

25 April 2022

## Weekly Summary:

Last week, global stock markets fall sharply following hawkish comments from Fed Chair that signaling faster pace of rate hike. EUR/USD was increased by 0.4% last week to close at 1.08 despite rising policy divergence between ECB and Fed. Last week, rate futures showed a 46% chance that the Fed would raise interest rates by 250 basis points in December to 2.75%-3%. The Fed might increase the national inflation target from 2% to 3% to reach the full employment target by surviving the moderate growth after quick rate hikes. Ten Year US treasury inflation-indexed security rate yield briefly turned positive on Tuesday, for the first time since March 2020 due to the Fed's more aggressive policy stance.

Eurostat has released the final inflation data for March, according to which the consumer prices in the Euro Zone rose 2.4% on a monthly basis, taking the annual inflation rate to a new record high of 7.4% from 5.9% in February. China's economy grew by 4.8%, y/y, in the first quarter of the year, picking up from 4% in the fourth quarter. Growth was at 1.3% in quarterly basis, lower than 1.5% (revised) in the preceding period.

The Fed released the April issue of the Beige Book last week. The Fed reported that while economic activity increased at a "moderate pace" in most of its 12 districts during the February through mid-April period that the report covers, firms continued to struggle with rising prices and a lack of available workers. Fed Chairman Jerome Powell, in a speech at an International Monetary Fund panel, remarked that the Fed is committed to raising rates "expeditiously" to bring down inflation and stated that an interest rate hike of "50 basis points will be on the table for the May meeting" of the FOMC

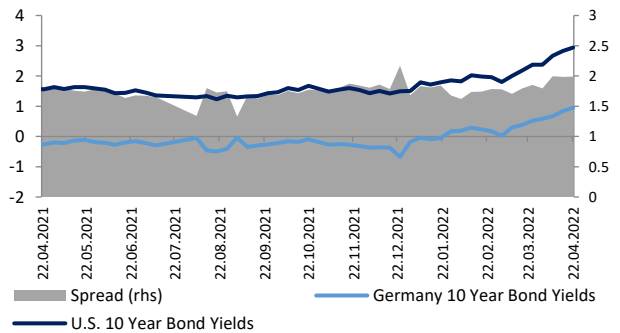
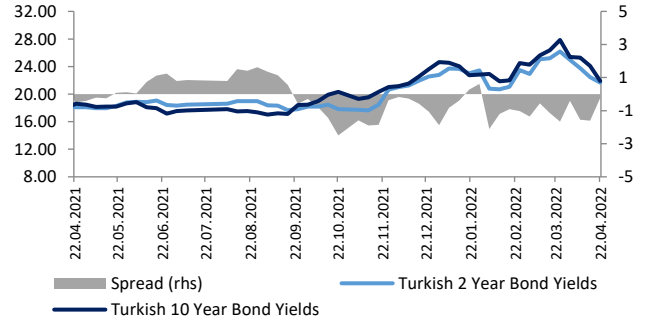
The IMF has released the April issue of its World Economic Outlook report with the title "War Sets Back the Global Recovery", where the Fund raised 2022 and 2023 global growth projections down by 0.8 and 0.2 percentage points, respectively to 3.6% in both years respectively, mostly due to the economic damage from the war in Ukraine. Moreover, it was recorded that the world economy grew by 6.1% last year. While the growth expectation of advanced countries was reduced from 3.9% to 3.3% for 2022, it was reduced from 2.6% to 2.4% for 2023. Turning to the emerging market and developing economies, according to the IMF, the 2022 growth of this country group was reduced from 4.8% to 3.8%, while the 2023 growth was reduced from 4.7% to 4.4%. The growth forecast for the Turkish economy has been determined as 2.7% for this year and 3% for the next year. In the forecasts published by the IMF in January, the Turkish economy was expected to grow by 3.3% this year and next year.

After increasing by 1.3 pps in March, TURKSTAT consumer confidence index (seasonally adjusted) slipped by 5.2 pps in April to 67.3. As for the details, the deterioration in the headline index seems to be broad-based as all of the sub-items effecting the index showed decreases in April.

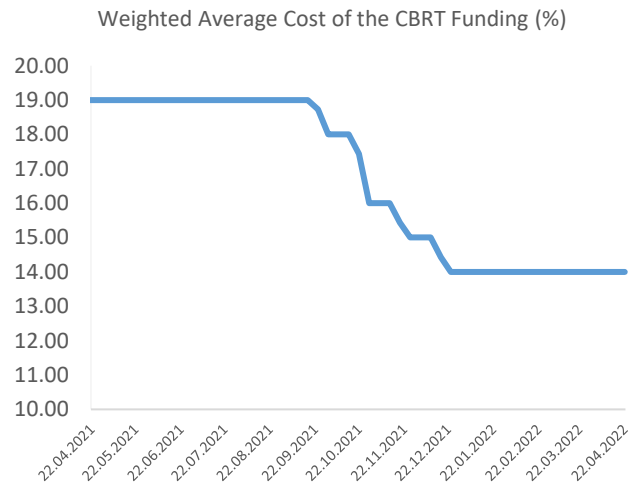
Last week, in addition to the standard reserve requirements on deposits, CBRT start to imply reserve requirements certain credits for the first time for aiming to decelerate credit growth rate. Furthermore, additional reserve requirement will apply to FX deposits depend on the conversion rates of households FX accounts to Lira. CBRT has continued to macro prudential measures for the economy without increasing the policy rate.

The yield on the Turkish 10-year government bond fall 220 basis points to 21.88% the lira rose 0.6% against the dollar to 14.7 last week. The BIST 100 index decreased by 0.9% to 2.472 points last week. The Turkey 5 Years CDS value is 584.

Russia-Ukraine negotiations, Eurozone April inflation data and the USA 1Q22 GDP growth data come to the fore on the global data agenda. In domestic market, April sectoral confidence indices, CBRT inflation report presentation will be watched closely.



	CDS	
	Current	Last Week
Turkey 5 Year CDS	584	589
Brazil 5 Year CDS	209	217
South Africa 5 Year CDS	218	215
Russia 5 Year CDS	13823	12227
Italy 5 Year CDS	101	99



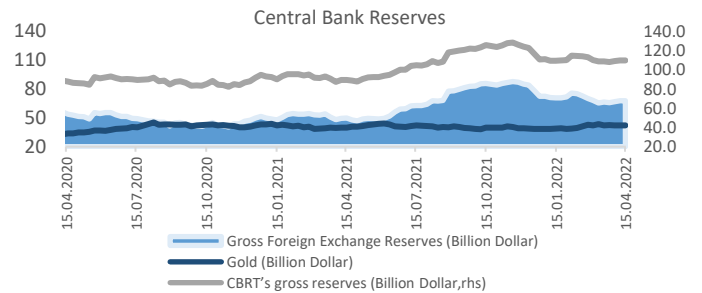
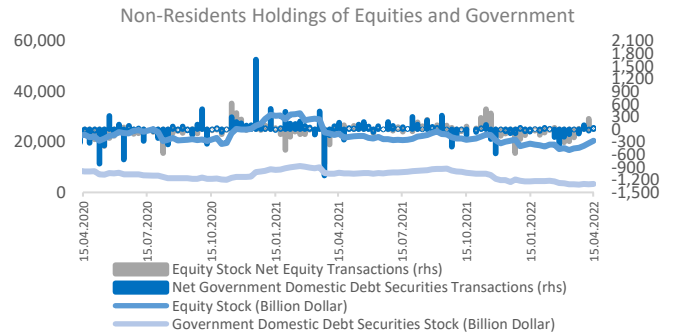
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## CBRT Reserves & Weekly Securities Statistics:

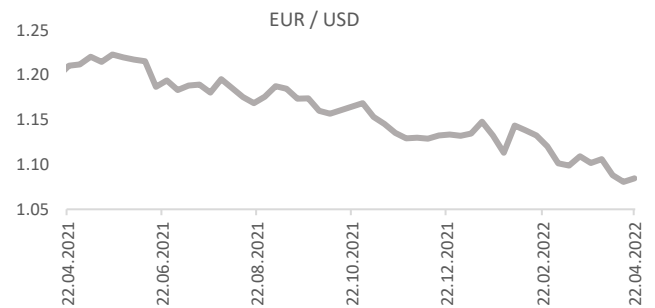
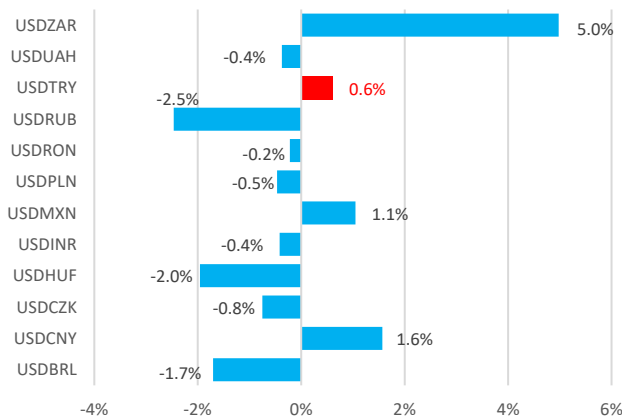
According to the CBRT data, during the period of April 8-15 foreign investors were net buyers of USD27 million in the equity market and USD25 million in the GDDS market. There was no movement in the sector other than general government bond market.

Equity outflows in 13-week total terms decreased to USD0.8 billion on April 15th from USD0.9 billion, while bond market outflows dropped to USD0.9 billion from last week's USD1 billion. Finally, bonds of the sector other than general government outflows decreased from last week's USD7 million to USD5 million this week.

In the week ending April 15th, the CBRT's gross reserves (inc. gold) increased by USD2.4 billion compared to April 8st, from USD109.9 billion to USD112.3 billion on the back of an increase of USD1.3 billion in FX reserves and USD1.1 billion in gold reserves. In year-to-date terms, total reserves increased by USD1.2 billion, driven by the FX reserve decrease of USD3.5 billion and gold reserve increase of near USD4.8 billion. In March, the liabilities arising from the CBRT's financial derivative activities (including swap operations) with resident banks and non-resident banks increased to USD62.1 billion from USD60.9 billion in February. Of this stock, some USD21.5 billion is due within a month.



Dollar's Weekly Performance Against Other Major Currencies



25 April 2022

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**A&T BANK Economic Research Department**

Ömer Ersan, PhD

T: +90 212 373 62 00 /1196

[oersan@atbank.com.tr](mailto:oersan@atbank.com.tr)[erd@atbank.com.tr](mailto:erd@atbank.com.tr)[www.atbank.com.tr](http://www.atbank.com.tr)