

4 April 2022

## Weekly Summary:

Last week, global stocks market rose as easing uncertainty surrounding the Ukraine invasion. EUR/USD was increased by 0.4% last week to close at 1.11. Shanghai lockdown was topic on the agenda last week. Supply concerns about ongoing and future Russian oil disruptions were overshadowed by demand concerns after China's financial capital Shanghai was placed under an eight-day Covid-19 lockdown on March 28, causing oil prices to fall. Last week, oil prices slipped sharply due to the Shanghai lockdown and US announcing a release of oil from its strategic reserve. US will release 1 million barrel every day for six months.

Last week, OPEC and its allies including Russia (OPEC+) evaluated market conditions at the 27th Ministerial Meeting and discussed the amount of production to be implemented as of May. In the group's statement, it would increase oil output in May by 432,000 barrels a day.

S&P/Case-Shiller Home Price Indices, the leading measure of US home prices, January reading showed that home prices continue to increase across the US. Accordingly, the 10-City and 20-City Composites both posted increases of 1.8%, m/m, in seasonal adjusted terms, respectively. Personal incomes in the US rose by 0.5% in February compared to January, while personal consumption expenditures increased by 0.2%, after rising by 2.7% in January. Turning to the prices front, the personal consumption expenditures (PCE) price index, the Fed's preferred inflation measure rose 0.4% monthly in February and 6.4% from a year earlier, compared to January's yearly rise of 6%. Finally, annual core PCE inflation increased to 5.9% from 5.2% in the same period. The US total non-farm payroll employment rose by 431K in March, lower expectations of about 490K.

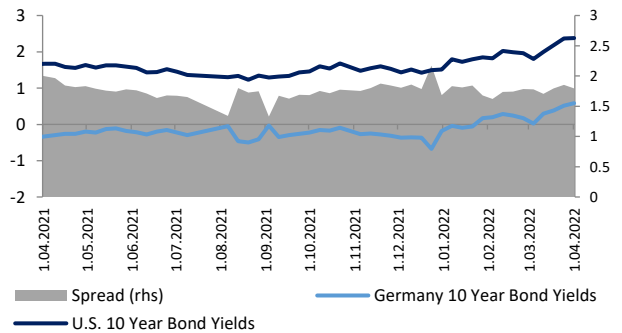
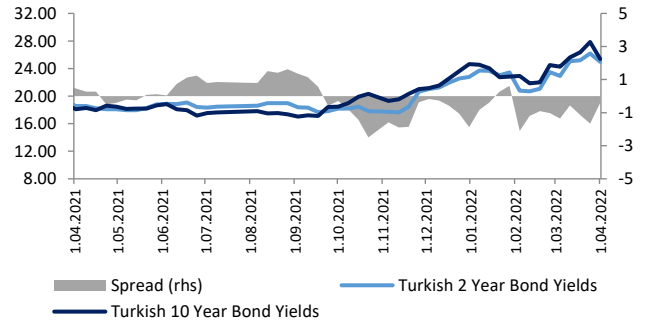
TURKSTAT economic confidence index (seasonally adjusted) decreased as expected in March, by 2.5 percentage points, m/m, to 95.7, which corresponds to its lowest level since June 2021, following another decline of 2.6 pp in February. The deterioration was almost broad based, with notable decreases in the real sector and other sectoral confidence indices (service, retail trade, and construction), contrary to a limited rise in consumer confidence. Hence, first quarter average of the index registered 98.3, 1.8 pps lower the preceding period, suggesting that economic activity has started to weaken in the first quarter of the year, which probably will accelerate due to the Russia-Ukraine war.

In his statement after the Cabinet Meeting, President Erdogan announced that VAT rates on some basic necessities such as detergent, soap, toilet paper, napkins, baby diapers as well as food and beverage were reduced from 18% to 8%. The changes will go into effect April 1.

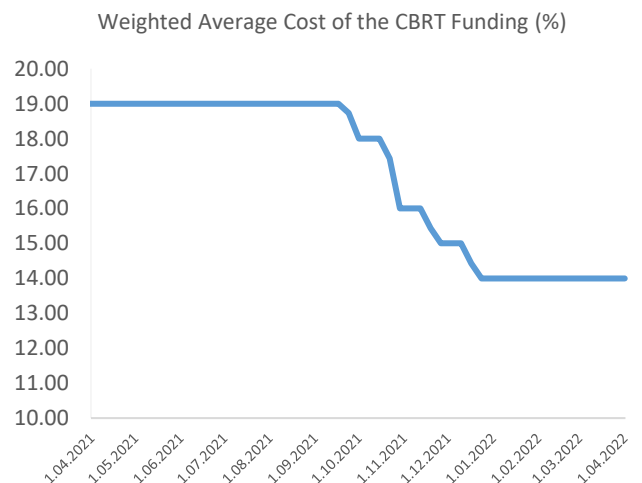
Turkey's trade balance run a USD7.9 billion deficit in February. This took the 12-month cumulative deficit significantly up to USD57.9 billion in February from USD53.4 billion in the previous month. Looking at the details, the energy bill continued to increase significantly in February with registering a USD7 billion deficit in the month compared to USD2.2 billion in the same month of the last year. 12-month cumulative energy deficit, hence, increased to USD52.9 billion from USD48.1 billion in January. S&P rating agency cut Turkey's local currency rating to 'B+' with a negative outlook.

The yield on the Turkish 10-year government bond fall 247 basis points to 25.38% the lira rose 1.1% against the dollar to 14.67 last week. The BIST 100 index increased by 3.5% to 2.251 points last week. The Turkey 5 Years CDS value is 538.

In global markets, Russia-Ukraine negotiations, March FOMC minutes and Eurozone producer price indices for February stand out. In Turkey, inflation data for March will be monitored.



	CDS	
	Current	Last Week
Turkey 5 Year CDS	538	604
Brazil 5 Year CDS	202	215
Greece 5 Year CDS	106	106
Russia 5 Year CDS	3249	2.674
Italy 5 Year CDS	93	95



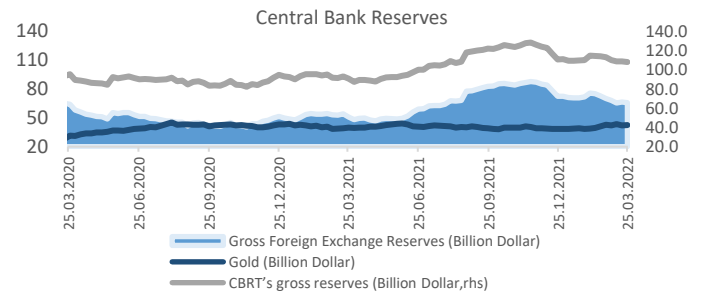
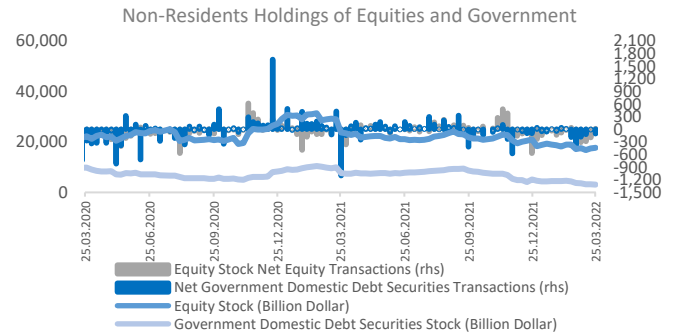
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## CBRT Reserves & Weekly Securities Statistics:

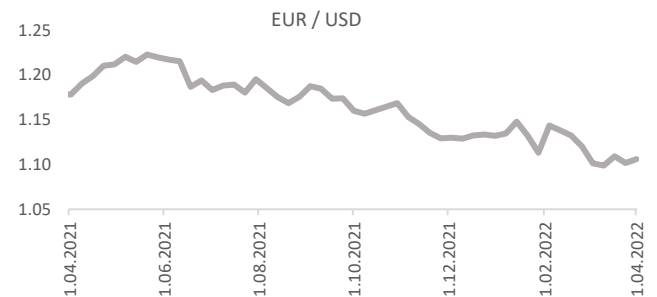
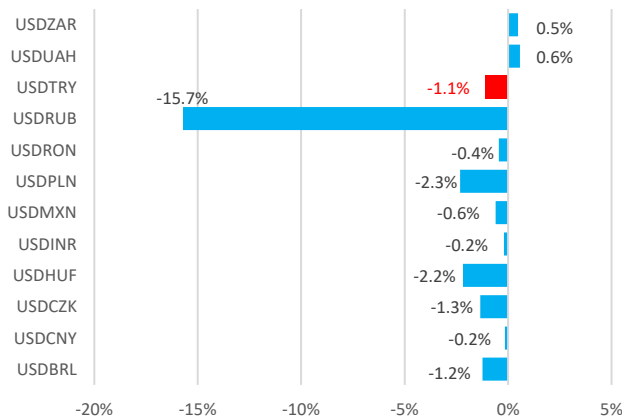
According to the CBRT data, during the period of March 18-25, foreign investors were net buyers of USD17 million in the equity market and USD104 million in the GDDS market. There was USD2 million outflow in the sector other than general government bond market.

Equity outflows in 13-week total terms decreased to USD1.5 billion on March 25th from USD2.1 billion, while bond market outflows stagnated at last week's USD1.1 billion. Finally, bonds of the sector other than general government inflows registered USD13 million, higher than last week's USD9 million.

In the week ending March 25th, the CBRT's gross reserves (inc. gold) dropped by USD0.7 billion compared to March 18th, from USD108.7 billion to USD108 billion on the back of a decrease of near USD0.9 billion in FX reserves and an increase of near USD0.2 billion in gold reserves. In year-to-date terms, total reserves decreased by USD3 billion, driven by the FX reserve decrease of USD6.9 billion and gold reserve increase of near USD3.9 billion. In February, the liabilities arising from the CBRT's financial derivative activities (including swap operations) with resident banks and non-resident banks decreased to USD60.9 billion from USD63.3 billion in January. Of this stock, some USD19.6 billion is due within a month.



Dollar's Weekly Performance Against Other Major Currencies



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