

**OBSERVATORY REPORT - 7**  
(Turkey's ECONOMIC OUTLOOK : JULY 2019)

**MAIN INDICATORS :**

\* (↑) Upwards and (↓) downwards arrows indicate the change trend from previous month .

<b>PMI INDEX</b>	
<b>46.8 POINTS (JUNE '19) ↓</b> ( MAX. 100 POINTS )	
<b>Source:</b>	Istanbul Chamber of Industry

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<b>CAPACITY USAGE INDEX :</b>	
<b>77.1 % ( JUNE.'19 ) ↑</b> <b>84.0 % ( DEC. '07 )</b>	
<b>Source</b>	Central Bank of Turkey

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<b>CDS (Credit Default Swap) :</b>	
<b>371 POINTS (07.07.'19) ↑</b> <b>166 POINTS (DEC.'17)</b> ( MAX. RISK 600 POINTS )	
<b>Source</b>	Reuters

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<b>BİST 100 (IST. STOCK EXC.) IND.</b>	
<b>: 100.447 (07.07.'19) ↑</b> <b>100.000 (JUNE.'18)</b>	
<b>Source</b>	Reuters

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<b>WELL BEING</b>	
<b>TURKEY</b>	<b>: 2.0</b>
<b>OECD AVE. :</b>	<b>6.5</b>
<b>Source</b>	OECD-Better Life Index-2017

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<b>GROWTH OF THE DISPOSABLE INCOME</b>	
<b>POOREST 20%: % 21</b> <b>RICHEST 20% : %7</b> (2007-2016 PERIOD)	
<b>Source</b>	TÜİK: Turkish Statistical Institute)

<b>HOW IS THE MARKET MOOD ?</b>		
<b>Country</b>	2018-19	2013
<b>Rating by:</b>		
<b>S&amp;P :</b>	B + Stable (FEB 2019)	B +
<b>MOODY'S</b>	B1- (June 2019)	B1
<b>FITCH</b>	B- (July 2019)	B
<b>Source</b>	Reuters	

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<b>ECONOMIC CONFIDENCE INDEX</b>	
<b>*83.4 POINTS ( JUNE.'19) ↑</b> <b>*120 POINTS (DEC.'10)</b>	
<b>Source</b>	TÜİK: Turkish Statistical Institute)

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<b>CONSUMER CONFIDENCE INDEX</b>	
<b>-57.6 POINTS ↑</b> <b>(JUNE 19)</b>	
<b>Source</b>	TEPAV

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<b>GROWTH : (GROWTH RATE) &amp; PROJECTION</b>	
<b>GROWTH RATE: -2.6 % (1<sup>st</sup> Quarter of '19) ↓</b> (Slumpflation and High Inflation Stage)	
<b>PROJECTION:</b> <b>*-2.9% (Spring Report May 19': OECD)</b> <b>* 3.5% ( '18) -TUIK &amp; ISBANK</b> <b>* -2.5% ('19) (IMF/April '19)</b> <b>*-0.4 % ('19) (S&amp;P)</b> <b>*-2.0 % ('19) MOODY'S</b>	
<b>Source</b>	TUIK & ISBANK & World Bank

AVERAGE INCOME :	
TURKEY : 8.507 \$ (2019) ↓	
WORLD : 11.114 \$ ( 2017)	
Note : Below 10.000 \$ is middle income trap !	
Source	World Bank and TUIK

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GOVERNANCE ( RULE OF LAW )	
TURKEY : 50% ('16)	
OECD AVE.: 90% ('16)	
Source	World Bank

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UNEMPLOYMENT RATE :	
UNEMP. RATE : 14.7 % (APR '19) ↓	
: 5 million ↓	
15-24 Age Group: 26.7% ↓	
PROJECTION FOR 2019 : 26.7 %	
Source	TÜİK & TEPAV

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PRICE LEVEL : ( FEB. '19)	
Consumer Price Increase.: 15.7 % ↑ (JUNE '19/'18)	
Wholesale Price Inc. : 25.4 % ↑ (JUNE '19/'18)	
Central Bank of Turkey PROJECTION for 2019: 14.6% (JAN '19)	
Treasure & Finance Min. PROJECTION for 2019: 15.9 % (JAN '19) & of Central Bank of Turkey: 14.6 %	
Source	TÜİK: Turkish Statistical Institute) & Central Bank of Turkey

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MIN. WAGE % OF THE MEDIAN WAGE :	
TURKEY : 80% (JAN.'19)	
OECD : 50% (JUL.'18)	
Source	OECD

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STARVATION LINE :	
2.067 TL (JUNE '19) ↑	
1.941 TL ( DEC.'18)	
Note 1: For Family with 4 members	
Note 2: Min. Wage is 2.020 TL /net ( Jan. '19)	
Source	Türk-İş

POVERTY LINE :	
6.918TL ( MAY '19) ↓	
6.322 TL ( DEC.'18)	
Source	Türk-İş

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THE COST OF THE MONEY	
State Bond : 19 % : ( JUNE.'19) ↑	
Real Cost Bank Interest Rate : 30-32% (MAY '19)	
Source	Central Bank of Turkey & Reuters

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FOREIGN DEBT / GNP :	
2018 : 56 % ↓	
2017 : 53%	
2003: 42%	
(2028 : 100% )	
Source	Central Bank of Turkey & TÜSİAD

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AIR QUALITY :	
TURKEY : 24 ('15)	
OECD : 15 ('15)	
Note : Unit per thousand capita.	
Source	OECD

\*

QUALITY OF LIFE : (Max.10 Points)	
TURKEY: 1	
NORWAY: 9.5	
Source	OECD Turkey Survey

## **NOTES:**

**1-** Central Bank Governor was removed from his position. FT: This decision raises the question of the independence of the Bank. The official interest rate will probably be forced down very soon, so the rate of TL to USD should be expected to deteriorate.

**2-** Turkish risk index (CDS) and inflation came down, industrial production increased. But Moody's downgraded Turkey's credit note and it declared that the economic uncertainty goes on.

**3-** The purchase of the S-400 missiles from Russia will be clarified by the end of July. The decision will have a positive/negative impact on Turkey's all economic indicators.