

Macro Snapshot

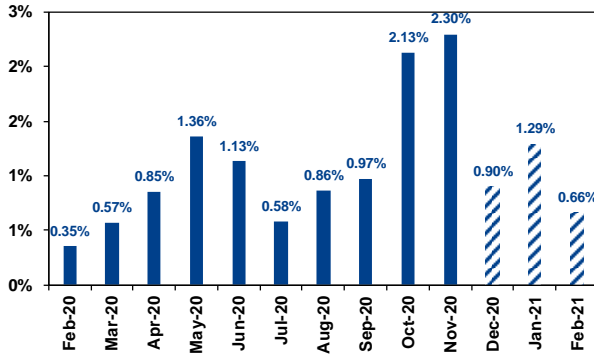
CBRT's Expectations Survey, December 2020

18 December 2020

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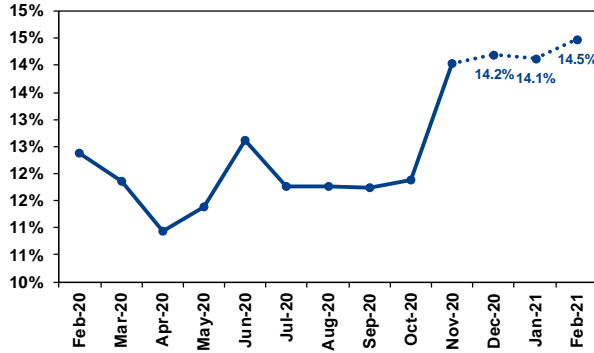
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Monthly CPI Expectations



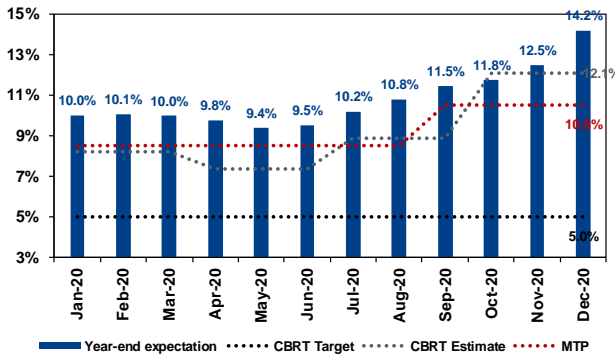
- MoM expectations would be higher than the historical averages in the coming months (2003-2019 Avr. – Dec.: +0.3% Jan.: +1.1% Feb.: +0.6%).

Implied YoY CPI Figures of MoM CPI Expectations



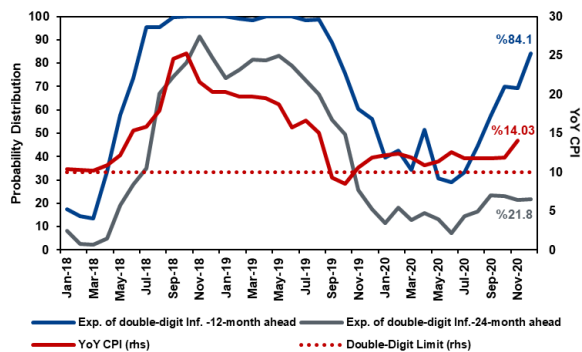
- YoY CPI figures could increase around 14.5% in next 3-month period.

Annual CPI expected at year end



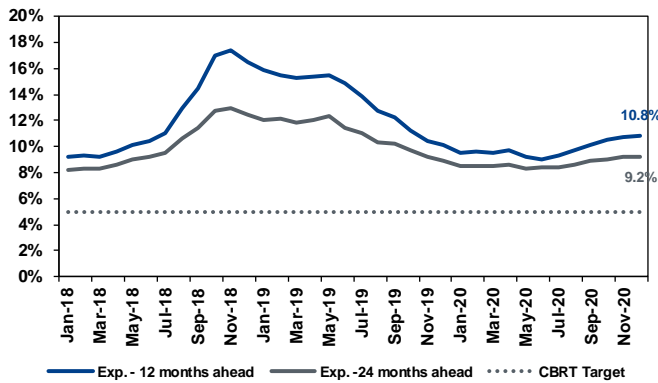
- Year-end CPI expectation reached to 14.18%, up 171bps MoM.

Probability Distributions of CPI Expectations



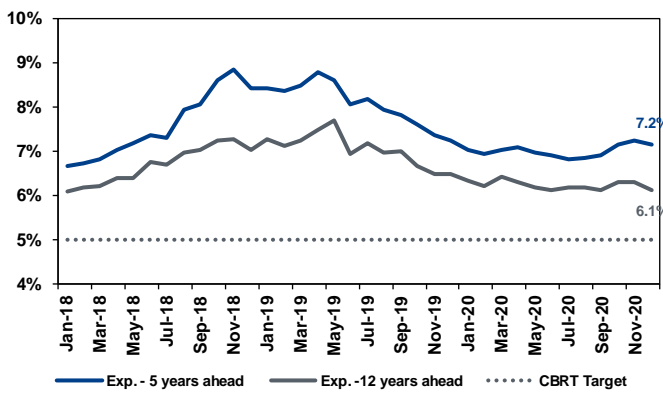
- According to the probability distributions of inflation expectations, YoY CPI is expected to be at double-digit levels with a 84.1% of probability (highest level since Sep.19) in the coming 12-months while that probability remained at 21.4% for 24-month ahead.

Short-Term CPI expectations



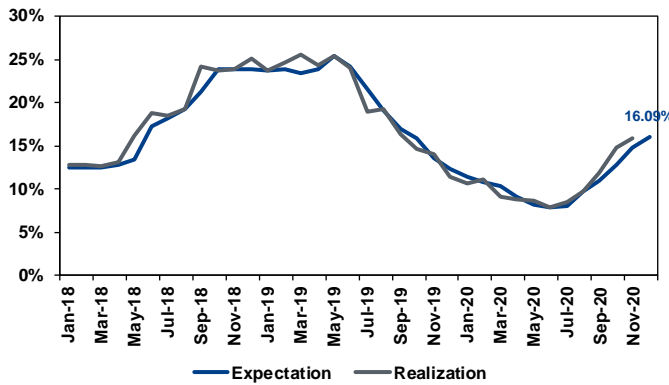
- Short term inflation expectations were not changed remarkably (12-month:+7bps, 24-month ahead: +4bps) whereas...

Long Term CPI Expectations



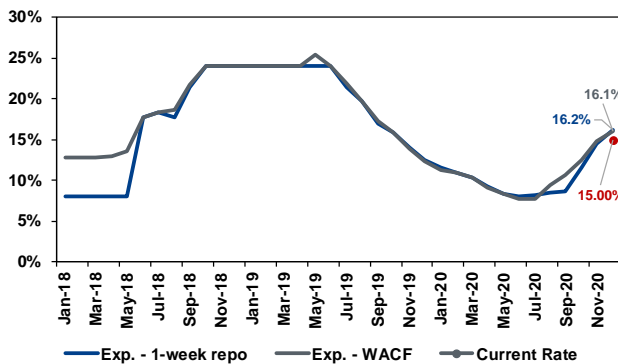
- ... the long term expectations decreased slightly (5-year:-7bps and 10-year ahead: -18bp).

Expectations of BIST O/N /Repo Rate



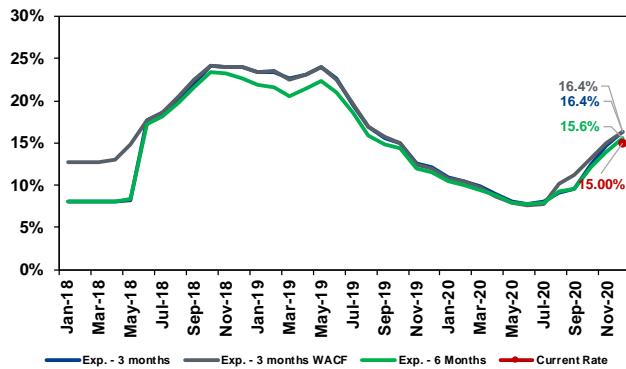
- BIST o/n repo rate is expected to be at 16.09% at the end of the month.

Policy interest rate expected at the end of month



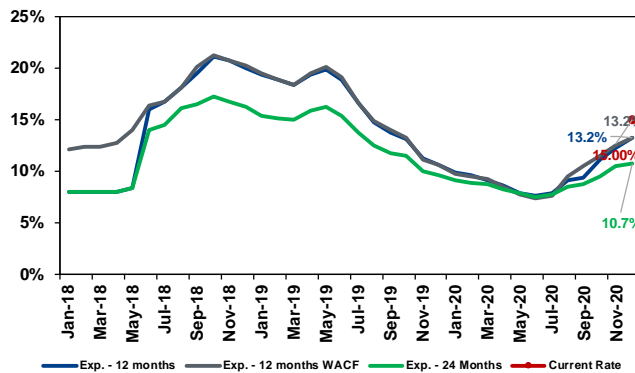
- Policy rate (15%) would be increased by 100-125bps to 16-16.25% in this month...

Short term policy rate expectations



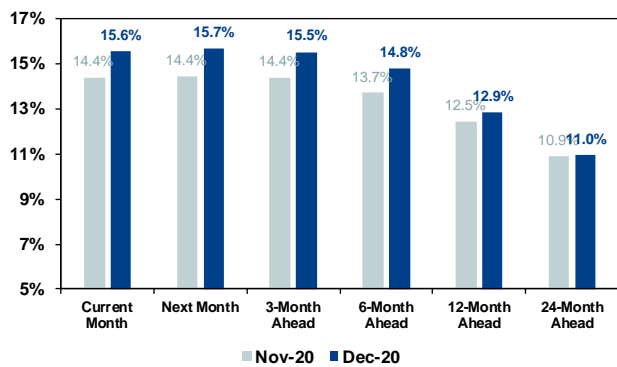
- ... and there would be a 25bps of additional hike in next 3 months.

Long term policy rate expectations



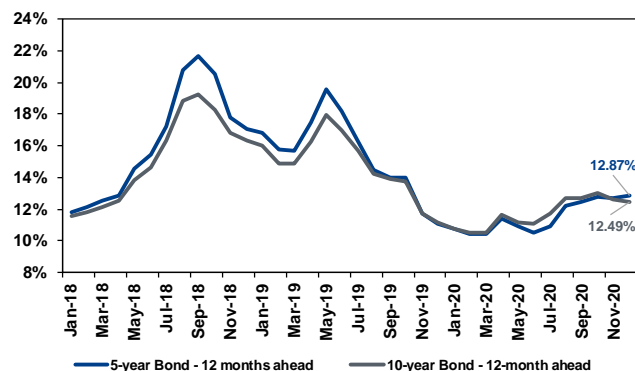
- The policy rate could be at 13.2% in 12-month ahead and 10.7% in 24-month ahead.

Short Term (3-month) Bond Rate Expectations



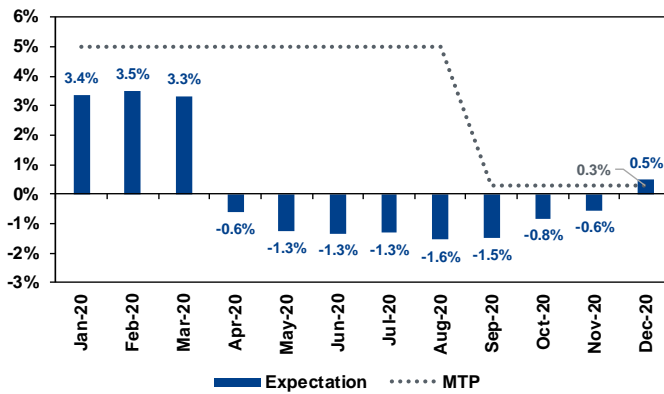
- 3-month bond rate expectations increased by 84bps on average.

Long Term Bond Rate Expectations in 12-Month Ahead



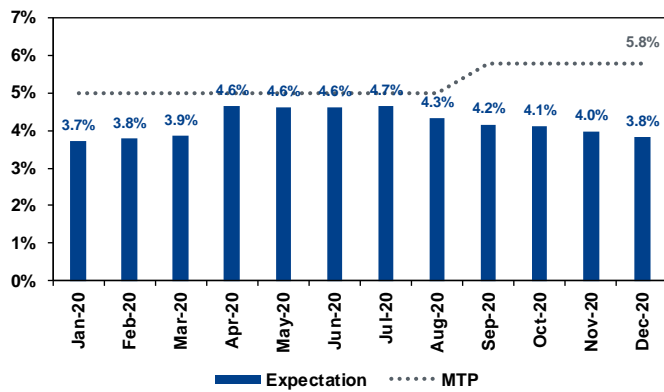
- 5-year bond rate could be around 12.9% and 10-year bond rate could be around 12.5% in December 2021.

GDP growth expected for 2020



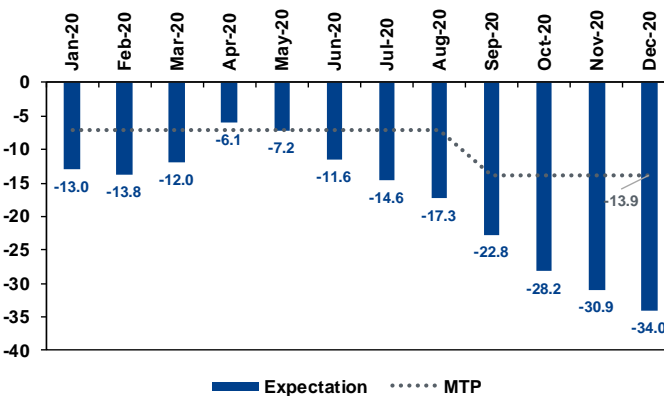
- A 0.6% of economic contraction expectation for 2020 revised as 0.5% of economic growth, up by 1.1pps...

GDP growth expected for 2021



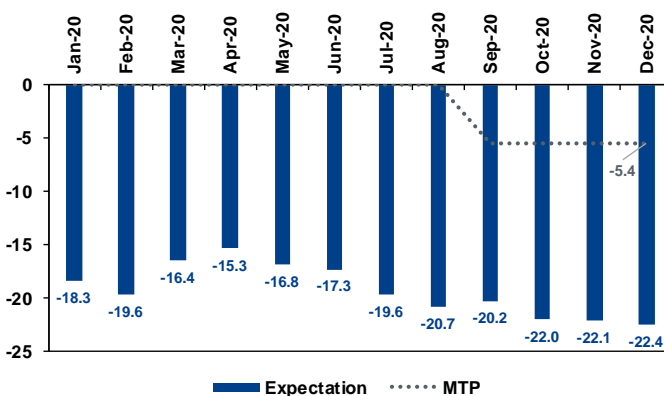
- ... while the next year’s expected growth rate decreased by 0.2pps to 3.8%.

C/A balance expected for 2020 (USDbn)



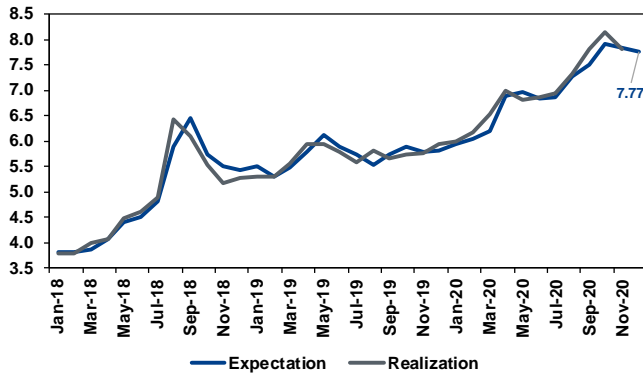
- Expectations of 12-month current account deficit of 2020 increased from USD30.9bn to USD34bn...

C/A balance expected for 2021 (USDbn)



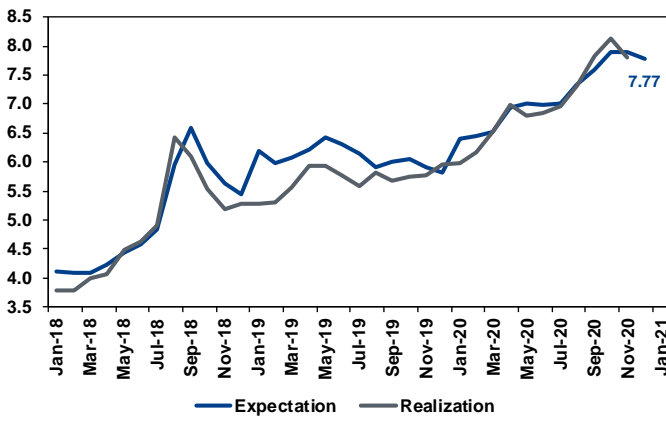
- ... whereas next year’s expectations slightly increased from USD22.1bn to USD22.4bn.

USD/TRY rate expected at end of the month



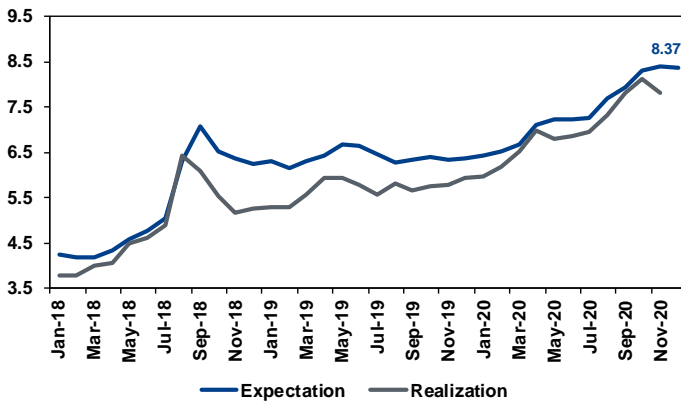
- In the short-run, upward expectations for USDTRY came to an end in December.

USD/TRY rate expected at year end



- Expectations of USDTRY currency for the year-end decreased by 1.5% to TL7.77 ...

USD/TRY rate expected for the next 12M



- ... and 12-month ahead decreased by 0.4% to TL 8.37.

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