.1 points in October compared to the previous year. According to the Foreign Trade Indices published by TUIK for October, the export unit value index increased by 3.8% on an annual basis, and the import unit value index increased by 3.9%. During the same period, the export quantity index decreased by 0.7%, and the import quantity index decreased by 3.7%. As a result, the terms of trade, calculated by dividing the export unit value index by the import unit value index, decreased by 0.1 points compared to the previous year, reaching 86.0 points.

Seasonally adjusted unemployment rate increased by 0.1 points in October, reaching 8.8%. According to the Labor Force Statistics released by TUIK for October, the number of unemployed individuals aged 15 and above increased by 61,000 compared to the previous month, reaching 3.175 million. Thus, the seasonally adjusted unemployment rate rose by 0.1 points to 8.8%. During the same period, the unemployment rate for the youth group aged 15-24 decreased by 0.3 points compared to the previous month, falling to 16.6%. Additionally, the underutilized labor force rate, which includes time-related underemployment, potential labor force, and unemployed individuals, increased by 1.9 points compared to the previous month, reaching 27.6%.

The retail trade sales volume increased by 0.2 percent on a monthly basis and 15.0 percent on an annual basis in October. According to the Trade Sales Volume Index for October published by TurkStat, the trade sales volume decreased by 1.9 percent on a monthly basis, while it increased by 7.2 percent on an annual basis. In the same period, the retail trade sales volume increased by 0.2 percent on a monthly basis and 15.0 percent on an annual basis. When examining the subcategories of retail sales, it was observed that the annual increase rates were 37.3 percent for the computer, book, and communication devices group, 20.1 percent for the non-food (excluding automotive fuel) group, 19.9 percent for the postal or internet sales group, and 10.6 percent for the food, beverage, and tobacco group.

The turnover index for October increased by 1.3 percent on a monthly basis and 41.2 percent on an annual basis. According to the Turnover Index for October published by TurkStat, the turnover index for the industrial, construction, trade, and service sectors increased by 1.3

percent on a monthly basis and 41.2 percent on an annual basis. When examining the annual changes in the subcategories, it was observed that the turnover index in the industrial sector increased by 9.5 percent, the construction turnover index by 63.7 percent, the trade turnover index by 42.3 percent, and the service turnover index by 51.7 percent. When examining the monthly changes in the subcategories, it was observed that the turnover index in the industrial sector increased by 1.1 percent, the trade turnover index by 0.9 percent, and the service turnover index by 3.6 percent, while the construction turnover index decreased by 0.1 percent.

Construction costs increased by 1.48 percent on a monthly basis and 37.94 percent on an annual basis in October. According to the Construction Cost Index for October published by TurkStat, construction costs increased by 1.48 percent on a monthly basis and 37.94 percent on an annual basis. When examining the subcategories, it was observed that material costs increased by 1.73 percent on a monthly basis and 30.67 percent on an annual basis, while labor costs increased by 0.98 percent on a monthly basis and 55.62 percent on an annual basis. Additionally, during this period, the increase in the costs of non-residential buildings was higher than the increase in the costs of residential buildings.

TurkStat has published the Milk and Dairy Products Production Statistics for October. According to the data released by TurkStat, the amount of cow's milk collected by commercial milk enterprises increased by 12.4 percent compared to the same month of the previous year. In the same period, the amount of drinking milk increased by 6.4 percent, yogurt by 8.7 percent, ayran by 15.5 percent, cow's cheese by 7.2 percent, and butter by 30.9 percent.

TurkStat has published the Poultry Farming Production Statistics for October. According to the data released by TurkStat, egg production increased by 2.6 percent on an annual basis, reaching 1 billion 881 million eggs, while the number of chickens slaughtered increased by 9.5 percent, reaching 122 million. In the same period, poultry meat production increased by 11.6 percent, reaching 227 million tons, while turkey meat production increased by 0.2 percent, reaching 4 million tons.

The Automotive Industry Association (OSD) has released the production, export, and market data for November. According to the data released by OSD, automotive production decreased by 8 percent compared to the same period of the previous year, reaching 1 million 239 thousand 944 units. In the same period, automotive exports decreased by 1 percent in terms of units, reaching 915 thousand 446 units. Additionally, the total automotive market decreased by 1 percent on an annual basis, reaching 1 million 109 thousand 117 units.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	October	-3,1%	-2,4%	
	Manufacturing PMI	November	48,3	45,8	50,0
	Capacity Utilization Rate (seasonally adj.)	November	75,6%	75,2%	
	Import - (capital goods) (annually)	October	-9,2%	-10,9%	
	Import - (intermediate goods) (annually)	October	0,1%	-12,8%	
New	Import - (consumption goods) (annually)	October	7,9%	0,9%	
	Credit Growth Weekly	December (Week 2)	0,5%	1,2%	
	Consumer Confidence Index	November	79,8	80,6	100,0
	Real sector confidence (seasonally adj.)	November	103,4	102,2	100,0
	Service sector confidence (seasonally adj.)	November	111,0	114,2	100,0
	Retail sector confidence (seasonally adj.)	November	111,7	110,7	100,0
	Construction sector confidence (seasonally adj.)	November	87,8	86,3	100,0
	Car Sales (annually)	November	5,0%	-4,0%	
	House sales - total (annually)	October	76,1%	37,3%	
	House sales - mortgage (annually)	October	278,2%	87,4%	
	CPI	November	47,1%	48,6%	
	CPI expectations (year-end)	November	44,8%	44,1%	
	Current Year Growth Expectations	November	3,1%	3,1%	
	Retail Sales Volume (annually)	October	7,2%	15,9%	
	Current Account Balance (billion USD)	October	1,9	2,9	
New	Unemployment Rate (seasonally adj.)	October	8,8%	8,6%	
New	Dollarization	December (Week 2)	2,69 Billion (-)	0,54 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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