ING BANK A.Ş.

ECONOMIC RESEARCH GROUP

Economics

26 November 2014

Turkey: Monthly Local Focus

What next from the CBT?

Current market pricing hints that the positive external environment should support the CBT in guiding money market rates lower, while expectations for a rate cut in the near term are growing.

We believe that lowering the upper band and pulling down the ceiling to elevate market rates in case of pressure on the TRY should limit the CBT's flexibility given the volatile external environment. On the other hand, a cut in the one-week repo rate and possibly a technical adjustment in the lower band at the same time, since the policy rate will be nearly equal to the lower band otherwise, seems to be more convenient. The bank hints that it might consider a policy rate cut, but only if global rates fall, leading to a sustainable decline in long-term yields. Long-end yields have come down markedly since end-September, increasing the risk for policy easing towards next year, especially if the global market backdrop remains supportive. However, given the CBT's commitment to maintaining a cautious stance until a significant improvement in the inflation outlook, we expect the bank to keep policy rate(s) unchanged in the coming months, as any premature cut is likely to hurt its credibility and weigh on the currency due to sensitivity to global market swings.

FX market (page 2). The relief provided by the supportive monetary policy actions of major global central banks in response to the deflationary environment was further reinforced by the strong downtrend in oil prices, causing TRY to outperform peer currencies. We continue to think that the TRY will be supported in the short term, however we are still pencilling in some TRY softness next year given Turkey's sensitivity to shifts in global risk appetite.

USD:TRY support: 2.2000-2.2150 **Resistance:** 2.2350-2.2650

Bond market (page 4). The CBT remains cautious due to elevated inflation and prospects of a further increase in November resulting from base effects, deteriorating inflation expectations and ongoing volatility in the currency despite some recent improvement. Going forward, the global market backdrop will be the main determinant of the CBT's behaviour, although the bank is now more optimistic about the inflation outlook given the silver lining of dropping oil prices. Currently, we do not see any strong drivers in the short term to facilitate a sustainable drop in benchmark yields to below 8.0%.

About the latest data (page 6).

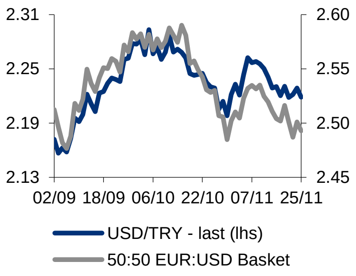
Reference charts (page 7-8).

Calendar

Date	Time (GMT)	Data/event	Forecast	Cons	Prev
27-Nov	0800	Nov Consumer Confidence	-	-	70.34
28-Nov	0800	Oct Trade Balance (USDbn)	-	-	-6.93
3-Dec	0800	Nov CPI, DPPI (MoM,%)	-	-	1.90/0.92
8-Dec	0800	Oct Industrial Production Index (%)	-	-	2.17
10-Dec	0800	Q3 2014 GDP (YoY, %)	-	-	2.05
11-Nov	0800	Oct Current Account Balance (USDbn)	-	-	-2.22
15-Dec	0900	Nov Central Gov't Budget Balance (TRYbn)	-	-	-3.01
15-Dec	0800	Sep Unemployment Rate (%)	-	-	10.10
24-Dec	1200	MPC Meeting, Policy Rate Decision (%)	-	-	8.25

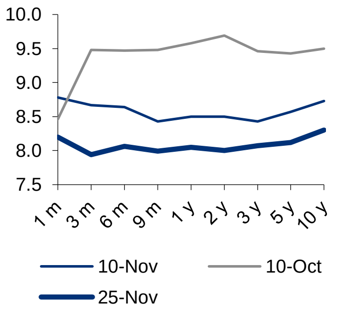
Source: TurkStat, Turkish Treasury, Ministry of Finance, CBT

USD/TRY, 50:50 EUR:USD basket



Source: Thomson Reuters

Bond yield curve (% cmp)



Source: ISE

Bird's eye view

As of 25 Nov 2014 vs 27 Oct 2014	Level	Chg (%)
USD/TRY	2.2185	-0.5
EUR/TRY	2.7670	-2.3
EUR/USD	1.2474	-1.8
5yr CDS Turkey	167.06	-8.4
USD/TRY 1m vola.(%)	8.5%	4.4
BIST-100	83,531	5.4
Dow Jones Ind.	17,815	5.9
NIKKEI 225	17,408	13.1
Bmk local bond (%)	**Smp**	**Cmp**
25 Nov (cls)	7.83	7.98
27 Oct (cls)	8.56	8.74
Bmk Eurobond-2030 (25 Nov cls)		176.279
CBT one week repo rate (%)		8.25
CBT borrowing rate (%)		7.50
CBT lending rate (%)		11.25
CBT cost of avg. funding (%)		8.27
CBT sterilisation (TRYbn)		0.49
CBT repo funding + Interbank (TRYbn)		39.0
O/N trading band (%)		9.0 - 10.0

Source: Reuters, Bloomberg, CBT, OTC

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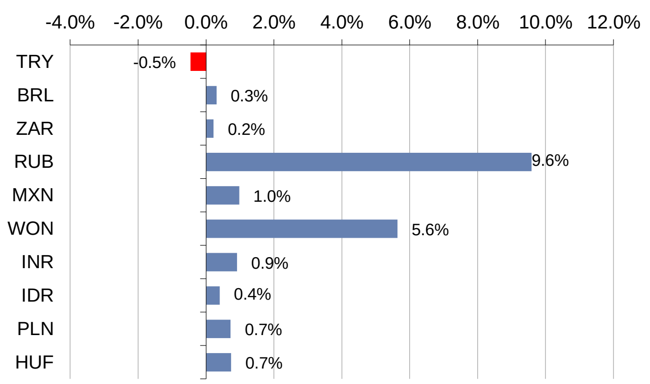
FX and bond markets

FX market

USD resumed strengthening trend since end-October

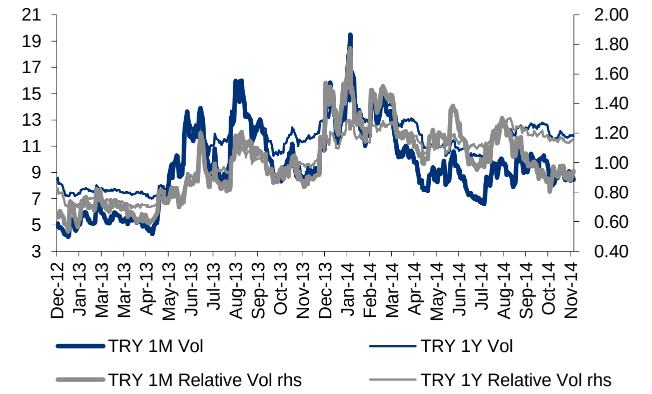
The USD resumed its strengthening trend following the FOMC meeting at the end of October given the Fed's view of improving labour market conditions and diminishing underutilisation of labour resources as well as the declining likelihood of inflation running persistently below the target. The statement shows a somewhat more hawkish tone, while the 'considerable time' forward guidance was not changed.

Fig 1 USD:TRY % change (27 Oct-25 Nov)



Source: Thomson Reuters

Fig 2 TRY volatility*



*TRY volatility as a percentage of the average volatility of BRL, MXN, CLP, COP,RON, PLN, IDR and ZAR

Source: Thomson Reuters, ING Bank

The trend accelerated further with developed central banks' actions/statements

The trend accelerated further when the BoJ eased policy further and the ECB clarified its balance sheet expansion target. First, in response to lower growth and inflation forecasts, the BoJ surprisingly eased policy by increasing the annual growth target in the monetary base. Balance sheet growth will largely be achieved by government bond purchases. In other words, the BoJ was concerned that weak growth following April's consumption tax hike and the prospect of lower inflation on the back of falling oil prices could derail its efforts to elevate inflation, given that the BoJ's main policy goal is to secure a 2% CPI target within two years. The Japanese move has triggered a fresh round of broad USD buying.

The ECB signals it will do what must be done to raise inflation and inflation expectations

Second, in the November rate-setting meeting, although additional easing was not announced along with the various measures adopted between June and September and the macroeconomic assessment remained virtually unchanged from the October meeting, the ECB very clearly communicated that it does have a balance sheet target – and that target is the March 2012 level near EUR3tn. The target will be achieved through existing measures, and if not, other measures will be employed. Additionally, at a central banking conference recently, ECB Governor Draghi pledged that they would do what they must to raise inflation and expectations as fast as possible, hinting that a decision was close. President Draghi's direct reference to government bond buying as one of the potential unconventional measures clearly does not bode well for EUR prospects.

EUR/USD dropped to 1.24 from above 1.27 at end-October

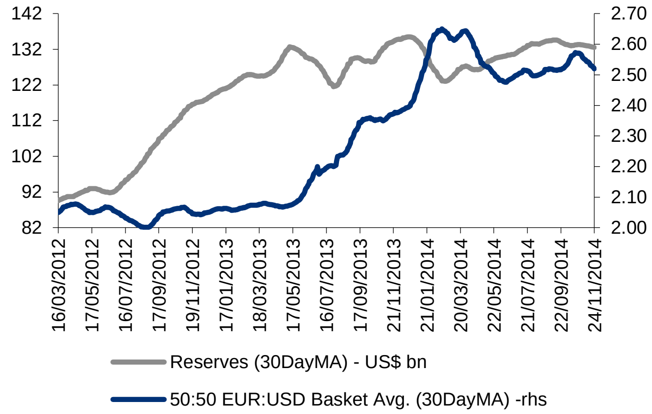
All in all, the USD continues to win the beauty contest as investors focus on relative growth prospects around the world and the consequent implications for monetary policy and EUR/USD, which was above 1.27 towards end-October but has continued to drop, currently standing in the 1.24-1.25 range. Between now and the December FOMC meeting, ING expects US rates to stay firm or increase modestly, in turn providing support to the USD.

Between 28 October and 20 November, major EM currencies depreciated against the USD, with the RUB once again in the frontline following the Russian Central Bank's decision to effectively end its management against a 50:50 EUR/USD basket and limit intervention to USD350m per day to protect its FX reserves. On the flip side, the TRY performed relatively well given the scope for a further narrowing of the current account deficit and the decline in headline inflation with the help of lower energy prices. Additionally, we saw constructive price action following the MPC meeting, as the CBT remained cautious and refrained from changing key rates given unanchored inflation expectations, although the market was pricing in an easing.

Recent volatility in the currency prompted residents to increase FX deposits

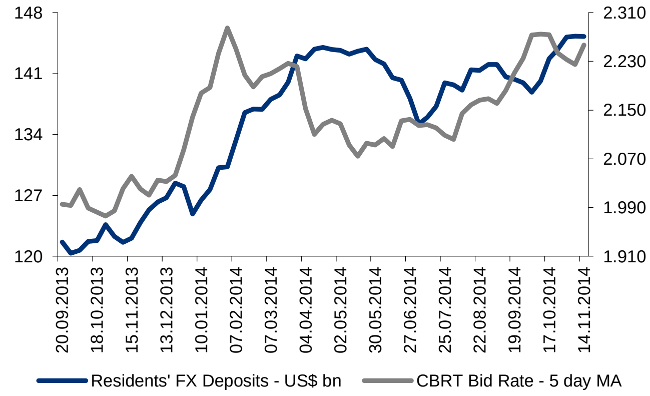
Although the TRY performed relatively well among EM currencies, TRY volatility should be watched closely given the currency floated in a large range of 2.20-2.27 against the USD in November due to mood swings in the markets. Normally, residents in Turkey generally move against sharp swings in the FX market, performing an automatic stabiliser on the TRY. Volatility in the currency as well as rising cross-currency swap transactions have prompted residents to increase FX deposits by USD6.4bn since 3 October, with corporates contributing the largest part – USD3.9bn. As of 14 November, residents' FX deposits stood at an all-time high of US$145.3bn.

Fig 3 CBT reserves



Source: CBT, ING Bank

Fig 4 Residents' FX deposits



Source: CBT, ING Bank

CBT's FX reserves have remained relatively stable in recent weeks

The CBT has increased the amount sold in daily FX auctions to US$40m from US$10m at end-September, which in return has impacted reserve accumulation. Accordingly, gross reserves (including gold) reached USD134.4bn on 26 September from USD121-122bn at the beginning of February with the support of the export credit facility, and remained relatively stable thereafter, standing at USD132.7bn as of 14 November.

TRY performed relatively well and decoupled from currencies of energy exporters

Overall, Turkey has benefited from the declining oil prices, which have helped the disinflation efforts of the CBT, improving external balances and consequently easing constraints on monetary policy resulting from high external leverage as well as supporting the growth outlook. Accordingly, the TRY performed relatively well and decoupled from currencies of energy exporters. We continue to think that the TRY will be supported in the short term; however, we are still pencilling in some TRY softness for next year given Turkey's sensitivity to shifts in global risk appetite.

Fig 5 ING forecasts

	1Q14	2Q14	3Q14	4Q14F	1Q15F	2Q15F	3Q14F	4Q15F
USD:TRY	2.19	2.12	2.28	2.23	2.24	2.27	2.35	2.30
EUR:TRY	3.01	2.89	2.89	2.79	2.76	2.75	2.82	2.71
EUR:USD	1.37	1.36	1.27	1.25	1.23	1.21	1.20	1.18

Source: ING estimates

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Bond market

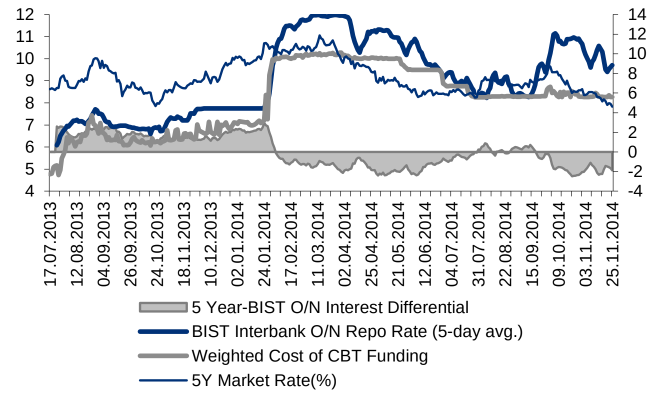
The CBT's view about the course of inflation is positive for 2015

The CPI increased by 1.90% in October, mainly driven by better-than-expected food prices, the clothing and shoe group, as well as utility prices. As a result, annual inflation rose slightly to 8.96% from 8.86% in September. The improvement in core inflation indicators continued, though annual figures remain elevated. Despite a notable drop in core inflation indicators in 3Q14 due to the waning impact from the FX pass-through and forthcoming improvements in the outlook, the CBT did not touch the policy rates given the still-elevated inflation expectations and TRY volatility. For November, negative base effects are expected to push up headline inflation in Turkey close to the 9.5% level. However, the CBT's view for the course of inflation is positive given that declining oil prices are expected to contribute to disinflation in 2015. The CBT's optimistic view is attributable to not only lower commodity prices but also expected stability in the currency and mean reversion in food inflation as specified in the latest inflation report. Moreover, demand conditions and the tight fiscal policy stance outlined in the medium term plan are envisaged to support the outlook.

Yield curve steepened, with 2v10YR, which was going slightly negative, currently trading close to 30bp

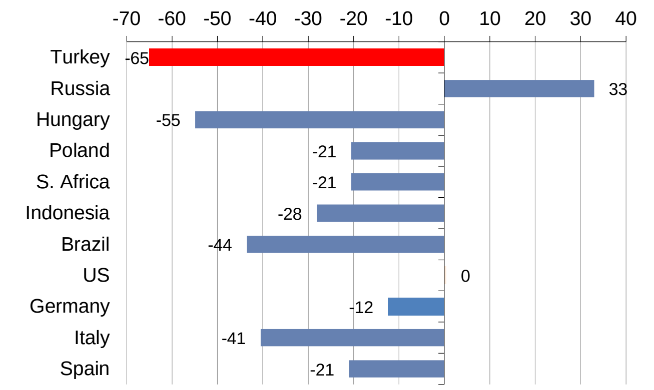
Weaker commodity prices, coupled with expectations about the contained US yields in the coming period lifted upward pressure from the rate market, and consequently we see that long-end rates have come down by close to 170bp since end-September. Meanwhile, the drop in 2Y benchmark bond yields was even more significant, close to 200bp from double-digit levels at the end of September to below 8%, also due to growing expectations for CBT easing. Accordingly, the yield curve steepened, with 2v10YR, which was going slightly negative, currently trading close to 30bp. On the other part of the yield curve, the difference between 10Y and 5Y bond yields has remained broadly unchanged in November. Currently, the question is whether the CBT will ease its stance.

Fig 6 Short-term rates still high



Source: Thomson Reuters, ING Bank

Fig 7 10YR benchmark bonds (bp chg, 27 Oct-25 Nov)



Source: Thomson Reuters

The CBT maintained its cautious language and reiterated that it would keep the yield curve flat

In November's rate-setting meeting, the CBT again underlined that it would continue to implement tight monetary policy by keeping the yield curve flat until there was a sustainable recovery in the inflation outlook. The TRY, which has followed a volatile path since September, was also impacted by changes in global sentiment, which in turn forced the CBT to elevate short-term rates close to the upper band of the corridor by cutting the funding via one-week repo auctions. We still think that the bank should preserve its liquidity management strategy in the short term until it becomes certain about the TRY strength and the pace of lending expansion.

Regarding the foreign appetite for TRY bonds, between 10 October and 14 November, foreigners purchased USD2.9bn worth of bonds (excl. repo) in six consecutive weeks and contributed to the downtrend in yields. Accordingly, flows so far in 2014 have increased to USD1.2bn (without repo at USD1.9bn). On the other hand, cumulative purchases in the equity market so far stands at USD2.2bn. The share of non-residents in the domestic debt stock stands at 26.2%, with USD52.3bn (USD40.7bn without repo) worth of bonds.

YTD foreign flows turned positive with purchases in the last six weeks

In November, the Turkish Treasury borrowed TRY5.7bn (TRY3.1bn from the markets and TRY2.6bn from the public sector) via three auctions, indicating a fall in gross issuance in comparison to previous months. Due to a further drop in December to a mere TRY1.2bn, the Treasury plans to hold only one auction.

Fig 8 Treasury's 2015 financing programme

	Ratio to GDP (%)				YoY ch (%)		
	2013	2014 (programme)	2014 (estimate)	2015 (programme)	2013	2014F	2015F
I. Total debt service	**11.7**	**10.0**	**10.1**	**6.6**	**27.4**	**-2.6**	**-27.8**
Domestic debt service	10.7	8.9	8.9	5.5	34.0	-6.0	-31.7
Principal	8.2	6.7	6.7	3.4	52.5	-8.0	-43.1
Interest	2.5	2.2	2.2	2.1	-3.9	0.5	2.5
External debt service	1.0	1.1	1.2	1.1	-15.7	32.3	0.9
Principal	0.5	0.7	0.7	0.6	-27.7	44.2	-2.4
Interest	0.5	0.5	0.5	0.5	2.8	21.6	5.6
II. Financing	**11.7**	**10.0**	**10.1**	**6.6**	**27.4**	**-2.6**	**-27.8**
Total borrowing	9.9	8.5	8.2	5.1	34.4	-7.1	-30.6
External borrowing	0.9	0.8	0.9	0.6	-0.7	14.8	-23.9
Domestic borrowing	9.0	7.6	7.3	4.5	39.1	-9.3	-31.3
Other resources*	1.8	1.6	2.0	1.5	-0.7	21.8	-16.1
Domestic borrowing roll-over ratio (%)	**84.5**	**86.0**	**81.6**	**82.0**			

*The cash primary balance, privatisation revenues, receipts from lending and guaranteed debt, receipts from SDIF, use of cash account and FX changes are shown under other financing item.

Source: The Treasury, ING Bank

Substantial decline in domestic issuances next year

Regarding the 2015 borrowing programme, the Treasury plans to slightly increase its domestic debt rollover from 81.6% (estimated) this year to 82% in 2015 given the fall in total debt redemptions next year – about 3.6ppt relative to GDP (domestic debt down by 3.4ppt relative to GDP while external debt redemptions remain low). Out of TRY107.3bn domestic debt redemption in 2015, TRY91.9bn will be made to the market (the remaining TRY15.4bn will be made to public institutions related to non-competitive sales). Assuming that domestic borrowing from public institutions will be rolled over entirely (the usual Treasury assumption, while the Treasury has to meet the total demand from these institutions), out of TRY88bn in total domestic borrowing, TRY72.6bn might be borrowed from the market (corresponding to a market roll-over ratio of roughly 79% in 2015). All in all, bond yields might be supported in 2015 given the substantial decline in bond supply.

Strong downtrend in rate markets supported by benign external environment

Overall, we have witnessed a strong downtrend in rates, supported by the benign external environment and expectations that the CBT might have cuts in the November meeting. Currently, Turkey is one of the most sensitive EM countries to a normalisation in US rates and global market fluctuations, and we do not anticipate an aggressive easing. Accordingly, the rate market should remain supported, but we do not see any strong drivers in the short term to facilitate a sustainable drop in benchmark yields to below 8.0%.

Fig 9 Rate forecasts (%)

	1Q14	2Q14	3Q14	4Q14F	1Q15F	2Q15F	3Q14F	4Q15F
CBT key rate	10.00	8.75	8.25	8.25	8.25	8.25	8.25	8.25
2Y benchmark	10.69	8.15	9.99	8.85	8.45	8.95	9.95	9.90
10Y benchmark	10.26	8.90	9.98	9.00	8.62	9.15	10.20	10.29

Source: ING estimates

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About the latest data

Trade balance

31 October. The trade balance, which ceased its improvement trend in August, came in better than expected in September at USD6.9bn and pulled the 12M rolling deficit down again to USD85.7bn. Exports remained resilient despite a momentum loss in external demand and the ongoing geopolitical risks.

Inflation

3 November. The CPI increased by 1.90% last month, close to the market consensus of 1.84%. The increase was mainly driven by better-than-expected food prices, the clothing & shoes group, as well as utility prices. As a result, annual inflation rose slightly to 8.96% from 8.86% in September. The CBT seems to be optimistic about the outlook due to the lower commodity prices, waning exchange rate effects and further ease in pressure from food prices, so the latest data should not have a significant impact on the bank's view. The bank has recently been cautious and signals no immediate change in its stance.

Industrial production

10 November. September IP grew 2.2% YoY, higher than the market consensus of 1.7%, translating into 1.7% MoM expansion in volatile seasonally adjusted (SA) indicators. The average of the monthly release in 3Q14 over the 2Q14 average in SA terms was up by 1.5%, hinting at an improvement in economic activity. With improving political risk anticipation after local elections and the CBT's relative easing stance, which was already reflected in the lending rates, 3Q14 growth should witness a better contribution from domestic demand, and should partially offset the slowdown in external demand driven by the weakening in European economic growth and geopolitical developments.

Balance of payments

13 November. The C/A balance posted a deficit of USD2.2bn in September, better than the consensus of USD2.6bn due to an improvement in the trade balance, a narrowing 12M rolling deficit to USD46.7bn. Sluggish domestic demand and the subsequent loss of momentum in economic activity compared to last year have supported an improvement in the C/A deficit so far. Going forward, despite the momentum loss in the Eurozone recovery and reflections of geopolitical risks in the second-largest export market, Iraq, we expect a mild improvement trend to prevail with the contribution of the recent drop in oil prices.

Budget

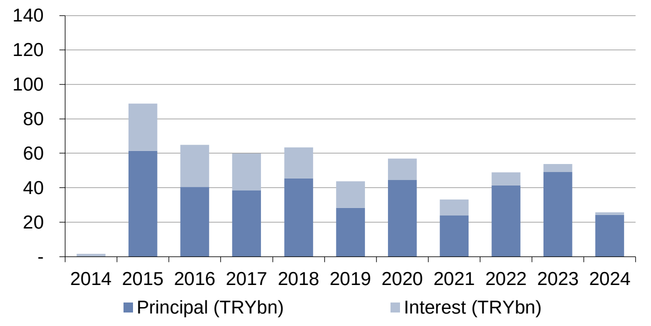
17 November. The budget balance posted a deficit in October of TRY3.0bn, slightly down from TRY3.2bn in the same month of the previous year. The primary balance, on the other hand, turned into a surplus on the back of a contraction in non-interest expenditures as well as a surge in entrepreneurial and ownership income.

Unemployment

17 November. The unemployment rate in August continued its journey north, rising to 10.1% from 9.0% a year ago, while the seasonally adjusted (SA) figure remained unchanged at 10.4% over the previous month. We might see stabilisation in the employment indicators going forward, given positive signals from IP performance in 3Q14 over 2Q14 and the recent recovery in the PMI to above the 50 threshold.

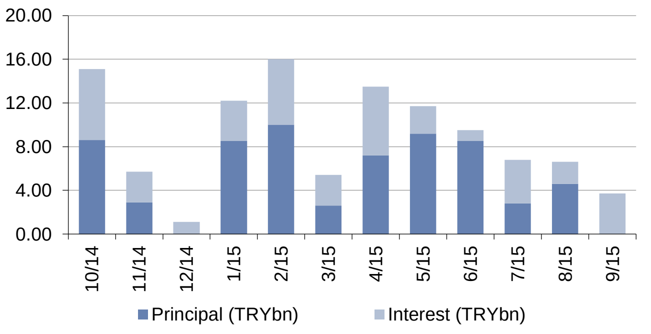
Reference charts

Fig 10 Government domestic bond payment schedule



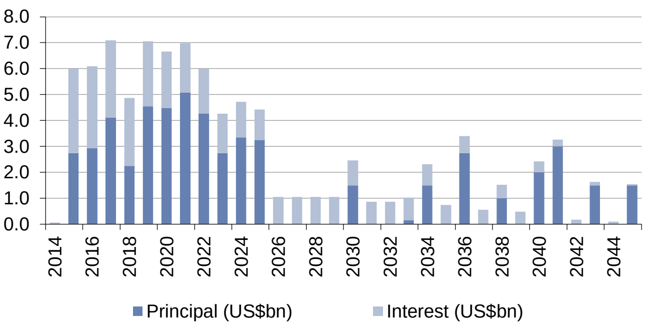
Source: Bloomberg

Fig 11 Government domestic bond payment schedule



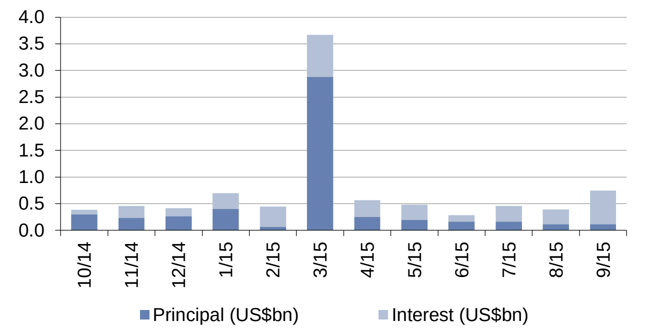
Source: Turkish Treasury

Fig 12 Government external bond payment schedule



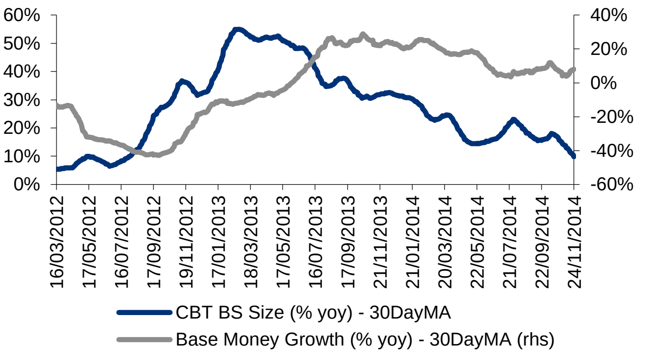
Source: Bloomberg

Fig 13 Central govt external debt payment schedule



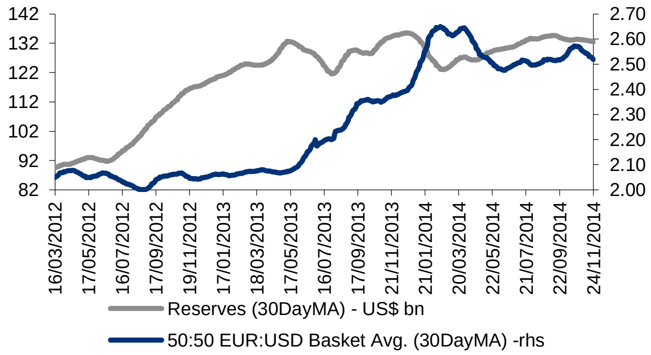
Source: Turkish Treasury

Fig 14 YoY changes (TRY, 30-day ma)



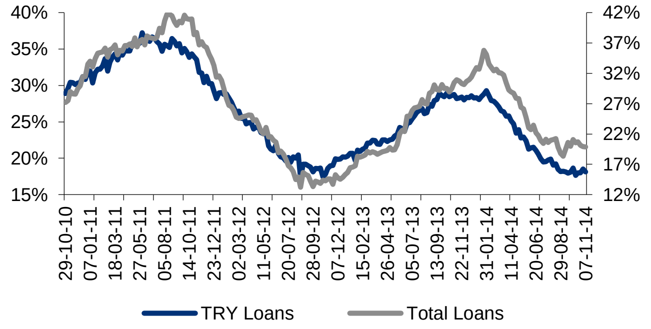
Source: CBT, ING

Fig 15 FX reserves and 50:50 EUR:USD basket (30-day ma)



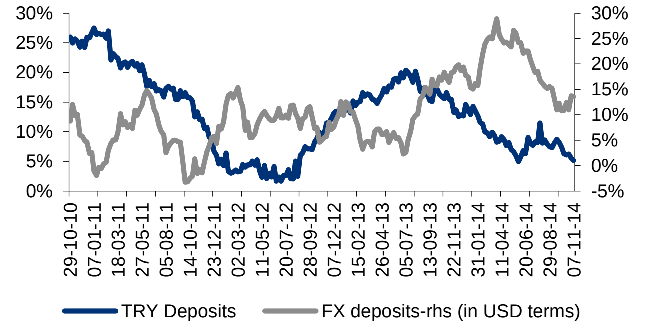
Source: CBT

Fig 16 Loan growth (% in TRY terms, YoY)



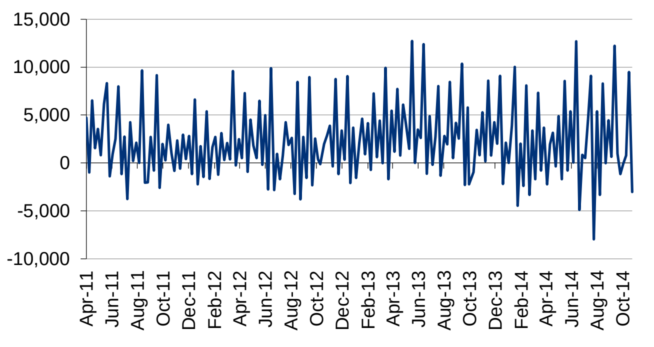
Source: BRSA

Fig 17 Deposit growth (% YoY)



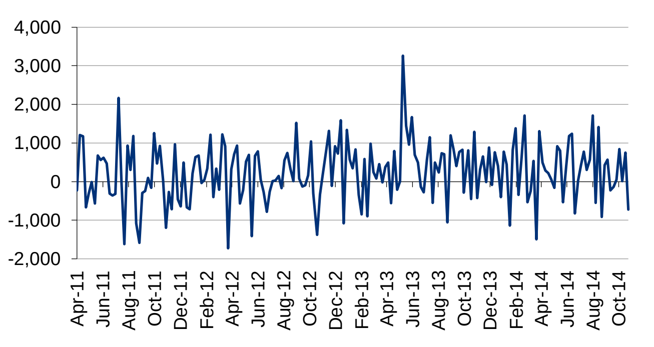
Source: BRSA

Fig 18 Weekly change in TRY Loans (TRYm)



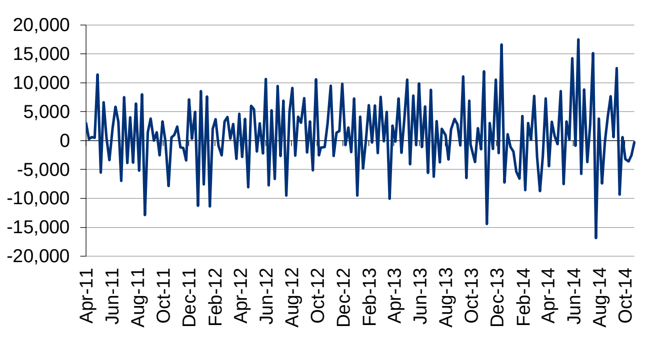
Source: BRSA

Fig 19 Weekly change in FX loans (USDm)



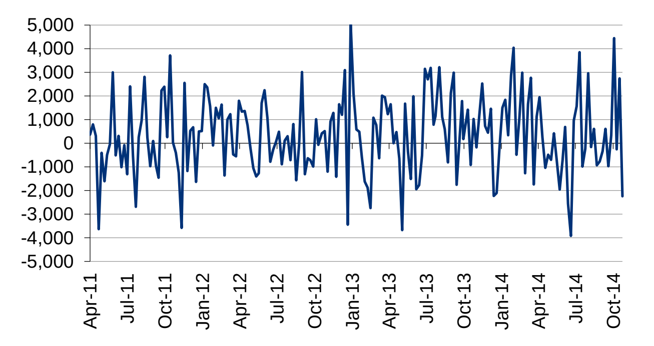
Source: BRSA

Fig 20 Weekly change in TRY deposits (TRYm)



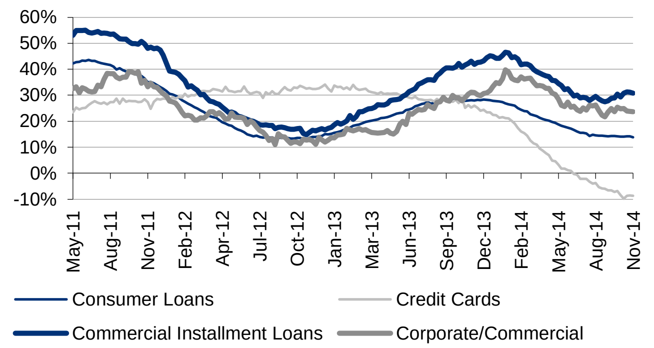
Source: BRSA

Fig 21 Weekly change in FX deposits (USDm)



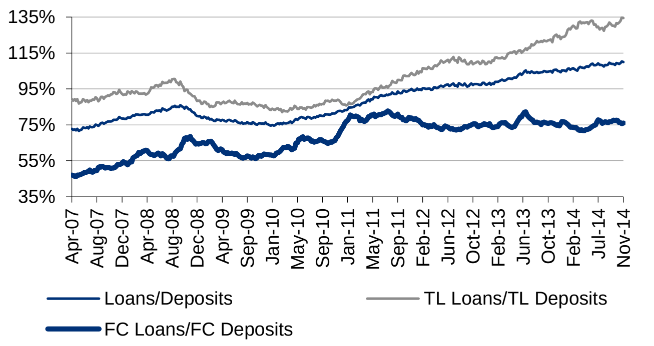
Source: BRSA

Fig 22 YOY loan growth by category



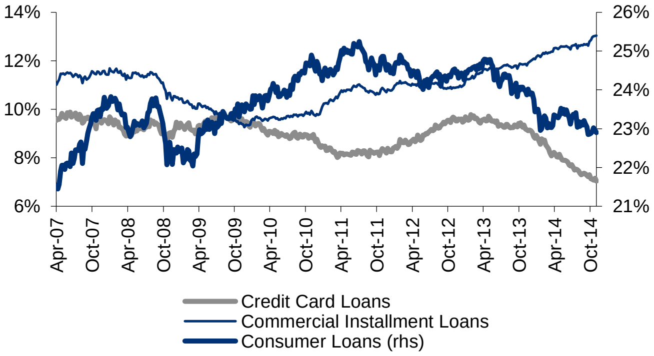
Source: BRSA

Fig 23 Loans/Deposits



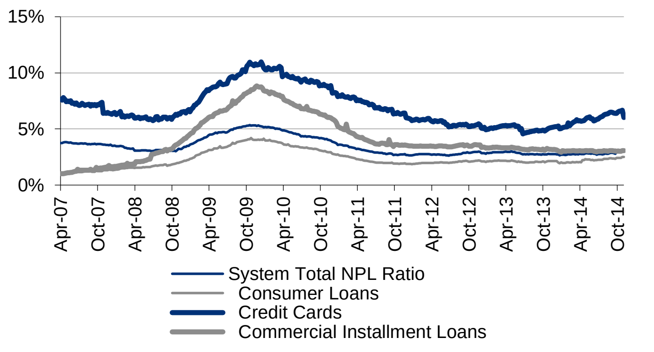
Source: BRSA

Fig 24 Share in total loans



Source: BRSA

Fig 25 NPL ratios



Source: BRSA

Fig 26 Key economic forecasts

	2007	2008	2009	2010	2011	2012	2013F	2014F	2015F	2016F
Activity										
Real GDP (%YoY)	4.7	0.7	-4.8	9.2	8.8	2.1	4.1	3.1	3.9	4.3
Private consumption (%YoY)	5.5	-0.3	-2.3	6.7	7.7	-0.5	5.1	2.5	3.7	4.8
Government consumption (%YoY)	6.5	1.7	7.8	2.0	4.7	6.1	6.2	3.9	3.9	2.4
Investment (%YoY)	3.1	-6.2	-19.0	30.5	18.0	-2.7	4.2	-1.5	4.6	7.5
Industrial production (%YoY)	6.9	-0.9	-10.4	12.4	9.7	2.5	3.4	4.0	4.8	5.3
Unemployment rate (%)	9.2	10.0	13.1	11.1	9.1	8.4	9.0	9.7	9.6	9.4
Nominal GDP (TRYbn)	843	951	953	1,099	1,297	1,417	1,565	1,762	1,962	2,163
Nominal GDP (€bn)	474	501	442	552	558	615	610	609	709	812
Nominal GDP (USDbn)	649	742	617	732	774	786	820	806	860	929
GDP per capita (USD)	9,240	10,438	8,559	10,022	10,466	10,504	10,722	10,423	11,001	11,763
Prices										
CPI (average %YoY)	8.8	10.4	6.3	8.6	6.5	8.9	7.5	9.0	7.5	6.2
CPI (end-year %YoY)	8.39	10.06	6.5	6.4	10.4	6.2	7.4	9.4	6.9	6.1
D-PPI (average %YoY)	6.3	12.7	1.2	8.5	11.1	6.1	4.5	10.7	7.4	6.3
Fiscal balance (% of GDP)										
Consolidated government balance	-1.6	-1.8	-5.5	-3.6	-1.4	-2.1	-1.2	-1.6	-2.0	-1.8
Primary balance	4.1	3.5	0.1	0.8	1.9	1.3	2.0	1.1	0.7	1.0
Total public debt	39.9	40.0	46.0	42.3	39.2	36.2	36.2	35.1	34.4	33.5
External balance										
Exports (USDbn)	115.4	140.8	109.6	120.9	143.4	163.2	163.4	173.9	188.4	206.5
Imports (USDbn)	162.2	193.8	134.5	177.3	232.5	228.6	243.4	238.3	258.4	284.9
Trade balance (USDbn)	(46.9)	(53.0)	(24.9)	(56.4)	(89.1)	(65.3)	(80.0)	(64.4)	(70.0)	(78.5)
Trade balance (% of GDP)	-7.2	-7.1	-4.0	-7.7	-11.5	-8.3	-9.8	-8.0	-8.1	-8.4
Current account balance (USDbn)	(37.8)	(40.4)	(12.2)	(45.4)	(75.1)	(48.5)	(65.1)	(45.5)	(50.2)	(56.9)
Current account balance (% of GDP)	-5.8	-5.4	-2.0	-6.2	-9.7	-6.2	-7.9	-5.6	-5.8	-6.1
Net FDI (USDbn)	19.9	17.2	7.1	7.6	13.7	9.2	9.8	7.1	8.5	10.3
Net FDI (% of GDP)	3.1	2.3	1.2	1.0	1.8	1.2	1.2	0.9	1.0	1.1
Current account balance plus FDI (% of GDP)	-2.7	-3.1	-0.8	-5.2	-7.9	-5.0	-6.7	-4.8	-4.8	-5.0
Export volume (%YoY)	12	7	-8	11	6	16	-1	6	7	9
Import volume (%YoY)	13	-1	-13	18	13	1	8	-2	7	10
Foreign exchange reserves (ex gold, USDbn)	73.3	71.0	70.7	80.7	78.5	101.7	110.3	114.0	119.9	131.2
Import cover (months of merchandise imports)	5.4	4.4	6.3	5.5	4.0	5.3	5.4	5.7	5.6	5.5
Debt indicators										
Gross external debt (USDbn)	250	281	269	292	304	339	389	411	432	456
Gross external debt (% of GDP)	39	38	44	40	39	43	47	51	50	49
Gross external debt (% of exports)	217	200	245	241	212	208	238	237	229	221
Total debt service (USDbn)	48.7	53.9	59.0	55.9	50.9	52.7	55.3	46.6	71.2	54.8
Total debt service (% of GDP)	8	7	10	8	7	7	7	6	8	6
Total debt service (% of exports)	42	38	54	46	36	32	34	27	38	27
Interest & exchange rates										
Central bank key rate (%) year-end	15.75	15.00	6.50	6.50	5.75	5.50	4.50	8.25	8.25	7.50
Broad money supply (%YoY)	15.4	27.5	12.9	19.0	11.5	12.9	22.8	13.6	12.4	11.2
3-mth interest rate (%) average	17.3	17.6	10.2	7.4	8.5	8.7	6.9	10.0	9.3	9.2
Exchange rate (TRY/USD) year-end	1.16	1.51	1.51	1.55	1.91	1.78	2.13	2.23	2.30	2.35
Exchange rate (TRY/USD) annual average	1.30	1.29	1.55	1.50	1.67	1.79	1.93	2.19	2.28	2.33
Exchange rate (TRY/€) year-end	1.71	2.14	2.16	2.05	2.46	2.35	2.94	2.79	2.71	2.59
Exchange rate (TRY/€) annual average	1.78	1.90	2.15	1.99	2.32	2.30	2.57	2.90	2.77	2.66
3M USDLIBOR (eop)	4.70	1.43	0.25	0.30	0.58	0.30	0.30	0.20	0.70	1.70
US Dollar per euro (yr-end)	*1.46*	*1.40*	*1.43*	*1.34*	*1.29*	*1.32*	*1.38*	*1.25*	*1.18*	*1.10*

Note: Please refer to previous pages for interest rate and FX forecasts

Source: National sources, ING forecasts (last update 10 November 2014)

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