



# ECONOMIC BULLETIN



## *Industrial Production in the U.S. Falls Short of Expectations*

- In the U.S., retail sales in March increased by 1.4% on a monthly basis, surpassing market expectations. However, industrial production contracted by 0.3% in the same period, falling short of forecasts. Following President Trump's announcement of new tariff measures, Federal Reserve Chair Jerome Powell warned of a challenging scenario in which inflation and employment targets may conflict. Powell stated that although economic activity in the U.S. appears strong, rising tariffs and uncertain policies are putting upward pressure on inflation. In response to rising inflation expectations, he emphasized that monetary policy will continue in a data-driven and cautious manner. This week, key data releases in the U.S. include the Leading Index, Manufacturing Purchasing Managers' Index (PMI), Services PMI, New Home Sales, University of Michigan Consumer Sentiment Index, and the Beige Book.
- In the Eurozone, consumer prices in March increased by 0.6% on a monthly basis and 2.2% annually, in line with market expectations. Core inflation (core CPI) also came in as expected. Following the release of inflation data, the European Central Bank (ECB) cut interest rates by 25 basis points in line with market expectations, lowering the deposit, refinancing, and marginal lending rates to 2.25%, 2.40%, and 2.65%, respectively.
- In Asia, China's trade balance posted a higher-than-expected surplus in March. Exports rose by 12.4% year-on-year, while imports declined by 4.3% year-on-year. The stronger-than-expected export performance was attributed to a front-loading of demand before Trump's announced tariffs took effect. In Japan, the core consumer inflation, monitored by the Bank of Japan (BOJ), increased by 2.9%, continuing to exceed the BOJ's target.

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

- The Central Bank of the Republic of Turkey (CBRT) raised its policy rate by 350 basis points, bringing it to 46.0%.
- In March, housing prices recorded a real annual decline of 4.2%.
- Housing sales in March increased by 5.1% year-on-year, reaching a total of 110,795 units.

## Weekly Status

	11.04.2025	18.04.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	9.798	9.871	0,7%	5,0%	23,2%	32,6%	210,3%
Bist100	9.381	9.317	-0,7%	-5,2%	31,6%	35,6%	196,6%
USDTRY	38,06	38,02	-0,1%	7,5%	20,1%	57,5%	39,6%
DXY	100,10	99,38	-0,7%	-8,4%	7,1%	-2,1%	8,2%
US-10Y	4,47	4,33	-3,1%	-5,5%	18,0%	0,0%	156,3%
TR-10Y	34,07	33,82	-0,7%	17,5%	7,6%	169,4%	-59,2%
TR-2Y	48,08	46,35	-3,6%	14,3%	2,2%	298,0%	-56,1%
CDS (5Y)	351,62	323,19	-8,1%	24,5%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	3.239,00	3.314,00	2,3%	26,3%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.960,00	4.063,00	2,6%	36,2%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	39,48	39,93	1,1%	21,5%	45,3%	57,1%	44,9%

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## Global



**Fed Chair Powell stated that due to inflationary pressures and uncertainties, monetary policy would be maintained cautiously and rate cuts might be delayed.** In a speech at an event, Fed Chair Jerome Powell made remarks regarding the macroeconomic outlook. Powell warned against a challenging scenario where inflation and employment targets might conflict. Although the U.S. economy appears strong, he noted that rising tariffs and uncertain policies are putting upward pressure on inflation. Powell also indicated that short-term inflation expectations have increased and that the Fed will continue to implement monetary policy in a data-driven and cautious manner. Persistent risks to inflation could delay rate cuts.

**Minneapolis Fed President Kashkari stated that trade policies could influence interest rates and said they could hold rates steady if necessary.** Minneapolis Fed President Neel Kashkari made statements regarding the macroeconomic outlook. He noted that U.S. trade and fiscal policies could affect bond yields and stated that they could keep interest rates steady if needed. Kashkari also warned that persistent tariffs could raise inflation, emphasizing that the Fed's primary duty is to keep inflation under control.

**In March, export prices in the U.S. remained flat on a monthly basis but increased by 2.4 percent annually.** According to the Export and Import Price Indexes announced by the U.S. Department of Labor for March, export prices showed no change on a monthly basis but increased by 2.4 percent annually. During the same period, the import price index decreased by 0.1 percent monthly while increasing by 0.9 percent annually. Thus, import prices showed a negative monthly change for the first time since September.

**Retail sales in the U.S. increased by 1.4 percent monthly in March.** According to data released by the U.S. Department of Commerce for March, retail sales rose by 1.4 percent on a monthly basis, surpassing market expectations. The stronger-than-expected rise indicated that consumer demand remained robust. Upon examining subcategories, motor vehicles and parts sales played a significant role. During the same period, retail sales excluding automobiles increased by 0.5 percent.

**Mortgage applications in the U.S. decreased by 8.5 percent in the second week of April compared to the previous week, falling to a level of 267.5.** According to mortgage data released by the Mortgage Bankers Association (MBA) for the second week of April, mortgage applications declined by 8.5 percent from the previous week to 267.5. During the same period, the average mortgage interest rate rose by 19 basis points to 6.8 percent. Additionally, applications for home purchases fell by 5.0 percent and refinancing applications dropped by 12.0 percent.

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**Industrial production in the U.S. decreased by 0.3 percent monthly in March.** According to industrial production data for March, U.S. industrial production decreased by 0.3 percent monthly, falling short of expectations. During the same period, the nationwide capacity utilization rate slightly missed expectations, coming in at 77.8 percent.

**The U.S. manufacturing index dropped to minus 26.5 in April.** According to data released by the Philadelphia Fed for April, the manufacturing index fell from 12.5 points to minus 26.4, significantly below expectations. The negative figure indicates contraction in the manufacturing sector. During the same period, the new orders index fell from 8.7 points to minus 34.2 points. Business conditions rose from 5.6 points to 6.9 points.

**The European Central Bank (ECB) lowered its policy rate by 25 basis points to 2.25 percent.** In line with expectations, the ECB cut deposit, refinancing, and marginal lending rates to 2.25, 2.40, and 2.65 percent, respectively. The decision statement noted that the growth outlook has worsened due to increasing trade tensions.

**Consumer inflation in the Euro Area stood at 0.6 percent monthly and 2.2 percent annually in March.** According to inflation data published by Eurostat for March, consumer inflation in the Eurozone was 0.6 percent on a monthly basis, and declined from 2.3 percent to 2.2 percent annually. Looking at the annual change in subcategories, the highest increase was observed in the services sector with 1.56 percent. During the same period, core inflation rose by 2.4 percent annually, in line with market expectations.

**In February, industrial production in the Eurozone increased by 1.1 percent monthly and 1.2 percent annually.** According to data from Eurostat, industrial production in the Euro Area increased by 1.1 percent on a monthly basis and 1.2 percent annually in February. Among Eurozone countries, the largest annual increases were observed in Ireland (38.8 percent) and Lithuania (9.1 percent), while the steepest declines occurred in Hungary (8.0 percent) and Bulgaria (4.7 percent).

**Economic confidence in the Euro Area fell by 58.3 points in April compared to the previous month, declining to minus 18.5.** According to the ZEW Economic Sentiment Index published by the ZEW Centre for European Economic Research for April, economic confidence in the Eurozone dropped by 58.3 points to minus 18.5, falling below market expectations of 13.2. During the same period, investor confidence in Germany—Europe's largest economy—fell by 65.6 points to minus 14. The Current Situation Index in Germany rose by 6.4 points to minus 81.6.

**ECB member and Governor of the Bank of France Francois Villeroy de Galhau made statements regarding inflation risks.** Villeroy said that inflation risks in Europe have decreased and emphasized

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that the ECB can respond quickly to inflation. He also stated that the ECB will wait until the June meeting to decide on interest rates.

**In Germany, the Producer Price Index (PPI) declined by 0.7 percent monthly in March.** According to the German Federal Statistical Office (Destatis), producer inflation fell below market expectations, decreasing by 0.7 percent monthly and 0.2 percent annually.

**China's exports rose by 12.4 percent annually in March, reaching 313.9 billion dollars.** According to foreign trade data announced by China's General Administration of Customs for March, exports increased by 12.4 percent annually—well above expectations—reaching 313.9 billion dollars. During the same period, imports declined by 4.3 percent to 211.3 billion dollars. As a result, China's trade surplus rose to 102.6 billion dollars. The stronger-than-expected trade surplus was attributed to front-loaded demand ahead of the implementation of customs tariffs.

**Core consumer inflation in Japan rose by 2.9 percent annually.** According to data from the Bank of Japan for March, the core Consumer Price Index (excluding food) rose by 3.2 percent annually, in line with expectations. During the same period, the core CPI excluding food and energy—which is closely watched by the Bank—rose by 2.9 percent, remaining above the 2 percent target

## Domestic



**The CBRT increased its policy rate by 350 basis points, raising it to 46.0 percent.** The Central Bank of the Republic of Turkey (CBRT) increased the one-week repo auction rate from 42.5 percent to 46.0 percent. In addition, the CBRT raised the overnight borrowing and lending rates by 300 basis points, bringing them to 49.0 percent. Market expectations had indicated that the policy rate would remain unchanged at 42.5 percent. In its statement, the CBRT emphasized that inflation expectations and pricing behavior continue to pose risks to the disinflation process.

**The current account recorded a deficit of 4.405 billion dollars in February.** According to the Balance of Payments Statistics published by the CBRT for February, the current account posted a deficit of 4.405 billion dollars. In the same period, the current account excluding gold and energy recorded a surplus of 2.158 billion dollars. On the financial account side, net inflows from direct investments amounted to 550 million dollars, while net inflows from portfolio investments stood at 210 million dollars. Official reserve assets decreased by 2.899 billion dollars.

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**In March, housing prices declined in real terms by 4.2 percent year-on-year.** According to the Housing Price Index (HPI) published by the CBRT for March, housing prices across the country increased in nominal terms by 2.0 percent monthly and 32.3 percent annually. In the same period, the index showed a 4.2 percent annual decrease in real terms. Looking at regional breakdowns, housing prices rose year-on-year by 30.7 percent in Istanbul, 38.6 percent in Ankara, and 32.5 percent in Izmir.

**In February, the private sector's total external debt increased by 1.8 billion dollars.** According to the CBRT's report on Developments in Private Sector's External Debt for February, the private sector's total external debt rose by 1.8 billion dollars from the previous month, reaching 179.2 billion dollars. By maturity, long-term external debt increased by 3.4 billion dollars to 162.6 billion dollars, while short-term external debt decreased by 1.6 billion dollars to 16.6 billion dollars.

**In the last quarter of 2024, total financial assets and liabilities of domestic residents stood at 125 trillion TL and 134 trillion TL, respectively.** According to the Financial Accounts Report published by the CBRT for Q4 2024, the net financial position deficit of the Turkish economy was recorded at 20.6 percent of GDP, down 2 points from the previous quarter. Within household financial assets, deposits held the largest share at 58.0 percent, while nearly all household liabilities consisted of loans.

**Short-term external debt stock decreased by 1.3 percent monthly in February, falling to 173.2 billion dollars.** According to the CBRT's Short-Term External Debt Statistics for February, the short-term external debt stock declined by 1.3 percent monthly to 173.2 billion dollars. Within its breakdown, the short-term external debt stock of banks decreased by 3.9 percent to 77.4 billion dollars, while that of other sectors increased by 1.2 percent to 64.2 billion dollars.

**In February, service production decreased by 2.0 percent monthly but increased by 1.2 percent annually.** According to the Service Production Index published by TurkStat, annual increases were observed in accommodation and food services (1.4 percent), information and communication services (4.1 percent), real estate services (9.1 percent), professional, scientific, and technical services (1.9 percent), and administrative and support services (11.6 percent). However, transport and storage services declined by 3.5 percent.

**Construction output declined by 0.3 percent monthly in February but increased by 12.7 percent annually** According to TurkStat's Construction Production Index for February, building construction increased by 14.9 percent, non-building structures by 10.3 percent, and private construction activities by 7.1 percent on an annual basis.

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**Agricultural PPI (Tarım-ÜFE) increased by 6.91 percent monthly and 31.54 percent annually in March.** According to TurkStat, the increases were driven by perennial crops, livestock and animal products, and fishing-related sectors on an annual basis. On a monthly basis, the rise was led by non-perennial and perennial crops as well as livestock-related products.

**Housing sales increased by 5.1 percent annually in March, reaching 110,795 units.** According to TurkStat's Housing Sales Statistics for March, mortgaged housing sales increased by 41.5 percent year-on-year to 18,225 units. First-hand housing sales dropped by 3.2 percent to 33,307 units, while second-hand sales rose by 9.1 percent to 77,488 units. Sales to foreigners fell by 11.5 percent to 1,574 units.

**The number of paid employees in industry, construction, and trade-services sectors reached 15.3 million in February.** According to TurkStat, the number of paid employees increased by 1.1 percent year-on-year. Employee numbers rose by 2.0 percent in construction and 2.9 percent in trade-services, while they declined by 2.2 percent in the industrial sector.

**The amount of cow's milk collected in February decreased by 5.4 percent annually to about 857,821 tons.** According to TurkStat's Milk and Dairy Production Statistics, drinking milk production fell by 0.6 percent to approximately 132,720 tons. Yogurt production increased by 4.6 percent to 102,944 tons.

**Chicken meat production rose by 8.2 percent annually in February to around 218,260 tons.** According to TurkStat's Poultry Production Statistics, the number of chickens slaughtered increased by 5.8 percent to approximately 115.5 million. However, egg production declined by 10.8 percent to 1.547 billion units.

**Export and import unit value indices increased annually by 2.6 percent and 3.0 percent, respectively.** According to TurkStat's Foreign Trade Indices for February, the export and import quantity indices fell by 4.1 percent and 0.5 percent, respectively. The terms of trade index, calculated as the export unit value index divided by the import unit value index, declined by 0.3 points year-on-year to 86.9 points.

**In March, motorcycle registrations increased by 58.2 percent and car registrations by 50.7 percent monthly.** According to TurkStat's Motor Vehicles Statistics, motorcycles, vans, cars, trucks, and tractors all saw increases, while buses, minibuses, and special-purpose vehicles saw declines. As of March, cars made up 48.5 percent of all registered vehicles, followed by motorcycles at 36.1 percent.

**Total automotive production fell by 9 percent annually in March, reaching 344,120 units.** According to the Automotive Manufacturers Association (OSD), automobile production dropped by 7 percent

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to 220,927 units. Total automotive exports fell by 1 percent to 254,683 units, while automobile exports declined by 3 percent to 149,843 units.

**Minister Şimşek stated that the improvement in the current account deficit was due to the decline in the foreign trade deficit and energy prices.** Following the release of current account data, Treasury and Finance Minister Mehmet Şimşek commented on the macroeconomic outlook, noting that the drop in the current account deficit was driven by favorable trade and energy price developments. He added that global protectionist trends could offer opportunities for Turkey and that this year's current account deficit is expected to remain below the Medium-Term Program (MTP) target.

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## Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	February	-1,9%	1,2%	
	Manufacturing PMI	March	47,3	48,3	50
	Capacity Utilization Rate (seasonally adj.)	March	75,2%	74,9%	
	Import - (capital goods) (annually)	February	-21,0%	1,7%	
	Import - (intermediate goods) (annually)	February	8,2%	9,2%	
	Import - (consumption goods) (annually)	February	-0,8%	20,6%	
New	Credit Growth Weekly	April (Week 1)	1,6%	1,3%	
	Consumer Confidence Index	March	85,9	82,1	100,0
	Real sector confidence (seasonally adj.)	March	103,2	102,8	100,0
	Service sector confidence (seasonally adj.)	March	114,4	114,2	100,0
	Retail sector confidence (seasonally adj.)	March	113,4	116,3	100
	Construction sector confidence (seasonally adj.)	March	88,9	89,3	100
	Car Sales (annually)	March	6,4%	-14,4%	
New	House sales - total (annually)	March	5,1%	20,1%	
New	House sales - mortgage (annually)	March	41,5%	90,1%	
	CPI	March	38,1%	39,1%	
	CPI expectations (year-end)	April	29,9%	28,0%	
	Current Year Growth Expectations	April	3,0%	3,1%	
	Retail Sales Volume (annually)	February	12,2%	12,5%	
New	Current Account Balance (billion USD)	February	-4,4	-3,8	
	Unemployment Rate (seasonally adj.)	February	8,2%	8,4%	
New	Dollarization	April (Week 1)	3,31 Billion (+)	0,38 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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