

## MAIN ECONOMIC DEVELOPMENTS

Research and Monetary Policy Department

MAY 2024

ANKARA



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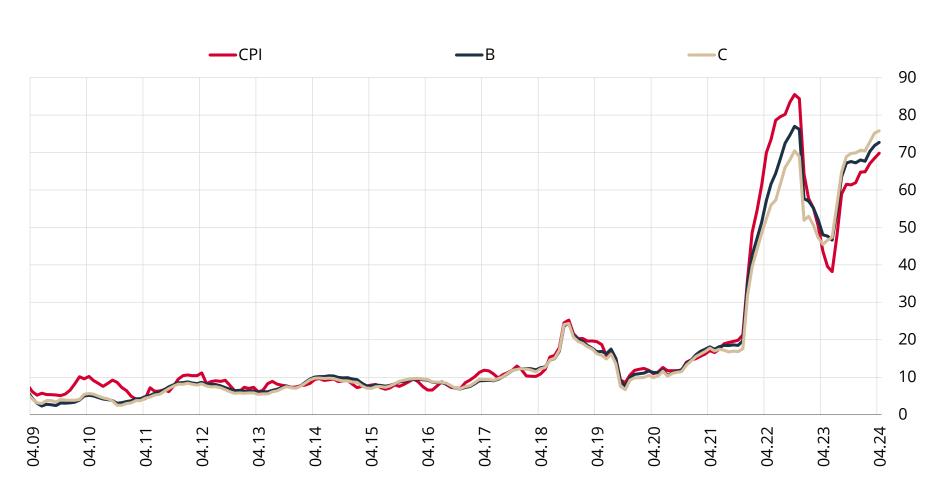
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# **INFLATION DEVELOPMENTS**



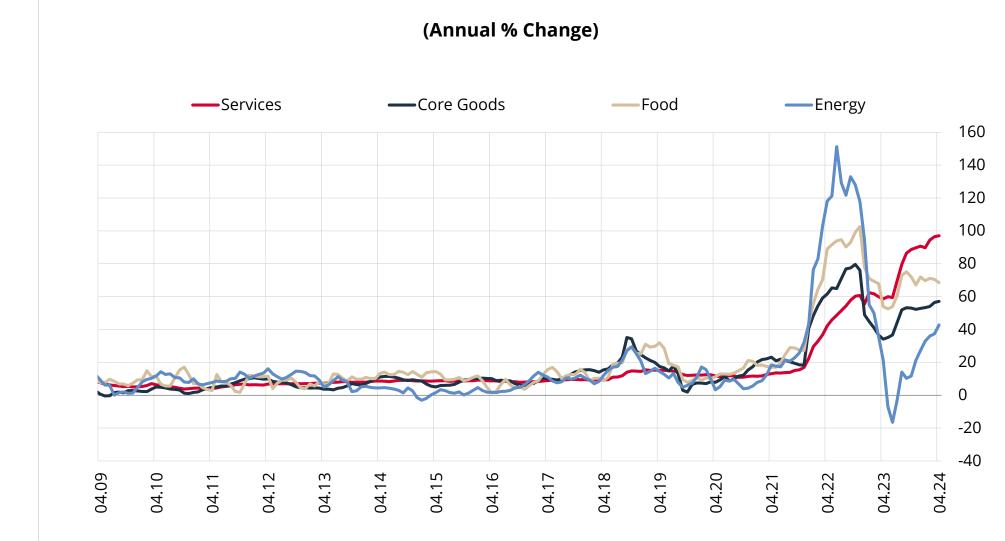
### CPI and Special CPI Indicators



(Annual % Change)

Source: TURKSTAT





## CPI and Subgroups

Source: TURKSTAT

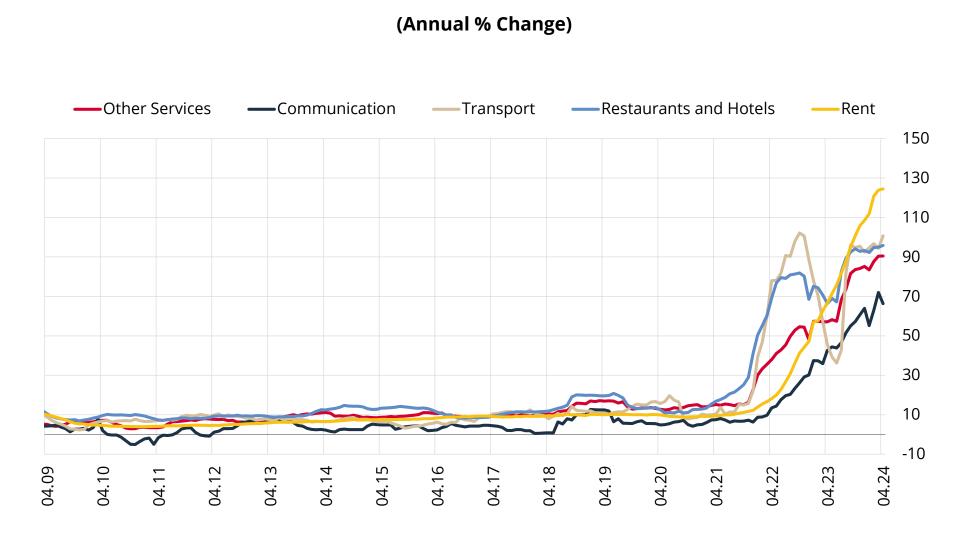
Last Observation: April 2024



Food: Food and alcoholic beverages.

Core goods: Goods excluding food, energy, alcoholic beverages, tobacco and gold.

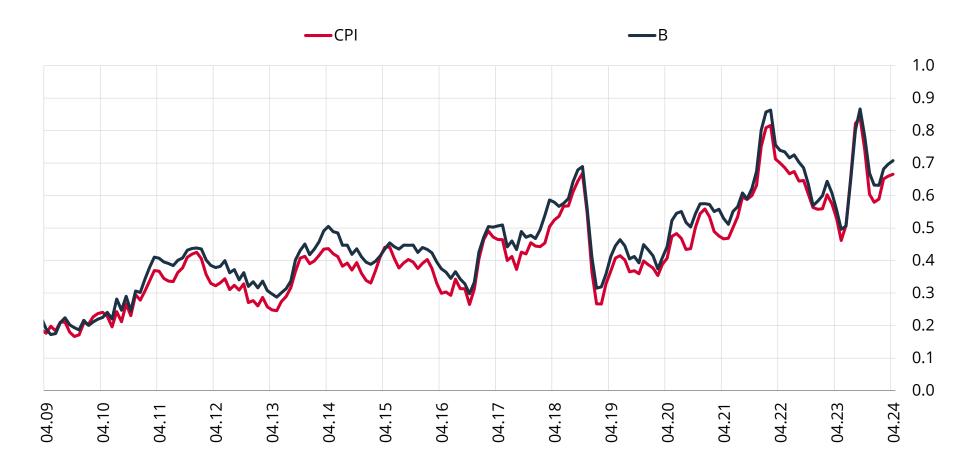
### Services Inflation



Source: TURKSTAT



#### Inflation Trend



Diffusion Index (Seasonally Adjusted, 3-Month Average)

Source: CBRT, TURKSTAT

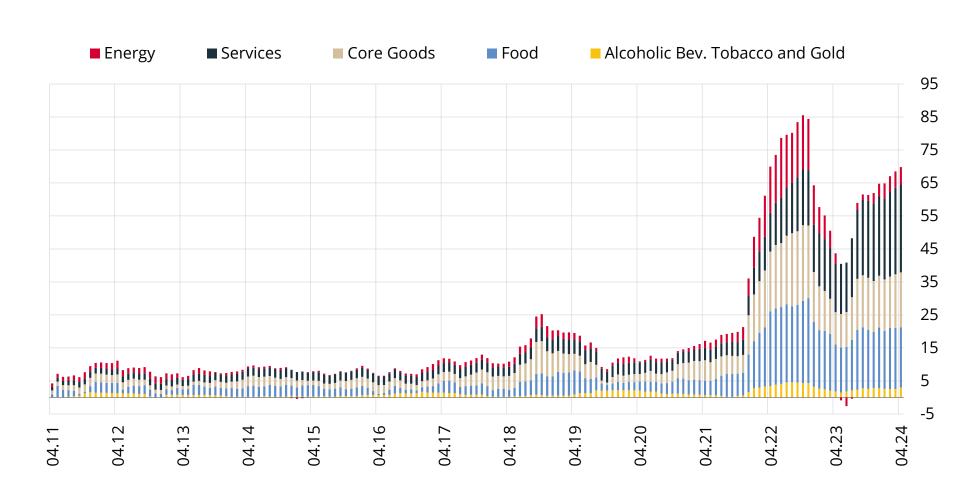
Last Observation: April 2024



Diffusion index is calculated as the ratio of the number of items with increasing prices minus the number of items with decreasing prices to total number of items within a given month.

### Contribution to Annual Inflation

TÜRKİYE CUMHURİYET MERKEZ BANKASI

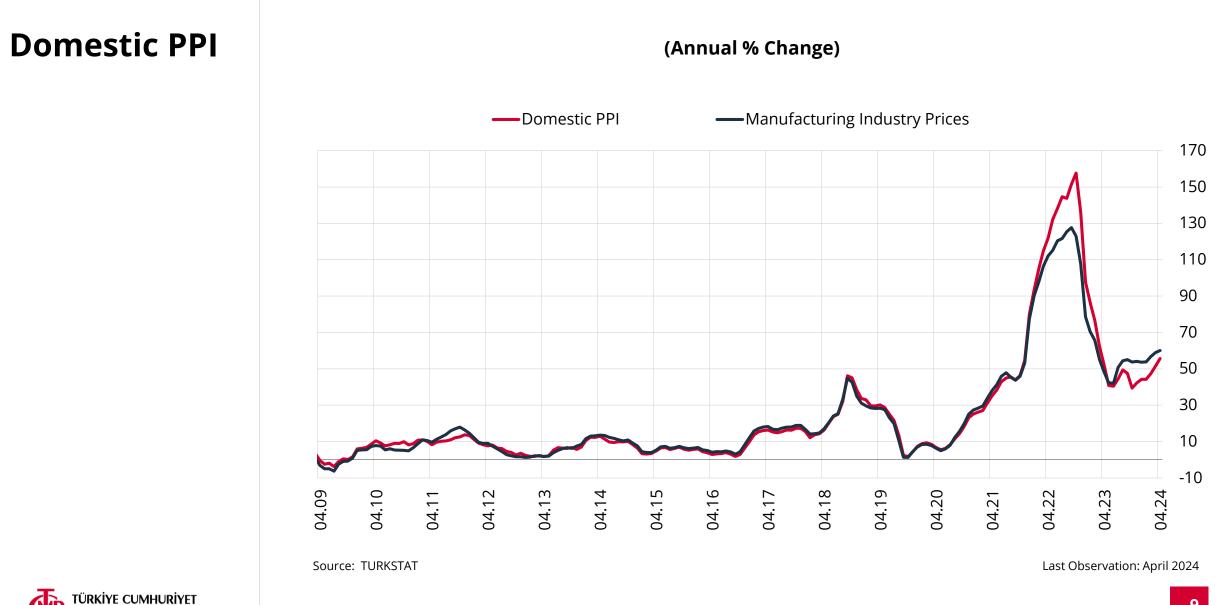


(% Points)

Source: CBRT, TURKSTAT

Food: Food and alcoholic beverages.

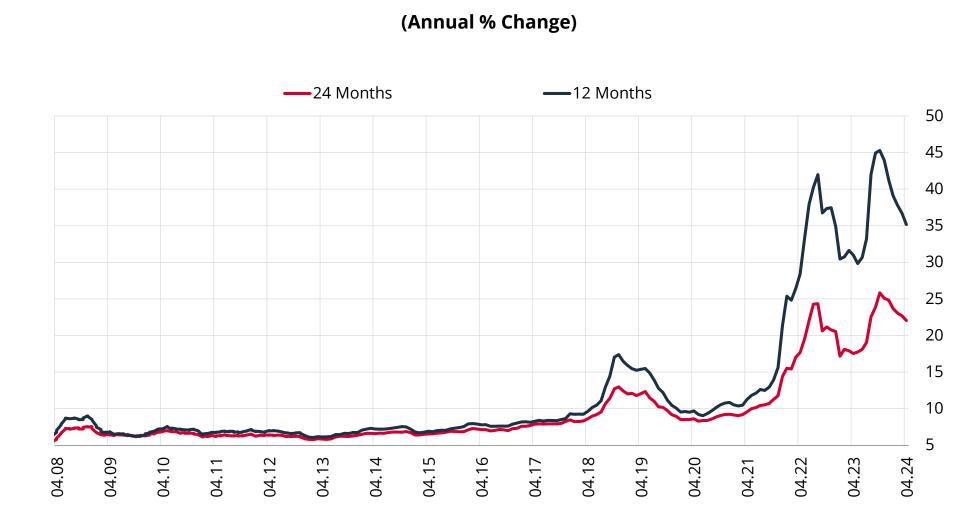
Core goods: Goods excluding food, energy, alcoholic beverages, tobacco and gold.



TÜRKİYE CUMHURİYET MERKEZ BANKASI (MB

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### Inflation Expectations



Source: CBRT



## **INTERNATIONAL DEVELOPMENTS**



### **Global Inflation**

#### (Annual % Change)

— Developing Countries 10 8 6 2 0 -2 03.08 03.09 03.10 03.14 03.15 03.16 03.18 03.19 03.20 03.24 03.07 03.12 03.13 03.17 03.22 03.23 03.11 03.21

Source: Bloomberg, CBRT

Last Observation: March 2024



Advanced Countries: USA, Euro Area, Japan, UK, Canada, S.Korea, Switzerland, Sweden, Norway, Israel.

Developing Countries: China, Brazil, India, Mexico, Russia, Poland, Indonesia, S.Africa, Argentina, Thailand, Czechia, Colombia, Hungary, Romania, Philippines, Chile, Peru.

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#### **Core Inflation** (Annual % Change) — Developing Countries 10 8 6 4 2 0 03.08 03.09 03.10 03.15 03.16 03.20 03.23 03.24 03.07 03.12 03.13 03.14 03.18 03.19 03.22 03.11 03.17 03.21

Source: Bloomberg, Datastream, CBRT

TÜRKİYE CUMHURİYET MERKEZ BANKASI

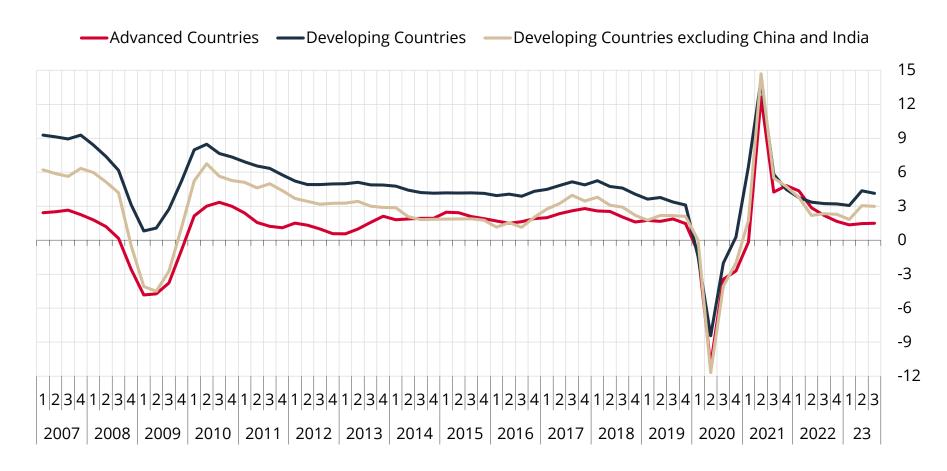
#### Last Observation: March 2024

Advanced Countries: USA, Euro Area, Japan, UK, Canada, S.Korea, Switzerland, Sweden, Norway, Israel.

Developing Countries: China, Brazil, India, Mexico, Russia, Poland, Indonesia, S.Africa, Argentina, Thailand, Czechia, Colombia, Hungary, Romania, Philippines, Chile, Peru.

#### **Global Growth**

#### (Annual % Change)



Source: Bloomberg, CBRT

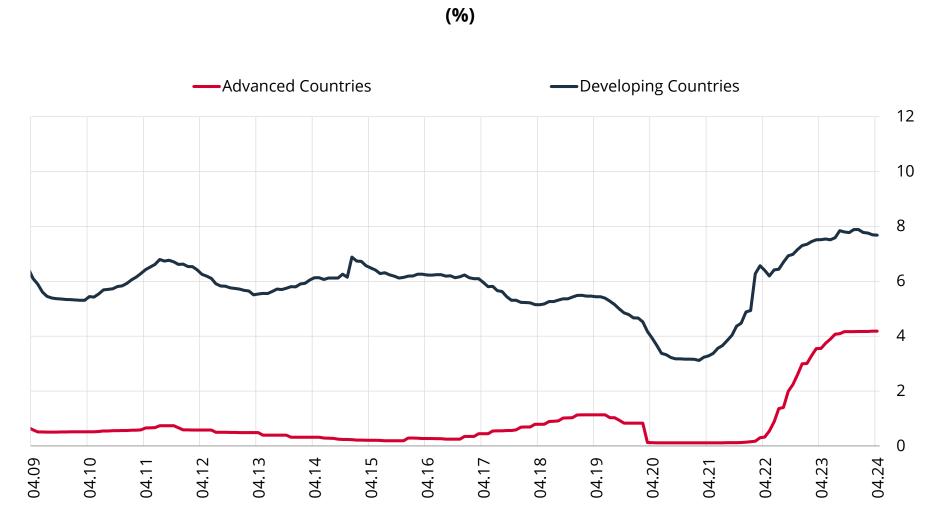
Last Observation: 2023Q3



Advanced Countries: USA, Euro Area, Japan, UK, Canada, S.Korea, Switzerland, Sweden, Norway, Denmark, Israel.

Developing Countries: China, Brazil, India, Mexico, Russia, Türkiye, Poland, Indonesia, S.Africa, Argentina, Thailand, Malaysia, Czechia, Colombia, Hungary, Romania, Philippines, Ukraine, Chile, Peru, Morocco.

#### Global Policy Rates



Source: Bloomberg, CBRT

Last Observation: April 2024

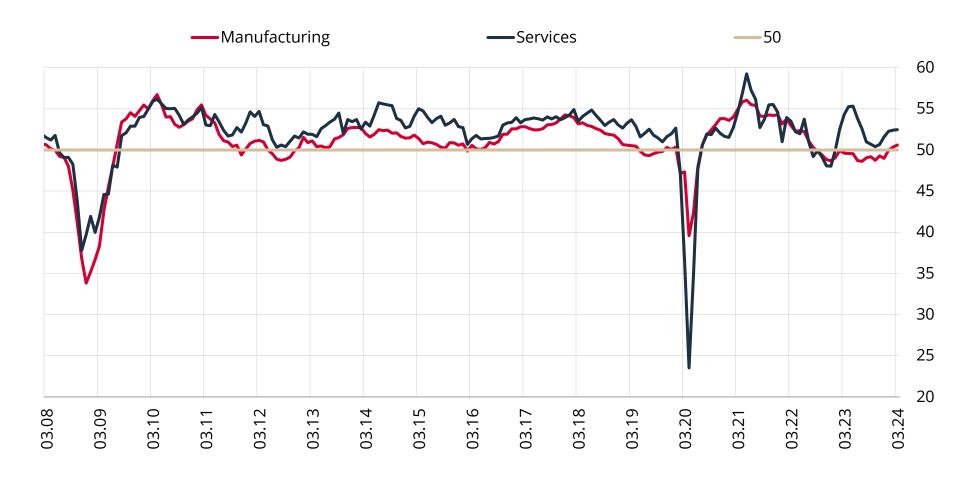


Advanced Countries: USA, Euro Area, Japan, UK, Canada, S.Korea, Switzerland, Sweden, Norway, Israel.

Developing Countries: China, Brazil, India, Mexico, Russia, Poland, Indonesia, S.Africa, Thailand, Czechia, Colombia, Hungary, Romania, Philippines, Chile, Peru.

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### Markit Global PMI Indices



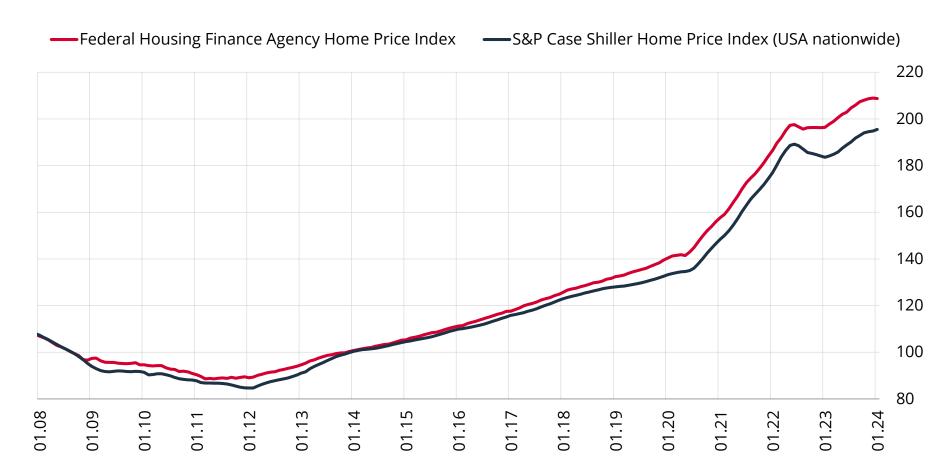
Source: IHS Markit

Last Observation: March 2024



#### US House Prices (January 2005 = 100)

#### (Seasonally Adjusted)

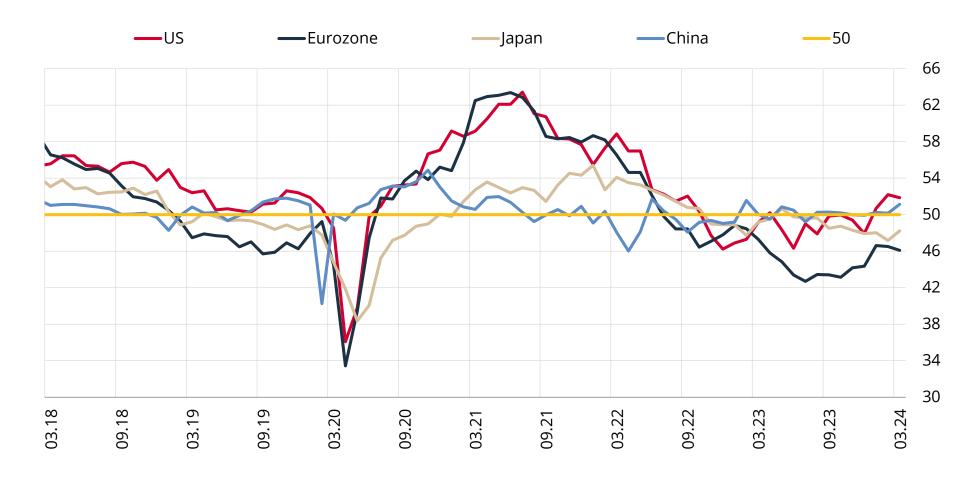


Source: Bloomberg

Last Observation: January 2024



### PMI (Manufacturing)

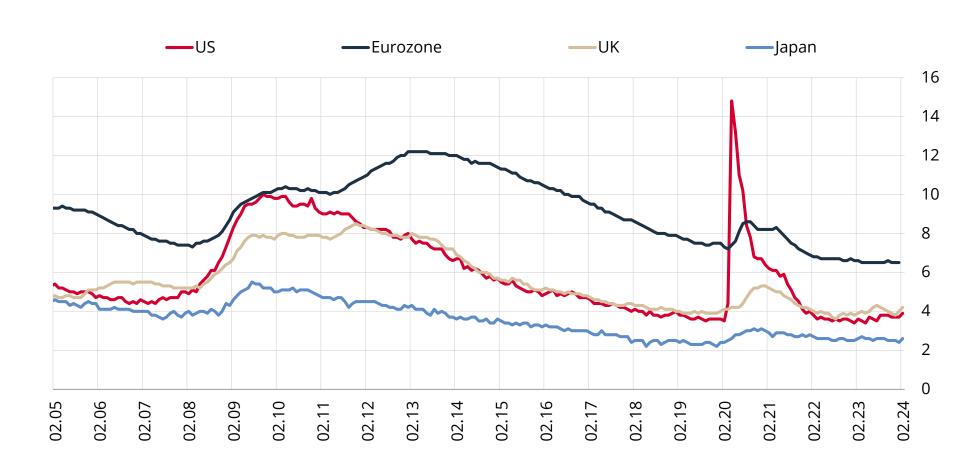


Source: IHS Markit

Last Observation: March 2024



#### Unemployment Rates



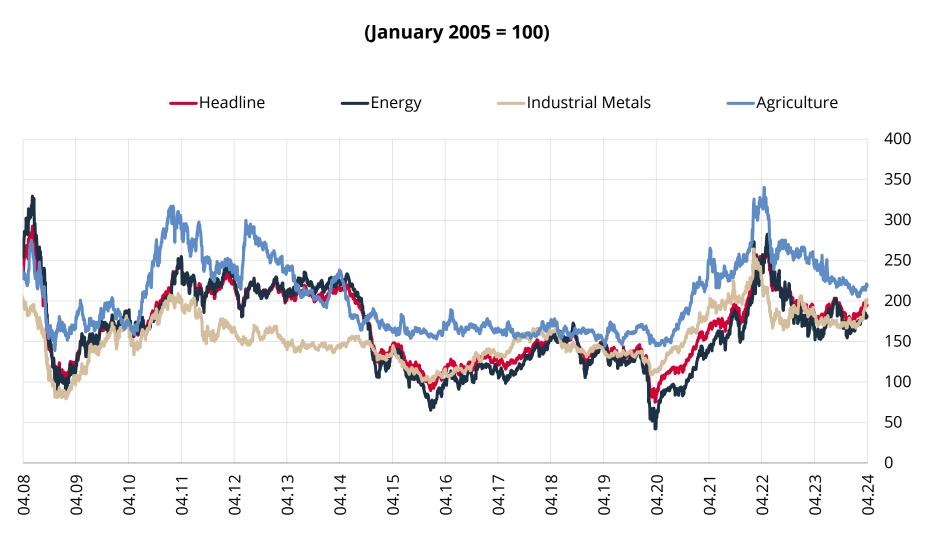
(%)

Source: Bloomberg

Last Observation: February 2024



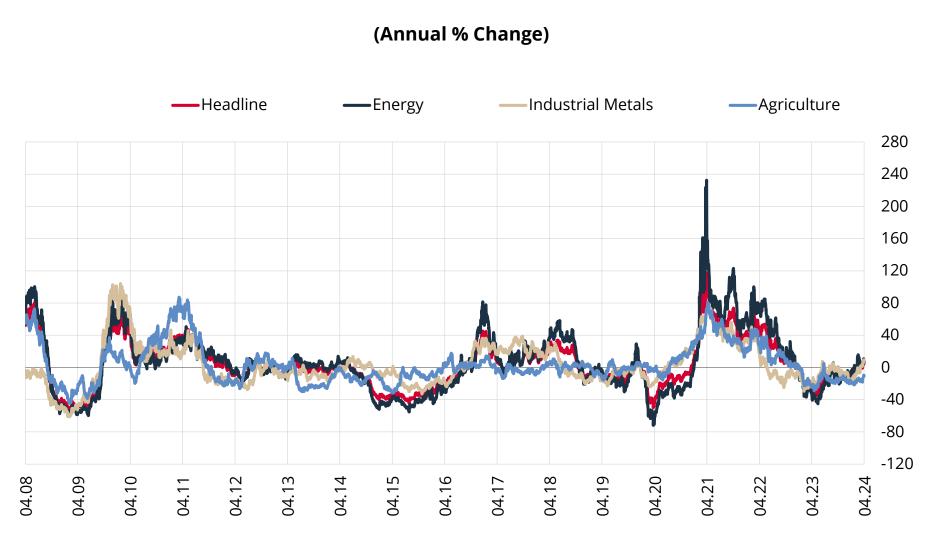
### Commodity Prices S&P-GS Indices



Source : Bloomberg



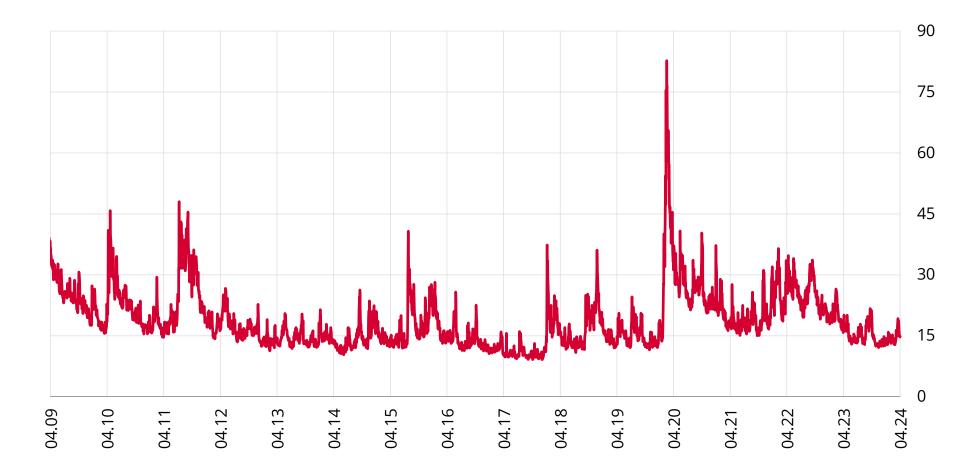
### Commodity Prices S&P-GS Indices



Source : Bloomberg



### Risk Appetite (VIX)



(%)

Source: Bloomberg



### Spread (OIS Spread)

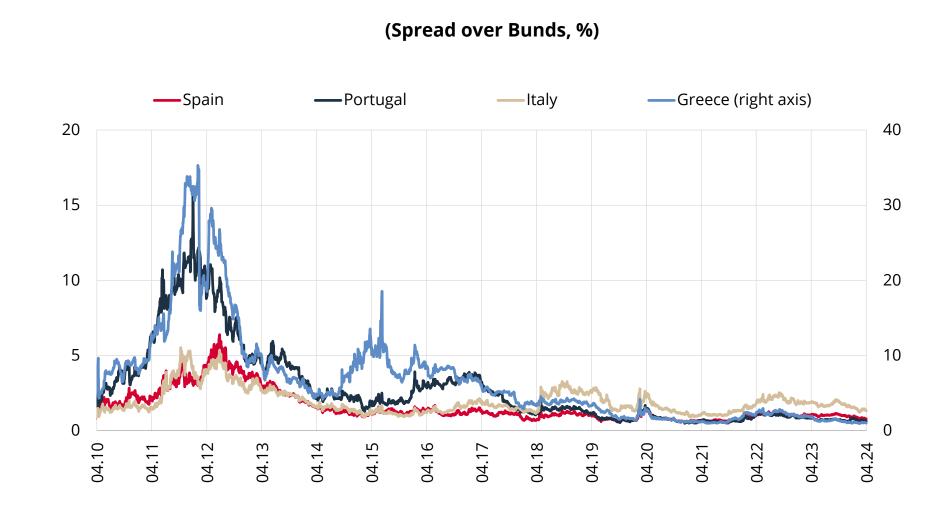


(%)

Source: Bloomberg



### GIIPS Countries: Yield Spread



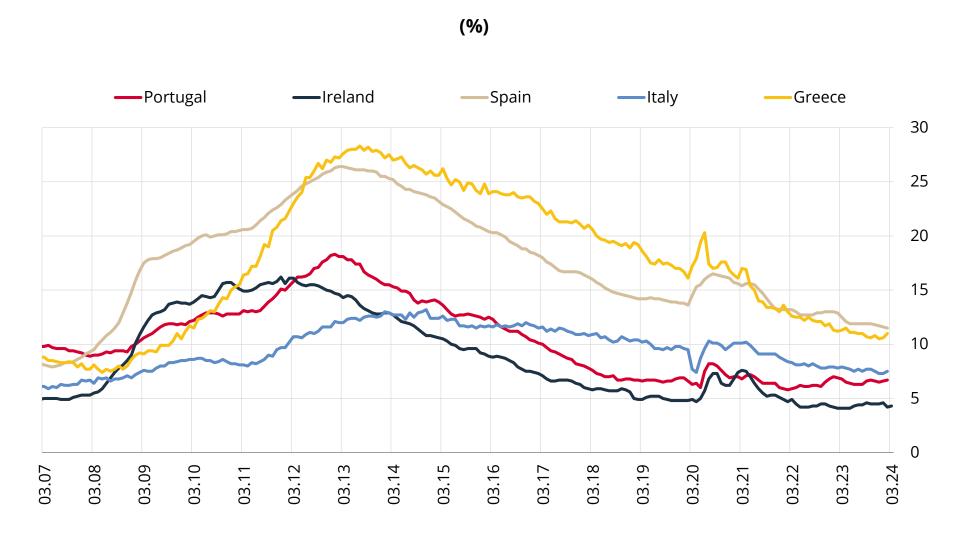
Source: Bloomberg

Last Observation: April 30, 2024



GIIPS: Greece, Italy, Portugal, Spain.

### GIIPS Countries: Unemployment



Source : Bloomberg

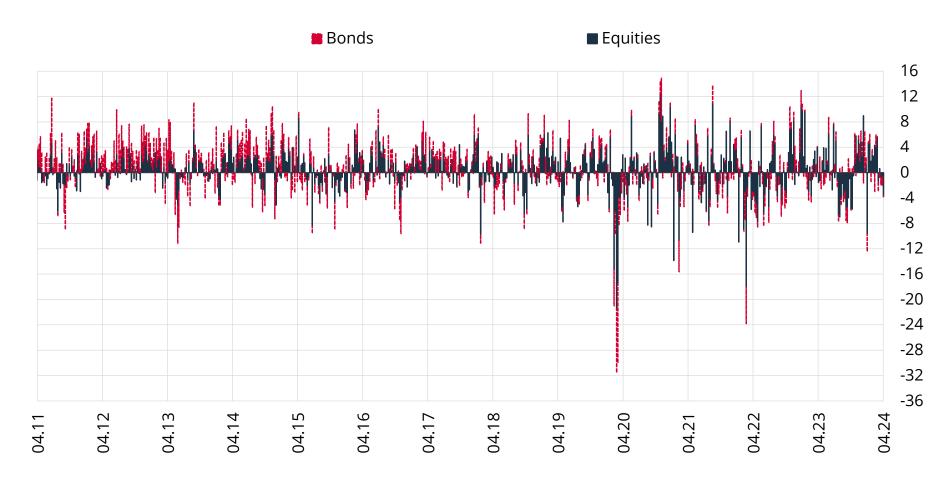
Last Observation: March 2024



GIIPS: Greece, Ireland, Italy, Portugal, Spain.

#### **Portfolio Flows**



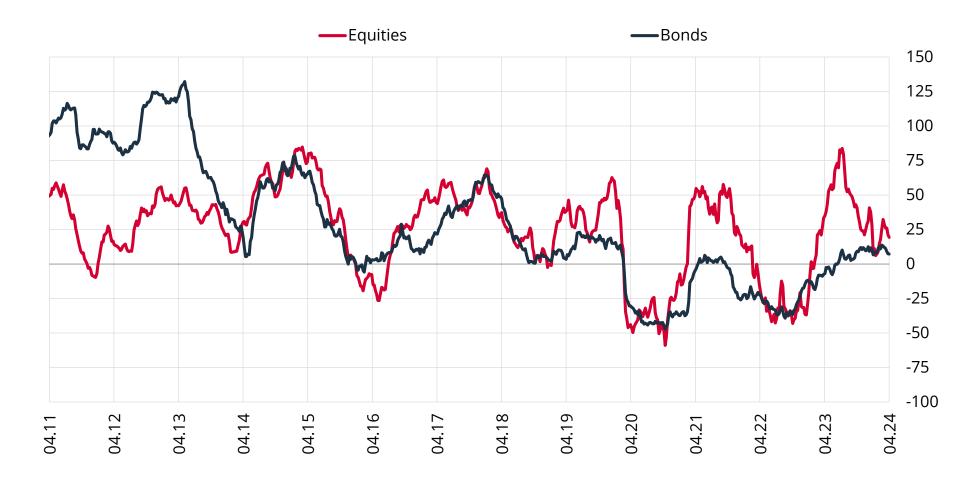


Source : IIF



#### **Portfolio Flows**

#### All Developing Countries, Weekly 52 Week Cumulative Fund Flows (Billion US Dollars)



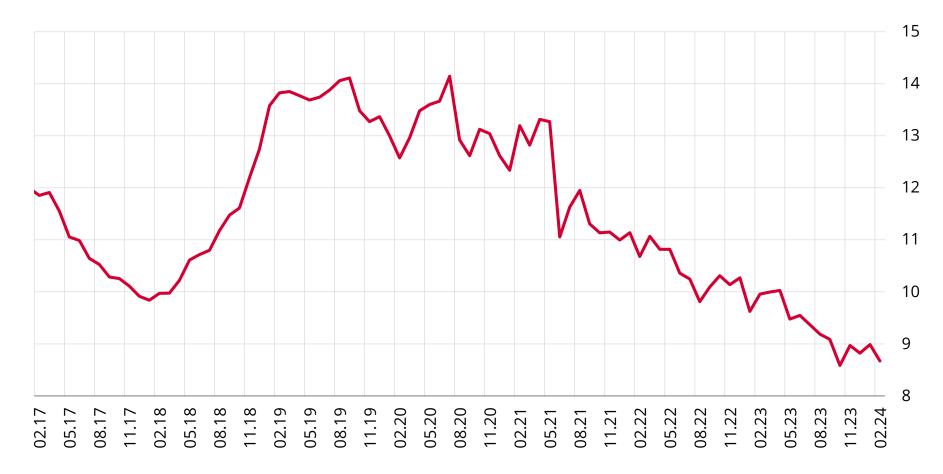
Source : IIF



## LABOR MARKET DEVELOPMENTS



#### Unemployment Rate



(Seasonally Adjusted, %)

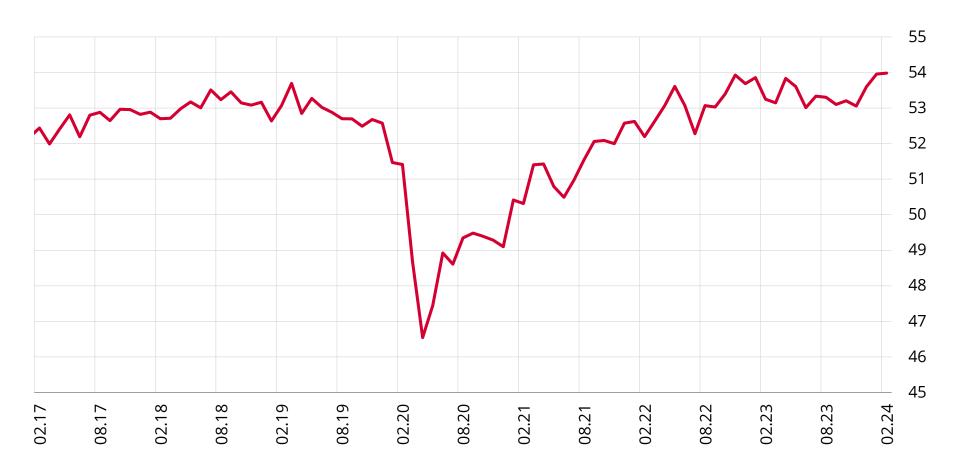
Source: TURKSTAT

Last Observation: February 2024



#### Participation Rate

#### (Seasonally Adjusted, %)



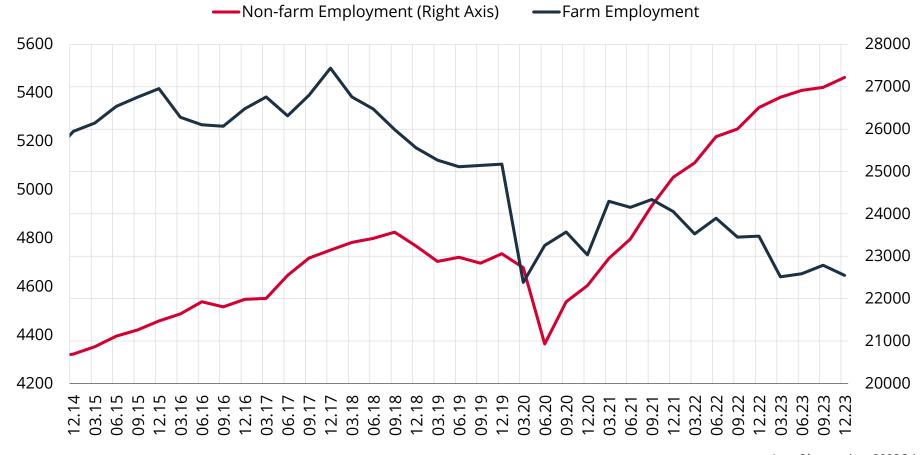
Source: TURKSTAT

Last Observation: February 2024



#### **Employment**

#### (Seasonally Adjusted, Thousand People)



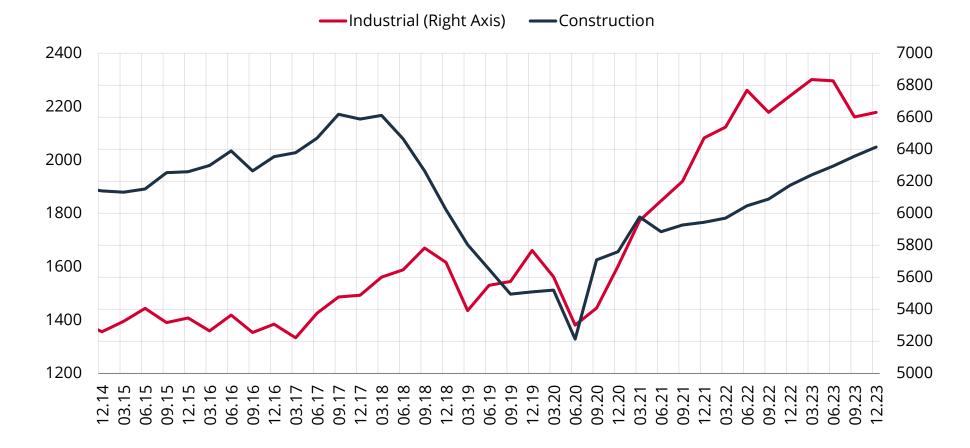
Source: TURKSTAT



Last Observation: 2023Q4

#### Employment by Sectors

#### (Seasonally Adjusted, Thousand People)



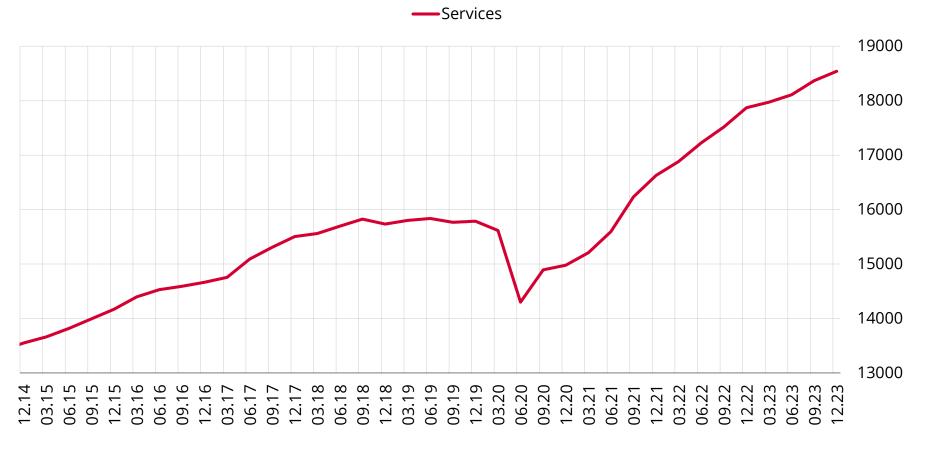
Source: TURKSTAT

Last Observation: 2023Q4



#### Employment by Sectors

(Seasonally Adjusted, Thousand People)



Last Observation: 2023Q4

Source: TURKSTAT

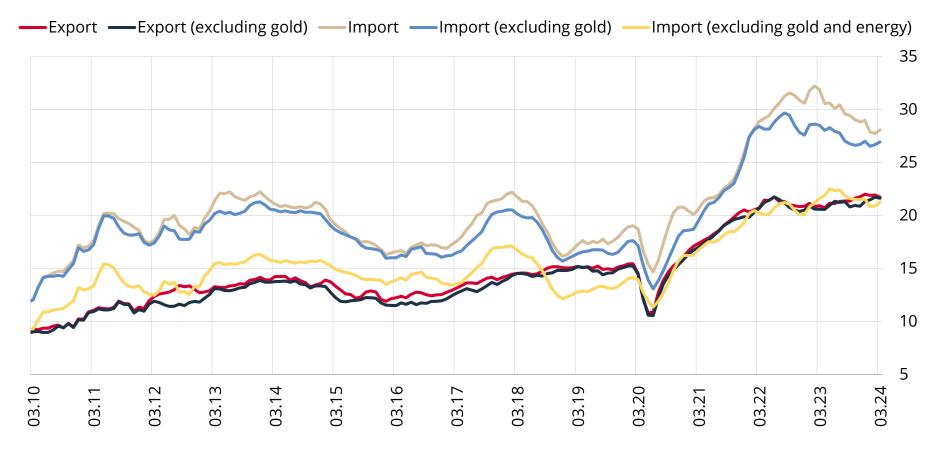


# **BALANCE OF PAYMENTS DEVELOPMENTS**



#### **Foreign Trade**

#### (Seasonally Adjusted, 3-Month Moving Average, Billion USD)



Source: CBRT, TURKSTAT

Last Observation: March 2024



#### (12-month Cumulative, Billion USD)

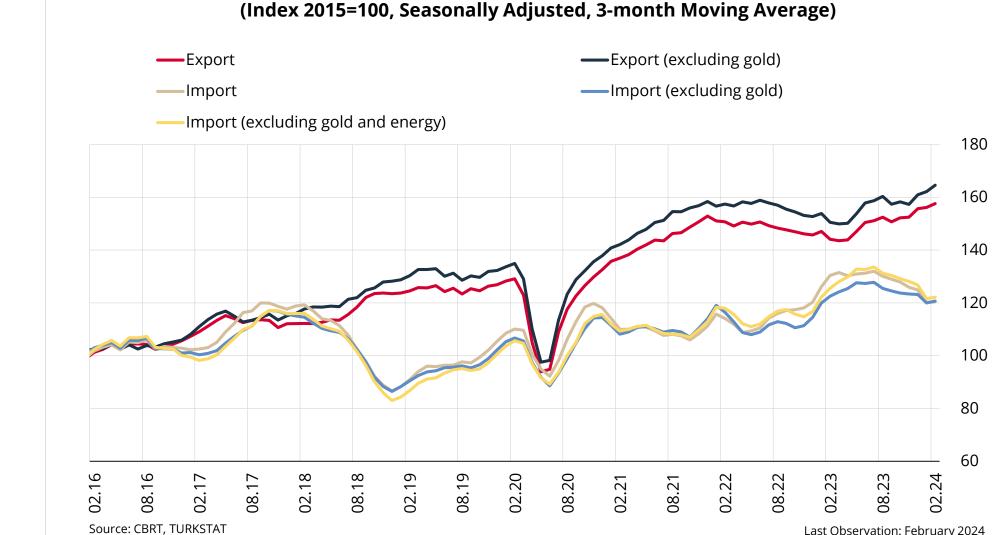


Source: CBRT, TURKSTAT



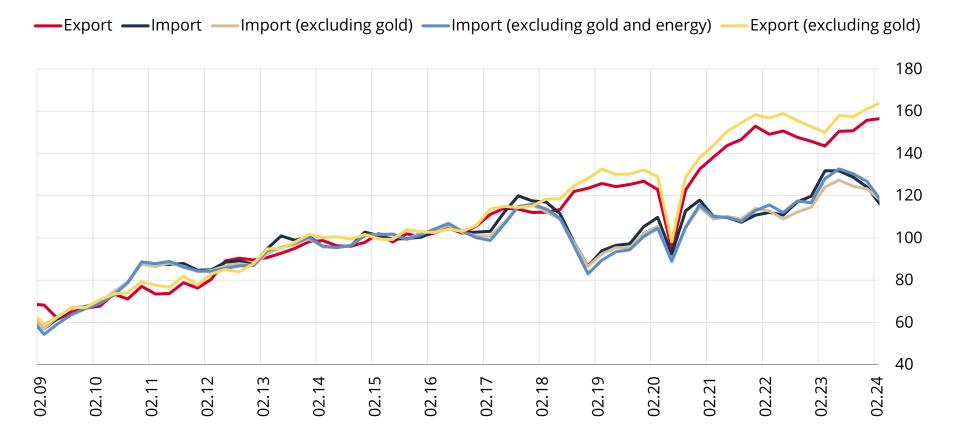


**Foreign Trade** 



# **Real Import** and Real **Export**





#### (Index 2015=100, Seasonally Adjusted Quarterly)

Source: CBRT, TURKSTAT

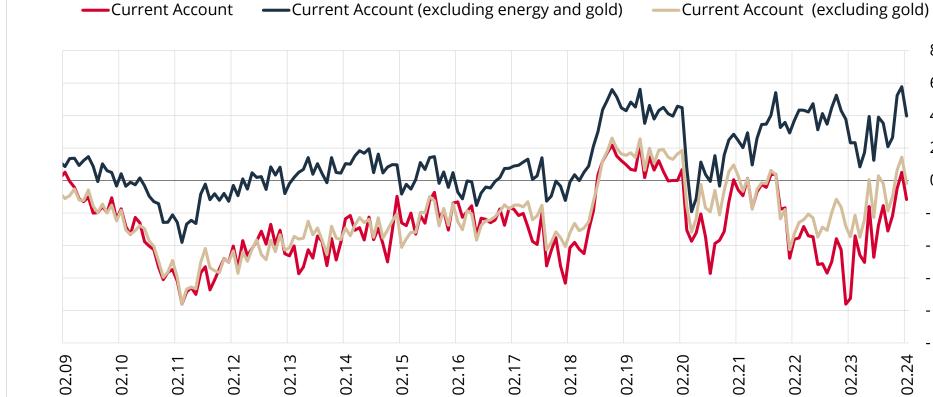
Last Observation: February 2024



**Real Import** 

and Real

**Export** 





#### (Seasonally Adjusted, Billion USD)

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Source: CBRT

Last Observation: February 2024

39

8

6

2

0

- 2

- 4

- 6

- 8

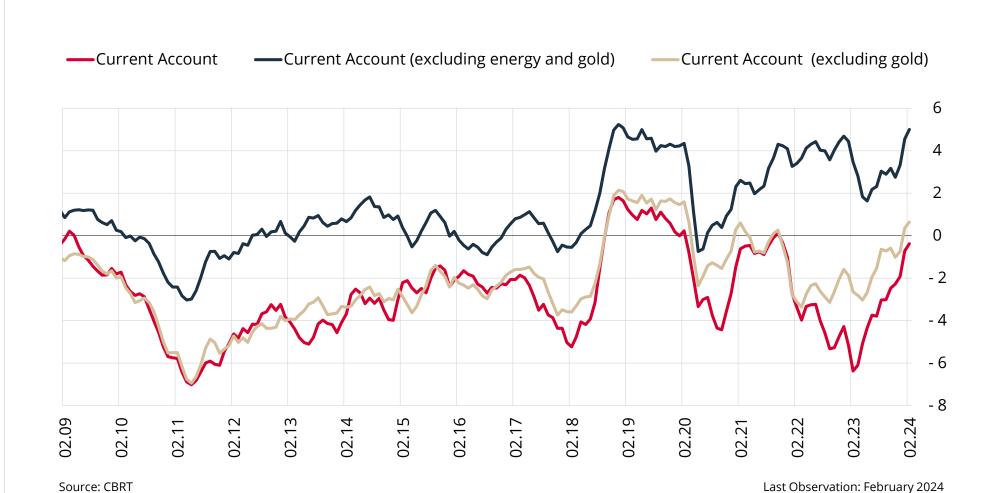
- 10

02.24

#### TÜRKİYE CUMHURİYET MERKEZ BANKASI



### Current Account Balance



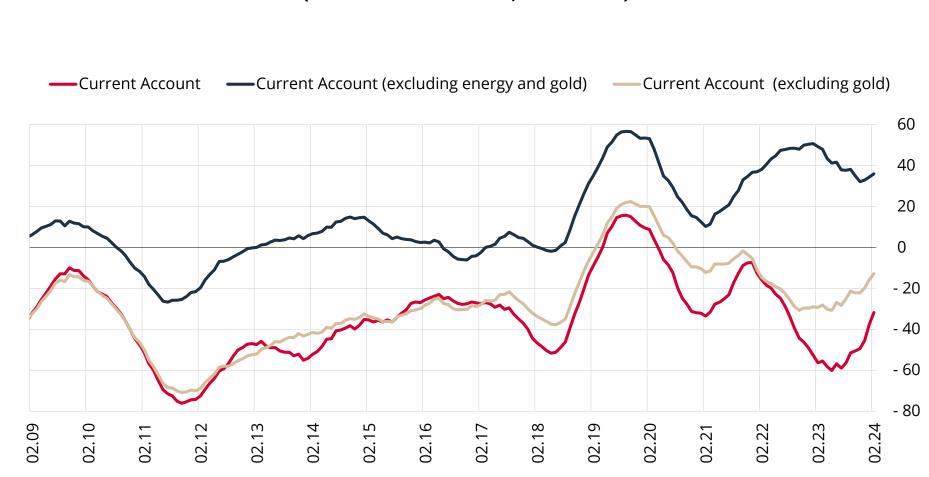
#### (Seasonally Adjusted, 3-month Moving Average, Billion USD)



Source: CBRT

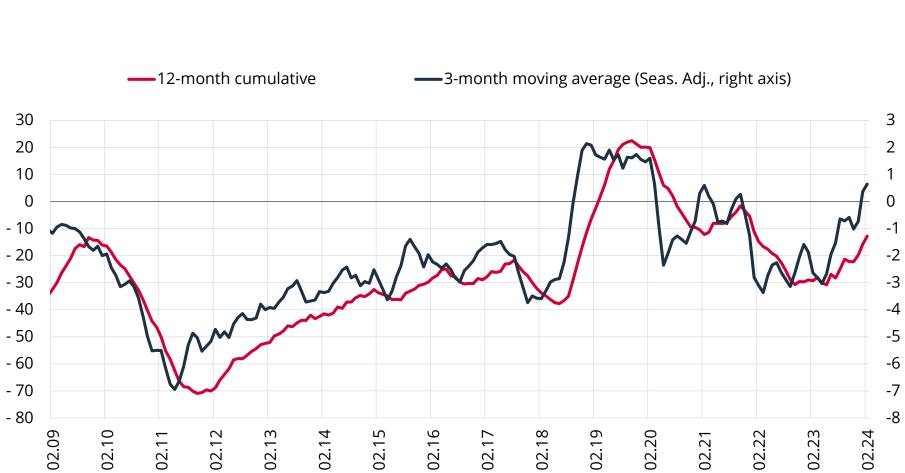
Last Observation: February 2024

## Current Account Balance



#### (12-month Cumulative, Billion USD)





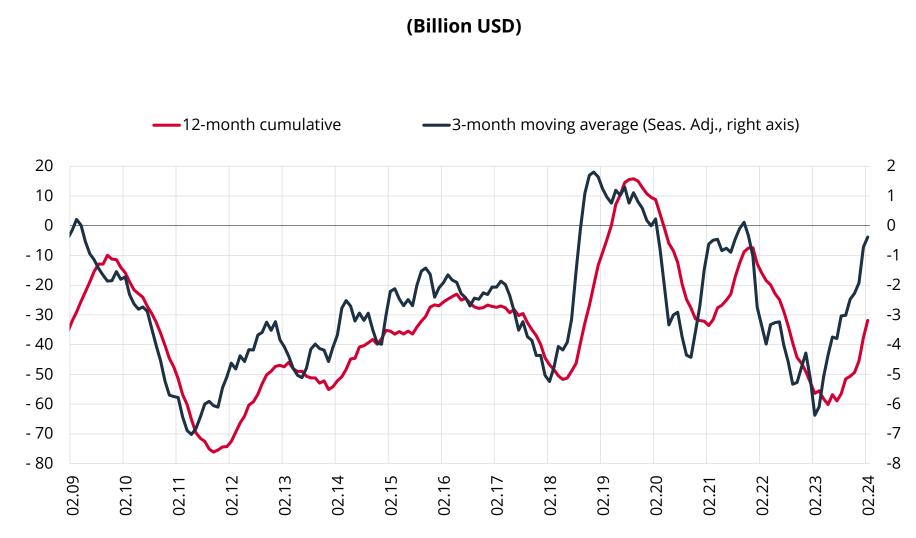
# (Excluding Gold, Billion USD)

Source: CBRT

Last Observation: February 2024





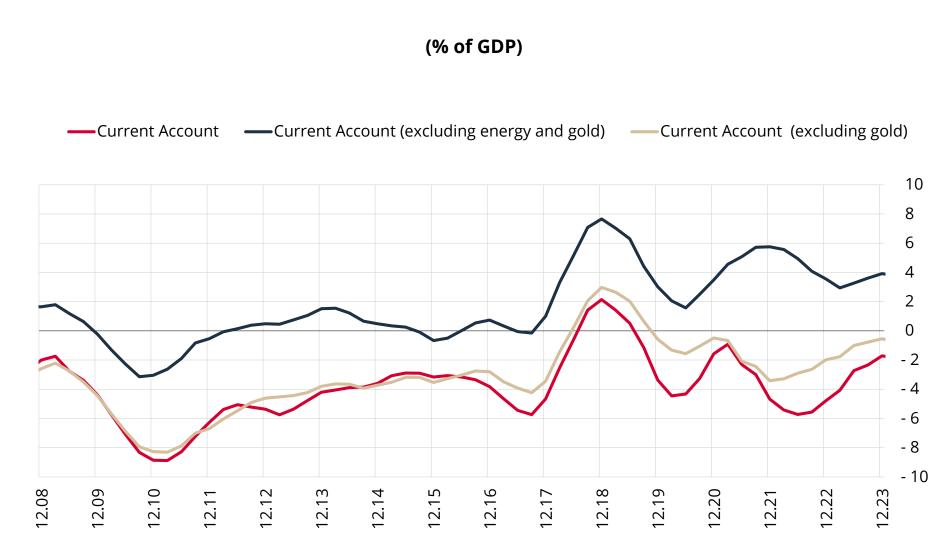


Source: CBRT

Last Observation: February 2024





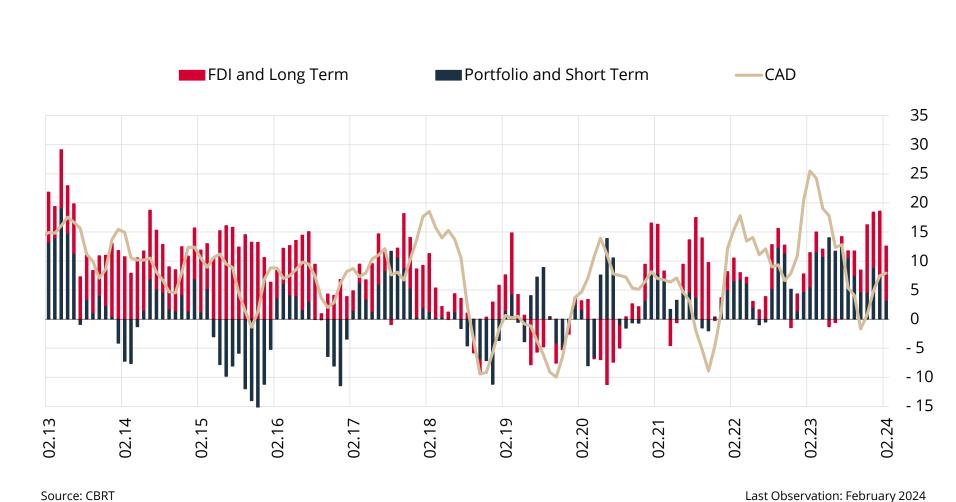


Source: CBRT

Last Observation: 2023Q4



# **Main Sources** of External Finance\*



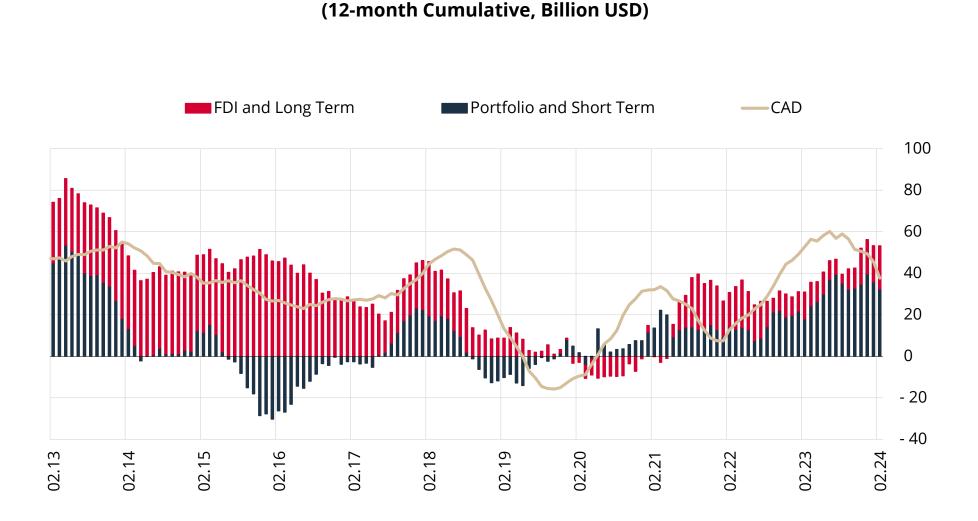
(3-month Cumulative, Billion USD)

#### Source: CBRT

TÜRKİYE CUMHURİYET MERKEZ BANKASI

\* Long term capital movements are sum of banking and real sectors' long term net credit and bonds issued by banks and the Treasury. Short term capital movements are sum of banking and real sectors' short term net credit and deposits in banks.

# Main Sources of External Finance\*



Source: CBRT

Last Observation: February 2024



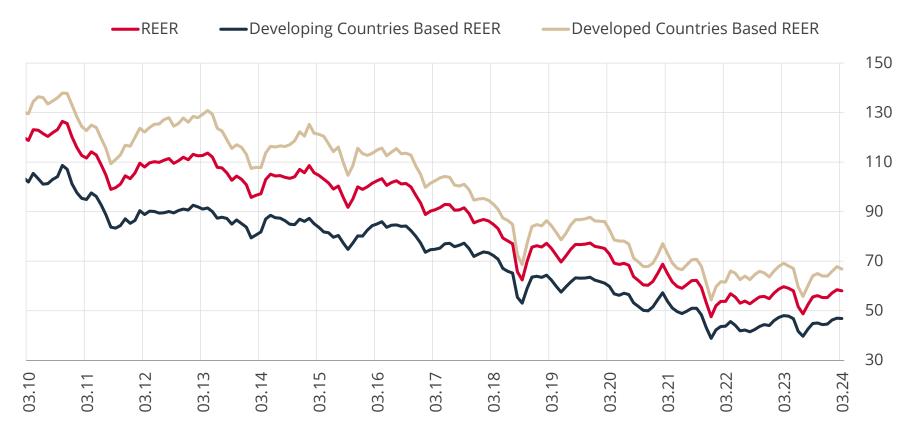
\* Long term capital movements are sum of banking and real sectors' long term net credit and bonds issued by banks and the Treasury. Short term capital movements are sum of banking and real sectors' short term net credit and deposits in banks.

# Real Exchange Rate

TÜRKİYE CUMHURİYET MERKEZ BANKASI

MB

#### **CPI Based REER\* (2003=100)**



Source: CBRT

Last Observation: March 2024

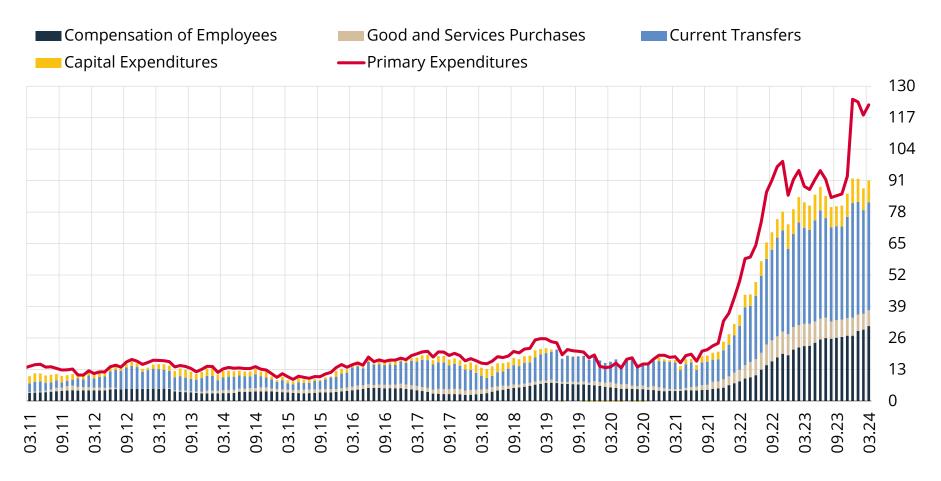
\* Real effective exchange rate.

# **PUBLIC FINANCE DEVELOPMENTS**



# Contributions To Primary Expenditures

#### (12-Month Cumulative, Contribution To Annual % Change)\*



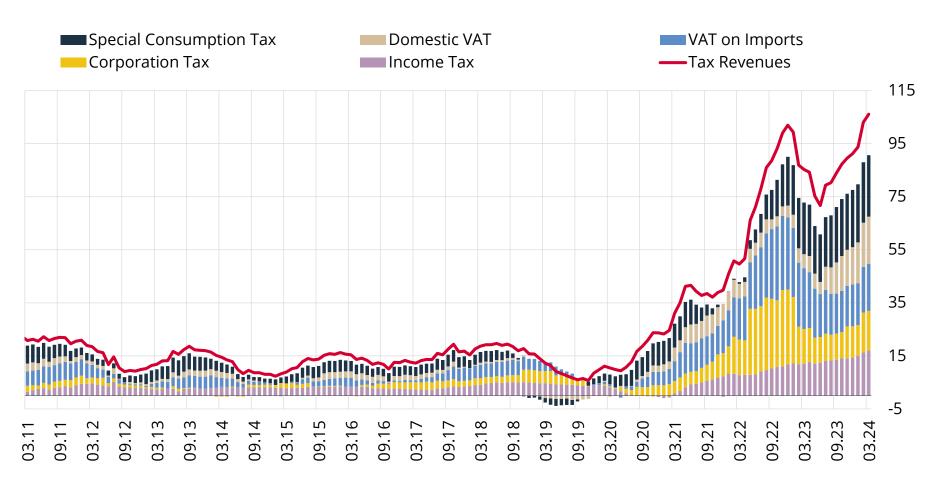
Source: Ministry of Treasury and Finance

Observation Date: March 2024



# Contributions To Tax Revenues

#### (12-Month Cumulative, Contribution To Annual % Change)\*

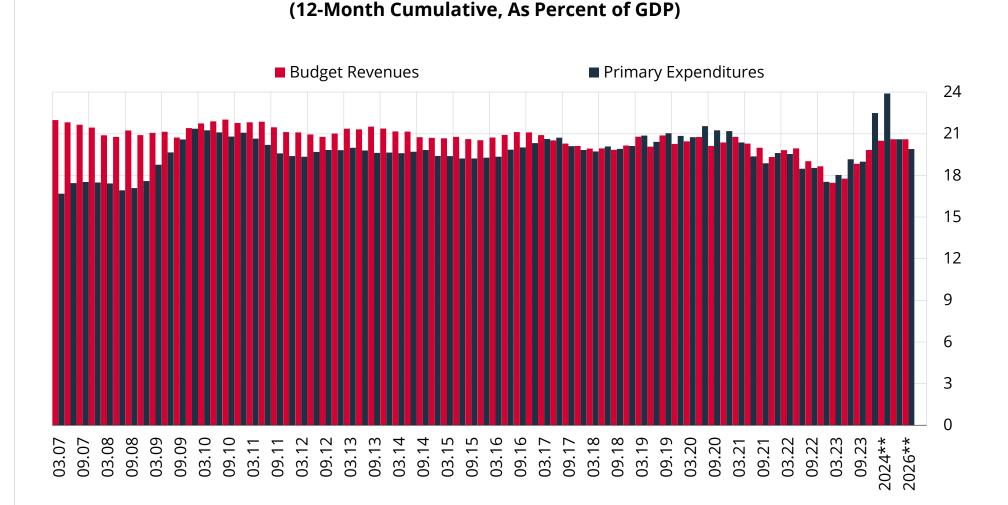


Source: Ministry of Treasury and Finance

Observation Date: March 2024



Central Government Budget Revenues and Expenditures



Source: Ministry of Treasury and Finance, Medium Term Program (2024-2026)

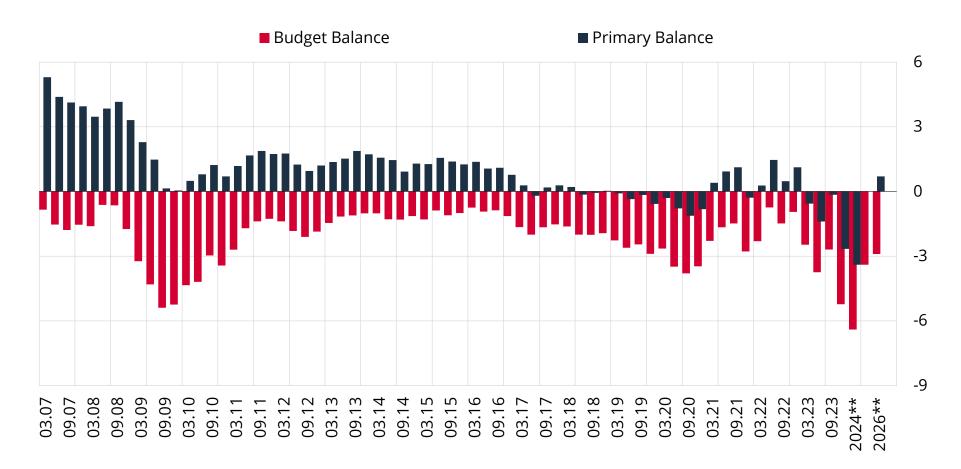
Observation Date: 2023Q4



\* Medium Term Program (2024-2026) realization forecast. \*\* Medium Term Program (2024-2026) forecast.

# Central Government Budget Balance

(12-Month Cumulative, As Percent of GDP)



Source: Ministry of Treasury and Finance, Medium Term Program (2024-2026)

\* Medium Term Program (2024-2026) realization forecast.

\*\* Medium Term Program (2024-2026) forecast.

TÜRKİYE CUMHURİYET MERKEZ BANKASI Observation Date: 2023Q4

# Program Defined Primary Budget Balance

2

0

-2

-4

-6

03.07 09.07 03.08 09.08 03.09 09.09 03.10

09.16

03.1

03.15 09.15

09.14

03.1

09.1

03.18 09.18 03.19 09.19 03.20 03.20

09.17

03.17

#### (12-Month Cumulative, As Percent of GDP)

Source: Ministry of Treasury and Finance, Medium Term Program (2024-2026)

03.11

09.1 03.1 09.12 03.13

\* Medium Term Program (2024-2026) realization forecast.

09.10

\*\* Medium Term Program (2024-2026) forecast.



2

0

-2

Observation Date: 2023Q4

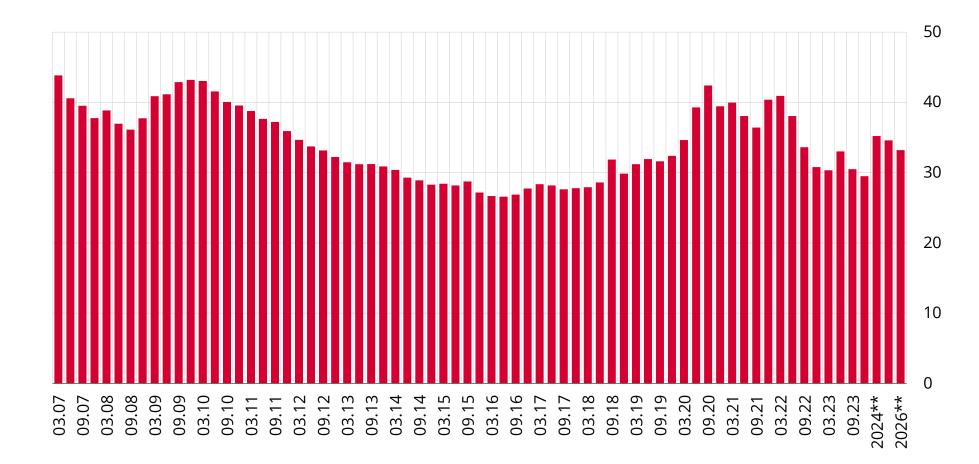
2024\*\* 2026\*\*

09.21 03.22

03.21

09.22 03.23 09.23

# EU Defined Public Debt



(As Percent of GDP)

Source: Ministry of Treasury and Finance, Medium Term Program (2023-2025)

Observation Date: 2023Q4

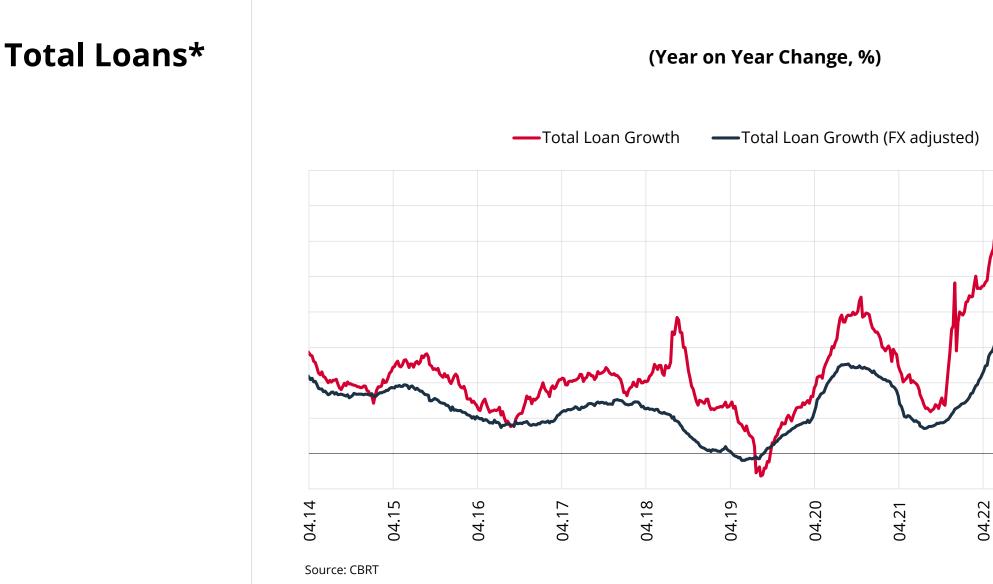


\* Medium Term Program (2023-2025) target.

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# FINANCIAL INTERMEDIATION AND LOANS DEVELOPMENTS





TÜRKİYE CUMHURİYET MERKEZ BANKASI 04.23

Due to exchange rate movements and changes in TRY- FX loan weights and the currency composition of FX loans, the exchange rate adjustment methodology was updated with the aim to form a more representative total loan growth indicator. The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. <u>For the</u> <u>technical note on the exchange rate adjustment methodology, please see.</u>

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded.



80

70

60

50

40

30

20

10

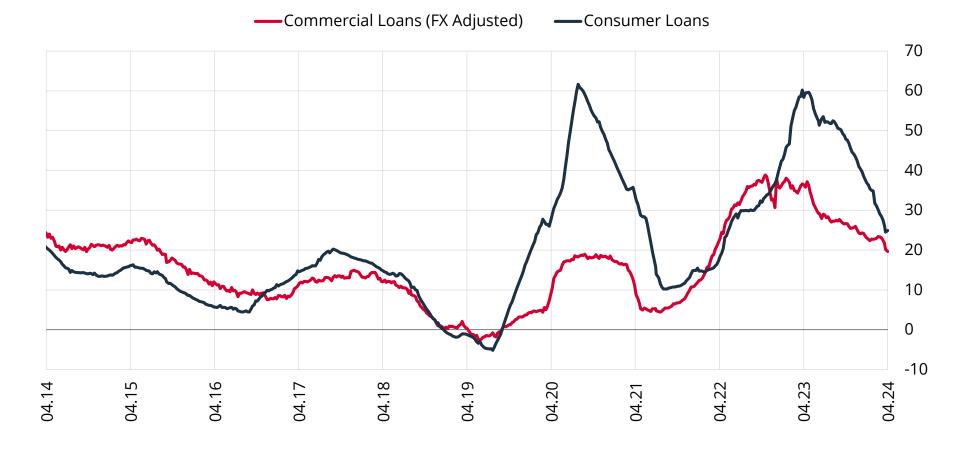
0

-10

04.24

Last Observation: April 19, 2024

# Commercial and Consumer Loans\*



(Year on Year Change, %)

#### Source: CBRT

Last Observation: April 19, 2024



The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. For the technical note on the exchange rate adjustment methodology, please see.

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded.

#### **Total Loans\***

TÜRKİYE CUMHURİYET MERKEZ BANKASI (Adjusted for Exchange Rate, Annualized 13-Week Growth, %)



Source: CBRT

Last Observation: April 19, 2024

The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. For the technical note on the exchange rate adjustment methodology, please

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded. 13 week growth rate of credit stock, adjusted for exchange rate, is annualized.



# Commercial and Consumer Loans\*

(Adjusted for Exchange Rate, Annualized 13-Week Growth, %)

—Commercial Loans —Consumer Loans



Source: CBRT

Last Observation: April 19, 2024

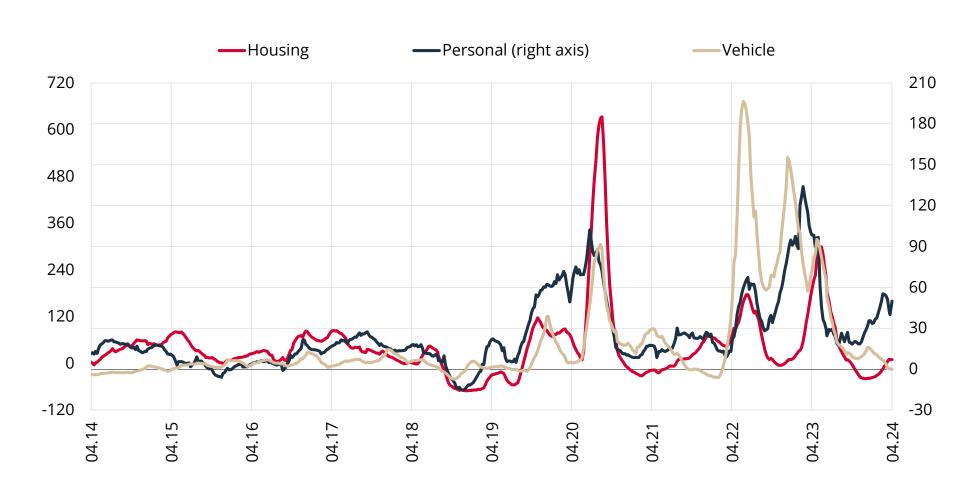
The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. For the technical note on the exchange rate adjustment methodology, please see.

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded.

For commercial loans 13 week growth rate of commercial credit stock which is adjusted for exchange rate and for consumer loans 13 week growth rate of nominal consumer credit stock is annualized.



# Consumer Loans\*



#### (Annualized 13-Week Growth, %)

#### Source: CBRT

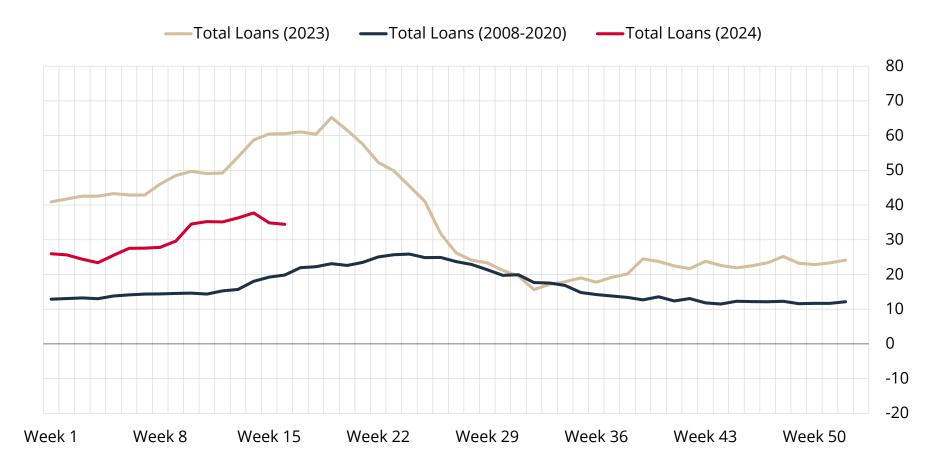
\* Total banking sector (including participation banks). Loans extended to banks excluded.
NPLs excluded.
13 week growth rate of credit stock is annualized.





#### **Total Loans\***

#### (Adjusted for Exchange Rate, Annualized 13-Week Growth, %)



Source: CBRT

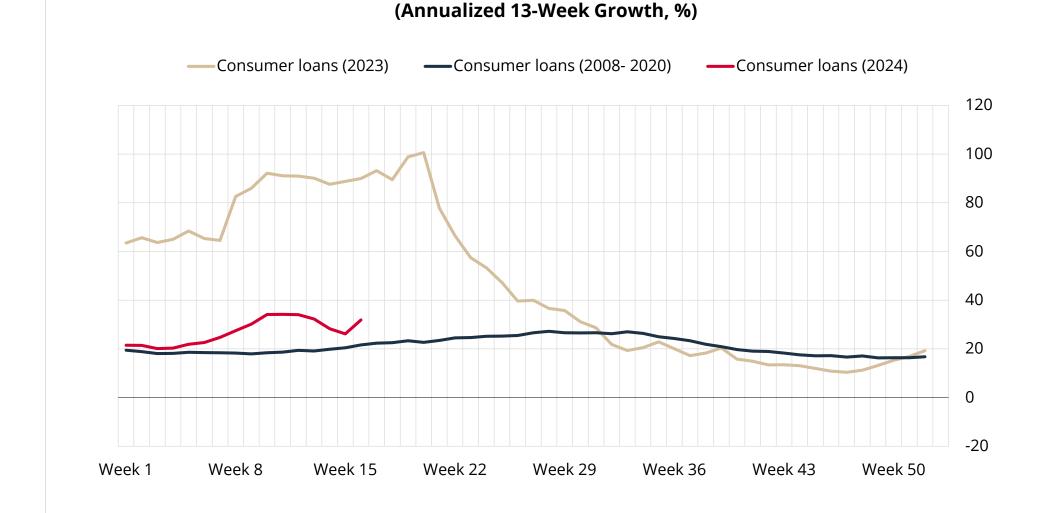
Last Observation: April 19, 2024



The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. For the technical note on the exchange rate adjustment methodology, please see.

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded. 13 week growth rate of credit stock, adjusted for exchange rate, is annualized.

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#### Consumer Loans\*

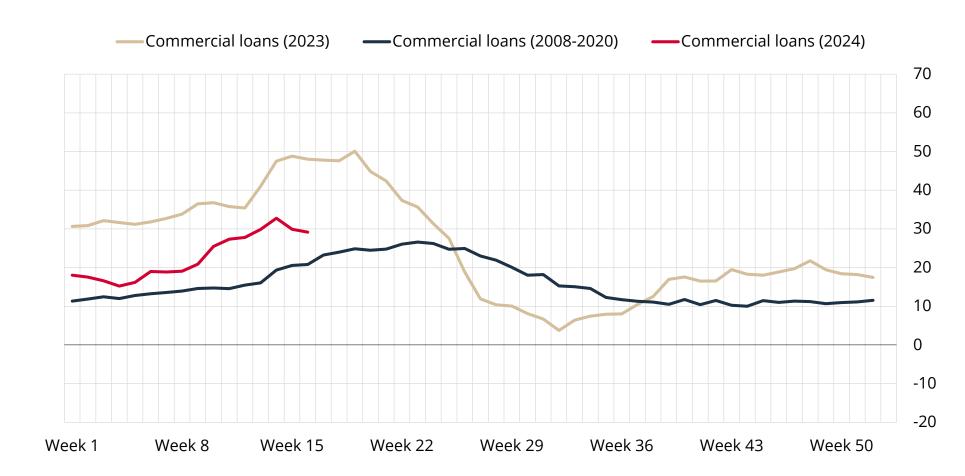
Source: CBRT

Last Observation: April 19, 2024



\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded. 13 week growth rate of credit stock is annualized.

# Commercial Loans\*



(Adjusted for Exchange Rate, Annualized 13-Week Growth, %)

Source: CBRT

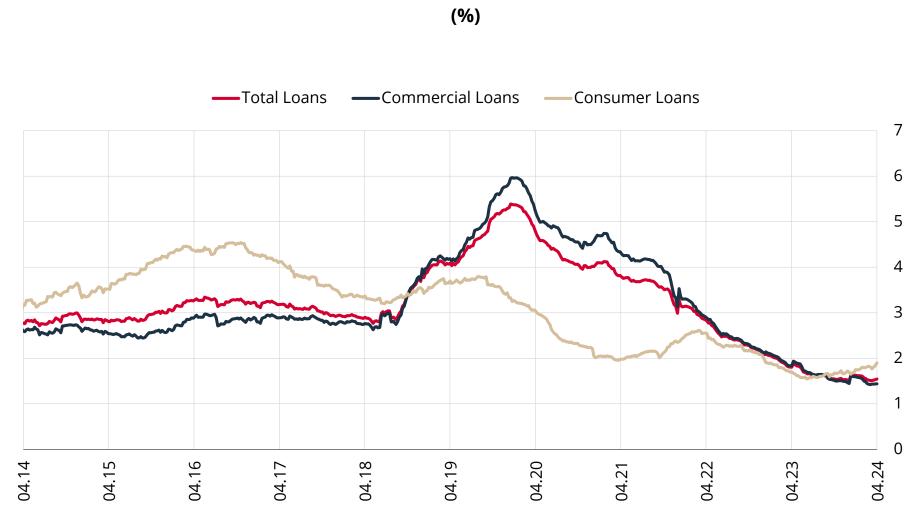
Last Observation: April 19, 2024



The total FX-adjusted credit growth is calculated using the change in TL loans and the change in FX (in terms of currency basket) loans multiplied by the period average of the exchange rate basket. For the technical note on the exchange rate adjustment methodology, please see.

\* Total banking sector (including participation banks). Loans extended to banks excluded. NPLs excluded. For commercial loans 13 week growth rate of credit stock, adjusted for exchange rate, is annualized.

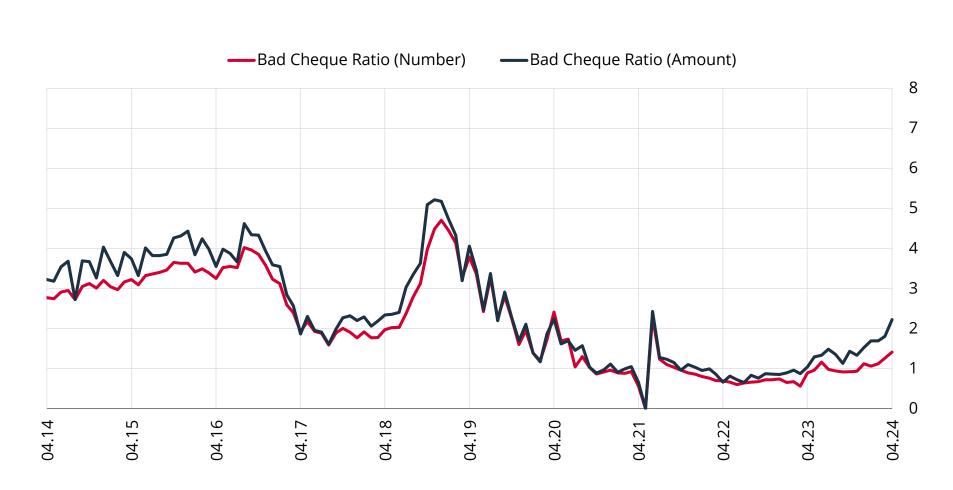




Source: CBRT







(%)

Source: CBRT

Last Observation: April 2024



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#### Loan Rates

#### (Flow, Annualized, %, 4 Week-Average)

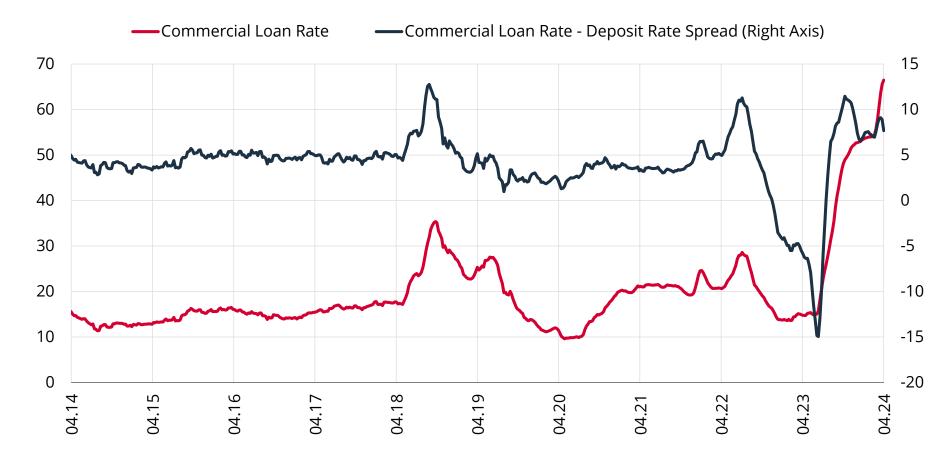


Source: CBRT



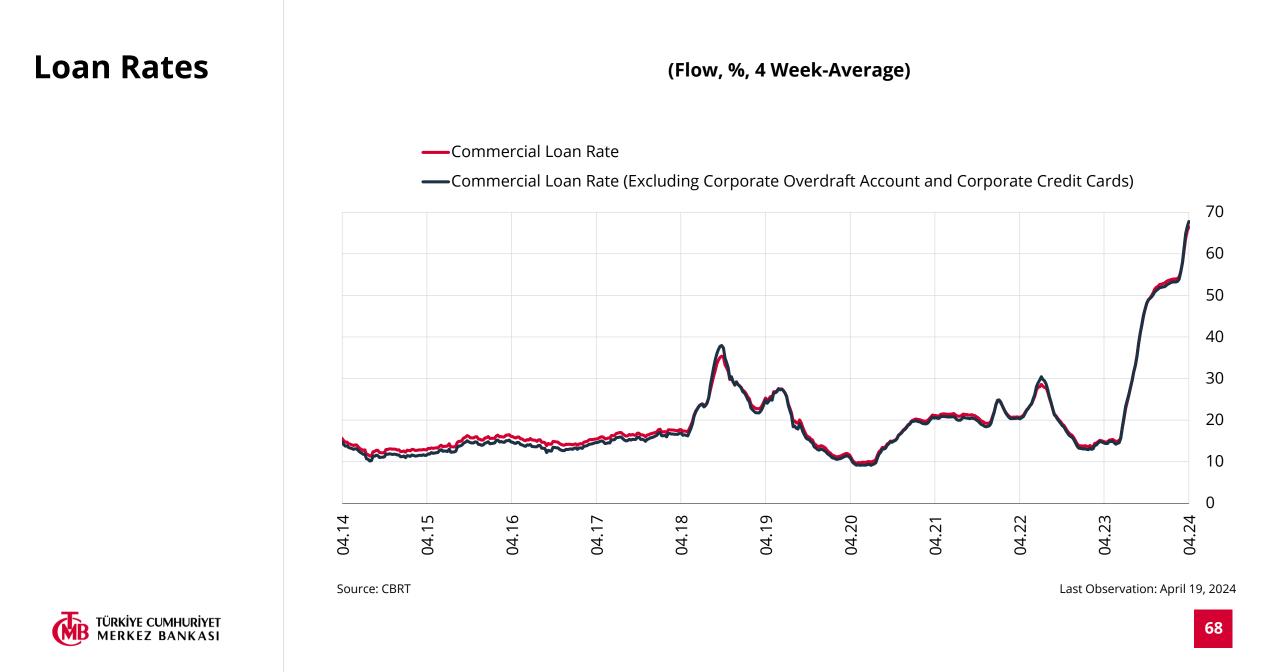
## **Loan Rates**

#### (Flow, %, 4 Week-Average)



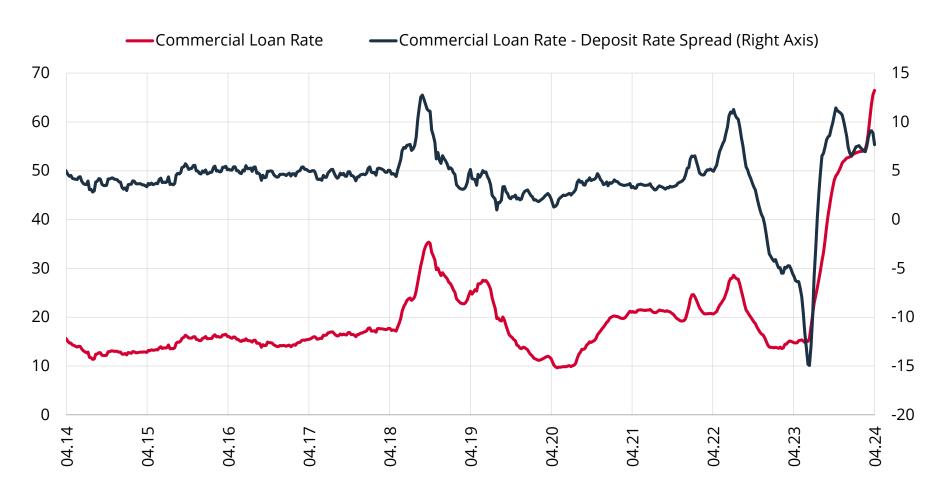
Source: CBRT





# TL Commercial Loan Rate-Deposit Rate Spread

#### (Flow, %, 4 Week-Average)

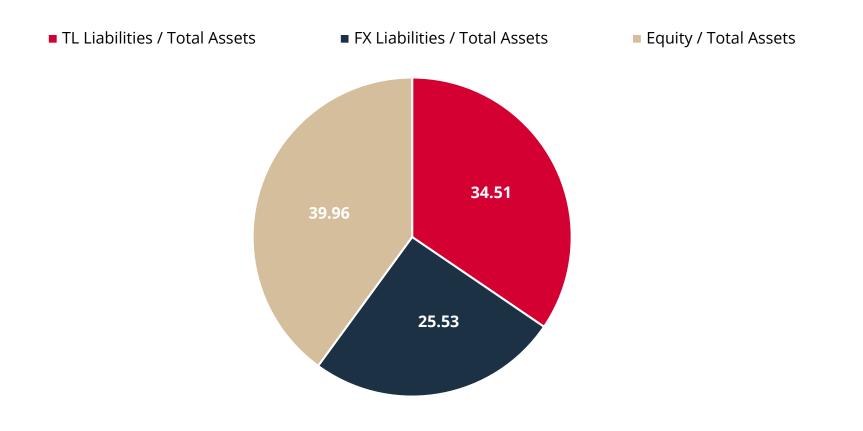


Source: CBRT









Source: CBRT

TÜRKİYE CUMHURİYET MERKEZ BANKASI

<sup>1</sup> Including data for 400 non-financial corporations listed on BIST.

<sup>2</sup> Non-financial companies using FX functional currency, financial institutions and conglomerates are excluded from this sample.

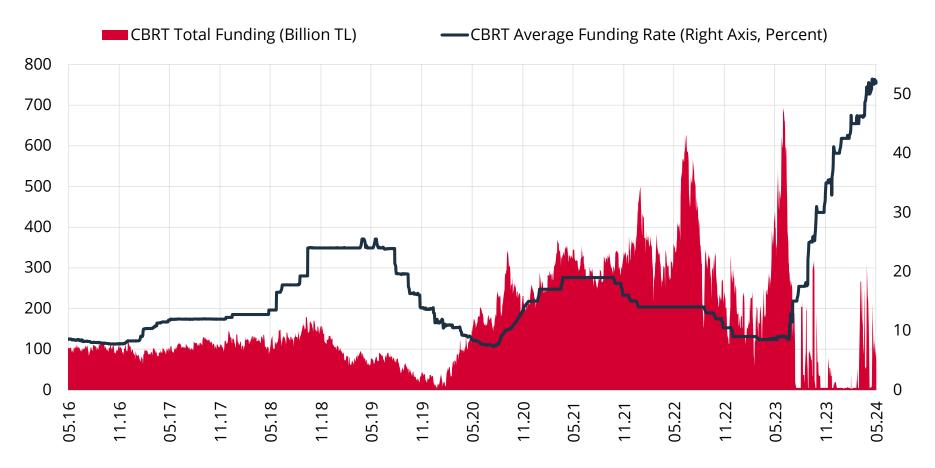
Last Observation: September 2023

# FINANCIAL MARKETS DEVELOPMENTS



## Average Funding Cost of CBRT

#### Average Funding Cost of CBRT



Source: CBRT

Observation Date: May 2, 2024

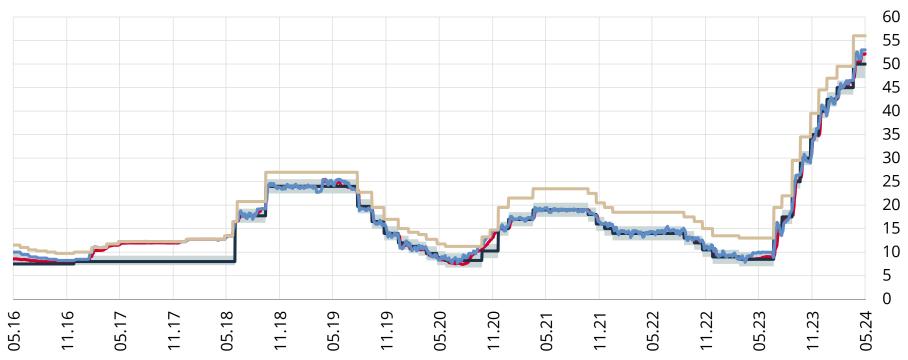


### CBRT Rates and BIST Overnight Rates

#### CBRT Rates and BIST Overnight Rates (%)

- Interest Rate Corridor
- —One Week Repo Rate
- LLW Lending Rate

CBRT Average Funding Cost (5 day MA)BIST Overnight Repo Rates\_Closing (5 day MA)



Source: CBRT



### Turkish Lira and Emerging Market Currencies

Turkish Lira and Emerging Market Currencies (01.11.2011=1, values vis-a-vis USD)

— Türkiye —Average of Emerging Economies — Türkiye/Emerging Countries 3.65 2.95 2.25 1.55 0.85 05.16 11.16 05.18 05.19 1.19 05.20 1.20 05.23 11.23 05.24 11.18 05.22 11.22 05.17 11.17 05.21 1.21

Source: Bloomberg, CBRT

Observation Date: May 2, 2024



Emerging market currencies include Brazil, Chile, Colombia, Hungary, Malaysia, Mexico, Poland, Philippines, South Africa, Indonesia, Romania against USD.

### Implied FX Volatility

#### 130 120 110 100 90 Türkiye 80 **Emerging Economies** 70 60 50 40 30 20 10 0 05.18 05.19 05.20 05.24 05.16 11.16 11.18 11.19 11.20 11.23 05.17 11.17 11.21 05.22 11.22 05.23 05.21

Implied FX Volatility (1 month)

#### Source: Bloomberg

Observation Date: May 2, 2024



Emerging market currencies include currencies of Brazil, Chile, Colombia, Hungary, Malaysia, Mexico, Poland, Philippines, South Africa, Indonesia, Romania, Russia and Türkiye against USD.

### Implied FX Volatility

#### 70 60 50 Türkiye 40 **Emerging Economies** 30 20 10 0 05.24 05.18 05.19 11.19 05.20 11.20 11.23 11.16 11.18 05.16 05.17 05.22 11.22 05.23 11.17 05.21 11.21

Implied FX Volatility (12 months)

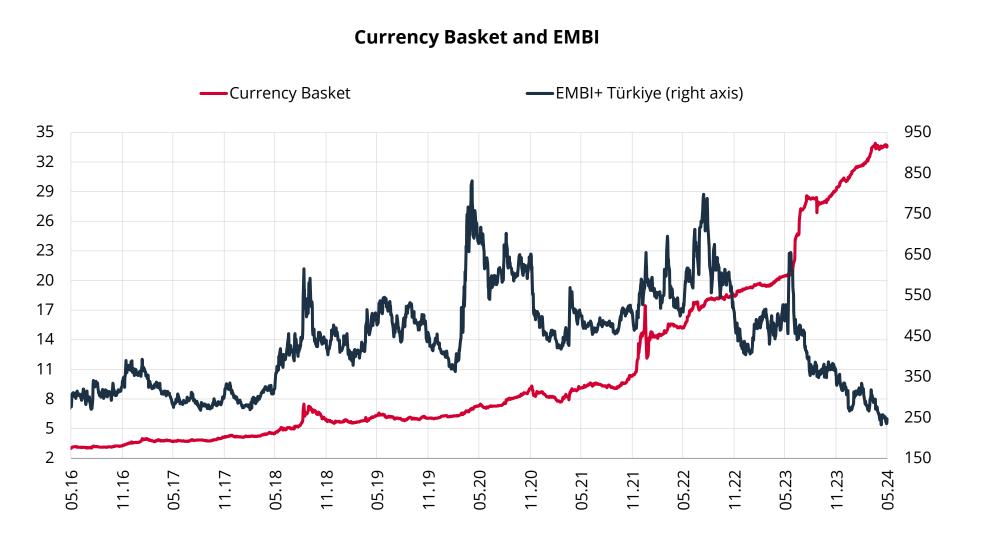
#### Source: Bloomberg

Observation Date: May 2, 2024



Emerging market currencies include currencies of Brazil, Chile, Colombia, Hungary, Malaysia, Mexico, Poland, Philippines, South Africa, Indonesia, Romania, Russia and Türkiye against USD.

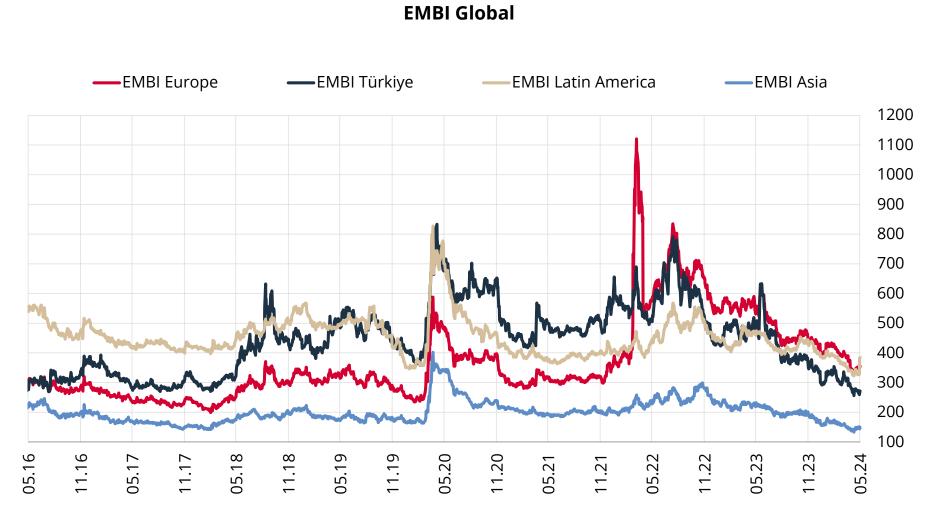
### Currency Basket and EMBI



Source: Bloomberg, CBRT



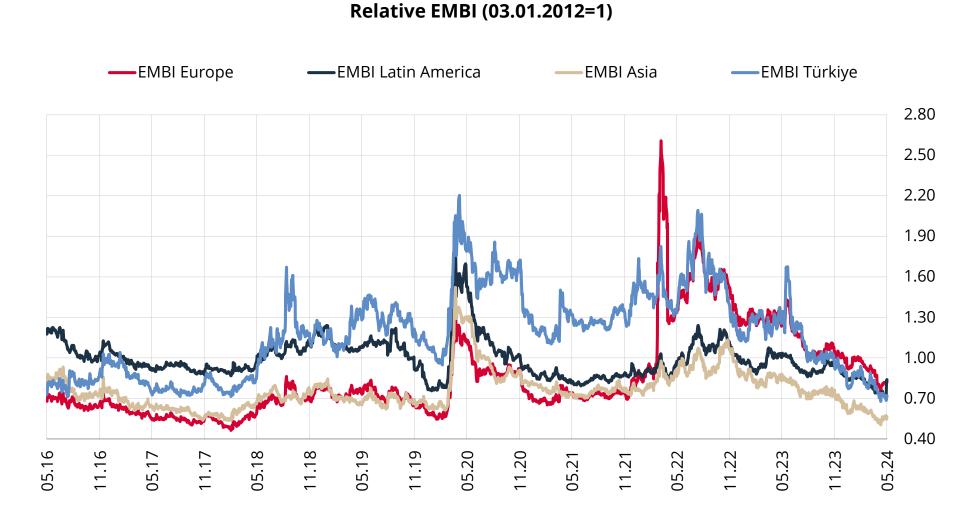
### **EMBI Global**



Source: Bloomberg



### **Relative EMBI**



Source: Bloomberg



### Yields Across Maturities



Yields Across Maturities (%)

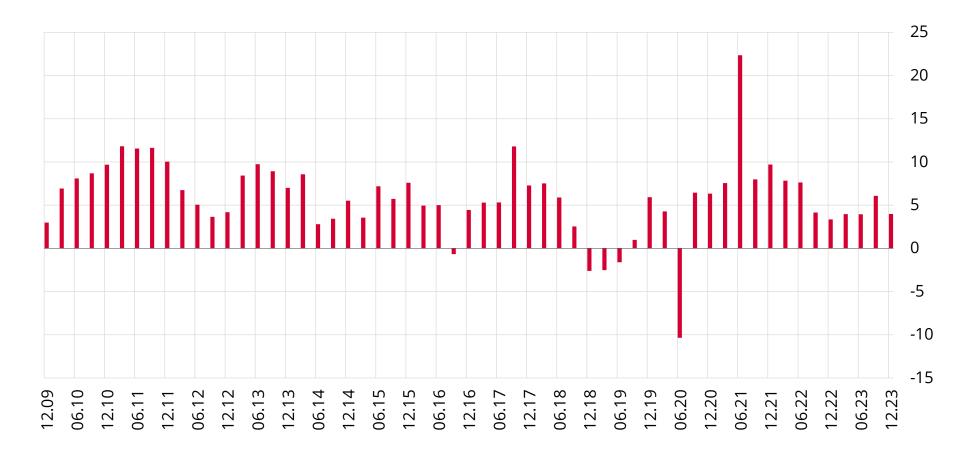
Source: Bloomberg



# **ECONOMIC ACTIVITY DEVELOPMENTS**



### Annual GDP Growth



(% Change)

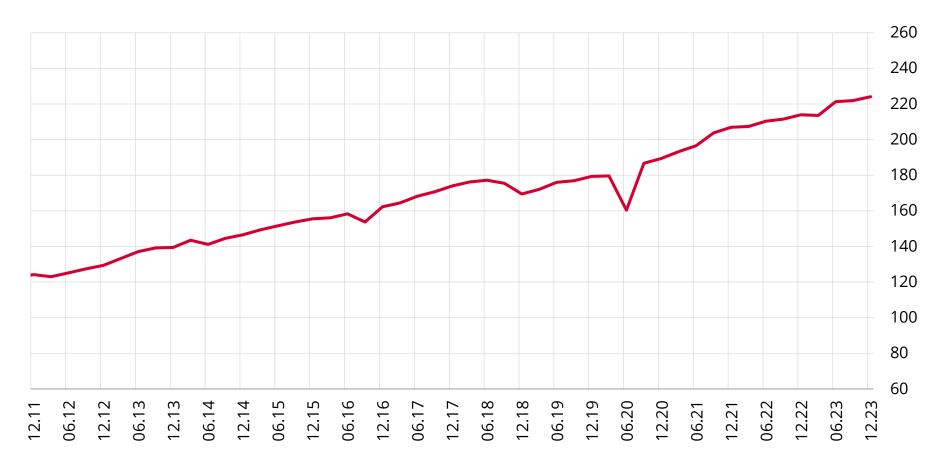
Source: TURKSTAT

Last Observation: 2023Q4

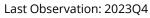


GDP

#### (Seasonally Adjusted, 2009=100)

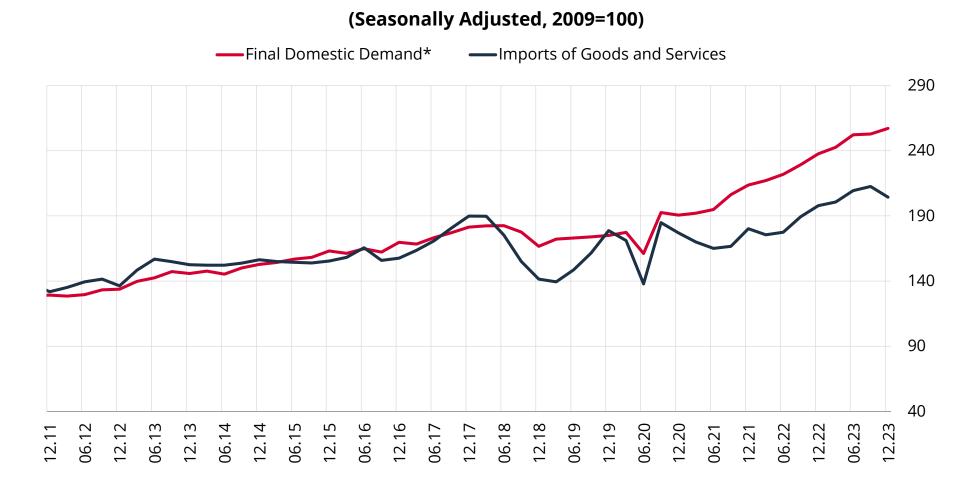


Source: TURKSTAT





### Final Domestic Demand and Imports



#### Source: CBRT, TURKSTAT

Last Observation: 2023Q4

\* Final domestic demand approximately calculated by CBRT



# Imports and Exports



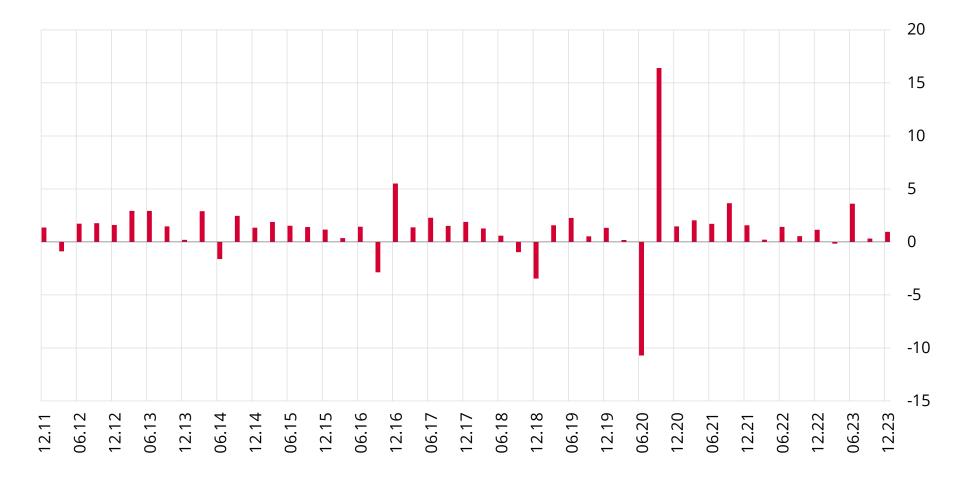
(Seasonally Adjusted, 2009=100)

Source: TURKSTAT

Last Observation: 2023Q4



### Quarterly Growth of GDP



(Seasonally Adjusted, %)

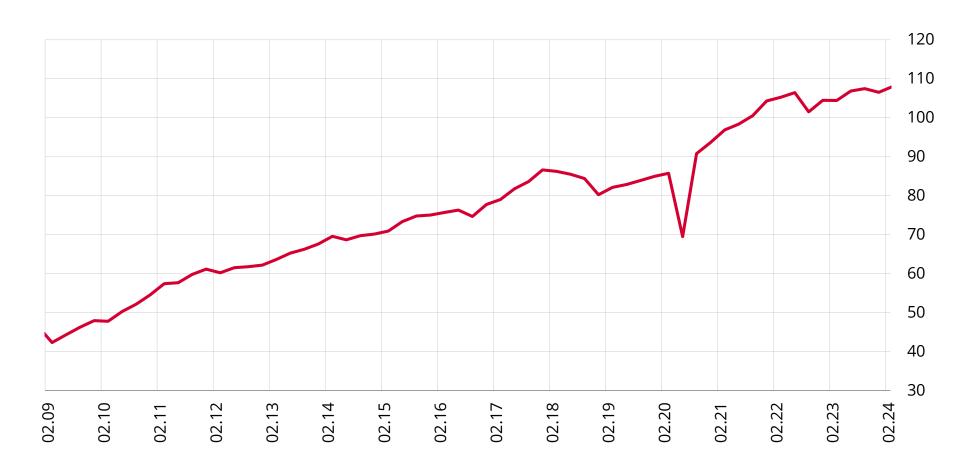
Source: TURKSTAT

Last Observation: 2023Q4



### Industrial Production Index

#### (Seasonally Adjusted, Quarterly Average, 2021=100)

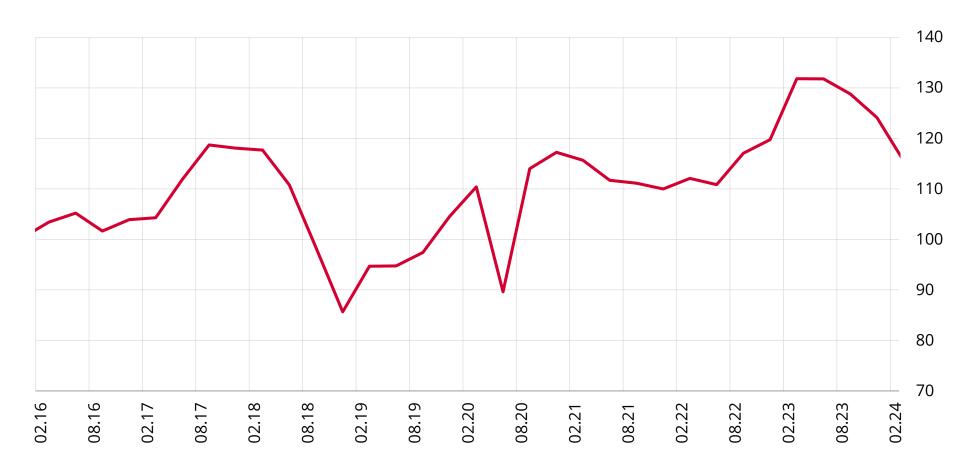


Source: TURKSTAT



### Import Quantity Index

#### (Seasonally Adjusted, Quarterly Average, 2015=100)

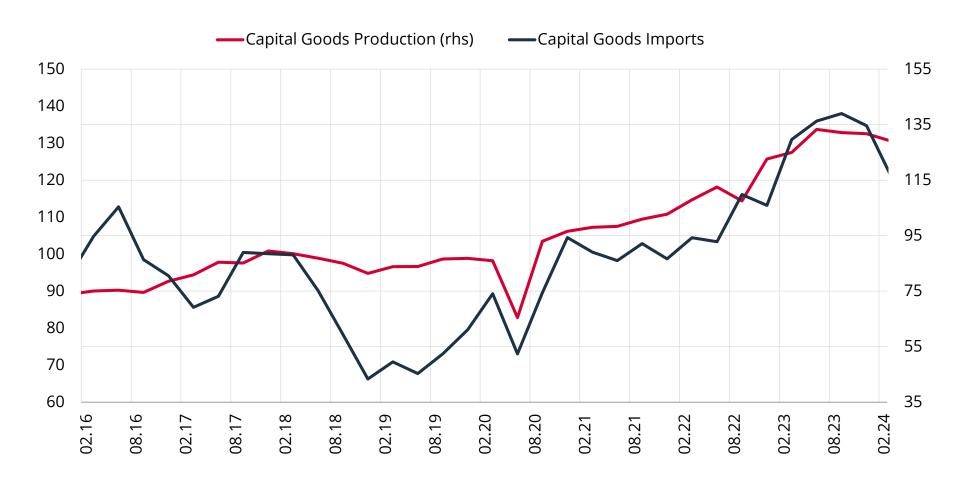


Source: TURKSTAT



### Capital Goods Production and Imports

#### (Seasonally Adjusted, Quarterly Average, Production 2021=100, Imports 2015=100)

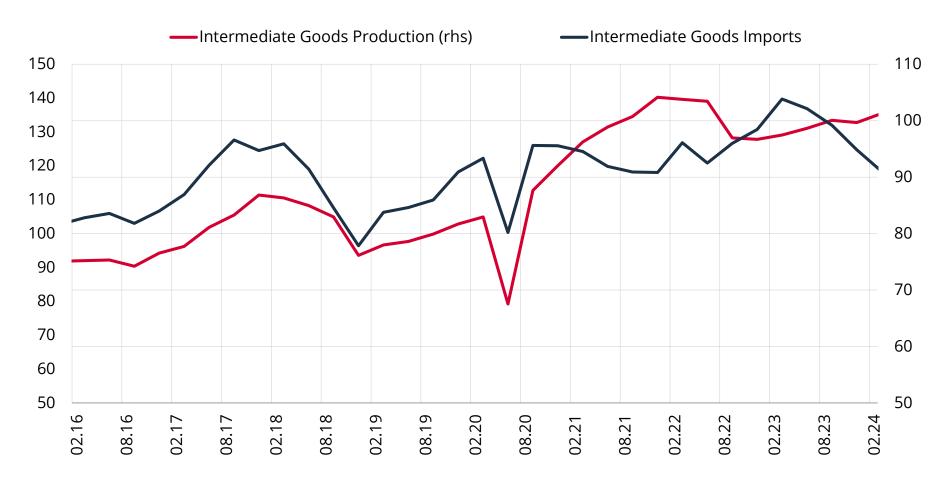


Source: TURKSTAT



### Intermediate Goods Production and Imports

#### (Seasonally Adjusted, Quarterly Average, Production 2021=100, Imports 2015=100)

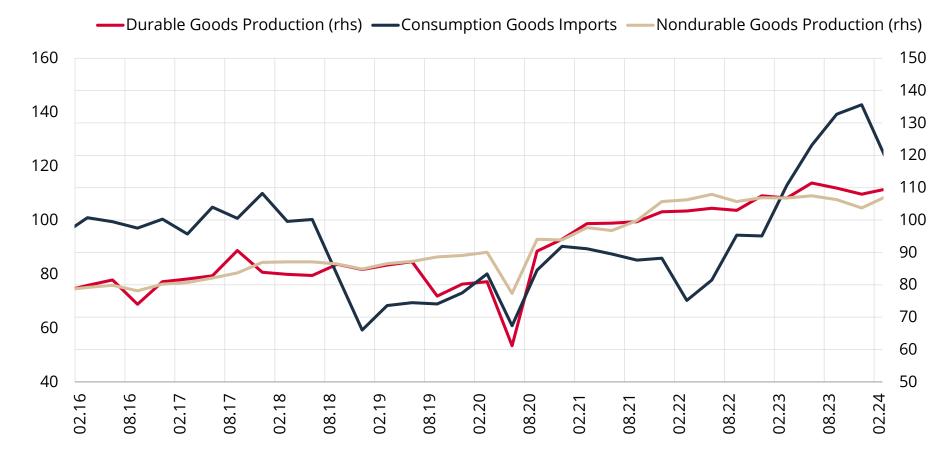


Source: TURKSTAT



### Consumption Goods Production and Imports

(Seasonally Adjusted, Quarterly Average, Production 2021=100, Imports 2015=100)

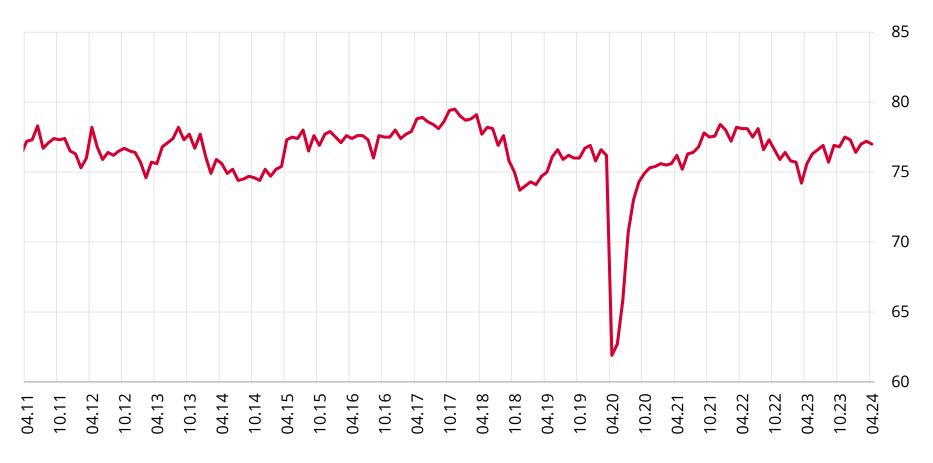


Source: TURKSTAT



### Capacity Utilization Rate

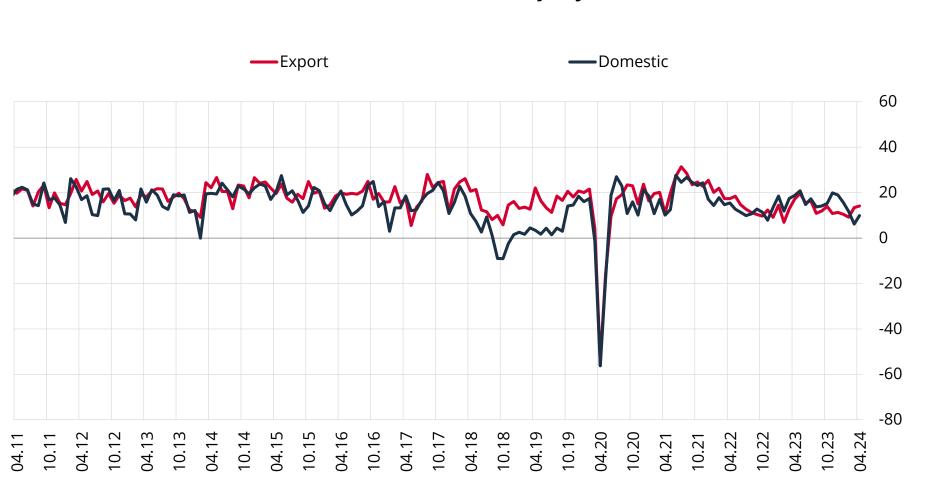
#### (Seasonally Adjusted, %)



Source: CBRT



Export and Domestic Orders Expectations Over the Next Three Months



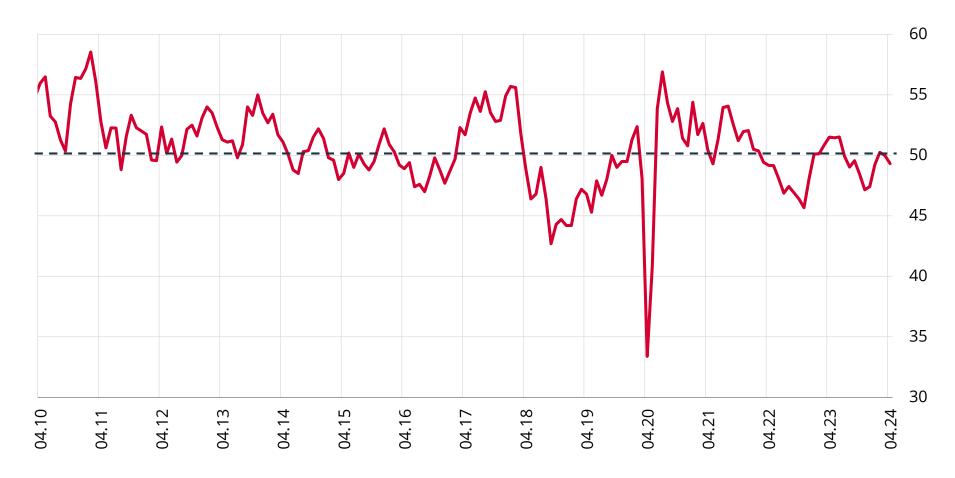
#### (Increase-Decrease, Seasonally Adjusted)

Source: CBRT



### PMI

#### (Seasonally Adjusted)

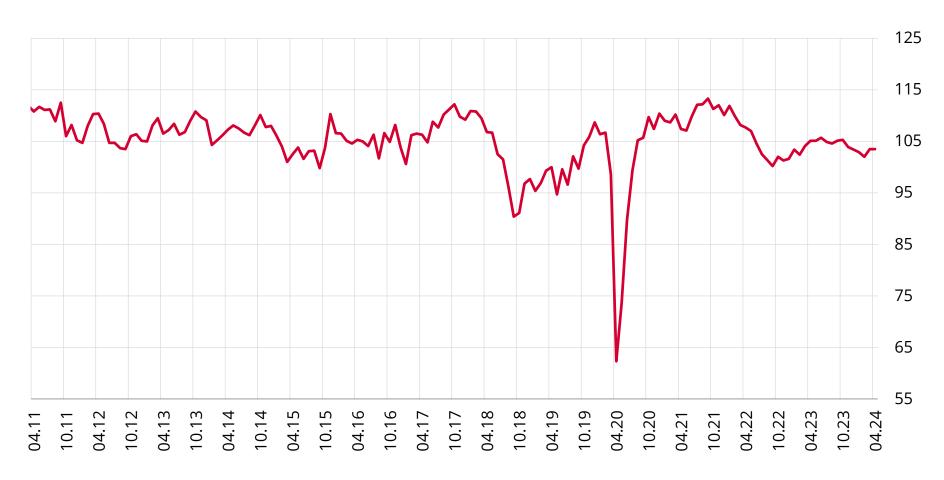


Source: S&P Global



### Real Sector Confidence Index

#### (Seasonally Adjusted)



Source: CBRT



### Investment Tendency\*

#### 40 30 20 10 البايي 0 hнг -10 -20 -30 -40 -50 -60 10.14 04.15 04.16 10.16 04.18 04.19 10.15 10.18 10.12 04.13 10.13 04.14 04.17 10.17 10.19 04.20 10.20 10.23 04.24 04.11 10.11 04.12 04.21 10.21 04.22 10.22 04.23

(Increase-Decrease, Seasonally Adjusted)

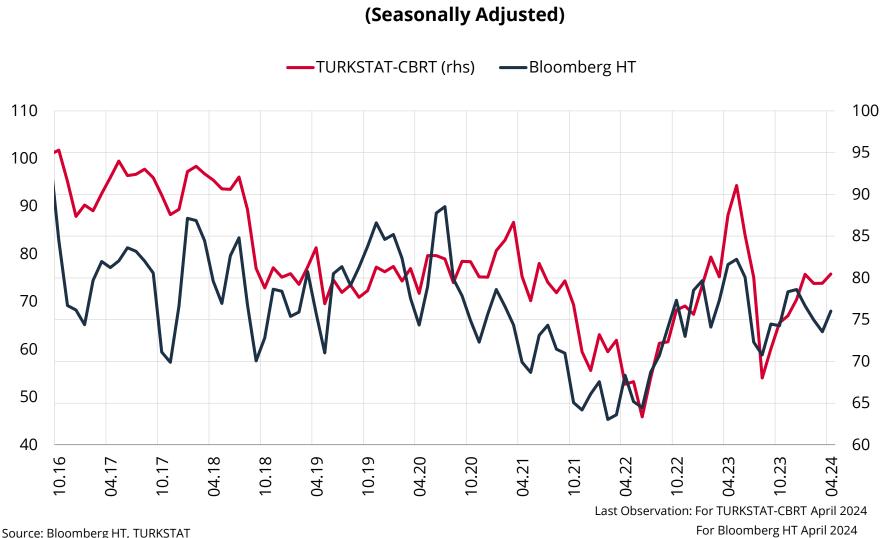
Source: CBRT

Last Observation: April 2024



\* Question number 23 from Business Tendency Survey: Compared to the last 12 months, how do you expect your fixed investment expenditure to change over the next 12 months?

### Consumer Confidence Indices



Source: Bloomberg HT, TURKSTAT





## MAIN ECONOMIC DEVELOPMENTS

Research and Monetary Policy Department

MAY 2024

ANKARA

