

Fed Continued to Ease Monetary Policy

- In the United States, the Fed lowered interest rates by 25 basis points, bringing the policy rate to a range of 4.25-4.50 percent, in line with market expectations. The dot plot released indicated a decrease in the officials' expectations for interest rate cuts next year. In his statement after the decision, Fed Chairman Jerome Powell stated that the economy is in good shape, and inflation is approaching the target. The economic growth data for the third quarter also exceeded expectations, showing the resilience of the economy, which supported the cautious stance of the Fed officials in their interest rate projections. This week, the U.S. will closely follow the Conference Board (CB) Consumer Confidence and New Home Sales data.
- In the Eurozone, consumer prices increased by -0.3 percent on a monthly basis and 2.2 percent on an annual basis. Meanwhile, core consumer inflation was measured at -0.6 percent on a monthly basis and 2.7 percent on an annual basis. As a result, consumer inflation in the Eurozone exceeded the European Central Bank's (ECB) target of 2 percent in November. European Central Bank (ECB) President Christine Lagarde, in her statements on the macroeconomic outlook, said that while the consumer price index is approaching the target, caution must be exercised against continued rigidity in some sectors.
- In Asia, the People's Bank of China (PBOC) kept interest rates unchanged, maintaining the one-year Loan Prime Rate (LPR) at 3.1 percent and the five-year rate at 3.6 percent. Prior to the decision, the Politburo announced that China would begin implementing a loose monetary policy next year after 14 years and would adopt a more proactive fiscal policy to stimulate economic growth.
- Domestically, the Central Bank, TurkStat, and other institutions released various data:
 - Housing prices in November decreased by 12.0 percent on a real annual basis.
 - Housing sales in November increased by 63.6 percent compared to the same month of the previous year, reaching 153,014 units.
 - The Foreign Producer Price Index (YD-PPI) decreased by 0.9 percent on a monthly basis but increased by 25.2 percent on an annual basis.

Weekly Status

	13.12.2024	20.12.2024	Weekly Change	Change in 2024	Change in 2023	Change in 2022	Change in 2021
XK050	9.583	9.244	-3,5%	21,2%	32,6%	210,3%	22,5%
Bist100	10.059	9.724	-3,3%	30,2%	35,6%	196,6%	25,8%
USDTRY	34,94	35,19	0,7%	19,4%	57,5%	39,6%	80,3%
DXY	106,95	107,82	0,8%	6,4%	-2,1%	8,2%	6,4%
US-10Y	4,41	4,53	2,7%	16,8%	0,0%	156,3%	65,1%
TR-10Y	30,36	29,96	-1,3%	12,0%	169,4%	-59,2%	88,5%
TR-2Y	43,62	43,45	-0,4%	9,5%	298,0%	-56,1%	51,7%
CDS (5Y)	244,48	254,68	4,2%	-8,4%	-45,2%	-10,5%	84,8%
Gold (Ounce/USD)	2.648,00	2.623,00	-0,9%	27,2%	13,1%	-0,3%	-3,7%
Gold (Gram/TRY)	2.976,00	2.968,00	-0,3%	51,3%	78,9%	40,4%	72,1%
Silver (Gram/TRY)	34,22	33,41	-2,4%	47,8%	57,1%	44,9%	57,4%

Global



Industrial production in the US decreased by 0.9% on an annual basis, while the capacity utilization rate fell by 0.2 percentage points to 76.8%. According to the industrial production and capacity utilization data for November released by the Federal Reserve (Fed), industrial production declined by 0.1% on a monthly basis and 0.9% on an annual basis. During the same period, the capacity utilization rate decreased by 0.2 percentage points, reaching 76.8%. As a result, both industrial production and the capacity utilization rate were below market expectations.

In the United States, GDP grew by 3.1% on an annual basis. According to the GDP data for the third quarter, economic activity increased by 3.1% compared to the previous year. Expectations had been for the GDP growth figure to remain unchanged at 2.8%. When examining the components, the increase in consumer spending was revised from 3.5% to 3.7%. The growth data demonstrated that the economy continues to strengthen, countering the slowdown expectations, and supported the Federal Reserve's statements.

Retail sales in the US increased by 0.7% on a monthly basis. According to the retail sales data for November released by the Department of Commerce, retail sales nationwide increased by 0.7% on a monthly basis. During the same period, sales excluding automobiles increased by 0.2%. E-commerce sales rose by 1.8%. The data exceeded expectations, influenced by discount shopping season promotions and income growth outpacing price increases.

The New York Fed Manufacturing Index fell by 31 points in December compared to the previous month, dropping to 0.2. According to the manufacturing index report for December released by the New York Fed, the index decreased by 31 points from the previous month, reaching 0.2. While the data remained above zero, indicating growth in the production sector, it was significantly below market expectations. During the same period, the new orders index fell by 21.9 points to 6.1, and the shipments index declined by 23.1 points to 9.4. Optimism for the next six months decreased by 8.6 points, settling at 24.6.

The Federal Reserve (Fed) reduced interest rates by 25 basis points in line with market expectations, bringing the policy rate to a range of 4.25-4.50 percent. In the dot plots shared by Fed officials regarding expectations for the coming period, two more interest rate cuts are projected for 2025. In the September dot plot, this projection was for 4 rate cuts. In a statement after the decision, Fed Chairman Jerome Powell stated that the economy is in good shape and inflation is moving towards the target. Powell also emphasized that they will be more cautious when evaluating future rate cuts.

In the United States, the Personal Consumption Expenditures (PCE) Price Index for November showed an increase of 0.1 percent on a monthly basis and 2.4 percent on an annual basis, remaining below market expectations. In the United States, the Personal Consumption Expenditures (PCE) Price Index for November showed an increase of 0.1 percent on a monthly basis and 2.4 percent on an annual basis, remaining below market expectations. During the same period, the core PCE, closely monitored by the Fed when setting monetary policy, increased by 0.1 percent on a monthly basis and 2.8 percent on an annual basis, also below market expectations.

European Central Bank (ECB) President Christine Lagarde made statements regarding the macroeconomic outlook. European Central Bank (ECB) President Christine Lagarde made statements regarding the macroeconomic outlook. Lagarde stated that the consumer price index is approaching the target, but caution is needed due to ongoing risks in certain sectors. She also mentioned that most officials are adopting a gradual approach to ease policy. Additionally, Lagarde reiterated concerns that Trump's return could lead to tensions.

In the Euro Area, consumer inflation was recorded at minus 0.3 percent month-on-month and 2.2 percent year-on-year. According to the final inflation figures for November released by the European Statistical Office (Eurostat), consumer inflation in the Euro Area was recorded at minus 0.3 percent month-on-month and 2.2 percent year-on-year. In the same period, core inflation was minus 0.6 percent month-on-month and 2.7 percent year-on-year. Thus, inflation in the Euro Area exceeded the European Central Bank's (ECB) target of 2 percent.

European Central Bank (ECB) President Christine Lagarde made statements regarding the macroeconomic outlook. Lagarde said that the risks to inflation outlook are "two-sided" and that interest rate cuts will continue. She stated, "What we are seeing now is a change in the risk position. Until now, our inflation projection was associated with upward risks, but now we believe the risks are two-sided." She also mentioned that the direction of interest rates is clear and further cuts are on the way.

The People's Bank of China (PBOC) kept interest rates unchanged, maintaining the one-year Loan Prime Rate (LPR) at 3.1% and the five-year rate at 3.6%. Prior to the decision, the Politburo had announced that China would apply loose monetary policies for the first time in 14 years and pursue a more proactive fiscal policy next year to stimulate economic growth.

Domestic



In Turkey, housing prices decreased by 12.0% annually in real terms in November. According to the Housing Price Index (HPI) data for November released by the Central Bank of the Republic of Turkey (CBRT), housing prices nationwide increased by 2.8% on a monthly basis and 29.4%

on an annual basis in nominal terms. When the price changes were analyzed in real terms, a 12.0% annual decrease was recorded. During the same period, housing prices in Istanbul, Ankara, and Izmir increased by 2.9%, 3.4%, and 1.9% on a monthly basis, respectively.

The total foreign credit debt of the private sector reached \$177.7 billion in October. According to the foreign credit debt statistics for the private sector released by the CBRT, the total foreign credit debt of the private sector increased by \$15.0 billion compared to the end of 2023, reaching \$177.7 billion. When broken down by maturity, long-term debt increased by \$9.3 billion, reaching \$162.8 billion, while short-term debt increased by \$5.7 billion, reaching \$14.8 billion.

According to the decision published in the Official Gazette, the Central Bank of the Republic of Turkey (CBRT) extended the zero required reserve ratio application on foreign currency liabilities until December 2025. Additionally, the 6-month maturity limit, which was a criterion for this ratio, was increased to 1 year. Under the previous decision, the zero required reserve ratio on foreign currency liabilities was set to be valid until December 20, 2024. The regulation will come into effect on December 21, 2024.

The short-term external debt stock reached 180 billion 100 million dollars in October. According to the Short-Term External Debt Statistics Developments Report released by the CBRT for October, the short-term external debt stock increased by 2.3 percent compared to the end of 2023, reaching 180 billion 100 million dollars. During the same period, the short-term external debt stock from banks increased by 20.1 percent, reaching 82 billion 200 million dollars, while the short-term external debt stock of other sectors decreased by 1.5 percent, totaling 60 billion 400 million dollars.

Net UYP increased from a negative \$317 billion at the end of 2023 to a negative \$288.9 billion. According to the International Investment Position (IIP) data for October published by the Central Bank of the Republic of Turkey (CBRT), Turkey's foreign assets increased by 10.4% compared to the end of 2023, reaching \$367.2 billion, while liabilities increased by 1.0% to \$656 billion. As a result, the difference between Turkey's foreign assets and foreign liabilities, defined as net IIP, improved from a negative \$317 billion at the end of 2023 to a negative \$288.9 billion.

According to the CBRT's Securities Statistics for the second week of December, foreign residents net purchased \$318.7 million in stocks, while net sales of government domestic debt securities (DIBS) amounted to \$243 million. In this context, the stock position of foreign residents in stocks reached \$34.517 billion, while the stock position in DIBS was \$17.182 billion.

The Central Bank of the Republic of Turkey (CBRT) has implemented new macroprudential measures to support the reduction in the balance of the Currency Protected Deposit (KKM). Within the framework of the new macroprudential decisions, the total target for the transition of KKM to Turkish Lira (TL) and its renewal has been lowered from 70 percent to 60 percent, the minimum interest rate set for KKM accounts has been reduced from 70 percent of the policy rate to 50 percent, and the application of interest or compensation payments for the required reserve ratios for KKM has been abolished for newly opened and renewed KKM accounts.

Consumer confidence increased by 1.9 percent compared to the previous month, reaching a level of 81.3 in December. According to the Consumer Confidence Index announced by

TurkStat for the month of December, consumer confidence increased by 1.9 percent compared to the previous month, reaching a level of 81.3. When examining the sub-components, the household's financial expectations for the next 12 months, expectations for the general economic situation for the next 12 months, and the intention to spend on durable goods in the next 12 months all increased compared to the previous month, while the household's current financial situation showed a decline.

The Foreign Producer Price Index (YD-PPI) decreased by 0.9 percent on a monthly basis, while it increased by 25.2 percent on an annual basis. According to the Foreign Producer Price Index (YD-PPI) for November announced by TurkStat, the YD-PPI decreased by 0.9 percent on a monthly basis, while it increased by 25.2 percent on an annual basis. When examining the changes in the sub-components on a monthly basis, the YD-PPI decreased by 3.0 percent in the mining and quarrying sector, while it decreased by 0.8 percent in the manufacturing sector. When examining the changes in the sub-components on an annual basis, the YD-PPI increased by 24.2 percent in the mining and quarrying sector and by 25.2 percent in the manufacturing sector.

The Turkish Statistical Institute (TÜİK) published the Social Protection Statistics for 2023. According to TÜİK, social protection expenditure increased by 108.6% compared to the previous year, reaching 2 trillion 693 billion 497 million TL. Social protection benefits accounted for 98.2% of this expenditure. The largest expenditure in social protection benefits was 1 trillion 175 billion 190 million TL for pensions/elderly care. This was followed by 809 billion 343 million TL spent on health care.

Housing sales in November increased by 63.6 percent compared to the same month of the previous year, reaching 153,014 units. According to the Housing Sales Statistics for November released by TurkStat, housing sales across the country increased by 63.6 percent compared to the same month of the previous year, reaching 153,014 units. When broken down further, mortgaged housing sales increased by 315.7 percent compared to the same month of the previous year, reaching 21,804 units, while other housing sales increased by 48.6 percent, reaching 131,210 units.

The Turkish Statistical Institute (TUIK) published the GDP per capita index according to Purchasing Power Parity (PPP) for 2023. According to the PPP data for 2023 released by TUIK, the GDP per capita index for 2023 was 100 for the average of the 27 European Union (EU) countries, while Turkey's index was 72, which is 28% lower than the EU average. At the same time, the actual individual consumption per capita was 100 for the EU average, and 84 for Turkey, which is 16% below the EU average.

Service production in Turkey increased by 0.2% on a monthly basis in October, but decreased by 2.0% on an annual basis. According to the Service Production Index for October published by TUIK, service production increased by 0.2% on a monthly basis, but decreased by 2.0% on an annual basis. When analyzing the annual changes in the subcomponents, transportation and storage services decreased by 4.6%, information and communication services by 3.2%, and professional, scientific, and technical services by 9.5%, while accommodation and food services increased by 4.0%, real estate services by 5.2%, and administrative and support services by 2.8%.

Agricultural Producer Price Index (Agricultural PPI) increased by 8.9% on a monthly basis and 46.9% on an annual basis in November. According to the Agricultural Producer Price Index

(Agricultural PPI) data for November published by TUIK, the index increased by 8.9% on a monthly basis and 46.9% on an annual basis. When examining the monthly changes in subcomponents, agricultural and hunting products and related services increased by 9.35%, forestry products and related services by 1.59%, and fish and other fishing products, aquatic products, and fishery support services by 1.70%.

The number of salaried employees increased by 2.5% year-on-year in October, reaching 15,837,471 people. According to the Wage Earners Statistics for October released by TUIK, the number of salaried employees in the industrial, construction, and trade-service sectors increased by 2.5% compared to the same month of the previous year, reaching 15,837,471 people. Analyzing the subcomponents, the number of salaried employees decreased by 1.1% in the industrial sector, but increased by 6.3% in the construction sector and by 3.9% in the trade-service sector.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	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%	
	Import - (consumption goods) (annually)	October	7,9%	0,9%	
New	Credit Growth Weekly	December (Week 3)	1,0%	0,5%	
New	Consumer Confidence Index	December	81,3	79,8	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%	
New	House sales - total (annually)	November	63,6%	76,1%	
New	House sales - mortgage (annually)	November	315,7%	278,2%	
	CPI	November	47,1%	48,6%	
New	CPI expectations (year-end)	November	45,3%	44,8%	
New	Current Year Growth Expectations	November	3,0%	3,1%	
	Retail Sales Volume (annually)	October	15,0%	15,9%	
	Current Account Balance (billion USD)	October	1,9	2,9	
	Unemployment Rate (seasonally adj.)	October	8,8%	8,6%	
New	Dollarization	December (Week 3)	1,37 Billion (+)	2,69 Billion (-)	

	Indicates decrease
	Indicates stability
	Indicates increase

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