Turkey:

- Treasury borrowed a total of TL 8.415 billion from domestic markets with three bond issuances yesterday including non-competitive bids and borrowing from public institutions. As bid to cover ratio was 1.4 for 2019 maturity fixed-coupon bond, average compound yield decreased to 11.11% at the auction from 11.40% in the preceding one. Meanwhile, as bid-to-cover ratio was 1.06 for 2027 maturity fixed-coupon bond average compound yield dropped from 10.93% in the preceding auction to 10.52%. We think that Treasury’s heavier borrowings than its initial program has been completed successfully, ahead of today’s TL 10.349 billion domestic debt redemption.

World:

- The US Federal Reserve’s (Fed) interest rate decision following two-days meeting will be on the top the global agenda today. While we expect Fed to raise the policy interest rates by 25 basis points, we think Fed will refrain from suggesting a clear timing for the next rate hike and start of downsizing process of its balance sheet. We expect Fed’s comments regarding recent deceleration in activity data to be a major determinant of risk appetite in the coming days.

- While US headline PPI remained unchanged in May compared to the previous month, in line with the expectations, headline PPI annual inflation fell from 2.5% in April to 2.4%. On the other hand, as core PPI increased by 0.3% MoM in May, above the forecast of 0.1%, core PPI annual inflation surged from 1.9% in April to 2.1%. Even though slight deceleration in headline PPI inflation reflects the recent decline in oil prices, the details regarding the service sector items confirmed the gradual rising trend in inflation dynamics.

- While the UK headline CPI increased by 0.3% MoM in May, slightly higher than the forecast, headline CPI annual inflation rose from 2.7% in April to 2.9%. In the meantime, core CPI annual inflation surged to 2.9% from 2.4%. Although price pressure in energy and service groups weakened to some extent in May, pass-thru effect of depreciation in Sterling led to the rise other goods items. Nonetheless, despite the high level of inflation figures, we think Bank of England (BoE)
may keep its accommodative monetary policy stance unchanged at its tomorrow’s meeting as the elevated political risks keep the downside risks on growth outlook alive.

### Today’s Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Country</th>
<th>Data</th>
<th>Period</th>
<th>Expectation</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:00</td>
<td>Eurozone</td>
<td>Industrial Production (SA, MoM)</td>
<td>April</td>
<td>0.5%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>15:30</td>
<td>US</td>
<td>CPI (MoM)</td>
<td>May</td>
<td>0.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>15:30</td>
<td>US</td>
<td>Core CPI (MoM)</td>
<td>May</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>15:30</td>
<td>US</td>
<td>CPI (YoY)</td>
<td>May</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>15:30</td>
<td>US</td>
<td>Core CPI (YoY)</td>
<td>May</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>15:30</td>
<td>US</td>
<td>Retail Sales (MoM)</td>
<td>May</td>
<td>0.1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>21:00</td>
<td>US</td>
<td>FOMC Rate Decision (Upper Bound)</td>
<td>Jun. 14</td>
<td>1.25%</td>
<td>1.00%</td>
</tr>
<tr>
<td>21:00</td>
<td>US</td>
<td>FOMC Rate Decision (Lower Bound)</td>
<td>Jun. 14</td>
<td>1.00%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

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**Odeabank Economic Research and Strategy**

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To represent general performance in financial markets, some composite indices are used in the table such as MSCI for equity and UBS Bloomberg for commodity price.

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