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EKONOMİ ve PİYASA

HAFTALIK EKONOMİK GÖRÜNÜM

10 TEMMUZ 2023

22 Haziran 2023'de toplanan Para Politikası Kurulu'nun toplantı özeti 3 Temmuz 2023'de yayınlandı. Toplantı özetine geçmiş uygulamaların oluşturduğu sorunlara yapılan vurgular dikkat çekti. Faiz artışı beklentilerinin altında bir karar alan PPK'nın kredibilite eksiğini toplantı özeti metni üzerinden telafi etmeye çalıştığı anlaşılıyor.

Toplantı özetinde enflasyon hedeflemesi rejimine dönüşün sinyalleri verilirken, atılacak adımların kademeli olacağı belirtildi. Diğer taraftan parasal sıkılaşmanın hangi seviyede ne kadar olması gerektiğine ilişkin referans verilmemesi enflasyon hedeflemesi rejimi açısından bir eksiklik olarak değerlendirilebilir. Nitekim halen negatif reel faiz seviyesinde bir para politikası seviyesi olması ve enflasyonist baskıların artarak devam etmesi önümüzdeki dönem Merkez Bankasının tekrar test edilmesine yol açacaktır.

Para Politikası Kurulu Toplantı Özeti

Para Politikası

32. Kurul politika faizini enflasyonun ana eğiliminin gerilemesini ve orta vadede yüzde 5 hedefine ulaşmasını sağlayacak parasal ve finansal koşulları oluşturacak şekilde belirleyecektir. Kurul, mevcut para politikası çerçevesinin enflasyon görünümü ve yukarı yönlü riskler göz önüne alındığında yüzde 5 enflasyon hedefini gerçekleştirmekten çok uzak olduğu değerlendirmesinde bulunmuştur. Fiyat istikrarındaki bozulmanın makroekonomik istikrarı ve özellikle finansal istikrarı tehdit ettiğine dikkat çekilmiştir. Bu doğrultuda Kurul, adımları gerektiği zamanda ve gerektiği ölçüde kademeli olarak güçlendirilen bir parasal sıkılaştırma sürecinin uygulanmasına karar vermiştir. **Parasal sıkılaştırma sürecinin enflasyon görünümünde belirgin iyileşme sağlanana kadar devam etmesi öngörülmüştür**.

36. Kurul, hedeften oldukça uzaklaşan enflasyonun para politikasının etkin kullanımını gerektirdiği tespitinde bulunmuştur. Parasal sıkılaştırma sürecinin başlaması ile para politikasının etkinliği artacaktır.

37. Buna ek olarak Kurul, **mevcut mikro- ve makro-ihtiyati çerçevenin makro finansal istikrarı destekleme konusunda zayıf kaldığı ve piyasa mekanizmalarının işlevselliğini olumsuz etkilediği** tespitlerini yapmıştır. Bu doğrultuda söz konusu çerçevede sadeleşme politikası benimsenmiştir. Mevcut mikro- ve makro-ihtiyati çerçeve, piyasa mekanizmalarının işlevselliğini artıracak ve makro finansal istikrarı güçlendirecek şekilde sadeleştirilecektir. Yumuşak bir geçiş süreci için sadeleşme politikasının kademeli olmasına karar verilmiştir. Sadeleşme sürecinde dönüşümün hızı ve sıralaması etki analizleri ile belirlenecektir. TCMB tarafından yapılan düzenlemelere ilişkin etki analizleri söz konusu çerçevenin tüm bileşenleri için enflasyon, faizler, döviz kurları, rezervler, beklentiler, menkul kıymetler ve finansal istikrar üzerindeki yansımalarıyla birlikte bütüncül bir bakış açısıyla değerlendirilerek yapılacaktır.

Turkey's Inflation Nightmare Isn't Going Away With Lira on Ropes

By Beril Akman

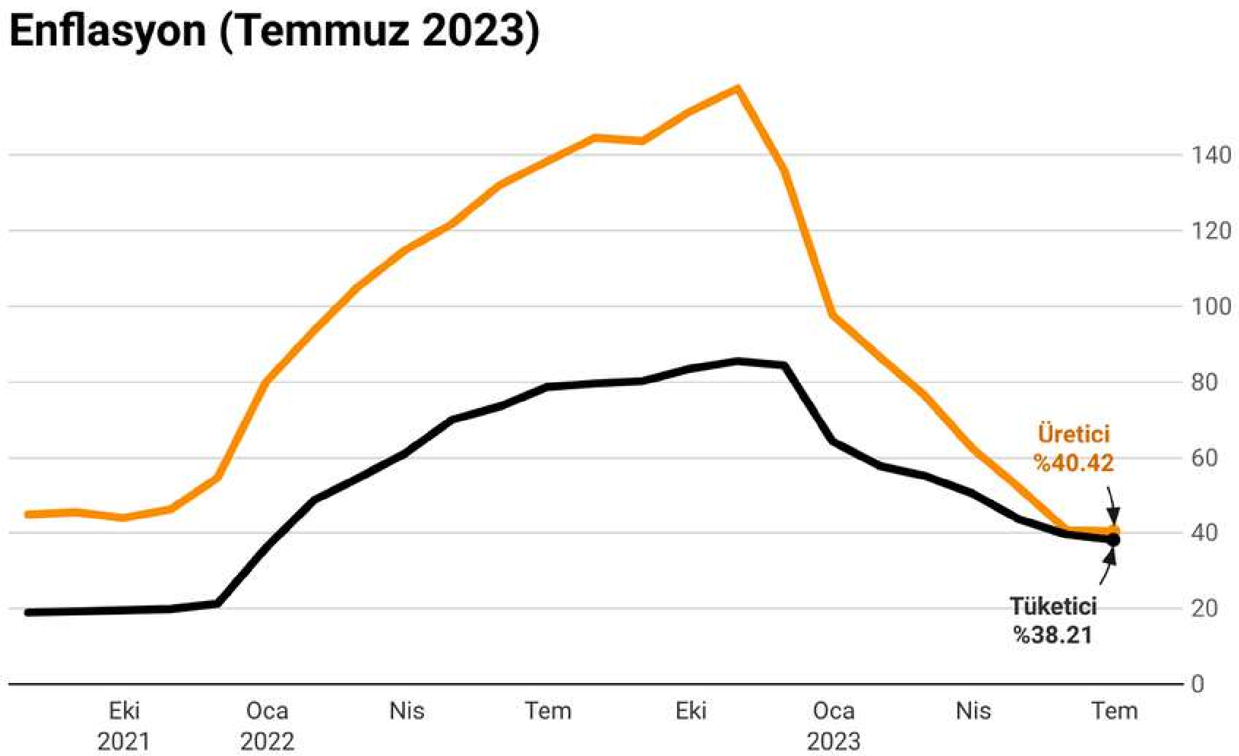
(Bloomberg) -- One of the lira's worst stretches in decades is getting in the way of a turnaround in Turkish inflation as President Recep Tayyip Erdogan's new economy team reverses the unorthodox policies used to tether the currency.

Though its steep declines didn't completely break the disinflation momentum last month, the depreciation is stirring up price pressures just as the government moves ahead with measures that include an interim hike of 34% in the minimum wage. The lira has lost about a quarter of its value against the dollar since Erdogan's reelection victory last month.

The likely result is the smallest deceleration in consumer prices since a slowdown that began last November. Data due Wednesday will show annual inflation fell slightly below 39% in June from 39.6% the previous month, according to a Bloomberg survey of analysts.

“The impact of strong base effects” from last year was “offset by sharp lira depreciation following the elections,” Goldman Sachs Group Inc. economists including Basak Edizgil said in a report. “Although policy has turned tighter since the elections, further FX weakness is likely to aggravate core inflation going forward.”

In the months ahead, analysts expect inflation to accelerate past 40% again and stay there through the first half of 2024. Bloomberg Economics revised its year-end call to 47% from 43%, meaning price growth may run at over nine times the official target of 5%.



Haziran ayında tüketici fiyatları yüzde 3,92 oranında artmış ve yıllık enflasyon 1,38 puan azalarak yüzde 38,21 seviyesine gerilemiştir. Aylık bazda incelendiğinde, enerji başta olmak üzere alt gruplar genelinde yüksek artışlar kaydedilmiştir. Enerji grubu fiyatlarındaki artışı döviz kuru gelişmelerinin etkisiyle yükselen akaryakıt kalemi sürüklemiştir. Temel mal grubu enflasyonundaki yükselişte, kur geçişkenliği yüksek ve hızlı olan dayanıklı tüketim malları belirleyici olmuştur. Hizmet grubu fiyatlarındaki aylık artış önceki aya kıyasla zayıflamakla beraber özellikle kirada güçlü seyrini korumuştur. Gıda fiyatları, taze meyve ve sebze grubu öncülüğünde, tarihsel haziran ayı ortalamasının üzerinde yükselmiştir. Üretici fiyatları döviz kuru gelişmelerinin etkisiyle son sekiz ayın en yüksek aylık artışını göstermiştir. Bu görünüm altında, mevsimsellikten arındırılmış verilerle aylık artış oranı B ve C göstergelerinde bir önceki aya kıyasla yükselmiş, yıllık enflasyon B göstergesinde gerilerken C göstergesinde artış kaydetmiştir.

Haziran ayı fiyat gelişmeleri

Turkish State Banks Resume Supporting Lira as Rout Deepens (3 TEMMUZ)

By Kerim Karakaya and Asli Kandemir

- Banks spent around $1 billion so far on Monday, traders say

- Currency losses deepened after June interest-rate decision

(Bloomberg) -- Turkey's state-run banks re-entered the foreign-currency market on Monday, selling as much as $1 billion by midday to prop up the lira, according to traders.

As the currency's decline deepened after last week's public holidays, state banks stepped in to prevent it from falling much past 26.07 per dollar, the traders said, asking not to be named because they weren't authorized to speak publicly on the matter.

The currency depreciated as much as 0.4% on the day and was trading 0.3% lower at 26.08 per dollar at 3:25 p.m. in Istanbul. Turkey's state banks don't comment on their interventions in the foreign-exchange market.

The interventions hit Turkish dollar bonds and raised default insurance costs, as markets factored in the impact on the central bank's already-depleted foreign exchange reserves. Five-year credit default swaps rose nine basis points on the day to 496 basis points, while 10-year dollar bonds erased earlier gains and fell 14 cents to 85.1 cents.

Signaled it was in favor of curbing dollar sales and letting the market establish the currency's value.

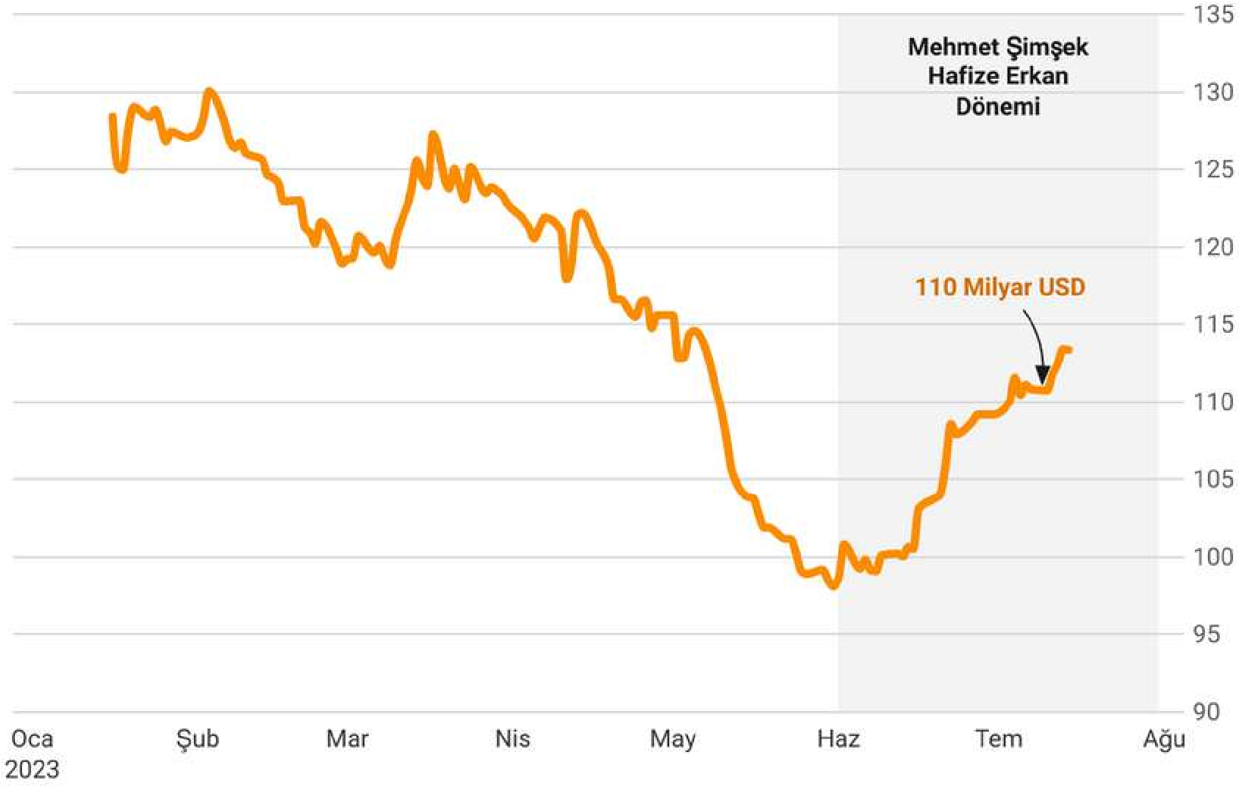
However, they have since stepped in sporadically to prevent too sharp a lira slide, especially after the central bank's June 22 meeting that disappointed investors with a smaller-than-expected hike in the benchmark one-week repo rate. That's sent the lira almost 10% lower.

“For the lira to stabilize and start appreciating, the new economic team has to impress foreign investors with a quick implementation of structural reforms,” said Piotr Matys, senior currency analyst at In Touch Capital Markets Ltd.

“Something will have to give - Turkey doesn’t have sufficient FX reserves left so it seems inevitable that the lira will be allowed to trade more freely.”

The lira’s year-to-date losses now amount to 28%, the biggest loss among peers after the Argentinian peso.

TCMB Brüt Rezervler (9 Temmuz)



Varlıklar (Milyar ABD Doları)	Tem 22	30/12/22	02/07/23	YTD
Altın	39.59	45.89	41.12	-4.77
Efektif YP	4.01	9.60	4.45	-5.15
Menkul Kıymet + Depo	10.17	10.29	4.30	-5.99
Diğer Hesap Bakiyesi	54.04	62.94	57.74	-5.20
TOPLAM	**106.54**	**128.72**	**107.61**	**-21.11**

Yükümlülükler (Milyar ABD Doları)	Tem 22	30/12/22	02/07/23	YTD
Bankalara YP Borçlar	76.12	85.04	68.22	-16.82
IMF & Yabancı Bankalara Borçlar	6.38	16.25	29.80	+13.55
Hazineye Borçlar	13.40	11.85	13.77	+1.92
Bankalara Swap Borçları	41.23	47.41	36.28	-11.13
Merkez Bankalara Swap Borçları	22.75	23.35	23.35	0.0
TOPLAM	**159.88**	**183.90**	**171,42**	**-12.48**

Turkish Minister Simsek Privately Criticizes Lira Savings Scheme

(6 TEMMUZ)

By Kerim Karakaya

(Bloomberg) -- Turkey's Treasury and Finance Minister Mehmet Simsek expressed strong criticism of the nation's flagship lira savings tool during a private meeting with foreign investors on Thursday, according to people familiar with the discussions.

Creating the so-called KKM program, or "FX-protected lira deposit accounts," was a bad idea that has created significant challenges, Simsek said. The program was designed to encourage more savings in Turkish liras rather than foreign currencies by guaranteeing returns on lira deposits that compensate for any potential exchange-rate losses.

A former Wall Street analyst who was appointed last month by Turkey's President Recep Tayyip Erdogan to oversee the country's financial affairs, Simsek said the government would look to terminate the program when it had enough resources to do so smoothly, the people said, asking not to be named because the talks were private. Simsek's office declined to comment on the meeting.

The total amount of money in the flagship deposit program has exceeded $100 billion since it was introduced

during a currency crisis in 2021. The program's size means that it can create pressure on the lira – and the central bank's reserves – if large numbers of savers choose to opt out and convert back into dollars.

That makes it important to persuade individuals to remain in the program, Simsek said, expressing doubts about whether the government currently has the resources that would be required to terminate it.

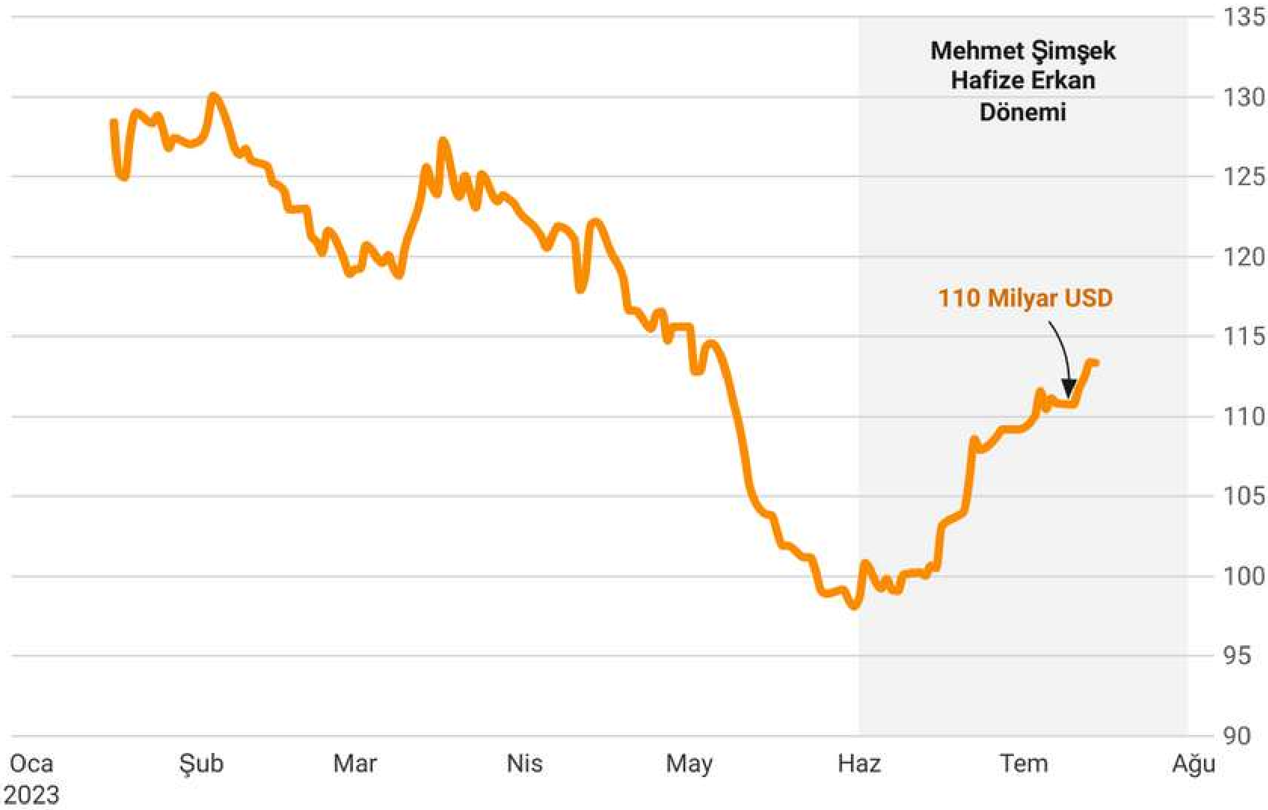
Kaynak: Bloomberg

Earlier this week, Turkey's ruling party introduced a bill that passes the costs of the program onto the central bank, whereas before they had been shared with the Treasury. On Monday, Bloomberg reported that state banks sold $2.3 billion on the market to help meet demand for dollars driven by maturing KKM accounts.

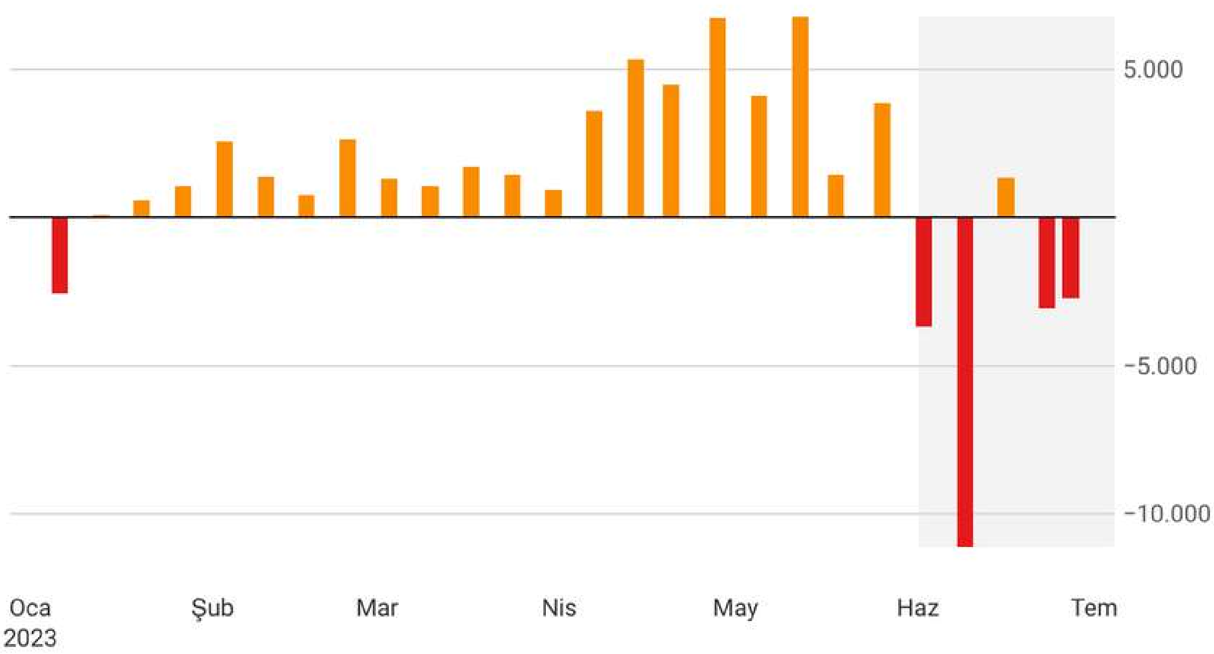
Simsek also told the investors that he had recommended two respected economists for positions on the central bank's monetary committee, the people said. He said he was uncertain about whether his suggestions would be accepted, they said.

Kaynak: Bloomberg

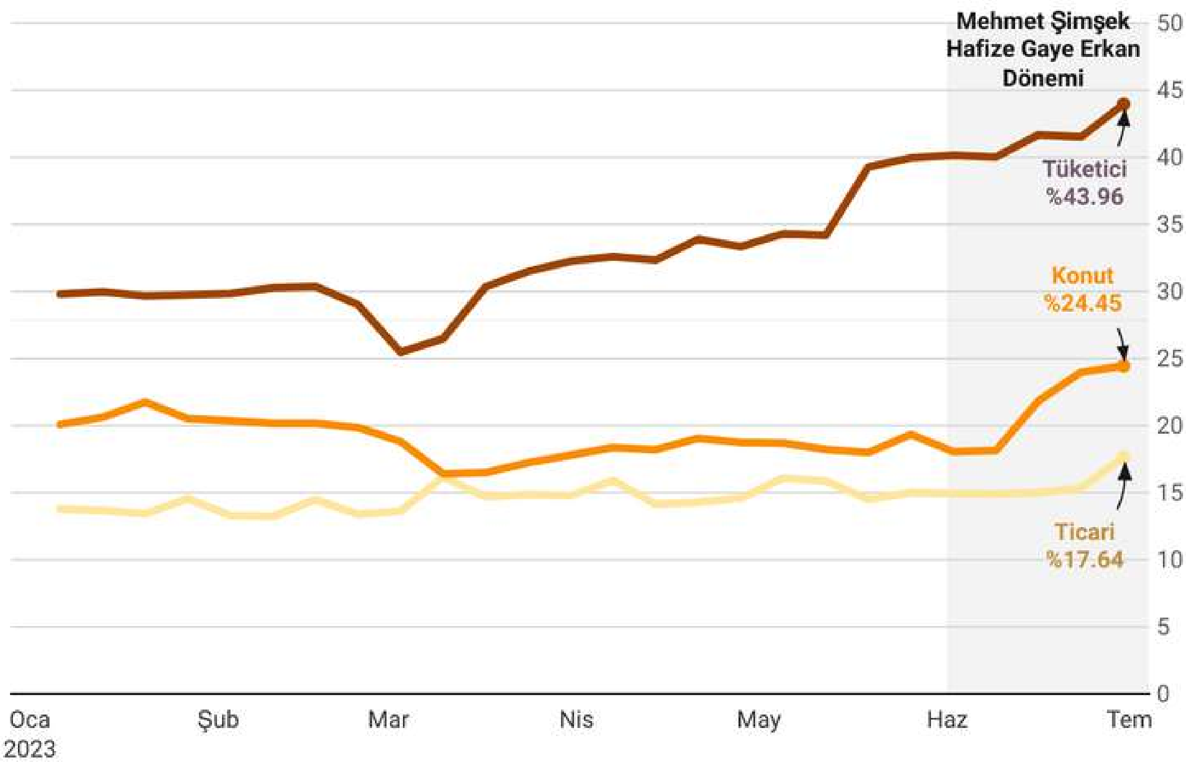
TCMB Brüt Rezervler (9 Temmuz)



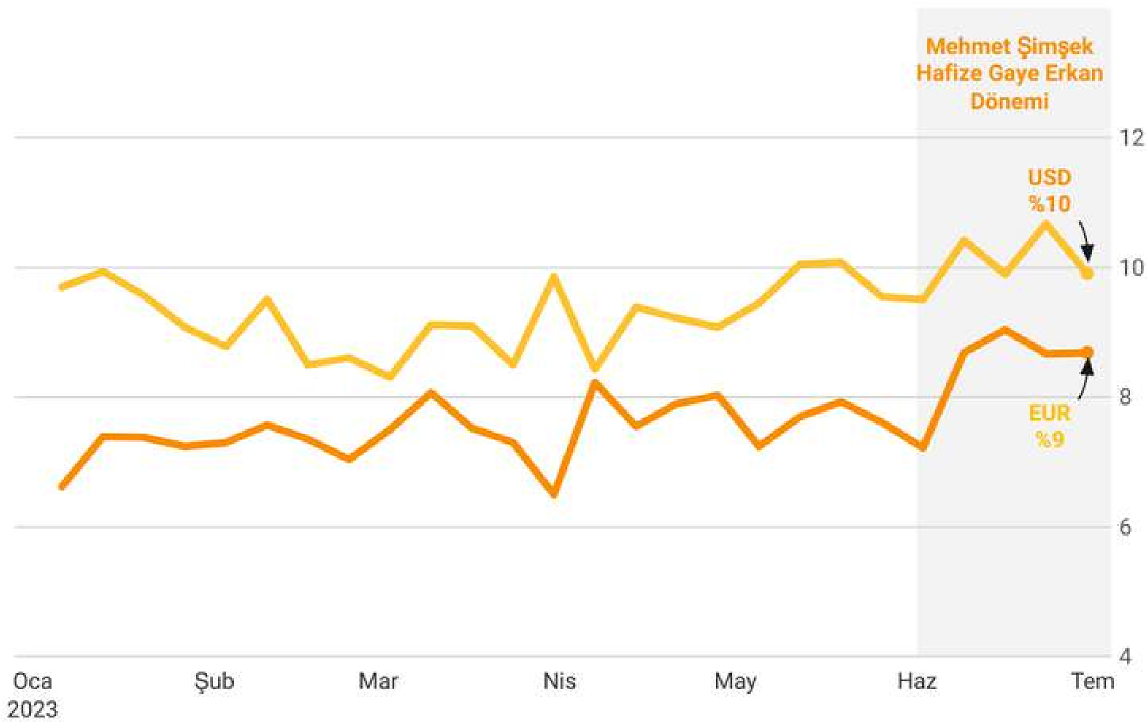
Haftalık Değişim



TL Kredi Faizleri (30 Haziran)

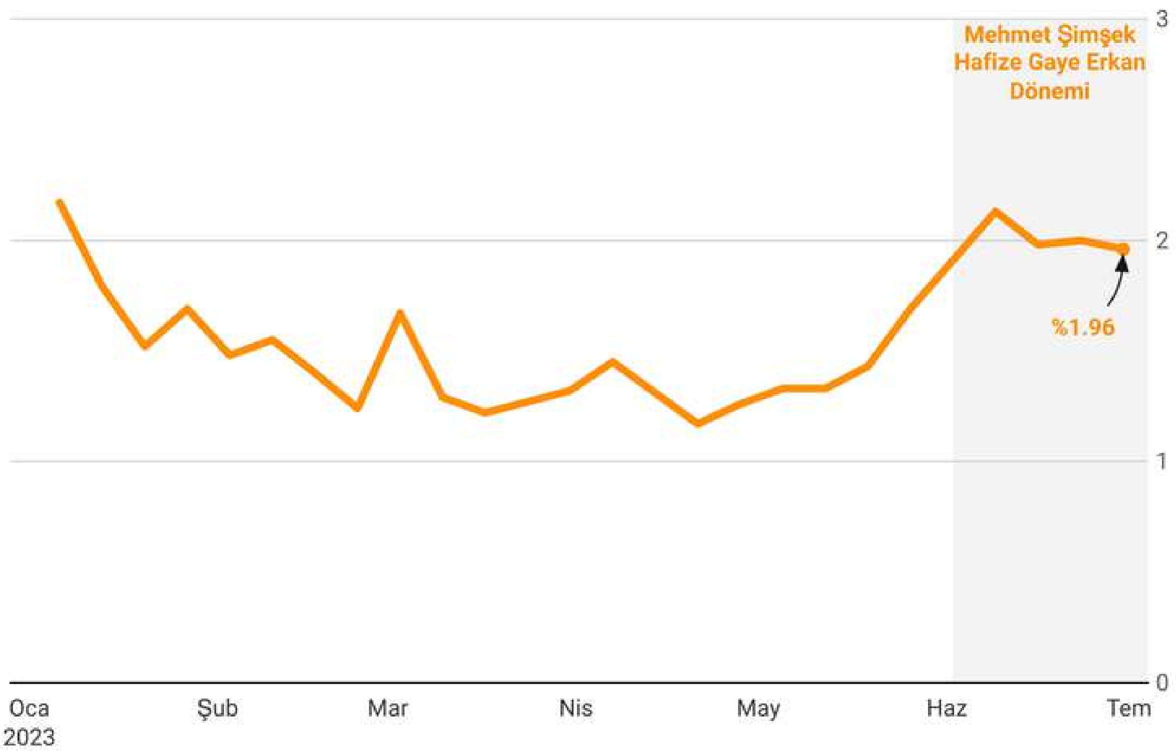


YP Kredi Faizleri (30 Haziran)

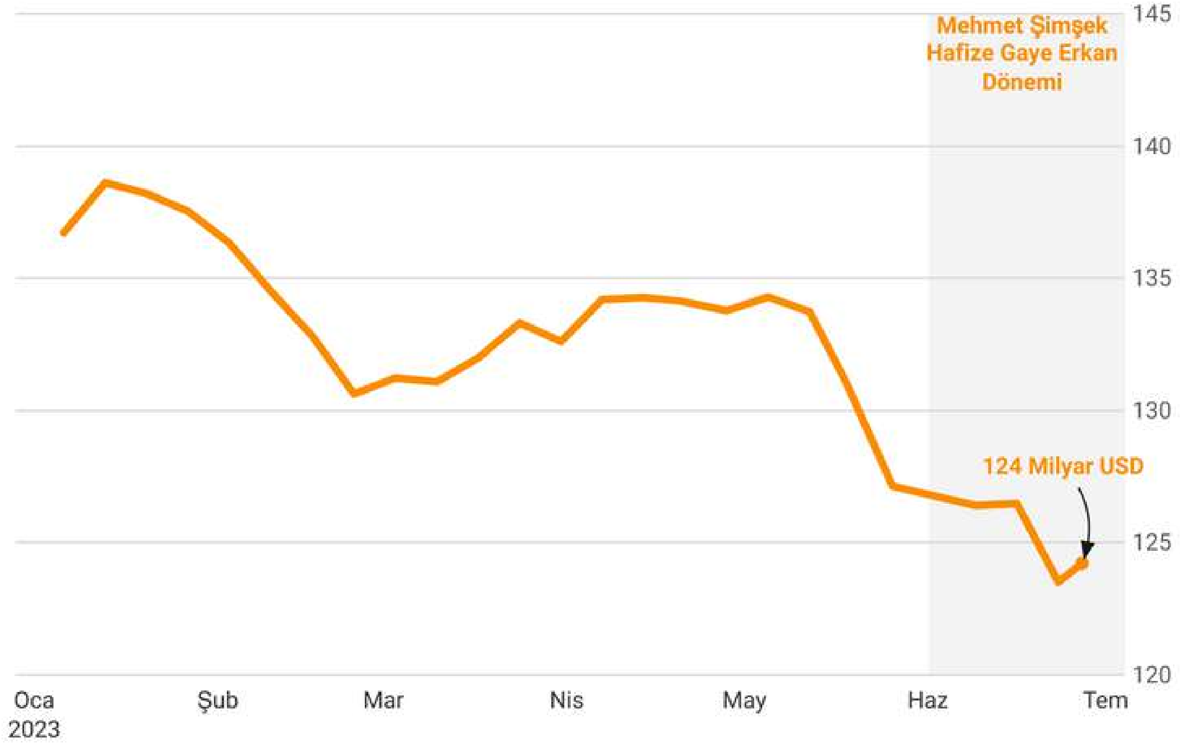


TL- 3 Aya Kadar Vadeli Mevduat Faizleri (30 Haziran)

USD- 3 Aya Kadar Vadeli Mevduat Faizleri (30 Haziran)

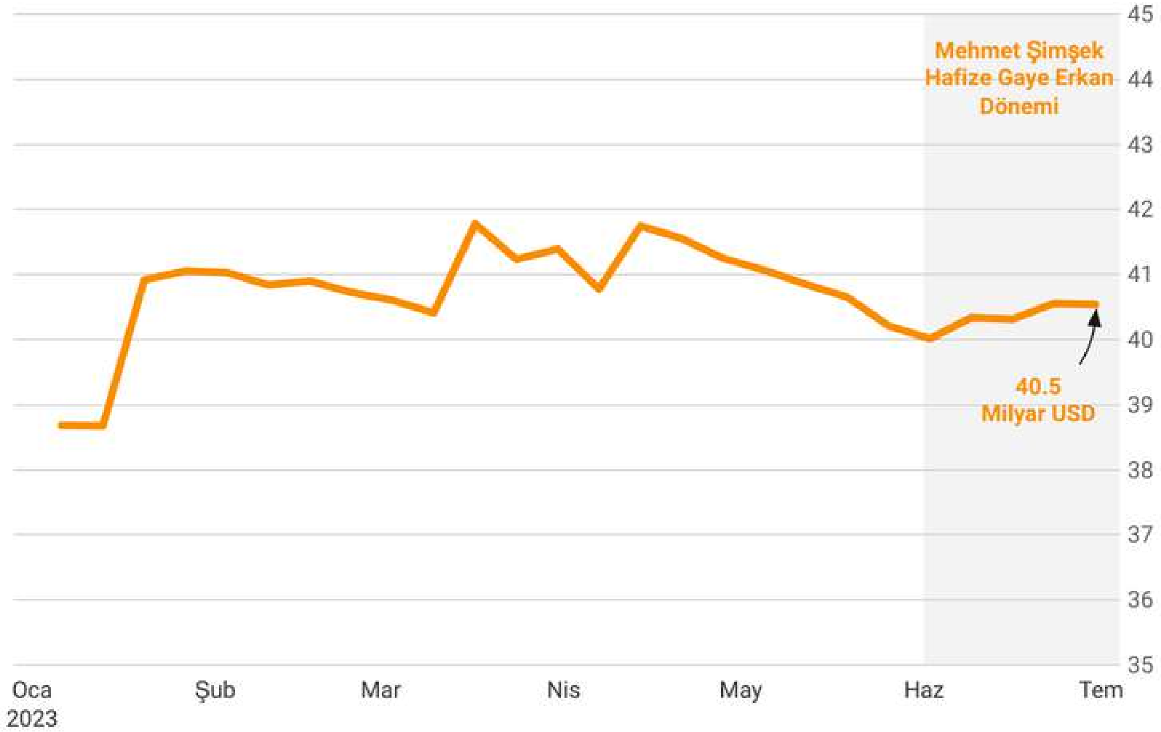


Gerçek Kişi YP Mevduat (27 Haziran)



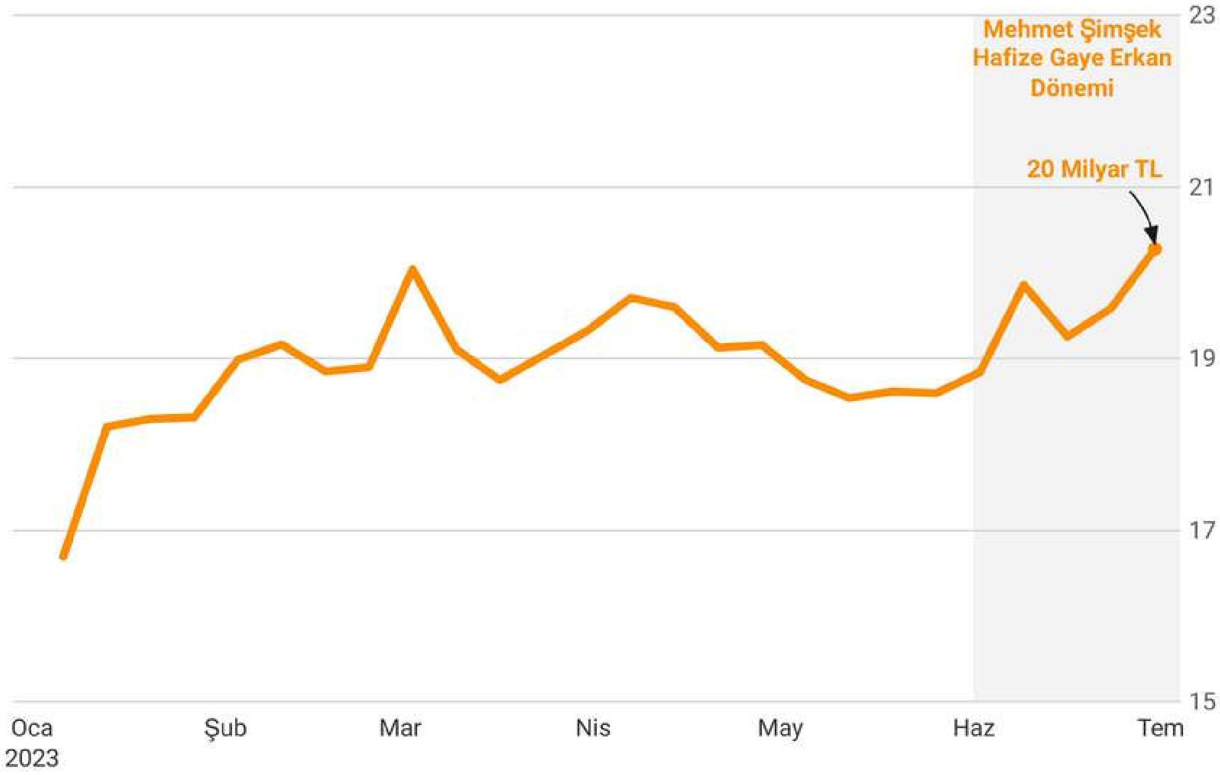
Ticari YP Mevduat (27 Haziran)

Eurobond- Yurtdışı Yerleşik (Nominal - 30 Haziran)

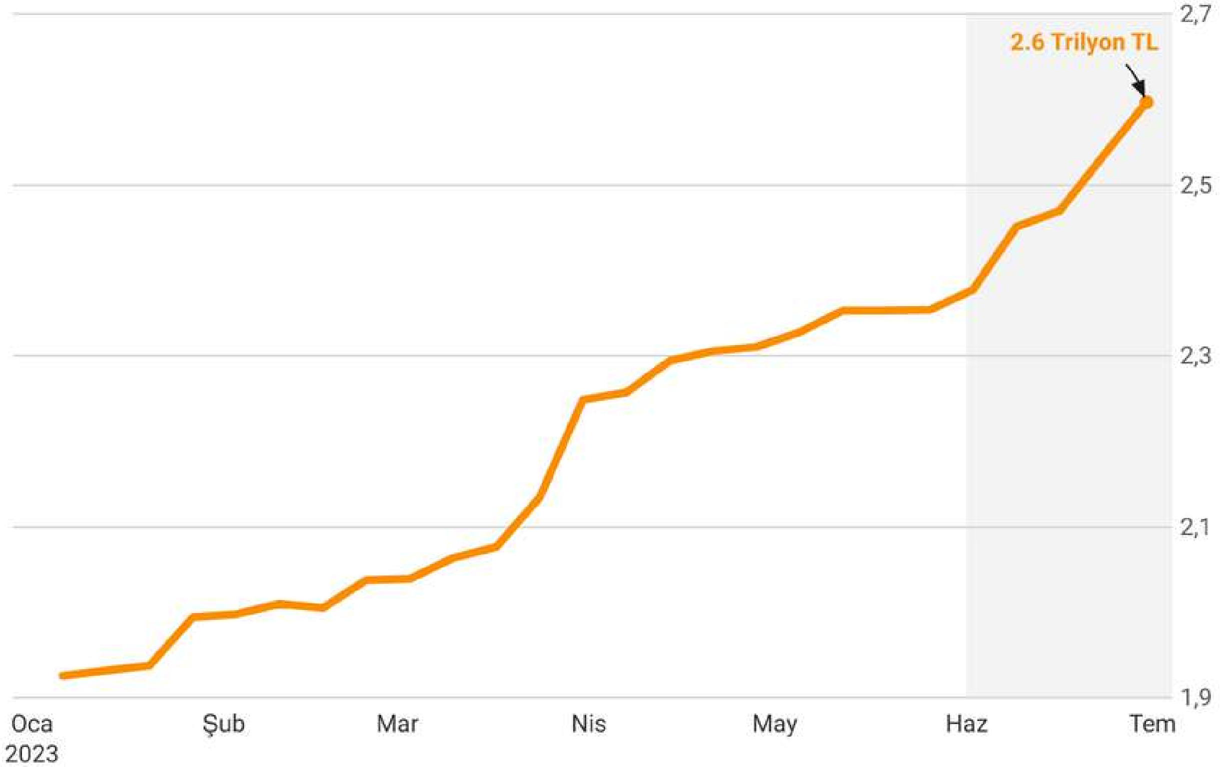


Eurobond- İhraç Edilmiş (Nominal - 30 Haziran)

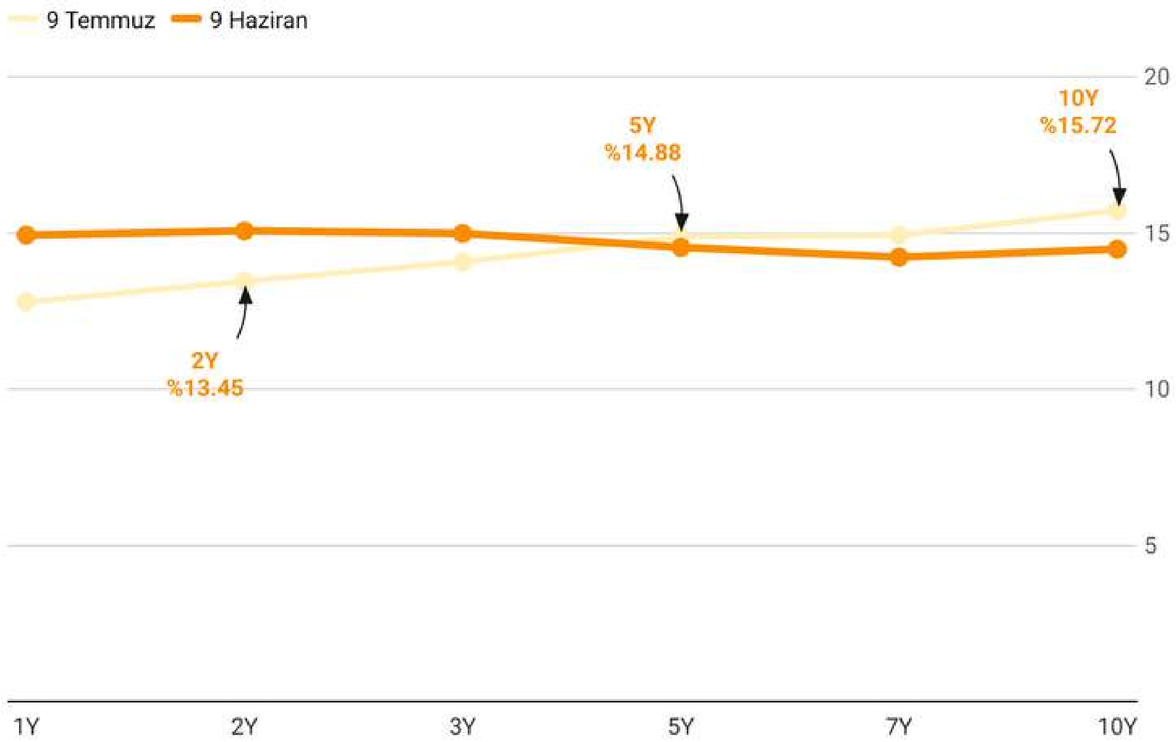
TL Tahvil - Yurtdışı Yerleşik (Nom, 30 Haziran)



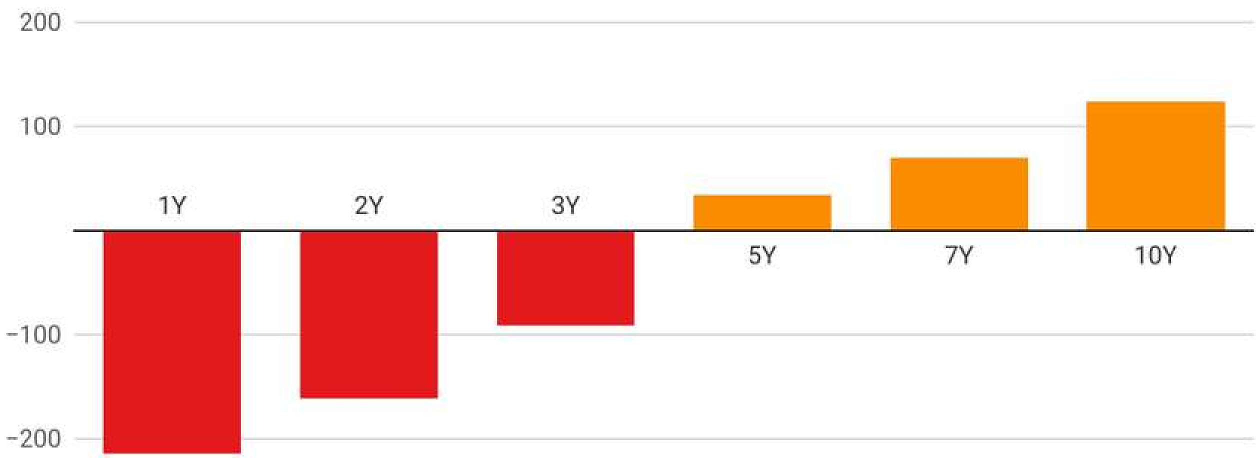
TL Tahvil - İhraç Edilmiş (Nom, 30 Haziran)



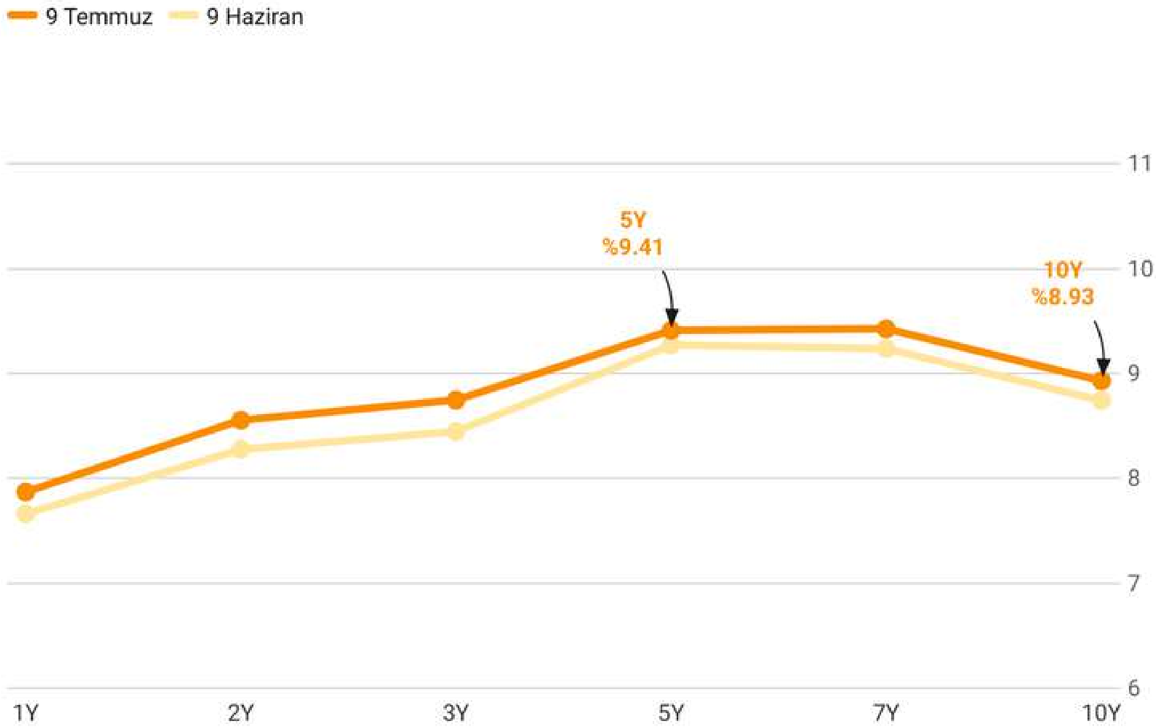
TL Tahvil Getiri Eğrisi



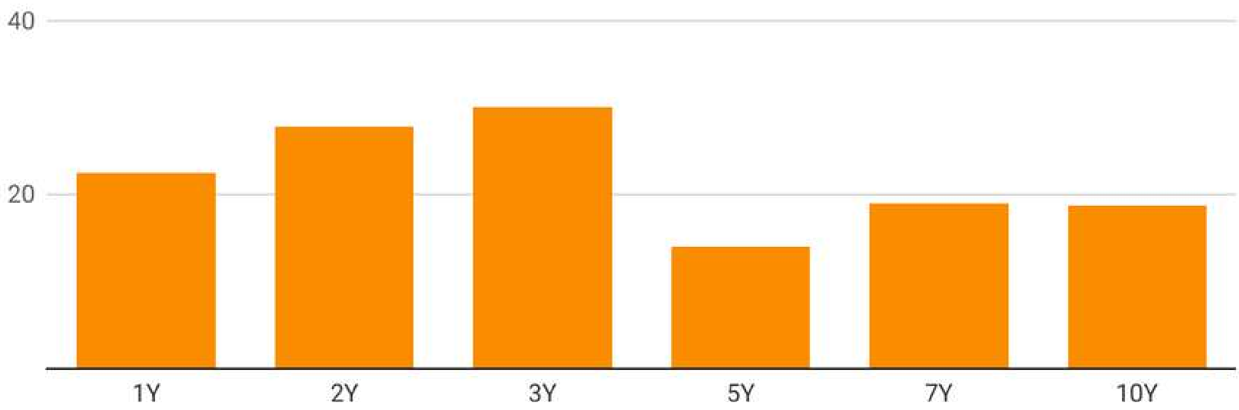
Aylık Değişim - baz puan



USD- Tahvil Getiri Eğrisi



Aylık Değişim- baz puan



Risk Primi (10 Temmuz)

Ishares TUR Hisse Senedi Fonu (Fon değeri, Milyon USD)

Inflation and New Fiscal Measures (6 TEMMUZ)

Hande Kucuk

CEEMEA Economist

Headline inflation continued its decline, coming in at 38.2%Y in June, but it has likely bottomed as FX pass-through and strong wage increases imply a significant upward move from July, reaching 52%Y at year-end according to our forecast. A new draft bill hiking civil servant salaries and introducing new measures to balance fiscal pressures will likely be inflationary in the short term.

Inflation likely bottomed in June: Headline inflation came in at 3.9%M and 38.2%Y in June, lower than Bloomberg consensus (4.3%M and 38.9%Y) and our forecast (4.6%M and 39.1%Y). Despite a stronger monthly print for headline inflation, we saw a 1.4pp decline in year-on-year terms driven by base effects. We think this is likely to be the lowest print for CPI this year, as inflationary pressures should increase on the back of the lira depreciation since end-May and the mid-year salary and wage adjustments prompted by a minimum wage hike of 34% and average civil servant salary hike of 74% effective from July (the latter was proposed to parliament yesterday).

Details of the June print: Favourable base effects were particularly strong in energy inflation, which came in at -16.5%Y in June despite a strong monthly increase of 4.0% M, reflecting the FX pass-through to fuel oil prices. Natural gas subsidies will continue to limit the increase in energy prices until 4Q23. Food inflation increased by 1.4pp to 53.9%Y, driven mainly by unprocessed food (68.4%Y), while processed food inflation was relatively subdued (43.4%Y). Inflation in the alcohol, tobacco and gold subgroup jumped by 9.4pp to 40.1%Y.

FX pass-through has had a limited impact so far: Core inflation (CPI-C excluding food, energy, alcohol, tobacco and gold) increased by 0.7pp to 47.3%Y, reflecting the initial effects of the FX pass-through to durable goods and other core goods. Services inflation continued to be strong (3.7%M and 59.5%Y) and broad-based across its subgroups. Rent inflation stood out (5.8%M and 75.9%Y) despite the 25% annual price cap, which has been extended into 2023. As a result, the seasonally adjusted annualised rate of core-C (3M SAAR), a measure of the underlying inflation trend, has moved up to 43.1% from 35.6% according to our calculations.

Going forward, most determinants of inflation should exert upside pressure:

Besides, there are not strong base effects in 2H23 to push headline inflation down in year-on- year terms. Despite some moderation in international commodity prices, recent lira depreciation (around 30% since end-May) and strong mid-year wage adjustments (34% hike in the minimum wage from July) imply higher cost-push inflation amid de-anchored inflation expectations. A draft bill to increase civil servant salaries (by 73.5% on average from July) as a part of pre-election pledges and revenue-raising measures to offset some of the fiscal pressures related to that and earthquake reconstruction will also be inflationary, in our view.

Initial thoughts on the effect of the draft bill from an inflation perspective: Civil servant salary adjustments are not a direct cost-push shock, but they are likely to be inflationary through their impact on wage and price setting in the private sector, especially in light of the sheer size of the adjustment, 74% on average, which is well above the 17.8% increase implied by the collective bargaining deal and realised inflation in 1H.

Moreover, they add to the fiscal burden, prompting the government to propose a series of tax increases and other measures to contain the impact on the budget deficit, some of which are potentially inflationary, as we discuss below:

The corporate tax rate to rise to 25% from 20% in 2023: For financial sector firms (including banks) the corporate tax rate will rise to 30% from 25%. Exporters will be less affected by the proposed tax hike as they will be subject to a 5pp lower corporate tax rate (compared to the previous 1pp discount they got). Also, some corporate tax exemptions will be eased or removed. While these changes are not directly inflationary, they will likely have indirect effects as firms will try to restore squeezed profit margins by setting higher prices amid robust domestic demand.

Automatic indexation in special consumption tax (OTV) on fuels: OTV on fuels will be indexed to six-monthly PPI increases in January and July each year. The president will have the authority to raise some other taxes, including the OTV on motor vehicles. OTV increases have a direct impact on inflation, while indirect effects include potentially stronger inflationary inertia given automatic indexation to past inflation. With these changes, we are likely to see strong increases in alcohol, tobacco and fuel prices in July.

One-off additional motor vehicles tax (MTV), effectively doubling the lump-sum tax amount paid by owners of motor vehicles in 2023. This does not have a significant inflationary impact, in our view.

Kaynak: Morgan Stanley

Fiscal cost related to Treasury-backed FX-protected deposits (KKM) to be transferred to the CBT: Since its introduction in December 2021, the fiscal costs related to KKM were shared between the CBT (for conversions from FX deposits to KKM) and the Treasury. With the new bill, the CBT will back all the payments related to KKM. 1 This would ease the burden on the headline budget deficit for this year, but the KKM cost that will initially accrue to the CBT will eventually be reflected in next year's budget deficit as it will imply lower profit transfers from the CBT to the Treasury (or no transfer at all). While data are not disclosed, we think that 70-80% of the total KKM stock (currently around US$132 billion) was already CBT-backed. So, in de facto terms, the CBT was already carrying most of the burden related to KKM. With this change, the potential monetary expansion related to KKM payments will be larger, but some of this would likely be balanced by reduced CBT funding to banks through open market operations.

Nevertheless, we think that this is an expansionary monetary policy move amid ongoing currency depreciation.

Monetary-fiscal coordination?

A gradual and partial normalisation in rates does not bode well for disinflation:

While all the factors above imply a rise in inflation over the short term, it is ultimately the CBT's interest rate and FX policy that will determine the inflation outlook. Following the CBT's 6.5pp rate hike to 15% at its June meeting, which under-delivered significantly relative to expectations and relative to current and expected inflation, we expect a gradual and partial normalisation in the policy rate. Our current forecast is for the policy rate to be hiked by 3pp in July and 2pp in August, to 20%. This means that deeply negative real rates would remain for longer, potentially keeping upside pressures on inflation and FX alive unless a stronger tightening is delivered to normalise (ex ante) real rates faster.

The effect of CBT communication signalling tighter policy with a focus on disinflation could remain limited amid small steps in rates and big steps in public sector wages: The summary of the June MPC minutes that were published earlier this week had a big emphasis on inflationary pressures and the need for further tightening steps, adding upside risks to our current policy rate call. Among others, the minutes stated that inflation "has drifted away from the target, calling for effective use of monetary policy" and that the MPC saw the June decision "as the first step of the monetary tightening process that was initiated to establish the disinflation course as soon as possible, to anchor inflation expectations, and to control the deterioration in pricing behaviour". We think that we are likely to get more specific guidance from the new CBT governor during the Inflation Report press conference on July 27, when we will get to see the CBT's new inflation forecasts, and infer about the intended monetary stance that forms a basis for these forecasts.

Upside pressures on FX still alive despite front-loaded adjustment: Regarding FX policy, the recent communication from FinMin Mehmet Simsek, and various news reports, indicate a policy preference for reduced FX interventions by the CBT through state banks. This preference is evident in the CBT's net FX position, which has improved by US$15.7 billion since June 8 (as of July 5). While net reserve accumulation mitigates macro financial risks, it also means upside pressures on FX unless foreign FX inflows resume, in our view. Other sources of FX liquidity remain limited as the CBT continues to purchase 40% of export revenues, among other sources. High KKM rollovers throughout July and August, estimated to be at least US$21 billion and US$18 billion, respectively, imply increased pressure on FX and a slower pace of reserve accumulation as the CBT will reportedly meet FX demands of private banks directly.

Easing some of the control over FX supply could facilitate the transition in FX policy: Higher interest rates, lower FX surrender requirements for exporters and easing in offshore swap limits could potentially support FX liquidity, and ease potential upside risks related to FX as the CBT is set to reduce its indirect FX sales. On the other hand, increased TRY liquidity related to the CBT's KKM payments, easing liraisation and security maintenance requirements could lower TRY deposit rates somewhat, which could put more pressure on FX related to KKM rollovers.

Nevertheless, given negative net interest margins driven by caps on loan rates, and 3% loan growth rate caps, the sharp slowdown in loan growth continues, implying tighter financial conditions. A faster normalisation in the policy rate would imply a faster easing of these regulations, and would be more a more effective way to contain pressures related to FX and inflation, in our view.

Kaynak: Morgan Stanley

1. BE Primer: Turkey's Policy Pivot Takes Center Stage on Outlook

(Bloomberg Intelligence) -- The CBRT has kicked off a much-needed pivot by hiking borrowing costs - the first step in a "gradual" tightening cycle which we see taking the policy rate to 24% by year-end. We expect policymakers to wind down its complex set of regulations and practices such as stealth currency market interventions over time.

The flip at the central bank will likely drag on activity. We see 2023 GDP growth at an underwhelming 2.9%, even after the economy embarked on a rapid rebound from February's devastating earthquakes. Turkey's inflation pain, on the other hand, will take longer to fade. Given a weakening currency - it's down by about 20% over the month - and expansionary government policies including election-related spending, inflation will likely accelerate to a year-end rate of 47%.

2. Turkey Growth Likely Dampened by Policy Pivot

Turkey rebounded quickly from February's calamitous earthquakes. Year-on-year GDP growth climbed to 4% in 1Q23, from 3.5% in 4Q22. The expansion was supported by swelling household expenditures a counterintuitive outcome in a high inflation environment which we explain with consumers front-loading their spending.

We see the recent pivot in monetary policy as well as the Minister of Finance Mehmet Simsek's statements signaling a tighter fiscal budget pointing to relatively more muted activity for the remainder of the year. We expect GDP growth to recede to 2.9% in 2023, down from 2022's 5.6%. Faster-than-expected quake rebuilding is an upside risk to our outlook.

Kaynak: Bloomberg

3. Turkey's Labor Market Likely to Take a Hit from Easing Activity

Turkey's April unemployment rate (SA) printed at 10.2%, up from March's 10.1%. Even as the rate is inching closer to its long-term average of 10.5%, the gradual nature of the increase comes as good news following February's devastating earthquakes. The jobless rate was 9.8% in January's reading before the seismic hit.

Dark clouds loom over the labor market outlook, however, as economic activity is anticipated to cooldown in 2H. The recent mid-year minimum wage hike (34% net) could exacerbate the situation. While the upgrade directly impacts about 40% of the workforce, it also serves as a reference for higher pay grades and is likely to have an economy-wide impact. An overall increase in wages - together with the expected easing in economic activity - could contribute to an even higher jobless rate.

4. Turkey's Inflation Respite Ends in June, Higher Gains in 2H

Turkey's annual CPI inflation dipped further in June to 38.2% from May's 39.6%. In our view, the June reading completes the rapid decline in the rate -- down from a multidecade peak of 85.5% in October. We expect inflation to accelerate again in 2H even as the central bank recently commenced a tightening cycle. We see the rapid depreciation in the lira (down by about 20% since May) keeping cost pressures alive, and the recent hike in the minimum wage (by 34% for 2H) directly lifting the year-end price gains.The probable increase in civil servant wages and pensions, as well as the potential for the government to hike prices and taxes in applicable CPI basket items, stand to stoke inflation even higher. That places our yearend inflation call at 47%, with risks to the upside

Kaynak: Bloomberg

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