Economics
24 December 2013

Turkey: Monthly Local Focus

Waiting for the CBT…

The CBT will release its Monetary and Exchange Rate Policy Strategy for 2014 today, expectedly to provide a glimpse of the CBT's response to the Fed's tapering. We already know that the CBT is preparing to link regular OMO funding (at 4.5%) to banks' TL reserve requirement liabilities in the strategy paper. Bond and FX markets in Turkey came under intense pressure after the Fed's decision to cut both its monthly G-bond and MBS purchases by USD5bn each, as local political noise has increased as well. In recent months, the CBT took step towards "normalisation" and "simplification" of monetary policy, with a stronger focus on inflation outlook, and has opted to further test its tightening capacity without touching policy rates, but taking several steps towards liquidity tightening. With its 2014 strategy, we believe new measures to improve policy predictability designed to ease ongoing pressure on the TRY or further steps to switch to a more "orthodox policy" in this regard may help ease the tension in the markets stemming from recent Fed action and intensifying domestic political noise, as well as improve the bank's communication.

FX market (page 2). Political upswing due to ongoing legal process might cause the TRY to decouple from other peers going forward where we have already seen some signs despite the CBT's increased tone of monetary tightening. For 2014, we keep our cautious view especially in the first half, due to ongoing concerns related to capital flow volatility and domestic developments, since recent political tension shows signs of continuing until the local elections in March 2014.

USD:TRY support: 2.0800-2.0850 **Resistance:** 2.0950-2.0100

Bond market (page 4). We expect that the CBT's extra tight monetary policy stance on the back of annual inflation well above the target and recent political developments will weigh on the rate outlook in the first half of next year. Hence, we still keep our cautious stance for 2014 given the increased tension in the local political environment in addition to sensitivity to global risk appetite.

About the latest data (page 6).

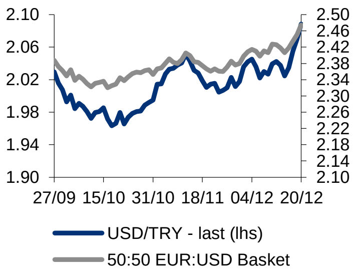
Reference charts (page 7-8).

Calendar

Date	Time (GMT)	Data/event	Forecast	Cons	Prev
24-Dec	0800	2014 Currency and Exchange Rate Report			
25-Dec	1230	Dec Real Sector Confidence			104.5
25-Dec	1230	Dec Capacity Utilization Rate (%)			75.6
26-Dec	0800	Dec Consumer Confidence			77.5
31-Dec	0800	Nov Foreign Trade (USDbn)	-7.5		-7.4

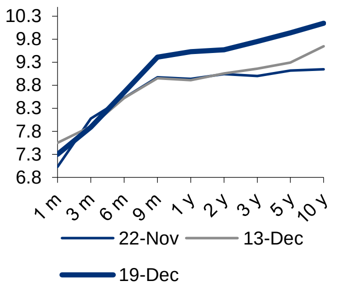
Source: TurkStat, Turkish Treasury, CBT

USD/TRY, 50:50 EUR:USD basket



Source: Thomson Reuters

Bond yield curve (% cmp)



Source: ISE

Bird's eye view

As of 20 December 2013 vs 22 November 2013	Level	Chg (%)
USD/TRY	2.0886	4.18
EUR/TRY	2.8612	5.32
EUR/USD	1.3671	0.83
5yr CDS Turkey	211.05	5.91
USD/TRY 1m vola.(%)	11.2	26.2
BIST-100	69,573	-8.02
Dow Jones Ind.	16,221	0.97
NIKKEI 225	15,870	10.78
Bmk local bond (%)	**Smp**	**Cmp**
22 Nov (cls)	9.39	9.61
28 Oct (cls)	8.82	9.01
Bmk Eurobond-2030 (28 Oct cls)		152.698
CBT's borrowing rate (%)		3.50
CBT's lending rate (%)		7.75
CBT's cost of avg. funding (%)		7.01
CBT's sterilisation (TRYbn)		0.21
CBT's repo funding + Interbank (TRYbn)		43.2
O/N trading band (%)		7.74-7.75

Source: Reuters, Bloomberg, CBT, OTC

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FX and bond markets

FX market

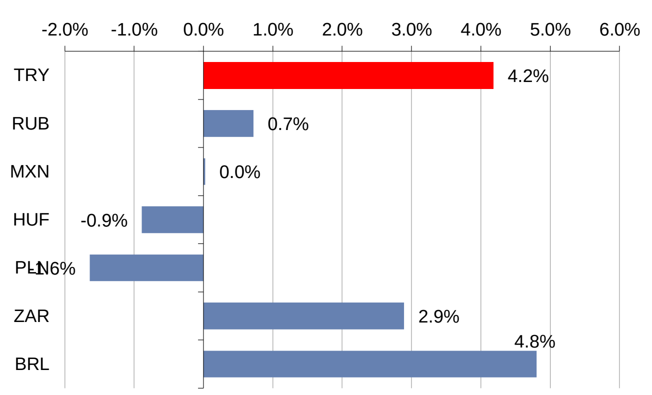
The pressure on the TRY increased recently due especially to political tension

The TRY has been on a volatile path since November, on the back of uncertainty regarding the Fed's tapering until 18 December and recent domestic political developments. The currency followed an appreciation trend after Janet Yellen's speech supporting non-tapering and the CBT's hawkish policy stance since 19 November. However, the improvement did not last long and USD/TRY turned north again towards the end of month with renewed tapering worries. The first half of December was again wavy, primarily due to the data-dependent future of the US asset purchase programme. The long-running puzzle ended finally after the December FOMC meeting, with a USD10bn cut in USD85bn worth of monthly bond purchases. However, the TRY started to decouple from other EMs on the back of rising political tension stemming from the legal process regarding some businessmen having started on 17 December and having reached the 2.08-2.09 band despite the CBT's recent tone supporting the TRY, with additional tightening after the latest MPC meeting and increased FX sales.

Euro preserves its strength against the US dollar

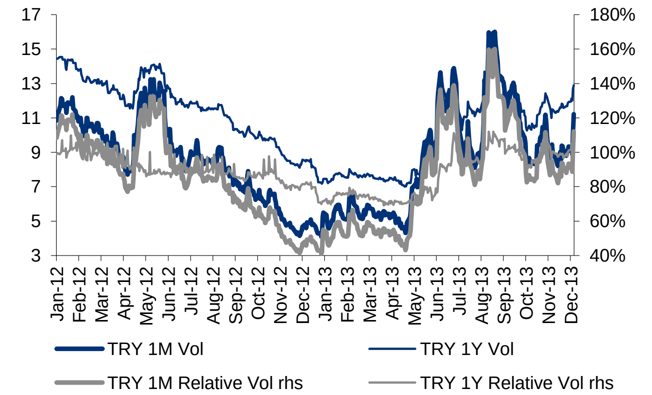
On the parity front, after touching 1.3370 again in the aftermath of the ECB's surprise rate cut at the beginning of October, the EUR:USD parity started to rise again with Yellen's comments. Although speculation about negative deposit rate pulls the euro back, the currency preserved its strength against the dollar, especially after the latest ECB meeting, which raised perceptions that there won't be a rate cut in the near future. Despite some relief after the latest tapering decision, the parity still lingers in the 1.36-1.37 range, as the lending indicators still support the continuation of the recovery in the Eurozone.

Fig 1 USD:TRY % change (22 Nov-20 Dec)



Source: Thomson Reuters

Fig 2 Volatility* in TRY jumped recently



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

Source: Thomson Reuters, ING Bank

On the back of the developments mentioned above, the 50:50 EUR:USD basket followed an upward trend since 25 November, reaching a historical high at 2.47, also due to rising domestic political tension. The TRY's relative one-month volatility compared with those of a set of EM countries posted a decline after reaching its peak on 12 November, possibly with the CBT's tight stance, but again started to rise significantly in the past couple of days, reaching the level seen at the beginning of October.

CBT continues to tighten its policy stance

Choosing an aggressive stance starting with the latest inflation report and supporting its stance via terminating monthly repo auctions (in the aim of reducing volatility in the short-term interest rates), the CBT clearly expressed its intention to achieve price stability. The Bank strengthened its hawkish tone in the latest MPC meeting by reducing total primary dealer (PD) flexibility for banks from TRY22bn to TRY6.5bn and by pulling down the maximum amount provided by one-week repo auctions to TRY6bn from TRY10bn. Indicating that the one-week repo rate is no longer the policy rate, at the November MPC meeting, the Bank reiterated its commitment to keeping the BIST interbank repo rate (the marginal funding rate) at 7.75% and added that the average cost of the effective funding rate will be above 6.75%. The CBT maintained its focus on “more predictability, less flexibility”, as observed by the actions taken at the December MPC meeting by effectively narrowing the interest-rate corridor.

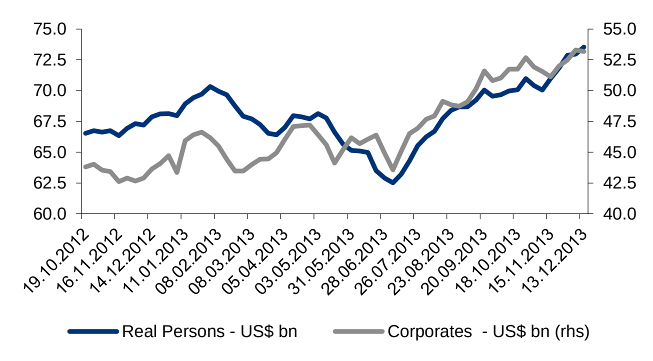
CBT might increase the amount of FX sales on the back of ongoing pressure on the TRY

The CBT’s pre-announcement of additional monetary tightening (AMT) days continued in November and December as well, a part of its predictable monetary policy. Stating initially that the AMT would only be used to inject FX liquidity into the market in the period ahead, and stressing that there was no need to use this application for TRY liquidly management, the CBT lowered the AMT frequency by announcing end-December that it would apply once a month. However, the Bank changed its view, as the pressure on the TRY has not eased despite a better-than-expected inflation outcome in November and a tighter monetary policy, and added 9,16 and 23 December as AMT days and in a way returned to the implication of weekly tightening. Since the November MPC meeting, the CBT has sold USD1.4bn up to 20 December, carrying the total amount of FX sales since the start of intraday FX auctions in June to c.USD14.5bn. Moreover, the Bank recently announced that it could raise the minimum amount of FX sold in regular days up to 10 times on excessively volatile days. However, with the support of banks’ reserve option utilisation and export credit usage contribution, the FX reserves continued to linger close to historically high levels of c.USD114-115bn.

Residents still increasing FX holdings without any attempt to switch to TRY assets

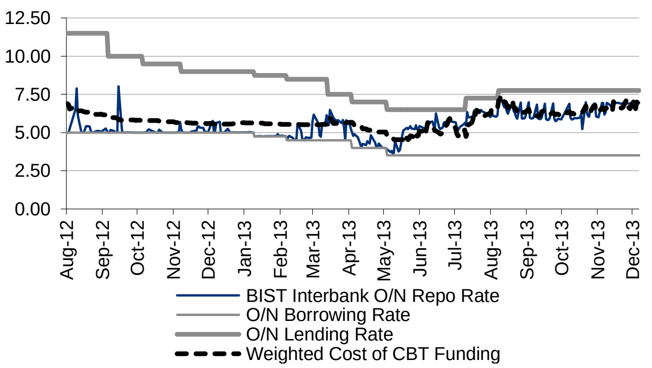
In addition, resident’s holdings of FX deposits have continued to increase both in the corporate and in the household sector. Since the beginning of July, we saw a c.USD20bn surge in FX deposits, half of which belongs to corporates. However, c.EUR1.5bn of the surge in household FX deposits is attributable to the CBT’s efforts to close workers’ remittance accounts and the consequent transfer of the amount to the banking system. Considering the previous behaviour of households, it should have been expected that they might start to sell FX under this level of TRY. However, it seems that agents still believe the pressure on the TRY will continue and higher levels might be tested.

Fig 3 Resident’s FX holdings still move north



Source: Thomson Reuters, CBT, ING Bank

Fig 4 Interbank repo rate & avg. funding cost in focus



Source: Thomson Reuters

We remain cautious on USD:TRY outlook for 2014 due mainly to political issues

Overall, when the Fed’s long-awaited tapering decision was finally taken, the dust in international markets started to settle. After the initial response, we might see the pressure in EM currencies to ease along with a possible rise in risk appetite. However, political upswing due to the ongoing legal process might cause the TRY to decouple from other peers going forward, where we have already seen some signs despite the CBT’s increased tone of monetary tightening. For 2014, we keep our cautious view especially in the first half, due to ongoing concerns related to capital-flow volatility and domestic developments, since recent political tension shows signs of endurance until the local elections in March 2014.

Fig 5 ING forecasts

	3Q13F	4Q13F	1Q14F	2Q14F	3Q14F	4Q14F	1Q15F	4Q15F
USD:TRY	2.03	2.00	2.05	2.08	2.06	2.08	2.08	2.08
EUR:TRY	2.75	2.74	2.73	2.70	2.58	2.50	2.50	2.50
EUR:USD	1.35	1.37	1.33	1.30	1.25	1.20	1.20	1.20

Source: ING estimates

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Bond market

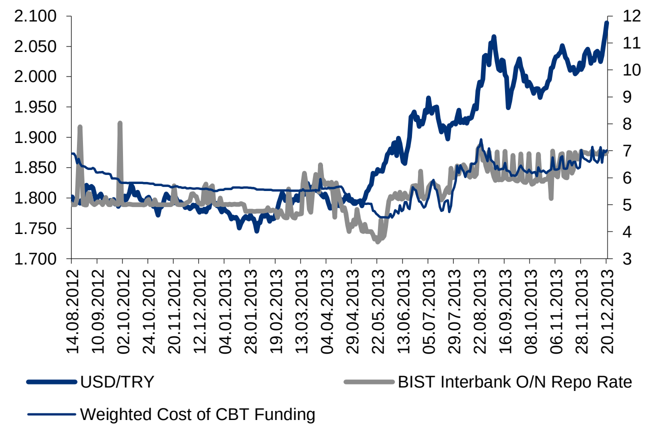
Rise in bond yields accelerated recently on the back of the Fed's decision and rising political tension

In general, Turkish bond yields followed an upward trend in November on the back of international developments regarding the Fed's and the CBT's increased tone of monetary tightening, which especially put upward pressure on short-term interest rates. Taking a volatile path in the first half of December depending on the data flow, yields started to surge as of November 16, accelerating further after the Fed's decision and recent political tension. In this context, average 2YR and 10YR yields jumped to 8.68% and 9.13%, respectively, in November from the October average of 7.93% and 7.96%. In addition, for the first 20 days of December, average yields continued to increase and reached 9.03% and 9.53%, respectively, for 2YR and 10YR.

Average 10YR-2YR spread remained broadly unchanged in December

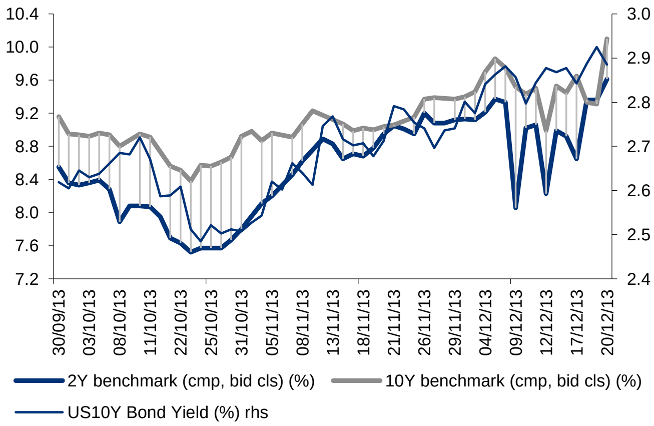
On the yield curve front, the flattening of the yield curve continued in November as the short end of the curve reacted more to the international volatility and the CBT's tight policy stance. Accordingly, the 10YR-2YR spread edged down to an average 45bp in November from the October average of 82bp. Moreover, the yield curve preserved its stance in the first 20 days of December, with the average spread rising marginally to 50bp.

Fig 6 Effective cost of funding continued to increase since November



Source: Thomson Reuters, ING Bank

Fig 7 Correlation with US10Y yields weakened as domestic issues are more effective



Source: Thomson Reuters

Signalling further tightening since the inflation report and supporting its stance with liquidity measures at the past two MPC meetings, the CBT carried the average cost of funding to 6.51% in November from the 6.24% October average. Moreover, at the latest MPC meeting, the CBT committed to keeping the average cost of funding above 6.75%, by reducing the total PD flexibility and pulling the ceiling down for weekly auctions. We expect these measures to add c.30-40bp to the average funding and carry it above 7% in the period ahead (it has already ticked up to 6.77% in the first 20 days of December, including the impacts of two additional tightening days on 9 and 16 December).

Recent volatility in weekly flows to bond and equity markets, with a dominance of capital outflows

On the back of uncertainty in international markets, inflows to bond and stock markets continued to be volatile in November and so far in December, with a dominance of outflows in general. Hence, we saw USD1.6bn worth of bond outflows in November, but an inflow of USD0.8bn to equity markets due to the foreign interest in the secondary public offering of the state-owned real estate investment trust company. Moreover, due to the net outflows (adjusted for FX and price changes) in the first half of December, total flight since end May in bond and equity markets reached USD4.2bn (USD4.1 excluding repo) and USD147m, respectively. On the back of these developments, YTD net inflows in the equity market reached USD1.1bn, whereas the corresponding figure for the bond markets dropped to USD4.9bn (USD3.3bn repos + USD1.6bn bonds) as of mid-December. In addition, the share of non-residents in total GDDS (market values in US dollar terms) fell to 26.5% as of 15 December from 28.2% in May, but still stands at a higher level compared with end-2012 (25.2%). Regarding the maturity composition breakdown, the share of short-term (up to one year) holdings of non-residents stands at 31.8%, still well above the end-2012 level of 28.1%. Lastly, 2014 papers have the biggest share, with 32% in total, followed by 2015 papers with a 14% share. For the rest of the year, we expect a volatile pattern in the bond and equity markets, depending on the global mood. Closer to the end of year, we might see the outflows continuing due to recent internal developments.

Treasury successfully completed 2013 programme

In December, the Treasury successfully completed its 2013 borrowing programme via four auctions. Accordingly, it borrowed TRY7.7bn compared with the TRY11.9bn debt repayment. The average cost of monthly cash borrowing ticked up 9.04% in November from 8.83% in October and the YTD cumulative cost of borrowing inched up to 7.81%, which was below the 2012 average of 8.75%. Also, according to the December-January-February schedule, the Treasury plans to borrow TRY10.6bn (TRY6.9bn from markets) via five auctions against a TRY12.1bn repayment in January.

Fig 8 Domestic borrowing programme for January 2014

Term	Security type	Auction date	Value date	Maturity date
14 months (427 days)	TRY-denominated zero coupon G. Bond	21.01.2014	22.01.2014	25.03.2015
5 years (1,750 days)	TRY-denominated fixed coupon G.Bond-6M couponed (r-o)	27..01.2014	29.01.2014	14.11.2018
10 years (3,750 days)	TRY-denominated fixed coupon G.Bond-6M couponed (r-o)	27.01.2014	29.01.2014	08.11.2023
2 years (616 days)	TRY-denominated fixed coupon G.Bond-6M couponed (r-o)	28.01.2014	29.01.2014	07.10.2015
10 years (3,528 days)	TRY-denominated zero coupon G. Bond	28.01.2014	29.01.2014	27.09.2023

Source: Turkish Treasury

Yields will remain under pressure in the first half of 2014

Similar to the movements in the TRY, reactions to the Fed's tapering and the capital flow volatility as well as domestic political tension will be the major drivers for the course of bond yields over the short run. Going forward, possible improvement in global sentiment due to reduced uncertainty regarding Fed actions and a sharp decline in the headline inflation, attributable to the impact of the strong base effect in January, might help to lessen the pressure on bond yields in the near term. However, the CBT's tighter monetary policy stance on the back of annual inflation well above the 5% target and recent internal developments will weigh on the rate outlook in the first half of next year. Hence, we keep our cautious stance for 2014, given elevated tension in local political environment in addition to sensitivity to global risk appetite.

Fig 9 Rate forecasts (%)

	3Q13F	4Q13F	1Q14F	2Q14F	3Q14F	4Q14F	1Q15F	4Q15F
CBT policy rate	4.50	4.50	4.50	5.50	5.50	5.50	5.50	5.50
2Y benchmark	8.69	8.70	7.90	9.05	8.90	8.75	8.70	9.03
10Y benchmark	9.27	8.40	8.83	9.67	9.09	8.35	7.77	6.80

Source: ING estimates

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About the latest data

Financial Stability Report

28 November. According to the CBT, the favourable outlook about financial stability has continued since May 2013, on the back of domestic structural measures taken by the CBT and other authorities so far. While in the global economy household and private sectors helped the progress in financial stability over the past six months, deterioration in international markets and related volatility in domestic currency and bond markets limited the general improvement.

Trade balance

29 November. The October foreign trade deficit realised in line with market consensus at USD7.4, with growing imports and contracting exports on an annual basis. The 12-month trade balance excluding gold grew by a mere 0.2% MoM instead of a 1.9% MoM expansion in the total deficit, signalling that the distortive gold trade is still in power.

Inflation

3 December. CPI ticked up only 0.01% MoM in November, significantly better than the market consensus of 0.50%, on the back of a noticeable drop in food prices. The monthly food inflation outcome was in line with the CBT's recent guidance, but much higher than our estimate of a 0.1% MoM fall, as well as the past the 10YR November average of 1.46%. Lastly, thanks to a satisfactory November reading, annual inflation dropped further to 7.32% from 7.71% a month ago, contrary to market expectations of a rise close to 8%.

Industrial production

9 December. October IP grew only by 0.7% YoY, whereas the seasonally adjusted figure returned to negative territory with a contraction of 3.1% MoM. Leading indicators continue to provide mixed signals indicating that volatility in industrial production will persist in the period ahead.

Current account

11 December. The October c/a deficit came in at USD2.9bn, lower than our estimate of USD3.1, due to the deviation in the shuttle trade and adjustment items. Meanwhile, 12M rolling deficit widened considerably on a monthly basis and reached USD60.9bn. Checking the non-energy deficit, we see the continuation of widening since April, which reached USD11.2bn on a 12M rolling basis. Besides, observing an almost unchanged cumulative deficit excluding gold (USD54.5bn), despite the strong widening in the headline balance, shows that the distorting gold trade effect was still in force in October.

Budget

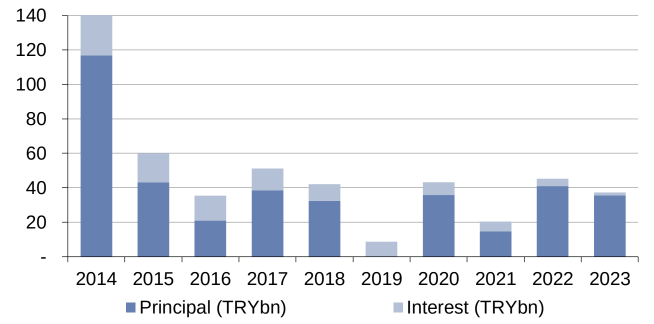
15 November. The budget surplus expanded to TRY6.4bn in November on the back of a sustained performance in budget revenues. The improvement on a cumulative basis also continued further with a 40% YoY primary surplus growth thanks to tax revenue generation and a controlled rise in interest expenditures.

Unemployment

15 November. The unemployment rate continued to increase in September and reached 9.9% from 9.1% a year ago. Seasonally adjusted unemployment also ticked up on a monthly basis to 10.2%. September results show that better-than-expected economic growth has not reflected in the labour market, despite a flat participation rate in the past four months on an adjusted basis. Hence, taking into account the possible modest economic activity in the past quarter, we keep our year-end unemployment rate projection at 9.5%.

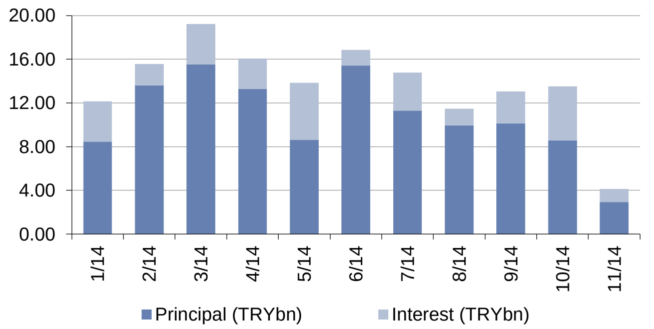
Reference charts

Fig 10 Government domestic bond payment schedule



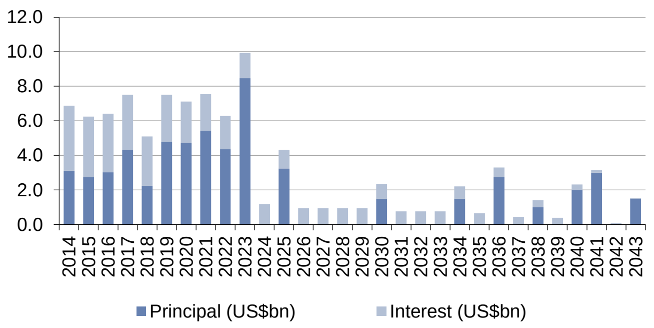
Source: Bloomberg

Fig 11 Government domestic bond payment schedule



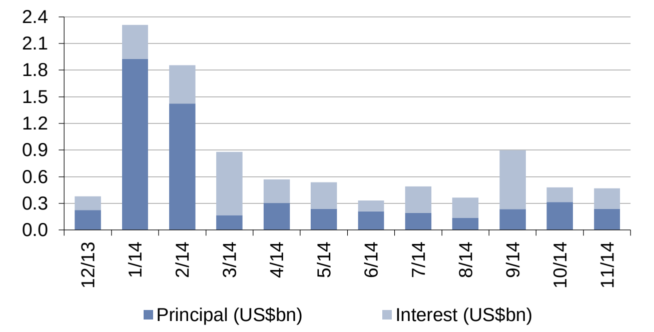
Source: Turkish Treasury

Fig 12 Government external bond payment schedule



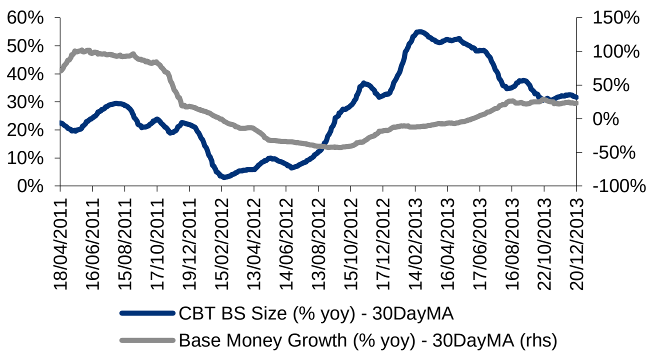
Source: Bloomberg

Fig 13 Central govt external debt payment schedule



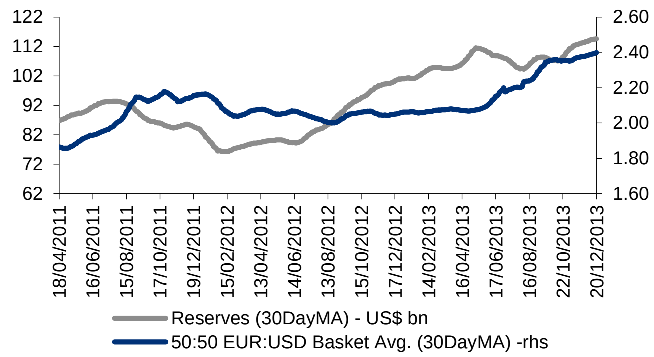
Source: Turkish Treasury

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



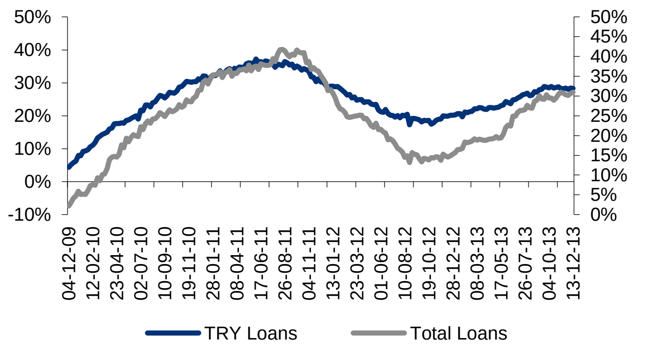
Source: CBT, ING

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



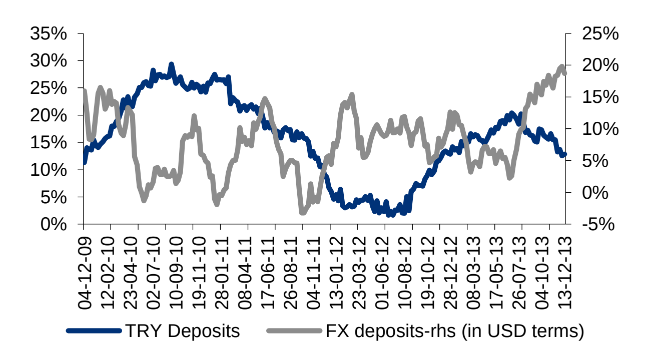
Source: CBT

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



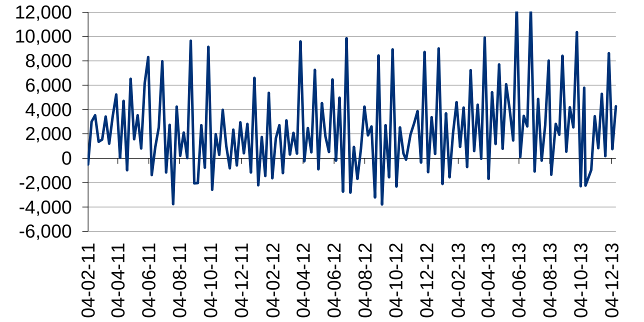
Source: BRSA

Fig 17 Deposit growth (% YoY)



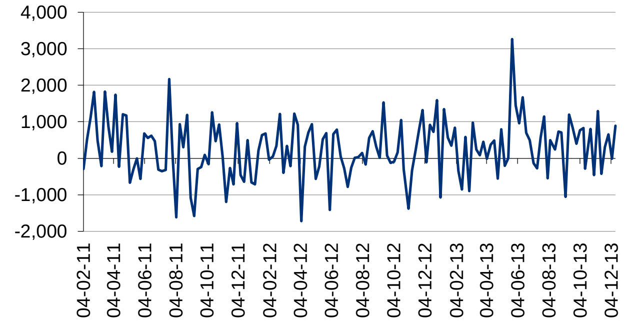
Source: BRSA

Fig 18 Weekly change in TRY Loans (TRYm)



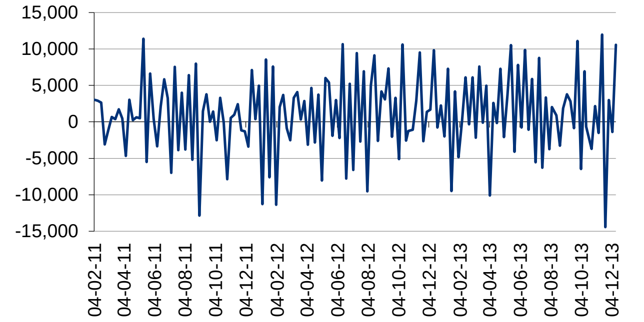
Source: BRSA

Fig 19 Weekly change in FX loans (USDm)



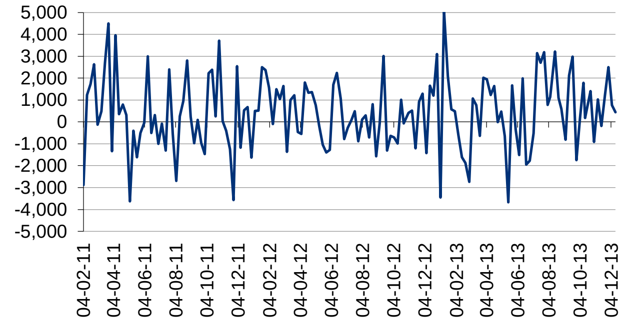
Source: BRSA

Fig 20 Weekly change in TRY deposits (TRYm)



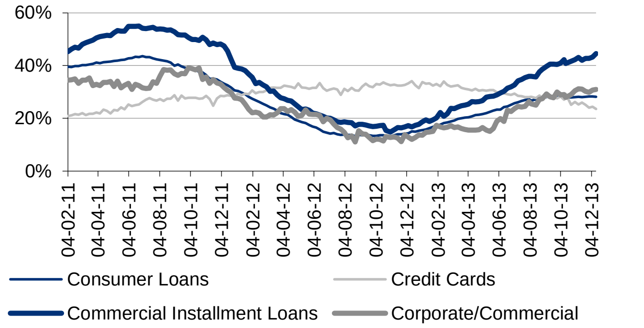
Source: BRSA

Fig 21 Weekly change in FX deposits (USDm)



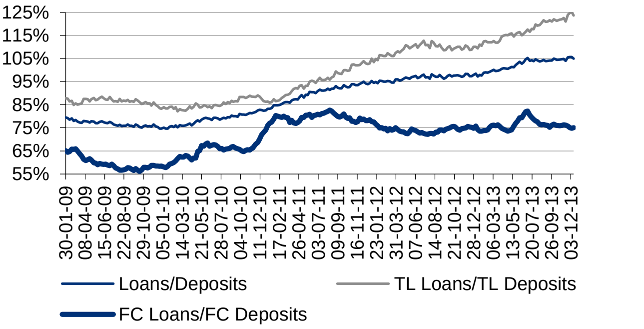
Source: BRSA

Fig 22 YOY loan growth by category (annualised)



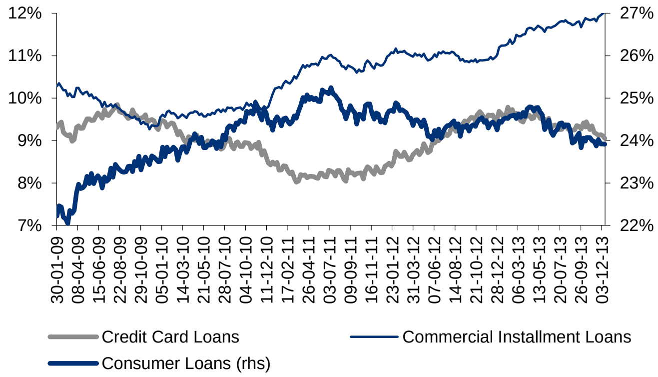
Source: BRSA

Fig 23 Loans/deposits



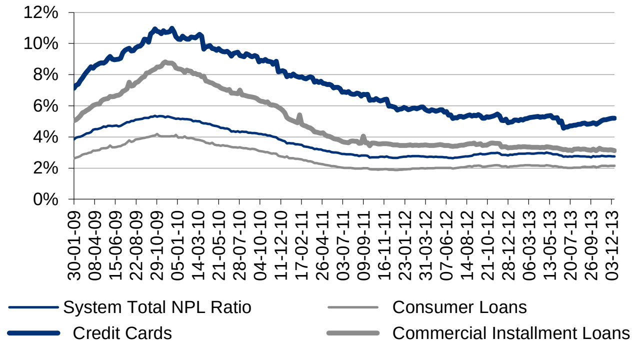
Source: BRSA

Fig 24 Share in total loans



Source: BRSA

Fig 25 NPL ratios



Source: BRSA

Fig 26 Key economic forecasts

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Activity												
Real GDP (%YoY)	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.8	2.2	3.9	3.8	4.5
Private consumption (%YoY)	11.0	7.9	4.6	5.5	-0.3	-2.3	6.7	7.7	-0.7	4.6	3.6	4.6
Government consumption (%YoY)	6.0	2.5	8.4	6.5	1.7	7.8	2.0	4.7	5.7	4.5	3.0	3.3
Investment (%YoY)	28.4	17.4	13.3	3.1	-6.2	-19.0	30.5	18.0	-2.5	4.7	6.9	9.0
Industrial production (%YoY)	9.7	5.4	7.7	6.9	-0.9	-10.4	12.4	9.7	2.5	4.2	4.2	5.0
Unemployment rate year-end (%)	10.8	10.6	10.2	10.3	11.0	14.0	11.9	9.8	9.2	9.5	9.3	9.0
Nominal GDP (TRYbn)	559	649	758	843	951	953	1,099	1,297	1,417	1,582	1,742	1,918
Nominal GDP (EURbn)	316	389	421	474	501	442	552	558	615	620	659	769
Nominal GDP (USDbn)	390	481	526	649	742	617	732	774	786	826	844	922
GDP per capita (USD)	5,764	7,022	7,586	9,240	10,438	8,559	10,022	10,466	10,504	10,897	11,003	11,879
Population (m)	68	69	69	70	71	72	73	74	75	76	77	78
Prices												
CPI (average %YoY)	10.6	8.2	9.6	8.8	10.4	6.3	8.6	6.5	8.9	7.5	6.0	5.9
CPI (end-year %YoY)	9.32	7.72	9.65	8.39	10.06	6.5	6.4	10.4	6.2	7.2	6.4	5.5
PPI - WPI until 2003 (average %YoY)	11.1	5.9	9.3	6.3	12.7	1.2	8.5	11.1	6.1	4.4	6.2	4.7
Wage rates (%YoY, nominal)	13.4	12.2	11.5	9.5	12.4	9.0	9.0	9.0	10.5	8.5	8.0	8.0
Fiscal balance (% of GDP)												
Consolidated government balance	-5.2	-1.1	-0.6	-1.6	-1.8	-5.5	-3.6	-1.4	-2.1	-1.3	-1.9	-1.8
Primary balance	4.9	6.0	5.4	4.1	3.5	0.1	0.8	1.9	1.4	1.9	0.9	1.0
Total public debt	59.6	52.7	46.5	39.9	40.0	46.1	42.3	39.2	36.1	35.1	34.2	33.2
External balance												
Exports (USDbn)	68.5	78.4	93.6	115.4	140.8	109.6	120.9	143.4	163.2	163.8	178.5	196.4
Imports (USDbn)	91.3	111.4	134.7	162.2	193.8	134.5	177.3	232.5	228.6	240.8	252.9	275.0
Trade balance (USDbn)	(22.7)	(33.1)	(41.1)	(46.9)	(53.0)	(24.9)	(56.4)	(89.1)	-65.3	-77.1	-74.3	-78.6
Trade balance (% of GDP)	-5.8	-6.9	-7.8	-7.2	-7.1	-4.0	-7.7	-11.5	-8.3	-9.3	-8.8	-8.5
Current account balance (USDbn)	(14.2)	(21.4)	(31.8)	(37.8)	(40.4)	(12.2)	(45.4)	(75.1)	-47.7	-57.9	-58.2	-60.6
Current account balance (% of GDP)	-3.6	-4.5	-6.0	-5.8	-5.4	-2.0	-6.2	-9.7	-6.1	-7.0	-6.9	-6.6
Net FDI (USDbn)	2.0	9.0	19.3	19.9	17.2	7.1	7.6	13.7	8.5	8.0	9.9	10.3
Net FDI (% of GDP)	0.5	1.9	3.7	3.1	2.3	1.2	1.0	1.8	1.1	1.0	1.2	1.1
Current account balance plus FDI (% of GDP)	-3.1	-2.6	-2.4	-2.7	-3.1	-0.8	-5.2	-7.9	-5.0	-6.0	-5.7	-5.5
Export volume (%YoY)	14	10	12	11	6	-7	6	6	18	2	8	6
Import volume (%YoY)	20	12	8	13	-1	-13	21	12	0.4	5	6	6
Foreign exchange reserves (ex gold, USDbn)	36.0	50.5	60.9	73.3	71.0	70.7	80.7	78.5	100.2	110.0	115.0	125.0
Import cover (months of merchandise imports)	4.7	5.4	5.4	5.4	4.4	6.3	5.5	4.0	5.3	5.5	5.5	5.5
Debt indicators												
Gross external debt (USDbn)	161	171	208	250	281	269	292	304	337	383	427	474
Gross external debt (% of GDP)	41	35	40	39	38	44	40	39	43	46	51	51
Gross external debt (% of exports)	235	218	223	217	200	246	241	212	206	234	239	241
Total debt service (USDbn)	30.5	36.8	40.1	48.7	53.8	58.9	55.8	50.7	52.4	80.4	83.4	60.7
Total debt service (% of GDP)	8	8	8	8	7	10	8	7	7	9.7	9.9	6.6
Total debt service (% of exports)	44	47	43	42	38	54	46	35	32	49.1	46.7	30.9
Interest & exchange rates												
Central bank key rate year-end (%)	18.00	13.50	17.50	15.75	15.00	6.50	6.50	5.75	5.50	4.50	5.50	5.50
Broad money supply (%YoY)	35.1	40.1	23.4	15.4	27.5	12.9	19.0	11.5	10.3	15.6	11.6	11.6
3-mth interest rate average (%)	22.7	15.1	16.6	17.3	17.6	10.2	7.4	8.5	8.7	6.8	7.7	5.5
Exchange rate year-end (TRY/USD)	1.34	1.34	1.41	1.16	1.51	1.51	1.55	1.91	1.78	2.00	2.08	2.08
Exchange rate annual average (TRY/USD)	1.42	1.34	1.43	1.30	1.29	1.55	1.50	1.67	1.79	1.92	2.06	2.08
Exchange rate year-end (TRY/EUR)	1.83	1.59	1.86	1.71	2.14	2.16	2.05	2.46	2.35	2.74	2.50	2.50
Exchange rate annual average (TRY/EUR)	1.77	1.67	1.80	1.78	1.90	2.15	1.99	2.32	2.30	2.55	2.64	2.50
3M USDLIBOR (eop)	2.56	4.54	5.36	4.70	1.43	0.25	0.30	0.58	0.30	0.30	0.30	1.10
EUR/USD (eop)	1.36	1.18	1.32	1.46	1.40	1.43	1.34	1.29	*1.32*	*1.37*	*1.20*	*1.20*

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

Source: National sources, ING forecasts (last update 13 December 2013)

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