CEEMEA Economics Analyst

Turkey — Updating Our Forecasts Post the Election

Clemens Grafe
+44(20)7774-3435 |
clemens.grafe@gs.com
Goldman Sachs International

Basak Edizgil
+44(20)7774-9878 |
basak.edizgil@gs.com
Goldman Sachs International

- Following his re-election on 28 May, President Erdogan appointed a new cabinet that includes Cevdet Yılmaz as Vice President and Mehmet Şimşek as Minister of Treasury and Finance. Both had been long-standing ministers in previous Erdogan-led administrations – Cevdet Yılmaz as Minister for Development and Mehmet Şimşek as Minister of Finance. Hafize Gaye Erkan, a finance professional with a 20-year history in US-based financial institutions, was appointed Central Bank Governor. In our view, the appointments suggest that there is widespread understanding in the administration that monetary and fiscal policy adjustment is necessary and that this adjustment should be market-based. Hence, we think the incoming team is likely to have a reasonably free rein to put the economy back on a more sustainable path.
- However, the adjustment required in the short run is sizeable and policies will likely be largely dominated by economic realities. The TCMB's reserves have fallen to historically low levels as the Bank has defended the TRY, and this defence is not sustainable. The underlying source of pressure on the reserves is the current account, driven by an overvalued exchange rate, demand that has been fuelled by loose monetary and fiscal policy in recent months, and a loss of confidence in both the Lira and the financial system that has led to a surge in gold imports. That said, in May we also saw the first sign of capital account pressure on reserves.
- Stabilising the economy will require a large, and we think discontinuous, adjustment to the exchange rate. Unsurprisingly, the market has been pricing the USD/TRY at just above 30 for some months, independently of the expectation of the outcome of the election and the appointment of the new cabinet, as well as the recently faster depreciation, and hence forward points have fallen. We think a currency adjustment will be accompanied by a large front-loaded hike to the TCMB's marginal lending rate. TRY interest rates on deposits without FX protection have already repriced towards around 40% and have largely delinked from policy rates. We think the incoming team will want to re-establish its marginal lending rate as the anchor for interest rates in the economy, and hence will raise it upfront towards deposit rates. We are, however, sceptical that the marginal rate will be the repo rate, or that the repo rate will be used to help limit the shock of the repricing for banks and the corporate sector.
- Once the exchange rate stabilises, we think the marginal rate can fall fairly

quickly, and we expect it to fall to 25% by end-year, although this requires a stabilisation of inflation expectations. In the longer run, inflation will likely prove sticky and the constraints on the team will likely rise. The TCMB is not independent and there is still widespread agreement in the administration to use the financial system to support its industrial policy agenda. Outgoing Central Bank Governor Şahap Kavcıoğlu, a proponent of this active industrial policy, was appointed as the new head of the financial regulator.

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Following the re-election of President Erdogan and his ruling coalition for another five-year term, the new cabinet was announced recently. Cevdet Yılmaz, a previous Minister of Economic Development (2011-2016) and interim successor to Ali Babacan as Deputy Prime Minister (August 2015-November 2015), was appointed Vice President. Mehmet Şimşek, previously Minister of the Treasury and Finance (2009-2015) and successor to Cevdet Yılmaz as Deputy Prime Minister (November 2015-July 2018), was appointed Treasury and Finance Minister. Furthermore, Hafize Gaye Erkan, following a long career in US-based financial institutions, replaces Şahap Kavcıoğlu as TCMB Governor.

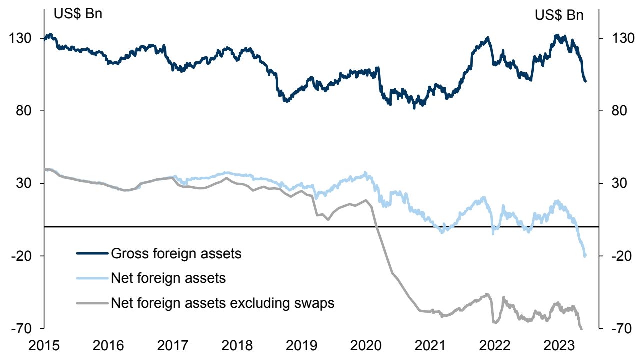
In our view, these appointments suggest there is a broad understanding in the administration that the recent policy framework needs to be adjusted and that Turkey will be looking for market-based solutions to steer the economy to a more sustainable path. A detailed outline of what that path will look like will need to await more guidance from the incoming team. However, as we have said for some time, the broad direction of policy in the short run will likely be dictated by the economic realities and, to some degree, will be independent of the policy team appointments. In this vein, incoming minister Mehmet Şimşek said at his inauguration: "Turkey has no other choice than to return to a rational ground. A rules-based, predictable Turkish economy will be the key to achieving the desired prosperity".

Although the appointments appear to be market-friendly, the adjustment needed and the risks involved are large. Hence, we think the fact the 5-year CDS spread in particular has reached levels tighter than in the run-up to the first round of the election, when the market was pricing a high likelihood of an opposition win, appears overdone.

Reserve Dynamics Suggest that an Adjustment is Needed

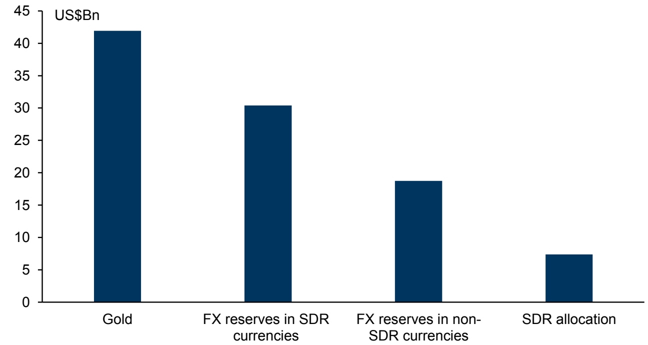
The TCMB's gross FX assets have fallen by US$28bn to US$100bn year-to-date (Exhibit 1) and, although they remain about US$18bn above the trough level of US$82bn in 2020, a continued reserve loss at this rate is not sustainable. According to our calculations, the TCMB's assets held in reserve currencies other than the SDR facility of the IMF have fallen to US$30bn (Exhibit 2).

Exhibit 1: The TCMB's Gross FX Assets Have Fallen by US$28bn to US$100bn Year-to-Date
TCMB's gross and net foreign assets



Source: Goldman Sachs Global Investment Research, Haver Analytics

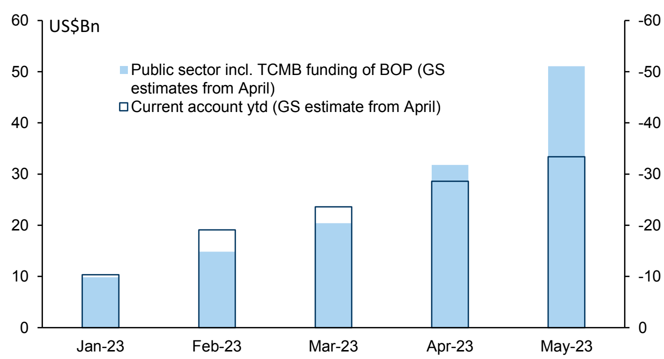
Exhibit 2: TCMB's Reserves in SDR Currencies Have Fallen to US$30bn
TCMB's gross reserves



Source: Goldman Sachs Global Investment Research, Haver Analytics

The underlying driver of the year-to-date decline in reserves, similar to previous periods of reserve losses, has been almost entirely the current account (Exhibit 4), despite the highly negative real rates. The current account deficit year-to-date has widened by close to 6% of GDP, compared with a level of 1.2% in 2019-21. The sum of the total loss in gross reserves and the increase in the TCMB's liabilities to foreigners and the government (which is a measure of the total net funding attracted by the public sector) almost exactly matched the cumulative current account until April (Exhibit 3). Thus, net private sector capital outflows were essentially flat. We think that private sector capital outflows only picked up in May, partially because banks were buying Turkish Eurobonds from foreigners but also because deposits did leave the system.

Exhibit 3: Net Private Capital Outflows Accelerated in May
Public sector funding of BoP and current account year-to-date

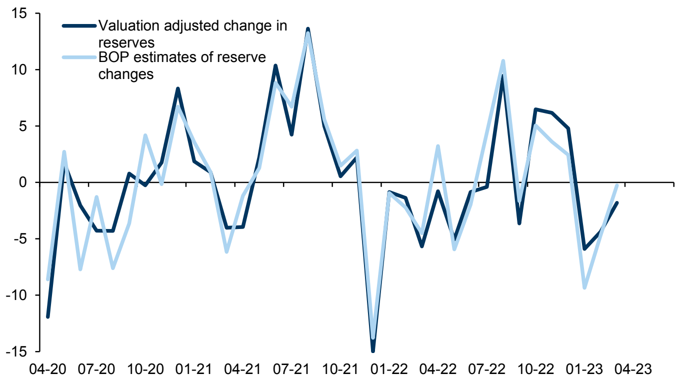


Source: Goldman Sachs Global Investment Research, Haver Analytics

Nevertheless, the fundamental driver of the reserve loss is the current account, while regulatory restrictions keep net private capital outflows down and foreigners have largely divested from the market.

Exhibit 4: BoP Estimates of Reserve Changes (Sum of Total Financial Flows, Current Account Balance and E&O) Tracks Very Closely the Valuation-Adjusted Change in Reserves

Valuation-adjusted change in FX reserves and BoP estimates of reserve changes



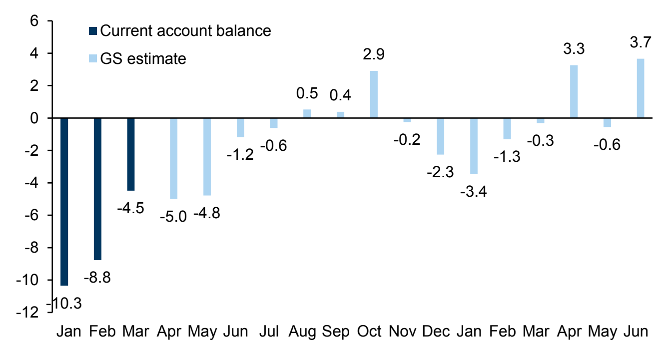
Source: Goldman Sachs Global Investment Research, Haver Analytics

Policy Needs to be Tightened but the Real Exchange Rate also Needs to Depreciate

Given that the current account rather than the capital account is the fundamental driver of the reserve losses, an adjustment to the current account will be required sooner or later to arrest the reserves. In our view, the adjustment can be delayed by foreign inflows, but inflows alone are unlikely to allow Turkey to return to a sustainable path. It is also the case that, due to seasonal factors, the current account should improve sharply in Q3 as tourism income rises, but this reprieve would only be temporary, given an average monthly seasonally adjusted current account deficit year-to-date of US$5.6bn.

Exhibit 5: We Expect the Current Account Deficit to Narrow in the Coming Months Driven by Policy Tightening and the Adjustment to the Lira

GS Estimate for monthly NSA current account balance from April Onward



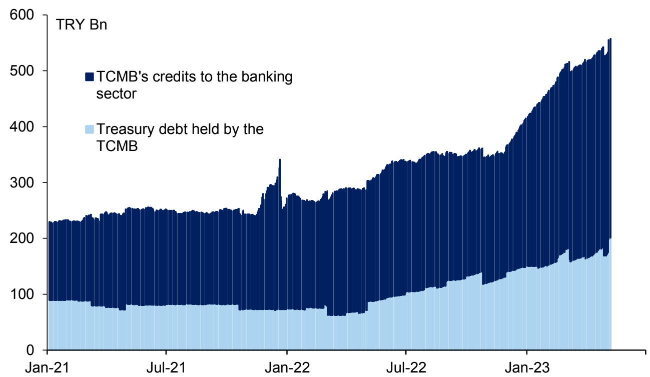
Source: Goldman Sachs Global Investment Research

We identify three drivers that have widened the current account from what we judged to be a sustainable level in 2019-2021 (current account deficit of 2% of GDP) and even going into the first half of 2022, when reserves fell primarily due to the temporary sharp rise in energy prices.

1) Domestic demand growth picked up to unsustainable levels due to fiscal and

monetary loosening in the run-up to the election. The TCMB's domestic assets have risen by 70% year-to-date, with domestic credit to banks (other than through swaps and repos) and to the government rising by around 34%. The fiscal deficit has expanded to 5.5% of GDP in the first 4 months of 2023, from 0.5% in the same period last year.

Exhibit 6: TCMB's Domestic Credits Both to the Banking Sector and the Government Have Risen by 30% Year-to-Date
TCMB's credits to the banking sector (other than through repos and swaps) and Treasury debt held by the central bank

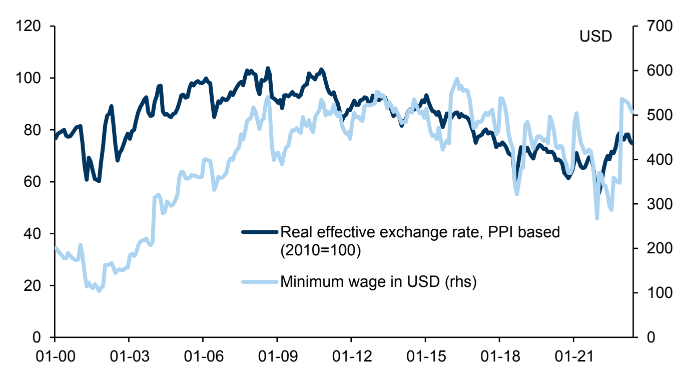


Source: Goldman Sachs Global Investment Research, Haver Analytics

2) While prices have risen on average by 74% annualised for the PPI and 53% for the CPI since December 2021, the effective TRY in that period has depreciated on average by just 20% (Exhibit 7). Similarly, USD average wages have risen sharply. Thus, the real exchange rate is, in our view, now significantly overvalued and requires adjustment.

Furthermore, inflation is unlikely to fall fast given unanchored expectations and the loose monetary and fiscal policy year-to-date; hence, the real effective exchange rate would appreciate fairly quickly if the exchange rate does not compensate for the inflation differential to trading partners.

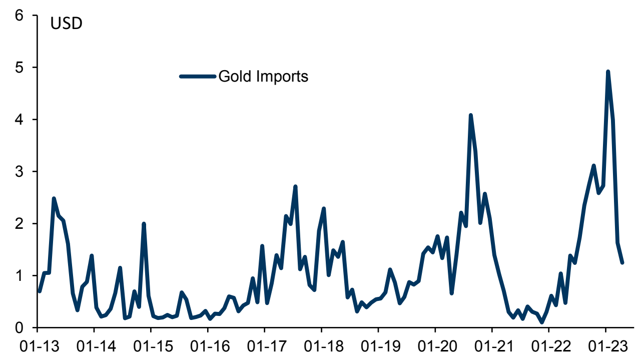
Exhibit 7: Real Price Indicators Point to Lira Overvaluation
Real effective exchange rate, PPI based and minimum wage in Turkey in USD



Source: Goldman Sachs Global Investment Research, Haver Analytics

3) Gold imports picked up sizeably in that period (Exhibit 8) as locals sought effective inflation hedges.

Exhibit 8: Gold Imports Rose Sharply in H2-2022 and in 2023
Monthly gold imports



Source: Goldman Sachs Global Investment Research, Haver Analytics

Given the above, returning Turkey to a sustainable current account balance would in our view require:

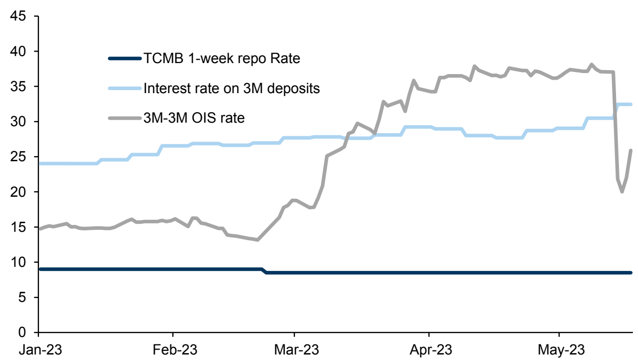
- A significant tightening of policy to slow domestic demand.
- A sizable real Lira depreciation.
- A reduction in gold demand, which would likely require confidence in the TRY and in access to FX assets and financial stability.

We think the only alternative to the above would be to reduce the balance by restricting imports through administrative means, which would likely lead to multiple exchange rates and further distortions, a path that we still consider the authorities unlikely to follow.

Deposit and Lending Rates Already Adjusted Somewhat Prior to the Election

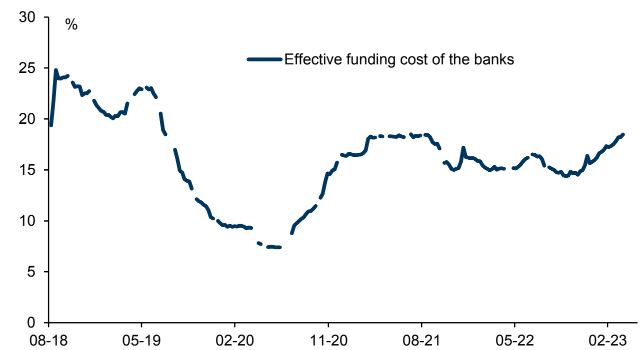
In the run-up to the election, domestic rates had already risen sharply. This is true for OIS rates, but more importantly for deposit rates (Exhibit 9) and average funding rates of the banking sector (Exhibit 10). The rise in the deposit rate understates the actual repricing as it includes the FX-protected deposit facility. Excluding those, the interest rate on regular TRY deposits is closer to 40% and, despite these rates, TRY deposits without FX protection have been falling. Thus, financial conditions have tightened significantly already, even though the policy rate has been lowered. This tightening has, in our view, been driven mostly by banks and investors repricing rate expectations as they factored in a sizeable probability of an opposition win and a return to a more orthodox policy framework.

Exhibit 9: In the Run-up to the Elections, Both OIS and Deposit Rates Rose Sharply Despite the Policy Rate Staying Constant
TCMB 1-week repo rate, interest rate on 3M deposits, 3M OIS rate



Source: Goldman Sachs Global Investment Research, Haver Analytics

Exhibit 10: We Estimate that the Effective Funding Cost of Banks Rose to the Levels Before the Cutting Cycle Began
Estimated effective funding cost of the banks



Source: Goldman Sachs Global Investment Research, Haver Analytics

The incoming TCMB team will not want financial conditions to loosen, as this would only amplify the pressure on the exchange rate and reserves. Hence, at a minimum they will likely aim to keep deposit rates at current levels.

Although OIS rates have fallen since the election outcome, we think they can delink from deposit and lending rates. More generally, financial conditions are largely independent of OIS rates. This is because the swap market references an overnight market in which essentially only the TCMB is lending, and is doing so in limited amounts. Hence, this market is fully linked to expectations for the policy rate and – understandably, given the differing monetary policy agendas of the incumbent administration and the opposition – OIS rates fell sharply after the election. They have recently risen again somewhat, suggesting that investors expect some tightening to come through hikes to the repo rate.

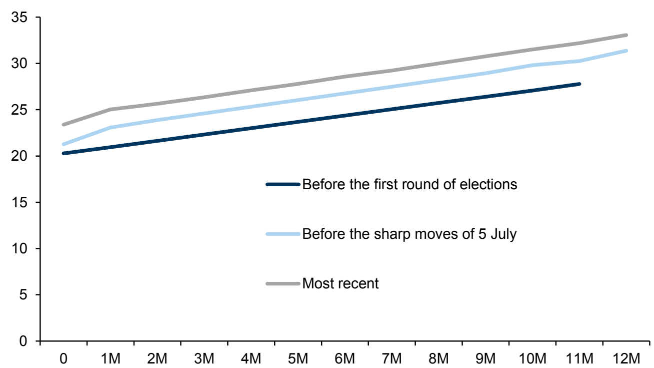
Given the adjustment ahead, we think it will be difficult to operate monetary policy largely through quantity restrictions. Any funding stress in the financial system would be hard to manage without a flexible liquidity window at the TCMB which needs to operate at or above the market rate, for which we think the TRY deposit rate is the best indicator. This rate could be the repo rate, or the TCMB could once again introduce a second rate that acts as the marginal lending rate and determines financial conditions.

Spot FX Still Needs to Adjust

Unlike interest rates, the spot FX rate had not adjusted meaningfully until last week. However, forward markets have been pricing a significant depreciation. The pricing has not changed meaningfully from before the first round of the election (Exhibit 11), when OIS pricing suggested that the market assigned a high probability to an opposition win, which supports our view that much of the short-term adjustment will be driven by the economic realities rather than the policy framework applied.

The TRY has trend-depreciated at an increasing pace but, given the scale of the underlying misalignment and the low reserve buffer, it is hard to see how a gradual adjustment can be achieved without a destabilization of the financial system as investors seek the protection of a future depreciation. Thus, we think the FX rate will have to adjust discontinuously. The incumbent administration has allowed such an adjustment before and is generally highly focused on the country's industrial and exporting sectors. At the current rate, exporters have seen their margins squeezed and will therefore likely argue for a realignment. This suggests that, in addition to being warranted by market pressure, a readjustment is in line with the incumbent government's underlying priorities.

Exhibit 11: USD/TRY Forwards are Now Pricing Around 40% Depreciation in 12M After the Sharp Moves of 5 July
12M USD/TRY forward pricing



Source: Goldman Sachs Global Investment Research, Bloomberg

We Lower Our 2023 Growth Forecast and Expect Higher Rates After FX Adjustment

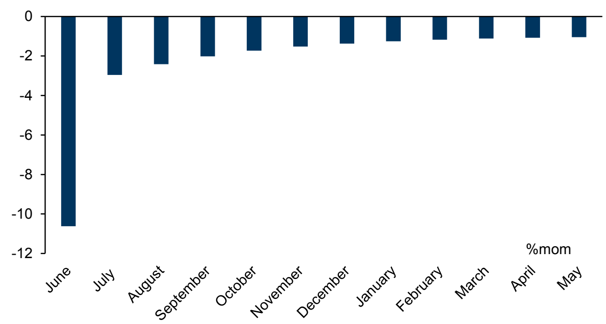
Although the instruments used to steer the economy to a sustainable path are crucial for our point forecasts, we think the near-term outlook largely dictates much of the short-term dynamics. For instance, we have not adjusted our inflation forecasts post the election or the announcement of the cabinet, and still forecast inflation of +40%yoy at year-end. This forecast has not changed meaningfully since last year, and we maintain a forecast of a gradual disinflation, projecting +20%yoy inflation at end-year 2024 and lower thereafter. Our inflation forecast uses the forward rates for the exchange rate, which have not meaningfully changed either since or prior to the election. These rates are not out of line, in our view, with the real exchange rate adjustment that would take prices in FX back towards to the 2019 level, given our inflation forecast. With respect to growth, we are lowering our forecast for 2023 from +2.9%yoy to +2.3%yoy given the tightening that has already occurred and which we expect to be maintained. This implies negative sequential growth in H2-2023 and into Q1-2024.

Forecasting rates is the most challenging exercise here, given that we do not yet know what instruments or rate framework will be used for the adjustment. Moreover, the rate path is highly dependent on inflation expectations post the FX adjustment and the announcement of a new monetary policy framework. Turkey's inflation is not driven by an overheating economy and hence an optimal rate depends both on the inflation rate targeted and the rate required to incentivize Turkish investors to hold TRY, in itself a function of the credibility that they attach to the policy framework.

Without any guidance on the framework at this stage, we think it is useful to lay out what we think a fully orthodox policy-maker would do, and then discuss how the outcome may differ given the constraints faced by the incoming team.

With that in mind, we think an orthodox policy-maker would allow the exchange rate to adjust upfront, while raising rates in a one-off step contemporaneously to allow the exchange rate to stabilise. As long as markets and Turkish retail investors rationally expect a sharp depreciation, any gradual rate adjustment would likely ultimately be futile.

Exhibit 12: We Estimate that NEER Needs to Depreciate by Close to 30% in the Next 12M to Keep REER at the 2019-2021 Average
NEER adjustment necessary to keep REER at the 2019-2021 average (assuming a front-loaded depreciation)



Source: Goldman Sachs Global Investment Research

Hence, we think an orthodox policy response would allow the exchange rate to adjust sufficiently for the real exchange rate in the future not to be a constraint. In our view, the current account was on a sustainable path in 2019-2020, which means that an orthodox policy-maker would at a minimum want to ensure that the upfront nominal exchange rate adjustment is large enough to ensure that the real exchange rate remains at least as weak as it was in 2019-2021 without requiring a further trend-depreciation in the coming months, i.e., they would want the exchange rate to overshoot. A stable nominal exchange rate in the immediate disinflation phase would help to establish the credibility of the incoming team, lower the interest rates required to ultimately incentivise the local population to dedollarise and allow the TCMB to rebuild reserves. Exhibit 12 shows the nominal exchange rate adjustment needed to maintain the PPI-based real effective exchange rate at the 2020 level given our inflation forecast.

As we have noted before, once that credible exchange rate is established, the interest rate that investors would demand to hold TRY is less driven by current inflation and more by credibility in the TCMB keeping policy sufficiently tight in the future, i.e., inflation and exchange rate expectations, neither of which are known as of now. We forecast 2023 inflation of +40%yoy, close to the current rate and then expect it to fall towards 20% at end-year 2024, with risks to both these forecasts to the upside. Inflation expectations for the next 12 months stand at 30%, according to the TCMB survey, not very dissimilar to our own forecast, and we think they are unlikely to decline in the short run given the need for an FX adjustment. Thus, inflation expectations would argue for a rate adjustment to well above 30%.

Further, we think an orthodox policy-maker would raise the repo rate to a level where the rate actually anchors interest rates in the economy. This is a prerequisite to strengthen the transmission mechanism and establish the policy rate as the main instrument of monetary policy. In our view, this suggests that an orthodox policy-maker would raise rates to 40%, the current level of deposit rates. Once exchange rate and inflation expectations stabilise, the TCMB would likely be able to lower the rates fairly quickly, initially to 25% by end-year assuming that longer-term inflation expectations will have declined.

Without any further guidance from policy-makers, it is difficult to know whether policy constraints would be binding for the TCMB and, if so, to what extent. Moreover, the Turkish Central Bank is not independent and making it independent would require a constitutional change that is unlikely in the short run. While we think the recent appointments suggest that the team will have a reasonably free rein in the short run until inflation is at least back in the teens, i.e., 24 months on our forecast, establishing credibility for the long run will be more difficult.

Encouragingly, there is widespread consensus in the administration that sustainable growth and reasonably stable inflation are only possible if the current account deficit is kept under control. Hence, we think the administration will not stand in the way of the necessary external adjustment. Although Turkey's national balance sheet has improved in recent years, it is still too weak to rely on foreign funding to grow the economy.

We also think there is broad consensus across the AKP-led administration to continue an active industrial policy and on the need for subsidised funding for priority sectors and projects. We think the focus on subsidised lending has been one reason for the low policy rates so far. An active industrial policy with subsidised lending exists in many countries, but in most cases it is structured such that the policy does not constrain the marginal lending rate of the Central Bank. And we expect this to be the case in Turkey. We therefore expect the TCMB's marginal rate, and hence its policy rate, will be raised to 40% at the next policy meeting in June, although we are less sure that this will be the repo rate.

Clemens Grafe and Basak Edizgil

Kevin Daly
+44 20 7774-5908
kevin.daly@gs.com
Goldman Sachs International

Clemens Grafe
+44 20 7774-3435
clemens.grafe@gs.com
Goldman Sachs International

Andrew Matheny
+44 20 7051-6069
andrew.matheny@gs.com
Goldman Sachs International

Farouk Soussa
+44 20 7051-9349
farouk.soussa@gs.com
Goldman Sachs International

Tadas Gedminas
+44 20 7051-6015
tadas.gedminas@gs.com
Goldman Sachs International

Bojosi Morule
+44 20 7051-0851
bojosi.morule@gs.com
Goldman Sachs International

Basak Edizgil
+44 20 7774-9878
basak.edizgil@gs.com
Goldman Sachs International

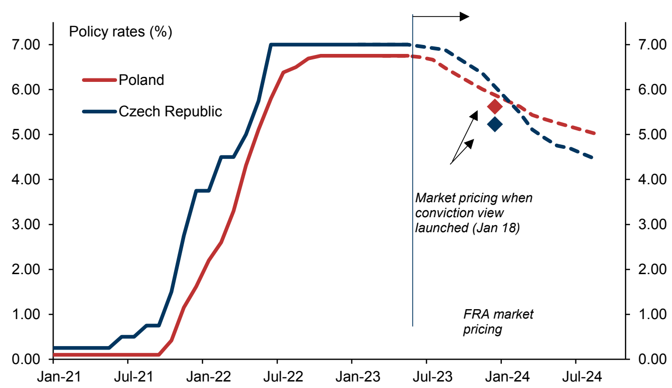
Conviction Macro Views

Pay 12m Rates in Poland and Czech

Markets are currently pricing in significant policy easing across the CEE-4 by end-2023. However, in our view, bringing CEE-4 inflation expectations and wage growth back to target-consistent levels will require monetary policy remaining tighter for longer than markets are currently pricing. While we expect non-core inflation to continue to fall significantly during 2023, there has been an unusually large increase in underlying inflation pressures across the CEE-4 in the past 18 months. This is evident in: (i) the broadening of inflationary pressures across core components; (ii) a significant rise in measures of inflation expectations; and (iii) a rise in wage growth to unsustainable levels. Our rate views are more hawkish than front-end market pricing across the CEE-4, but the cleanest expression of our view is to pay end-2023 rates in Poland and the Czech Republic.

Exhibit 13: Market Pricing of Policy Rates in Poland and the Czech Republic

FRA pricing (assuming constant basis)



Source: Goldman Sachs Global Investment Research, Bloomberg

Macroeconomic forecasts

Exhibit 14: CEEMEA Main Macro Forecasts

	GDP (%yoy)						Consumer Prices (%yoy, avg)					
	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026
Czech Republic	3.5	2.5	**0.8**	**3.9**	**2.8**	**2.6**	3.8	15.1	**11.2**	**3.6**	**2.6**	**2.0**
Hungary	7.2	4.6	**0.1**	**4.2**	**3.8**	**3.1**	5.1	14.6	**17.7**	**4.3**	**3.6**	**3.0**
Poland	6.7	5.4	**1.9**	**4.2**	**3.8**	**3.3**	5.1	14.4	**12.4**	**5.2**	**3.3**	**2.5**
Romania	5.8	4.2	**3.1**	**4.9**	**4.2**	**3.7**	5.1	13.8	**10.5**	**5.2**	**3.3**	**2.7**
Russia	5.5	-1.9	**2.0**	**2.0**	**1.5**	**1.3**	6.7	13.9	**6.0**	**7.0**	**4.9**	**4.0**
Ukraine	3.3	-29.0	**4.0**	**7.0**	**3.0**	**3.0**	9.4	20.2	**18.0**	**12.5**	**7.5**	**5.5**
Egypt*	4.2	5.9	**3.9**	**4.6**	**4.8**	**4.8**	5.2	13.9	**31.6**	**13.3**	**10.2**	**10.2**
Israel	8.7	6.4	**3.4**	**3.4**	**3.5**	**3.5**	1.5	4.4	**4.6**	**3.1**	**2.4**	**2.0**
Lebanon	-7.2	-3.6	**-2.0**	**5.7**	**4.5**	**4.7**	154.8	169.3	**143.4**	**57.1**	**17.7**	**13.8**
Turkey	11.6	5.4	**2.3**	**2.2**	**3.8**	**4.1**	19.6	72.4	**42.8**	**28.1**	**17.2**	**11.4**
Bahrain	2.3	3.3	**1.6**	**1.7**	**1.2**	**1.2**	-0.6	2.7	**2.2**	**1.5**	**2.0**	**2.0**
Kuwait	1.0	7.7	**1.4**	**1.4**	**1.4**	**1.4**	3.4	3.9	**2.6**	**2.0**	**2.5**	**2.0**
Oman	1.9	3.3	**2.0**	**1.4**	**1.0**	**1.0**	1.5	2.5	**1.8**	**2.0**	**2.0**	**2.0**
Qatar	1.6	3.2	**0.4**	**2.5**	**16.9**	**8.0**	2.3	4.4	**2.8**	**2.5**	**2.5**	**2.5**
Saudi Arabia	3.9	8.7	**3.2**	**4.5**	**3.5**	**4.2**	4.2	2.0	**2.7**	**2.5**	**2.7**	**2.7**
UAE	3.9	6.5	**3.1**	**5.0**	**3.5**	**2.2**	-1.1	2.7	**2.5**	**1.9**	**2.0**	**2.0**
Ghana	3.0	4.0	**2.8**	**3.6**	**5.0**	**5.5**	10.0	31.9	**32.7**	**11.7**	**10.5**	**10.0**
Kenya	7.5	5.2	**4.8**	**5.5**	**5.5**	**5.5**	6.1	7.7	**7.4**	**5.5**	**5.0**	**5.0**
Nigeria	3.6	3.0	**2.5**	**4.0**	**3.8**	**3.8**	16.9	19.1	**16.9**	**11.0**	**11.0**	**11.0**
South Africa	4.7	1.9	**0.4**	**1.7**	**2.0**	**2.0**	4.6	6.9	**6.2**	**4.4**	**4.0**	**3.9**
CEEMEA#	6.0	2.8	**2.3**	**3.4**	**3.2**	**3.2**	7.6	18.6	**14.5**	**9.0**	**5.8**	**5.5**
CEEMEA ex RU#	6.2	4.5	**2.4**	**3.9**	**3.7**	**3.7**	8.0	20.3	**17.3**	**9.7**	**6.0**	**5.8**

#Lebanon is excluded from the aggregates to prevent distortion; Bahrain, Kuwait, Oman, Qatar, and UAE are excluded from the aggregates as quarterly data are not available

**Egypt forecast is for fiscal year 19/20, 20/21 etc.*

Source: Goldman Sachs Global Investment Research, Haver Analytics

Exhibit 15: CEEMEA Policy Rate Forecasts

			Forecast (%, eop)								
		Current	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023	2024	2025	2026	2027
Czech Republic	2-week repo rate	7.00	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**5.00**	**3.00**	**2.00**	**2.00**
Hungary	Base rate	13.00	**13.00**	**13.00**	**13.00**	**11.00**	**11.00**	**8.00**	**6.00**	**4.00**	**3.00**
Poland	Reference rate	6.75	**6.75**	**6.75**	**6.75**	**6.75**	**6.75**	**5.25**	**3.25**	**2.50**	**2.50**
Romania	1-week repo rate	7.00	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**5.00**	**3.00**	**3.00**	**3.00**
Egypt	Overnight Deposit rate	16.25	**16.25**	**18.25**	**18.25**	**16.25**	**16.25**	**13.25**	**13.25**	**13.25**	**13.25**
Israel	Repo rate	3.75	**4.25**	**4.75**	**4.75**	**4.75**	**4.75**	**4.00**	**3.00**	**2.75**	**2.75**
Turkey	One-week repo rate	9.00	**8.50**	**40.00**	**35.00**	**25.00**	**25.00**	**18.00**	**12.00**	**10.00**	**10.00**
Ghana	Prime lending rate	27.00	**29.50**	**29.50**	**29.50**	**28.50**	**28.50**	**20.50**	**18.50**	**18.00**	**18.00**
South Africa	Repo rate	7.00	**7.75**	**8.25**	**8.25**	**8.25**	**8.25**	**7.50**	**6.50**	**5.50**	**5.50**

Source: Goldman Sachs Global Investment Research, Haver Analytics

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