

SEPTEMBER
2016

Monthly Brief

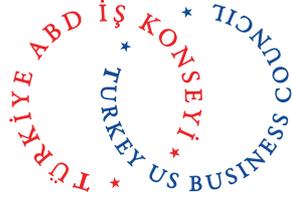
U.S. Politics, Economy and Business



TAİK



DIŞ EKONOMİK İLİŞKİLER KURULU
FOREIGN ECONOMIC RELATIONS BOARD



TAİK

Monthly Brief

U.S. POLITICS, ECONOMY AND BUSINESS

ABOUT DEİK

Foreign Economic Relations Board of Turkey (DEİK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities.



ABOUT TAİK

The Turkey-U.S. Business Council (TAİK), operating under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK) was formed in 1985 as the first council, with the aim to enhance trade and investment relations between the U.S. and Turkey

TAİK operates with a mission to create platform to facilitate development of economic relations between the U.S. and Turkey through its wide spectrum of activities such as conferences, forums, business summits, lobbying visits, networking luncheons and dinners, educational site visits, etc. With its broad range of activities and worldwide network, TAİK represents a role model for other organizations in pursuit of similar goals.



TABLE OF CONTENTS

- ECONOMY

- U.S. ELECTIONS

- DEBATE POLLS

ECONOMY

TURKEY TO CONTINUE ECONOMIC REFORMS: DEPUTY PM SIMSEK

- Turkey will continue to make structural economic reforms and maintain fiscal discipline, Deputy Prime Minister Mehmet Simsek said Saturday. Simsek's comments came after Moody's decision to lower Turkey's credit rating from Baa3 to Ba1 early Saturday.

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“Expediting the structural economic reforms and protecting the fiscal discipline will be our best answer to the credit agencies. We will keep reforms without stopping,” Simsek, who is responsible for Turkey's economy, tweeted. About the Turkish economy's resilience, he said: “The fundamentals of Turkey are solid. Our economy grew 5.2 percent in the post-global financial crisis era regardless of lots of domestic and international shocks.”

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- He also highlighted issues of research and development, labor force market, healing of investment environment and an increase of individual savings to point out the accomplished reforms in this year.
- Economy Minister Nihat Zeybekci also tweeted about the international credit agency's decision and pointed out Turkey's ongoing economic reforms, shock resistance and growth performance.

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“Moody's decision to decrease Turkey's rating does not comply with macroeconomic fundamentals in any way. In an environment of a global economic slowdown, Turkish economy has grown by 3.9 percent in the first half of the year,” Zeybekci said.

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- He also said the Turkish economy had decreased its current account deficit and produced a budget surplus, while many other global economies went in the opposite direction.

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“As opposed to Moody’s statement, neither in private sector nor in public sector experienced any deteriorations in their funding capabilities.

“We, as the government, will maintain our political solidarity without giving up market-friendly practices and improve business environment with reforms,” Zeybekci added.

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TURKEY: HOUSING SALES RISE BY 2 PCT IN AUGUST

- Property sales in Turkey rose by 2 percent on an annual basis in August, the Turkish Statistical Institute (TurkStat) reported Friday.
- According to the institute, 114,751 houses changed hands in Turkey last month, marking a 41 percent increase compared to July.
- Of those sales, 1,512 were sold to foreigners, with approximately 26 percent (or 390 units) of them in Istanbul, the country’s largest city by population. This corresponds to a 26 percent decline compared to the same month last year.
- Following Istanbul, the holiday resort city of Antalya came in second with 370 properties, while the northwestern province of Bursa ranked third with 111.
- TurkStat data also revealed that Iraqis topped the list of buyers with 267 properties, followed by Saudis (173 units), Kuwaitis (155 units), Russians (117 units) and Afghans (75 units).
- In overall sales, Istanbul has maintained its top spot with 15.3 percent (17,503 units) of house transfers. The capital, Ankara, and the western province of Izmir followed, with 10.7 percent (12,300 units) and 5.6 percent (6,419 units) shares, respectively. Mortgages for house sales in the country increased by 1.2 percent to 36,458 units compared to the same month last year.
- House sales with mortgages had a 31.8 percent share of all house sales in Turkey. Currently, the mortgage rate for 120 months is between 0.95 percent and 1.15 percent per month in Turkey.

US INVESTORS IMPRESSED WITH TURKEY’S POST-COUP PROGRESS, SAYS OFFICIAL

- American investors and businessmen were “impressed” with Turkey’s rapid recovery despite recent setbacks in its political and security spheres, a Turkish official told Anadolu Agency on Sept. 23.
- Arda Ermut, the president of the Investment Support and Promotion Agency of Turkey (ISPAT), pointed to reconciliation with Russia, terror attacks and the July 15 coup attempt, saying the Turkish government did everything on its agenda to improve the investment climate in the country.

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“American investors told us they are very impressed [with] how fast the Turkish economy has picked up after the coup attempt, financial sectors not being negatively affected, the strong resilience of the Turkish people against this insidious attack and how fast they gathered around their elected leader,” he said. Regarding the terrorist bombing at Istanbul Atatürk Airport in late June, Ermut said Turkish Airlines continued operating just six hours after the attack, adding foreign investors were also pleased with that development.

“All this shows that Turkey is not much affected from shocks. This presents itself as a strong case for the well-being of the investment environment in Turkey,” he said.

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- Ermut added now that a reconciliation process between Ankara and Moscow was underway, after a Russian fighter jet was brought down last November, the Turkish economy will undergo a swift recovery since trade relations between the two countries will be improved.
- He noted that the hardest thing for Turkey was to attract new foreign investment known as “green field,” a type of foreign direct investment where a company builds its operations in Turkey from the ground up.

TURKEY’S ECONOMY RECORDS OVER 3 PERCENT GROWTH

- Turkey’s Gross Domestic Product grew by 3.1 percent in the second quarter of 2016 compared to the same period in 2015, the Turkish Statistical Institute reported Friday.
- The figure was slightly short of the median forecast by the Anadolu Agency Finance Desk, which predicted a 3.3 percent expansion in the second quarter.
- The GDP increased by 3.1 percent compared to the same quarter of previous year in the second quarter of 2016 and reached 33.06 billion Turkish liras (\$11.4 billion) at constant prices, the report said, suggesting the economy had maintained its momentum according to constant prices, which excludes inflation effect from prices.
- At current prices, the GDP saw a more pronounced increase, rising to \$525.9 million Turkish liras (\$178.9 billion), which is up 9 percent compared to the same quarter of previous year. The report showed that a seasonal and calendar-adjusted GDP increased by 0.3 percent compared to the previous quarter. Also, the first quarter of GDP was downgraded 0.1 points to 4.7 percent from the previously announced 4.8 percent.

TURKEY, US TRADE VOLUME MUST RISE, TURKISH GROUPS URGE

- Economic relations must improve and trade volume must increase between Turkey and the U.S., Turkish business leaders urged Wednesday.

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“We are not happy with the volume of trade between Turkey and the U.S.,” the President of Foreign Economic Relations Board (DEIK) Omer Cihad Vardan said at the eight Turkey Investment Conference in New York.

“We have a lot to offer. Turkey is open for business and will support global growth with patience,” he added. Vardan stressed that Turkey has continued to grow, invest and receive foreign direct investment despite the 2008 financial crisis that resulted in less trade, less manufacturing, and less investment around the world.

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“[President Recep Tayyip] Erdogan did a great job of managing the economy in a very volatile time. In the beginning, I didn’t think there would be continuity but he pulled a great job,” he said.

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- Alptekin stressed that extreme resilience in a volatile environment is the result of good economic policies in Turkey, but said more could be done to strengthen economic ties between Turkey and the U.S.

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“Turkish-American economic relations is not at the level that it should be. It’s not nearly enough,” he said.

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MOODY’S MOVE WILL NOT HARM TURKISH ECONOMY: DEPUTY PM

- Indicators have shown Moody’s rating cut has had no effect on the Turkish economy, Deputy Prime Minister Nurettin Canikli said on Tuesday.
- In an interview with a private channel, Canikli said neither macroeconomic figures nor short-term market moves indicated the credit rating agency’s decision had been disruptive for markets.
- Canikli stressed no special measures would be put in place to counter potential negative effects of Moody’s credit rating downgrade.

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“There is no specifically designed move planned to offset the decision. Actually Moody’s in its report clearly explains the strong economic structure and sound fiscal discipline of Turkey. It is quite incomprehensible that the rating was cut after that,” Canikli said.

“There were comments saying Turkey may find itself face-to-face with a troublesome period after a rating cut. We said it would not happen. Our assessments are completely economic, absolutely not politically motivated,” he added.

“Turkey’s most important attribute is retaining its growth momentum and strong economic structure in the most challenging environments,” Canikli said. He added that the Turkish economy had known worse.

“The potential harmful impact of the July 15 coup attempt was much more important than the difficulties that might arise from a Moody’s rating cut. We have an economy that has lived through even that event without suffering permanent harm,” he said.

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- Canikli considered a capital outflow from Turkish markets unlikely. Canikli said there had been \$900 million of net capital inflow in August and around \$250-300 million in September.

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“If net inflows go on even after an incredible shock such as the July 15 coup attempt, we should accept it is highly unlikely that it would be affected by a Moody’s rating cut” he said.

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- Credit ratings agency Moody’s recent decision saw Turkey’s rating downgraded to non-investment grade.

MOODY’S RATE CUT TO ‘NOT STOP INVESTMENTS IN TURKEY

- The credit rating agency Moody’s recent rate cut would not deter investors from Turkey since the country offers great investment opportunities, head of the multinational audit firm Ernst & Young, Turkey chapter, Metin Canogullari, said Tuesday.

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Speaking at a press conference, Canogullari said: “Where will the capital flow? How many countries are there that offer such opportunities? Interest in Turkey will never die.” He said investors would continue to invest here since there were few countries at par with Turkey in terms of opportunities.

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- He said many sectors in Turkey provided great investment potential due to the country's dynamic structure. Also, he noted that Turkish firms would be the most probable candidates during the reconstruction phase in Syria once the civil war there comes to an end.

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“Turkey is not a market from which you can easily return once you get out. That’s why they should think and plan very carefully and have a big vision,” he said.

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- About the wealth fund established in late August, Canogullari said it was a successful move, which was made at the right time.

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“We were the only country which did not have a wealth fund among G20 countries. But Turkey [now] has remarkable assets. Assets of large institutes are in the wealth fund. I believe the worth of the fund even surpasses the target of 200 billion Turkish liras [\$68 billion] mentioned,” he said.

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- Canogullari also spoke about a plan to start an initiative to explain Turkey's strong economy to global investors.
- Referring to big investments in the period ahead, he said there might be new investments and acquisitions, especially in the energy sector to the tune of billion dollars.

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He said Ernest & Young grew nearly 20 percent between June 2015 and June 2016, adding 300 people to its staff. “If we did not trust this country and saw its potential, why would we hire this number of people?” he said, adding the company planned to expand to every corner of Turkey.

“Expanding a company in Turkey is much easier than Europe. There is a large entrepreneur base and the entrepreneurial spirit is very vivid,” he added.

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TURKEY HAS INVESTMENT GRADE STATUS: JAPAN CREDIT RATING

- Turkey still retains the status of investment grade country even after Moody's recent rating cut, Eurasia administrative council director of Japan Credit Rating Agency (JCR), Orhan Okmen, told Anadolu Agency on Tuesday.
- Credit ratings agency Moody's recent decision saw Turkey's rating downgraded to non-investment grade. Okmen said that for the great majority of pension funds to be able to invest in a country's economy, investment grade status needed to be confirmed by at least two international rating agencies, regardless of recognition.

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“Those credit agencies being renowned more or less is not a criterion. The basic criterion is being a ‘Nationally Recognized Statistical Rating Organizations [NRSRO]’” Okmen said.

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- Of the 10 Nationally Recognized Statistical Rating Organizations currently recognized by the Securities and Exchange Commission (SEC) in the U.S., two have Turkey’s sovereign credit rating as investment grade, according to Okmen.

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“One of those agencies is Fitch and the other is JCR. Thereby, Turkey still retains its investment grade position,” he said.

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- Okmen also added that foreign exchange liquidity in Turkey was resilient and sufficient in case of possible shocks .

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“[There is] no problem in the ease of access to funds, public debt and the interest burden are at very reasonable levels. Therefore, in terms of financial stability Turkey is [...] in place,” he added.

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TURKISH LEADERS CONFIDENT DESPITE STOCK, CURRENCY FALLS

- Turkish shares tumbled Thursday amid declines in the banking and sport sectors as the Turkish currency dropped to over three lira against the U.S. dollar for first time since August.
- Borsa Istanbul’s BIST 100, the country’s benchmark index, closed down 0.77 percent (600.97 points) lower at 77,076.80. On the fourth trading day of the week, the banking sector index lost about 1.70 percent; the service and industry sector indices were also down 0.59 percent and 0.16 percent respectively.
- However, the information technology sector ended 2.11 percent higher for the day, with a total trading volume of 3.8 billion Turkish liras (\$1.26 billion). Borsa Istanbul’s most actively traded stocks belonged to national flag-carrier Turkish Airlines, state lender Halkbank plus private lenders Akbank, Garanti Bank and energy giant Tupras.
- The largest winner was Datagate (DGATE) -- a computer and computer peripherals distributor -- which saw an increase of 10.70 percent. Biggest losers included Besiktas Futbol Yat. (BJKAS), an Istanbul soccer club which lost 7.35 percent or 0.35 points to trade at 4.41 in late trading. Increasing stocks outnumbered rising ones by 224 to 117 and 158 ended unchanged on the stock exchange.

Gold price down

- The Borsa Istanbul Gold Exchange index lost 0.65 percent in value on Thursday compared to Wednesday's closing, with gold trading at 127,500 Turkish liras per kilogram. Turkey's currency fell against the U.S. dollar, standing at over three liras compared to Wednesday's close of 2.9805.
- The lira dropped to over three against dollar for first time since August after Turkey's National Security Council advised the government to extend by three months a state of emergency declared after the July 15 coup attempt.
- On Thursday, President Recep Erdogan said that far from being in decline, Turkey's economy had been growing for the last 27 quarters.

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“Turkey continues to grow and develop. The credit agencies make evaluations under someone's orders. These agencies give a 'stable' outlook to a country like Turkey, which is standing on its own two feet. This time they even reduced it,” Erdogan told a gathering of local officials (mukhtars) in the capital Ankara.

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- Erdogan's comments follow the decision last week by ratings agency Moody's to lower Turkey's credit rating from Baa3 to Ba1.

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“Put some coins into their [credit agencies'] pockets and get the rating what you want. We know where they take the orders from,” said the president. He added: “Cut the rating as much as you want. Turkey will continue to develop.”

Erdogan also said that the country's ongoing state of emergency was only aimed to easing Turkey's fight against terrorist groups such as FETO and the PKK. “The three-month state of emergency is only for effective counter-terrorism,” Erdogan said.

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- Deputy Prime Minister Mehmet Simsek said on Thursday Turkey would push to raise its credit rate again following Moody's downgrade.

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Speaking at Anadolu Agency's Editors' Desk in Ankara, Simsek -- who has responsibility for Turkey's economy -- said Moody's rate cut is "not the end of the world".

"Moody's downgrade rating [is a] serious matter, [but] it is not the end of the world because investors look at Moody's, S&P and Fitch" – three ratings agencies, not just one – Simsek said. "We will make extra efforts to raise the credit rating again," he added.

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TURKISH SHARES SEE RECOVERY AFTER MOODY'S RATING CUT

- Turkish shares closed higher on Wednesday amid gains in the banking and information technology sectors as the market looked for recovery after an unexpected credit-rating cut last week.
- Borsa Istanbul's BIST-100, the country's benchmark index, closed up 0.67 percent (517.11 points) at 77,677.18 as shares rebounded sharply after a fall on Monday in the wake of Moody's surprise rate cut.
- On the third trading day of the week, the banking sector index rose about 1.94 percent; the information technology and industry sector indices were also up 2.23 percent and 0.16 percent respectively.
- However, the mining sector ended 0.88 percent lower for the day, with a total trading volume of 3.5 billion Turkish liras (\$1.18 billion).Borsa Istanbul's most actively traded stocks belonged to national flag-carrier Turkish Airlines, state lender Halkbank plus private lenders Akbank, Garanti Bank and Isbank.
- The largest winner was Banvit Yem San. A.S. (BANVT), a marketer of poultry and meat products, which saw an increase of 17.40 percent.Alarko Gmyo (ALGYO) added 11.07 percent or 3.14 points to end at 31.50 and Eczacibasi Ilac (ECILC) was up 5.88 percent or 0.22 points to 3.96 in late trading.
- Biggest losers included Garanti Factoring (GARFA) which lost 8.97 percent or 0.20 points to trade at 8.97 in late trading.Increasing stocks outnumbered falling ones by 232 to 116 and 151 ended unchanged on the stock exchange.

TURKEY: 10 PCT NATL GAS PRICE CUT SET TO START IN OCT.

- Domestic and industrial consumers in Turkey will get a 10 percent break on natural gas prices as of Oct. 1, Berat Albayrak, Turkish energy and natural resources minister, announced Thursday.
- Speaking during his visit to the Turkish Energy Regulatory Market (EPDK), Albayrak said that a 10 percent reduction will be applied as of October before winter, as promised.In 2012, Turkey sued Iran in the International Court of Arbitration for overpricing on gas purchases during the four-year period of 2011-2015.
- The court decided in favor of Turkey in February 2016 and ordered that both parties agree on a 10-15 percent reduction in the price of Iranian gas exports to Turkey.Turkey imports 10 billion cubic meters of natural gas from Iran annually.

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“This discount will add to the income of households and reduce costs in the sector. Additionally, it will allow for more competition,” said Albayrak. He added that the government does not foresee an electricity price hike.

“On the contrary, we see a possibility of a fall in electricity prices in the coming period,” he concluded.

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CONFIDENCE IN ECONOMY RISES IN SEPTEMBER

- The economic confidence index increased by 20.8 percent to 87.81 in September from the previous month, according to official data released by the Turkish Statistical Institute (TurkStat) yesterday.
- The economic confidence index, which was 72.66 in August, increased by 20.8 percent to 87.81 in September showing that all sub-indices saw substantial improvements from the previous month except the consumer confidence index and the retail trade confidence index, which decreased to 74.29 and 97.99, respectively. According to the data released by the TurkStat, the increase in economic confidence index stemmed from the increase in services, real sector and construction confidence indices. The services confidence index increased to 96.23, the real sector confidence index increased to 107.1 and the construction confidence index increased to 81.99.
- The economic confidence index is seen as a significant reading for the course of the economy as it is a composite index that aggregates sub-indices of consumer confidence, real sector services, retail trade and construction confidence indices, reflecting overall sentiment towards the health of the economy.

TURKEY: AMERICAN INVESTMENT IN TURKEY: U.S. STATE DEPARTMENT REPORT

Expand the Customs Union Agreement with the EU

- The U.S. Investment Climate Statement also notes that expanding Turkey’s Customs Union agreement with the EU “could pave the way for a more non-discriminatory and market-based environment to attract more U.S. participation” if it included government procurement and services.²⁰ The EU and Turkey have recently agreed to expand their Customs Union and plan to discuss the prospect of eliminating tariffs on services, government contracting, and most agricultural goods.²¹ If these changes are negotiated and agreed upon, the updated Customs Union would bring Turkey’s foreign trade regime in line with more recent U.S. Free Trade Agreements (FTAs).²² These changes might even address the obstacles to a future FTA that were listed by U.S. Secretary of Commerce Penny Prizker on a 2014 visit to Ankara which included protection of intellectual property rights and market access.²³
- A FTA with the U.S. and an updated Customs Union agreement with the EU could be especially important for Turkey because of the pending Transatlantic Trade and Investment Partnership (TTIP), which, if adopted, will create a free trade agreement between the EU and the U.S. through the elimination of tariffs and other trade barriers.²⁴ As previously explored by Serap Zuvun Law Office in “Economical Impacts of TTIP on the US, EU and Turkey,” this threatens to seriously disadvantage Turkey’s trade position because the U.S. could export goods to Turkey without paying tariffs, while Turkey would still have to pay tariffs to export goods to the U.S.²⁵ While the upgraded Customs Union agreement alone will not compensate for the

disadvantages posed by TTIP, it does increase the prospects of an FTA with the U.S.²⁶ In addition, these two agreements could align Turkey's standards with those being developed for the TTIP and improve Turkey's chances of joining at a later date.

Conclusion

- Despite the report's negative findings, AmCham's Business and Investment Climate Survey in Turkey 2014-2015, which is conducted to "better understand the outlook and perceptions of senior executives of U.S. companies operating in Turkey regarding the business and investment climate," had a more positive outlook. The report found that "companies have a strong tendency to continue their operations in Turkey and the future investment propensity is high."²⁹ Similarly, a 2013 IMF report found that there is not a single five year period in which growth fell significantly below the predicted rate and the Brookings Institution predicted that Turkey's growth potential over the next twenty years is around 4.2%. After the Istanbul Stock Exchange was opened for public trading in 1986, U.S.-Turkish economic relations have grown, especially during the past 20 years with agreements aimed to increase foreign investment, such as the U.S.-Turkey Business Council. The U.S. has become one of Turkey's larger trading partners at around \$20 billion a year (increasing from 10.8 billion USD in 2009 to 19.1 billion USD in 2014) and American FDI in Turkey tripled from 2010 to 2011.³⁵ Still, economic integration is quite limited in comparison with the EU and other longstanding partners.

- In addition, Turkey's growth has moderated the last few years (decreased to the 3-4% growth from 5+% growth rates from 2002-2011), and as economic recovery from the global crisis slows in the EU and Middle Eastern markets suffer from regional instability and conflict, Turkey is looking for new markets and partners to regain its high growth rates. Therefore, increasing economic ties with the U.S., the world's largest outward investor at 360 billion USD per year, could be an avenue to improve growth rates, but it has yet to be seen if the political barriers to investment promulgated by the U.S. State Department's Investment Climate Statement will have the predicted negative impact on private economic relations between the two countries. In fact, Ahmet Erdem, Head of the International Investors Association (YASED), noted that the \$1.23 trillion (16%) decrease in FDI from 2013 to 2014 was due to "several fragilities in the global economy, political uncertainties, and increasing geopolitical risk" which "played a role in a decreasing trend in FDI flow across the world."³⁹ However, he argued that political circumstances in Turkey do not affect foreign investment directly because investment is strategic in the long-term.⁴⁰

- Therefore, it remains unclear if the political barriers will actually play a role in discouraging U.S. foreign direct investment in Turkey. However, the impending negative effects of the TTIP on the Turkish economy will likely yield an updated Customs Union Agreement, as Turkey and the EU have already agreed to negotiations.

ERDOĞAN: TURKEY CONTINUES TO GROW, DESPITE RATINGS

- Far from being in decline, Turkey's economy has been growing for the last 27 quarters, President Recep Erdoğan said on Thursday.

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“Turkey continues to grow and develop. The credit agencies make evaluations under someone’s orders. These agencies give a ‘stable’ outlook to a country like Turkey, which is standing on its own two feet. This time they even reduced it,” Erdoğan told a gathering of local officials in the capital Ankara. Erdoğan’s comments follow the decision last week by ratings agency Moody’s to lower Turkey’s credit rating from Baa3 to Ba1.

“Put some coins into their [credit agencies’] pockets and get the rating that you want. We know where they take their orders from,” said the president. He added: “Cut the rating as much as you want. Turkey will continue to develop.

“We will open the Eurasia Tunnel on Dec. 20. Let them come and go through the tunnel,” he said, referring to a \$1.25 billion project underneath the Bosphorus, due to cut the 100-minute cross-strait journey time to just 15 minutes. According to Erdoğan, no one took Moody’s decision seriously, as it was guided by political motives, not economic indicators.

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INTERNATIONAL INVESTORS CONTINUE TO LOOK TO TURKEY

- Foreign investors continue to see Turkey as “investible” by focusing on the country’s economic fundamentals despite the recent rating-cut decision by Moody’s, according to leading finance experts speaking on Tuesday.
- Timothy Ash, London-based head of Central Eastern Europe, Middle East and Africa credit strategy for Nomura International, said there were no deterioration in the ratios of Turkey’s economy and no sign of a change or build up in external financing risks to really threaten credit worthiness.

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“Most foreign investors were underweight Turkey risk, and this is now reflected in muted market reaction as positioning was favorable. Imagine if you had said: ‘Friday, Turkey is getting downgraded to junk’ most people would have thought it would have re-priced credit 50-75bps, but credit is just 20bps or so wider today. Remarkable really,” said Ash.

“I don’t think this move was justified as I think that Turkey’s proven willingness and long track record of paying should justify investment-grade status, to be honest...” he added.

“This might be surprising to some but reflects underlying durability/stronger fundamentals than assumed by Moody’s and also prior positioning -- some investors have been waiting for this move to clear the air to buy,” he added.

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- Turkey's basic fiscal figures, low public debt ratio, continuing economic growth and domestic demand provide long-term foreign investors with opportunities. Therefore the negative influence of the decisions by credit rating agencies remains limited.
 - Looking to the past, Turkey has never faced trouble in paying external debts, even during the 2001 economic crisis. In recent years, the increasing risk of regional conflicts has not proved an obstacle to handling Turkey's external liabilities.
 - Foreign investors are seeking opportunities and profit in emerging markets amid an environment of low global growth rates and negative interest rates.

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Orhan Okmen, chairman at Japan Credit Rating (JCR) Eurasia, stressed the negative evaluations about Turkey after Moody's decision did not reflect the truth, adding: "Turkey is still an investible country."

"Although the risk of the country's external financing liabilities has been continuing, there is no additional deterioration compared to the past positions," he said.

"We can talk about a slowdown in economic growth. But the advantageous demographic and economic diversity of the country is protecting the economy from more deterioration," he added.

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TURKEY'S TRADE DEFICIT FALLS OVER 5 PCT IN AUGUST

- Turkey's trade deficit was down over 5 percent year-on-year in August, according to data released Friday by the Turkish Statistical Institute (TurkStat). Exports rose faster than imports, pushing the deficit to \$4.69 billion in August, down 5.3 percent from \$4.95 billion a year earlier, according to TurkStat.
- During the month exports rose 7.7 percent to \$11.87 billion, while imports rose \$16.55 billion, up 3.7 percent. Turkey's largest export destination in August was Germany, with goods and services worth \$1.19 billion, followed by the U.K. (\$0.92 billion) and Iraq (\$0.7 billion).
- Turkey's main import market was China, as goods imported from the world's third-largest economy totaled \$2.5 billion. Exports to the European Union (EU28), the largest market for Turkish goods, were up 13.9 percent over the same month in 2015, from \$4.84 billion to \$5.5 billion.

TURKEY VERY ATTRACTIVE FOR INVESTORS: EXPERT

- Businesspeople who invest in Turkey were unimpressed by Moody's recent ratings cut in light of the country's favorable demographics and good growth potential, said Carsten Hesse, strategist at Berenberg banking and investment, on Thursday.
- Hesse spoke to Anadolu Agency about the structure and future of the Turkish economy and related recent developments.

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About the Moody's rating cut decision, he said, "We have seen in previous cases that bond yields trade independent of credit ratings, as credit rating agencies have a tendency to be late in their decisions. Professional investors make their own decisions if a country is attractive for investments or not, independent of credit rating agencies' views."

"Another sign that investors were unimpressed by the downgrade is that we saw yesterday the strongest demand for a new issuance of a Turkish 10-year bond in almost two years," he added.

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- Hesse stressed that there are six main challenges the Turkish economy faces to reach higher levels. "Increasing exports and reducing import growth to balance the current account in the long-term comes first. Rising investments into schools and universities in order to improve education levels to increase convergence speed to EU levels is the second challenge," he said.

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"Fighting corruption and strengthening the rule of law is another important point, while planning new investments in renewable energies to reduce imports of oil and gas," he said.

On final steps, Hesse said, "Making more investments to improve the infrastructure, and attracting more foreign direct investments are the fifth and sixth challenges of the Turkish economy."

Hesse stated that Turkey's economy has good growth potential for the coming years as it continues its long-term convergence to Western European levels.

- *Many young people, few retirees*

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"Turkey is also very attractive due to its favorable demographics, lots of young people compared to the number of pensioners, and population growth, while in most other European countries we see negative population growth," he said.

The veteran strategist also stressed Turkey's relatively low debt levels, adding, "Therefore there is still room to boost investments and growth. An update of the customs union deal with the EU could also be a big boost for Turkey's future."

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- On the environment after the July 15 defeated coup, Carsten Hesse said that the incident would be quickly forgotten if Turkey offers attractive opportunities for foreign investors.

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“Investors are used to political risk in the whole region, but they can overlook this if there are very interesting investment opportunities and they are treated fairly,” he said.

Hesse stressed the importance of dialogue with international business people, saying, “It was definitely very much appreciated by investors that e.g. President [Recep Tayyip] Erdogan met with institutional investors in New York last week and other government officials met with investors e.g. in London to provide reassurance.”

“For property and foreign direct investors it is crucial to have long-term stability as most of their investments will only pay back in the long-term. Definitely the low wage level and Turkey’s position as a hub for the Middle East is of interest for a lot of foreign investors,” he added.

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TURKEY’S TREASURY AUCTIONS TWO BONDS WORTH \$1.32B

- Turkey’s treasury has borrowed 3.95 billion Turkish liras (\$1.32 billion) through the auction of two bonds, according to the Undersecretariat of Treasury Tuesday.
- The first auction saw five-year semi-annual bonds with a 4.60-coupon rate sold at 9.08 simple interest and at 9.28 percent compound interest rate.
- The second auction was for six-year fixed semi-annual bonds, which was sold at 5.54 percent periodic compound interest rate.

Turkey runs \$1.64B budget surplus in Jan-Aug

- Turkey’s government ran a budget surplus of 3.6 billion Turkish liras (\$1.2 billion) in August and 4.9 billion liras (\$1.64 billion) in January-August, said Turkish Finance Minister Naci Agbal on Monday. “Public finance is the main anchor that the foundation of the solid Turkish economy rests on,” he said in a statement.
- Turkish government revenues in August stood at 50.9 billion Turkish liras (\$17.1 billion), an 18.9 percent rise year-on-year, while budget expenditures were 47.3 billion Turkish liras (\$15.8 billion), up 25.9 percent from a year earlier.

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“These results are a clear indication that we are maintaining fiscal discipline,” Agbal added. According to the ministry, Turkish government’s budget revenues reached 368.4 billion Turkish liras (\$123.7 billion) in the first eight months of the year, a 15 percent rise over the same period last year.

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- Tax revenues also rose nearly 11 percent within the period to 298.1 billion liras (\$100.1 billion). Budget expenditures in January-August rose to 316.3 billion Turkish liras (\$107 billion), marking a 12.1 percent increase year-on-year.
 - The government's expenditures for health, pensions, and welfare rose nearly 20.9 percent in the first eight months of the year to 14.6 billion liras (\$4.94 billion) compared with the same period last year.
 - Personnel expenditures rose 21.1 percent, reaching 89.3 billion lira (\$30.2 billion) in January-August 2016. Interest expenditures stood at 35.43 billion liras (\$11.9 billion) in that period, a fall of 7.7 percent.
 - The government is aiming for a budget deficit of 29.7 billion Turkish liras (nearly \$10 billion) at the end of the year, according to the Finance Ministry.

HERTZ TURKEY HOPEFUL ABOUT CAR RENTAL MARKET'S FUTURE

- Turkey's fleet rental market will maintain its attractiveness for investors, thanks to the country's young population and vibrant market, according to the head of car rental giant, Hertz Turkey.



"Turkey will always be an attractive market for foreign investors and has a great potential for both Hertz and the sector in terms of its young population and market vibrancy," Nur Hidayetoglu, CEO at Hertz Turkey told Anadolu Agency Tuesday.

Hidayetoglu noted the economy remained strong despite the July 15 coup attempt, and the market recovered quickly. "Global investors continue to show interest, and talks are ongoing. [...] With the help of measures taken by the government, we believe that there will be no decrease in international investment figures," she said.

"Everything is back to normal. Although such periods are risky for all sectors, we are sure that everything is going to be better than ever very soon. The important thing is the peace and future of our country," she added. Hidayetoglu noted the sector continued to grow in Turkey despite a slow-down in Europe.

"The operational fleet leasing sector in Turkey keeps growing everyday, with a large number of global and local companies entering into the market," she said.

"Half of the top ten companies are either foreign or have foreign partners. Considering the decline in the operational leasing sector in Europe versus the stable growth in Turkish market, we expect more foreign investors to enter the market," she added.



- Hidayetoglu underlined in particular a 20% increase in the number of car rentals in the first half of 2016 compared to the previous year.

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“Hertz Turkey grew 17% compared to the first half of 2015. We will be working to increase our market share and the number of locations all around Turkey,” she said, adding the number of their clients in 2015 also grew 18% compared to 2014.

“Thanks to the increase in the number of local tourists, we expect a 15-20% growth in the sector by the end of the year.”

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- Hertz Corporation is operating around 150 countries in the world. The Florida-based American giant has been providing rental cars to its customers for almost 100 years.
- The global company has had operations in Turkey since 2001 and largely offered services in the airports across the country.

FAMOUS US ECONOMIST LAUDS TURKEY’S PERFORMANCE

- Turkey’s economy has been doing well, especially if you compare it to the U.S., said a world-famous American economist in Ankara Thursday. “The things done in Turkey, about tax issues and privatization, really deserve praise. If you proceed like that, your prosperity level will significantly increase,” Laffer told reporters ahead of a seminar titled “Fiscal Policy: The Foundation of Turkey’s Macroeconomic Success,” organized by the Foreign Economic Relations Board (DEIK).

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“I am very optimistic about Turkey. In the short term however, I would like to propose a deal. I would trade Obama for Erdogan. One of my friends said, ‘If you can just switch the presidents it would be great,’” said Arthur Laffer, referring to Turkish President Recep Tayyip Erdogan and his U.S. counterpart Barack Obama.

“Turkey’s economy is doing extraordinarily well compared to rest of the world. If you want to see a bad economy come to the U.S., and see how we ruined the economy. Over the last 15 years, W. [George W. Bush] and Obama have done a horrible job. This has proved that you can’t tax an economy into prosperity,” added Laffer.

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- Laffer, a former economic advisor to U.S. President Ronald Reagan and a champion of “supply-side” economics, outlined five points for healthy economies

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“There are five things that countries must do to create prosperity. First comes the tax system. All taxes are bad, but some are worse than others. Secondly, restrain government spending, which actually means taxation. Governments don’t create resources, they redistribute resources.

“The third is sound money. There is nothing that can bring an economy to its knees quicker than unsound, unbacked money.

“Next is free trade. There is nothing more important for an economy than free trade. China is the U.S.’ best friend, not the enemy. Because without China there is no Walmart.

“Last comes minimal regulations. Governments are not the solution, they are, in most countries, the problem. They should get out of the way,” claimed Laffer.

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- Laffer has been lauded by conservative politicians and economists for his theories and the so-called “Laffer curve” on the effects of government taxation.

CREDIT RATING AGENCIES’ RATINGS ARE ON THE DECLINE

- Established in order to rate firms and countries in accordance with their capacity to meet debt obligations, these agencies have not fulfilled their responsibilities, and they even inspired Hollywood movies from their role in the financial crisis triggered in the U.S. in 2007 affecting the economy of the entire globe.
- A scene from the Oscar-winning movie “The Big Short,” starring world-famous actors including Christian Bale, Brad Pitt and Steve Carrell, reveals the distorted operating system of the profit-seeking credit rating agencies.
- Portraying the hedge fund manager who realizes something is up in the housing sector, Steve Carrel pays a visit to S&P’s New York office and asks why they keep giving the highest rating score (AAA) to the derivative products consisting of non-performing loans. The S&P officer does not want to answer this question at first, but later gives in and says, “If we do not give them an ‘AAA’ rating, they will go to Moody’s.

S&P paid \$1.5 billion settlement last year

- Considering that credit rating agencies aim is to seek maximum profit rather than objectively rating the institutions and countries initially became the subject of formal investigations prior to the movies.
- Investigations launched by the U.S. Congress, Securities and Exchange Commission (SEC) and Justice Department reveal the truth that S&P and Moody’s have deceived investors for years by giving the highest ratings to the derivative products consisting of non-performing loans, even though they are not worthy, in order to increase their profits. That’s why S&P had to pay a \$1.5 billion settlement price to the U.S. government last year.

Moody's is still in the clear

- On the other hand, making the same mistakes as S&P, Moody's has not been subject to any settlement price or fine, yet the U.S. Justice Department's investigation into the corporation has been conducted since 2014.
- The main point in this matter is the fact that S&P downgraded the U.S.'s credit rating to AA+ from AAA for the first time ever prior to the investigations. While the decision, which took the world by storm, was criticized by U.S. President Barack Obama, the country's Treasury Department asked for the cancellation of the downgrade.
- Not taking a step back from its previous decision, S&P defied the investigations launched by the Obama administration right after the downgrade as "retaliation" and counterclaimed. Even though the rating agency dropped the case, it was rumored that Moody's and Fitch did not downgrade the country's credit rating despite the shutdown of the federal government in order to not have the same fate as S&P.
- A majority of international investors think the aforementioned credit rating agencies are privileged by the U.S. by giving it the highest rating despite its annual debt sailing and budget crisis.

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For example, Jim Rogers, depicted as a "legendary investor" by the markets, said prior to S&P's "downgrade," everybody knew the U.S. had lost its AAA rating. "The United States is the most indebted country in the history of the world. Moody's and S&P may have not yet understood this; however, the investment world realized a long time ago that the U.S. is not worthy of an AAA rating."

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Rating agencies deepened the European crisis

- Criticisms targeting the credit rating agencies are not only limited to their operation within the U.S. The European Union (EU) blames these institutions for the "European sovereign debt crisis" that started in Greece and spread across Spain, Ireland, Portugal and Italy.
- Prominent names of the sector, including Central Bank of Europe President Mario Draghi, suggest that the aggressive approaches of the "Big Three," which control 95 percent of the sector while downgrading the credit rating of the eurozone countries, deepened the crisis.
- Speaking at the European Parliament in 2012, Draghi said the credit ratings of the rating agencies did not reflect the true reputation of the countries.
- Among the other European officials that have criticized the decisions and operations of the credit rating agencies are German President Angela Merkel, EU President Jose Manuel Barroso, former ECB President Jean Claude Trichet and German Finance Minister Wolfgang Schaeuble.
- In addition, the European Commission continues its projects, which will decrease the markets' dependency on the credit rating agencies and increase the competition in the sector.

US BUSINESS GROUP VIA AMERICAN PRESS: INVEST IN TURKEY'S STRONG DEMOCRACY

- The Turkish-American Business Association (TABA AMCHAM), which has been carrying out its operations as the official representative of U.S. Chamber of Commerce in Turkey since its establishment in 1987, called on global investors to invest in Turkey's healthy and reliable economic environment through the U.S. press, following the failed coup attempt on July 15 .
- Thereby, the U.S.-based business association officially invited investors to invest in Turkey's strong democracy against the Gulenist Terror Cult (FETO), which aimed to topple the rooted democracy in the country through the coup attempt on July 15. The TABA AMCHAM's call, which frankly refers to the responsible for the coup attempt for the first time officially in the American press, was published in U.S.' most read newspapers such as New York Times.
- The timing of the publish of the call attracts attention since it took place in the press at a time when many world leaders including President Recep Tayyip Erdogan came to New York to attend the 71st United Nations General Council between 20 and 26 September.
- While calling on global investors to stand with the Turkish people, accompanying them in the victory of democracy, the TABA AMCHAM drew attention to that thanks to the strong government, resilient economy and consensus reached between the political parties, the effects of the failed coup attempt on daily life was very short.
- The U.S. business association also mentioned that Turkey's dynamic domestic market, business friendly environment, resilient economy, young population, qualified labor force and strong financial and energy infrastructure are united for stability, investment and economic growth.
- In addition, regarding the investment potential of Turkey, it expressed that with the understanding that today, Turkey's economy and politics is more stable and stronger than before and continues to remain as a safe haven for all investments.

FOOD SECTOR TOPS CONSUMER SPENDING IN FIRST HALF

- While Turkey's domestic consumption reached TL 740 billion (\$230 billion) in the first six months of the year, food, beverages and tobacco exchange topped the country's consumer spending with TL 190.8 billion.
- According to the Turkish Statistical Institute (TurkStat), Turkey's January-June period Gross Domestic Product (GDP) reached TL 1.2 trillion at current prices, 72.3 percent of which was caused by domestic consumption with TL 739.9 billion.
- While GDP stood at TL 926.2 billion in the same period of the previous year, domestic consumption reached TL 672.4 billion. Thus, national income and domestic consumption increased by 10.5 and 10 percent, respectively, in the first half of 2016.
- During the January-June period, domestic consumption of residential households reached TL 710.4 billion while their overseas consumption went up to TL 6.8 billion. Foreigners' consumption in Turkey, on the other hand, was recorded as TL 29.5 billion. Accordingly, TL 4 billion was spent in Turkey on a daily basis in the first six months of the year.

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- Given the distribution of the domestic consumption in the first half, food, beverages and tobacco exchange led the way with TL 190.8 billion increasing by 5.4 percent compared to the previous year. The share of spending on domestic consumption for the purpose of eating and drinking stood at 25.8 percent.
 - Food, beverages and tobacco exchange was followed by transportation and communication with TL 153.1 billion; and housing, water, power, gas and other fuels with TL 140 billion.
 - Local and foreign consumers spent TL 61 billion on furniture, household appliances and home care services; TL 41.1 billion on restaurants and hotels, TL 35 billion on clothing and footwear; TL 28 on health services; TL 26.7 on entertainment; and TL 12.9 on education during this period.

DEPUTY PM SIMSEK: ON GLOBAL SCALE, TURKEY'S GROWTH RATHER GOOD

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Deputy Prime Minister Şimşek has said, “Considering the period we are going through, the weak growth in the world economy and the shrinkage in the foreign trade, Turkey’s growth performance is quite fine.”

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- Speaking to reporters following the Qurban Bayram (Feast of the Sacrifice) event organized by the Justice and Development Party’s (AK Party) Gaziantep Provincial Office, Şimşek was asked his opinions about the decrease in external demand despite the increase in domestic demand.
- Pointing to second quarter-oriented growth figures, Şimşek said Turkey is showing rapid growth internally, meaning that domestic demand indicates a rapid growth level of over 5 percent in terms of either private consumption or public investments; however, growth maintained a 3.1 percent level in comparison to expectations due to weak worldwide demand and the ongoing chaos in Turkey’s surrounding areas. Noting that Turkey’s economic growth was about 4 percent in the first quarter, Şimşek said, “Considering the period we are going through, the weak growth in the world economy and the shrinkage in the foreign trade, Turkey’s growth performance is quite fine.”
- Suggesting that the third quarter might be slightly disrupted by the recent coup attempt, Şimşek stressed that by swiftly executing structural reforms and establishing strong trust, a higher growth rate can be managed.

TURKISH INVESTMENT BANK EXPANDS TO NEW YORK

- Turkey’s leading investment banking services and asset management group, ÜNLÜ & Co, has announced it has set its sights on becoming the leading investment bank in the region. As a step toward this goal, which requires an on-the-ground presence in the finance capitals of the world, ÜNLÜ & Co has obtained a license for brokerage activities and opened an office in New York, the bank said in a press release on Sept. 30. The company said it also aimed to step into the Iranian market in a gradual manner.
- This makes ÜNLÜ & Co the only Turkish finance group to engage in investment banking services in the United States, said the company.

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- Speaking at a press conference to celebrate 20 years in service, ÜNLÜ & Co Chairman and CEO Mahmut L. Ünlü said that their objective was to establish a presence in key financial centers worldwide, adding that the license for brokerage services in New York represented a major step.

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“The license will enable us to serve the U.S.-based funds that invest in developing countries. We will thus play an important role in introducing more U.S. funds to Borsa Istanbul as well as other markets that ÜNLÜ & Co will operate in, in the near future,” he said

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U.S. ELECTIONS 2016

INSIDERS: TRUMP HAD A TERRIBLE WEEK

- Hillary Clinton’s performance in this week’s presidential debate — and the subsequent fallout — is fueling a surge of confidence about her prospects in the battleground states that will decide the election.
- That’s according to The POLITICO Caucus — a panel of swing-state activists, strategists and operatives. Virtually all Democrats and nearly half of Republicans said the debate has given Clinton some much-needed momentum in the Electoral College battlegrounds where Trump had been gaining ground.

S&P paid \$1.5 billion settlement last year

- For many insiders, Clinton’s good week was driven more by Trump’s demeanor and behavior in the days after the debate — which included re-litigating his 19-year-old comments about the then-Miss Universe’s weight gain — as what happened on the stage at Hofstra University. Ninety-three percent of Democratic insiders said the debate and the days since helped Clinton in their state, with only 7 percent saying it didn’t have an impact on the race. No Democrats said the week benefited Trump. (Immediately following the debate on Monday night, insiders in both parties said Clinton delivered the better performance.)

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“Not only did Trump lose the debate, he’s spent the entire week on the defensive over his stupid comments about a woman’s weight,” said a Nevada Democrat — who, like all insiders, completed the survey anonymously. “His inability to let anything go makes every controversy ten times worse. The fact that ‘registrarse para votar’ was a top Google search nationally after the debate is a good sign for Clinton in states like Nevada.”

“Volunteers are energized,” added an Ohio Democrat. “More volunteers are showing up in the campaign offices the last couple days.”

The claim of an increase in volunteers was echoed by a Wisconsin Democrat: “We have seen more people coming into the campaign office, asking how they can help and wanting to get involved.”

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- Democrats were perhaps most encouraged that Clinton’s debate performance — and the negative news coverage that ensued over the past few days — may have stalled or reversed Trump’s climbing poll numbers over the past few weeks.

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“Nationally and in Colorado the polls were tightening, and Trump was on the move,” a Democrat there said. “The debate completely stopped that. Hillary not only crushed Trump, she did it while still coming across as incredibly likable. That’s a huge deal for her, and will help lock in her support with suburban women and younger voters.”

“It’s not just the debate — which was awful for him — it was the coverage of the debate,” a Wisconsin Democrat added. “He’s getting killed.”

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- Republicans were more divided about the week’s impact: 47 percent said it would have no impact at all — but roughly just as many, 43 percent, said it would help Clinton. Only 10 percent said Trump would benefit

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“The debate helped to stop the hemorrhaging in the Clinton campaign’s messaging and management when Trump went off-script and went back to the Trump of the primary debates,” said a Wisconsin Republican. “Clinton should send him a thank-you note.”

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- A number of Republicans said Trump, in particular, may have further alienated voters who have been more resistant to him than Republican candidates in the past.

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“Any inroads Trump had made with suburban women is now gone after that debate,” said an Ohio Republican. “Also, I have to imagine the African-American community is getting more energized after his birther answer.”

“I have no doubt moderate suburban women here moved towards Clinton after the debate,” a New Hampshire Republican said.

“The debate helped her among moderate Southeast undecideds, which is already Trump’s weakest area,” a Pennsylvania Republican said, referring to the populous Philadelphia metro area. “If she builds her lead there, he can’t make up the difference elsewhere.”

“[Northern Virginia] women are a key group for Trump to crack,” added a Virginia Republican. “He set himself back.”

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- But other Republicans stressed that the debate and the aftermath didn't move the needle in their states. "People saw what they wanted," said an Ohio Republican. "Few votes moved. Small but discernible momentum continues for Trump in Ohio."
 - That was confirmed by the weekly benchmark question: For the third consecutive week, slightly more than half of Republicans said Trump would win their state if the election were held today: 52 percent to 48 percent for Clinton.

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"Even with the debate debacle continuing to drag on Trump, he is still well positioned to win Iowa," said a Republican there. "He is [ahead] well outside the margin of error and tapping into Iowa's deep reservoir of political independents and lesser educated, white voters."

"Michigan is a state that is Trump's for the taking," added a Republican there. "He's within five points, according to the latest in-state polls. The largely blue-collar, manufacturing-dependent Wolverine State is perfect for Trumpian stances on trade."

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- But Democrats — who wavered slightly over the past few weeks about Clinton's prospects — are feeling invigorated about her chances. Ninety-five percent of Democratic insiders said Clinton would win their state if the election were held today — up a tick from the past two weeks (94 percent and 90 percent)

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"Hillary stopped Trump's momentum with her brilliant and his dismal debate performance," an Ohio Democrat said. "That will help extend the Clintons' perfect record in Ohio."

"The debate was a turning point in Iowa," a Democrat there added. "Folks were forced to look at the reality of what Trump is, and they didn't like it."

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These are the members of The POLITICO Caucus, not all of whom participated in this special survey:

Colorado: Ryan Call, Laura Carno, Matt Chandler, Will Coyne, Adam Eichberg, Mark Ferrandino, Cole Finegan, Michael Fortney, Andrew Freedman, Ted Harvey, Craig Hughes, Owen Loftus, Pete Maysmith, Frank McNulty, Karen Middleton, Christopher Murray, BJ Nikkel, Josh Penry, Rick Ridder, Alan Salazar, Janice Sinden, Pat Steadman, Pat Waak, Steve Welchert, Taylor West, Roxane White, Rob Witwer

Florida: Fernand Amandi, Scott Arceneaux, JP Austin, Tim Baker, Dennis K. Baxley, Slater Bayliss, Dave Beattie, Wayne Bertsch, Ron Book, Pamela Burch Fort, Jose Calderon, Kevin Cate, Kelly Cohen, Gus Corbella, Brian Crowley, Elizabeth Cuevas-Neunder, Justin Day, Judith Diaz, Nelson Diaz, John Dowless, Ryan Duffy, Jessica Ehrlich, Joe Falk, Alia Faraj-Johnson, Mark Ferrulo, Damien Filer, Marty Fiorentino, Rich Heffley, Nick Iarossi, David Johnson, Eric Johnson, Marian Johnson, Eric Jotkoff, Chris Korge, Jackie Lee, Susan MacManus, Beth Matuga, Fred Menachem, Jon Mills, Joe Mobley, Ben Pollara, Andrea Reilly, Steve Schale, April Schiff, Max Steele, Roger Stone, Richard Swann, Kevin Sweeny, Christian Ulvert, Steve Van-core, Ashley Walker, Andrew Weinstein, Andrew Wiggins, Ryan Wiggins, Rick Wilson

Iowa: Tim Albrecht, Brad Anderson, Rob Barron, Jeff Boeyink, Bonnie Campbell, Dave Caris, Sam Clovis, Jerry Crawford, Sara Craig, John Davis, Steve Deace, John Deeth, Derek Eadon, Ed Failor Jr., Karen Fessler, David Fischer, Ben Foecke, Doug Gross, Steve Grubbs, Tim Hagle, Bob Haus, Joe Henry, Drew Ivers, Jill June, Lori Jungling, Jeff Kaufmann, Brian Kennedy, Jake Ketzner, David Kochel, Chris Larimer, Chuck Larson, Jill Latham, Jeff Link, Dave Loeb sack, Mark Lucas, Liz Mathis, Jan Michelson, Chad Olsen, David Oman, Matt Paul, Marlys Popma, Troy Price, Christopher Rants, Kim Reem, Craig Robinson, Sam Roecker, David Roederer, Nick Ryan, Tamara Scott, Joni Scotter, Karen Slifka, John Smith, AJ Spiker, Norm Sterzenbach, John Stineman, Matt Strawn, Charlie Szold, Phil Valenziano, Jessica Vanden Berg, Nate Willems, Eric Woolson, Grant Young

Michigan: Jill Alper, Saul Anuzis, Andrea Bitely, Lori Carpentier, Howard Edelson, Jordan Gehrke, Steve Hood, Darwin Jiles Jr., Joe Lehman, Dennis Lennox, Katie Packer, Ronna Romney McDaniel, John Truscott, Stephanie White, John Yob

Nevada: Mac Abrams, Greg Bailor, Barbara Buckley, Yvanna Cancela, Bob Cavazos, Linda Cavazos, Jim DeGraffenreid, Andrew Diss, Peter Ernaut, Ryan Erwin, Chip Evans, Jay Gerstema, Oscar Goodman, Ryan Hamilton, Dan Hart, Pat Hickey, Zach Hudson, Jeremy Hughes, Megan Jones, Lindsey Jydstrup, Adam Khan, Peter Koltak, Roberta Lange, Sam Liberman, Laura Martin, Michael McDonald, Chuck Muth, Erven Nelson, Kristen Orthman, Neal Patel, Nick Phillips, Jon Ralston, Andres Ramires, Emmy Ruiz, Scott Scheid, Mike Slanker, James Smack, Paul Smith, Jack St. Martin, Mari St. Martin, Daniel Stewart, Brendan Summers, Riley Sutton, Robert Uithoven, Michelle White, Ed Williams, Heidi Wixom

New Hampshire: Charlie Arlinghaus, Arnie Arnesen, Patrick Arnold, Rich Ashooh, Dean Barker, Juliana Bergeron, D.J. Bettencourt, Michael Biundo, Ray Buckley, Peter Burling, Jamie Burnett, Debby Butler, Dave Carney, Jackie Cilley, Catherine Corkery, Corriveau, Fergus Cullen, Lou D'Allesandro, James Demers, Mike Dennehy, Sean Downey, Steve Duprey, JoAnn Fenton, Jennifer Frizzell, Martha Fuller Clark, Amanda Grady Sexton, Jack Heath, Gary Hirshberg, Jennifer Horn, Peter Kavanaugh, Joe Keefe, Rich Killion, Harrell Kirstein, Sylvia Larsen, Joel Maiola, Kate Malloy Corriveau, Maureen Manning, Steve Marchand, Tory Mazzola, Jim Merrill, Jayne Millerick, Claira Monier, Greg Moore, Matt Mowers, Terie Norelli, Chris Pappas, Liz Purdy, Tom Rath, Colin Reed, Jim Rubens, Andy Sanborn, Dante Scala, William Shaheen, Stefany Shaheen, Carol Shea-Porter, Terry Shumaker, Andy Smith, Craig Stevens, Kathy Sullivan, Chris Sununu, James Sununu, Jay Surdukowski, Donna Sytek, Kari Thurman, Colin Van Ostern, Deb Vanderbeek, Mike Vlacich, Ryan Williams

North Carolina: Don Davis, Francis X. De Luca, Anita Earls, Jonathan Felts, Tami L. Fitzgerald, Dylan Frick, Taylor Griffin, Robin Hayes, Morgan Jackson, Patsy Keever, Theresa Kostrzewa, Michael Luethy, Ray Martin, Thomas Mills, Melissa L. Reed, Chris Sgro, Paul Shumaker, Dee Stewart, Brad Thompson, Bruce Thompson, Charlie Wallin, Doug Wilson

Ohio: Jerry Austin, Greg Beswick, Matt Borges, Erica Bruton, Tim Burke, Janet Carson, Jai Chabria, Martha Clark, Bob Clegg, Damareo Cooper, Jo Ann Davidson, Michael Dawson, Bill DeMora, Cindy Demse, Kathy Dicristofaro, Katie Eagan, Michael Gonidakis, Wes Goodman, Joe Hallett, Ian James, Melissa Klide Hedden, David Leland, Nick Martin, Rhine McLin, David Pepper, Molly Shack, Mark R. Weaver

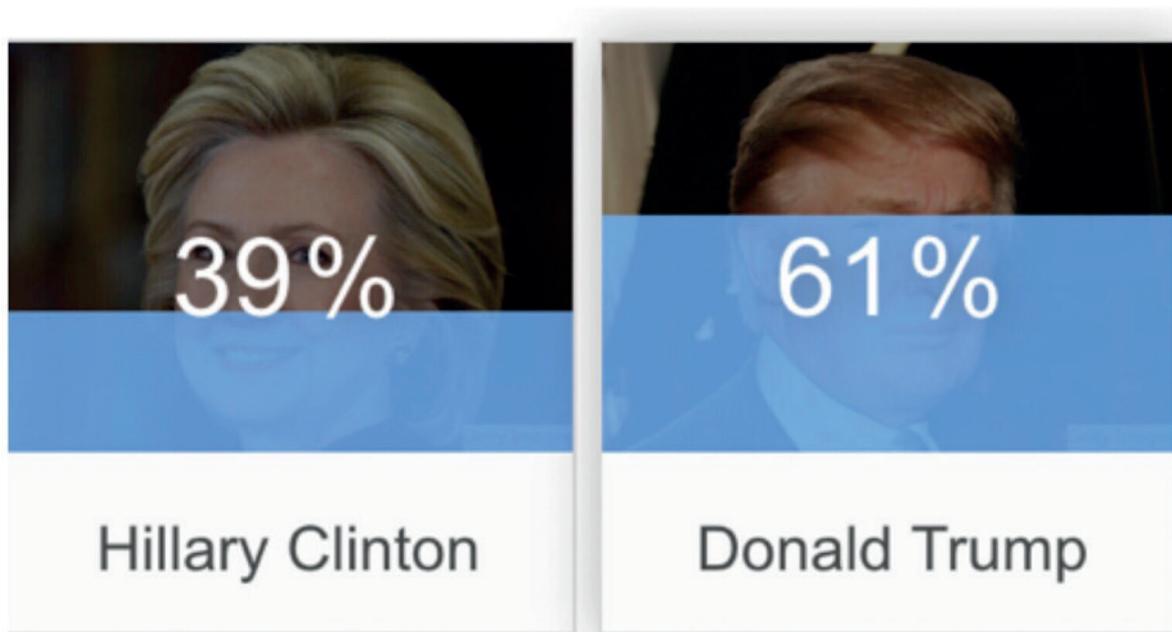
Pennsylvania: Chris Borick, Larry Ceisler, Valentino DiGiorgio, Jason Ercole, Dan Fee, Charlie Gerow, Marcel Groen, Leslie Gromis Baker, Mark Harris, Nan McLaughlin, Aubrey Montgomery, Christopher Nicholas, Nachama Soloveichik, David Sosar, Todd Stephens, Doc Sweitzer, David Thornburgh, Ray Zaborney
Virginia: Ray Allen, Sandra Brandt, Marc K. Broklawski, Patsy Brown, Janet Carver, John Cosgrove, Brian Coy, Doris Crouse-Mays, Tom Davis, Julie Dime, Abbi Easter, Mike Farris, John Findlay, Joe Fitzgerald, Sean Harrison, Margo Horner, Robert Hurt, Gaylene Kanoyton, Chris LaCivita, Sue Langley, Frank Leone, Rob-

ert G. Marshall, Tucker Martin, Ed Matricardi, Susan J. Rowland, Peter Snyder, Susan Swecker, Jo Thoburn

Wisconsin: Meg Andrietsch, Mary Arnold, Kevin Barthel, Mike Basford, Rebecca Bonesteel, Barry Burden, Terri Burl, Jim Camery, Patrick Guarasci, Robert Hansen, Gary Hawley, Marian Krumberger, Emily Nehring, Jason Rae, Brandon Scholz, John Zapfel



Clinton or Trump: Who do you think won the first presidential debate?



418,364 Votes

From Trump's Twitter.

TIME



Hillary Clinton and Donald Trump faced off at their first presidential debate Monday. Who do you think won?



832,779 Votes

From Trump's Twitter.

TED CRUZ

- Tonight, a clear contrast was drawn between the two nominees. Tonight, Hillary Clinton made it clearer than ever that if elected President, our future will continue on the same path that is hurting millions of Americans.
- If Clinton is elected, we know that the havoc Obamacare is wreaking on American families, on small businesses, and on our healthcare system will continue. We know that President Obama's relentless efforts to crush the oil and gas industry and to wage war on coal will continue. We know that the Obama administration's willful blindness to radical Islamic terrorism and the influx of unvetted refugees from nations infiltrated by terrorists will continue. We know that President Obama's lawless executive amnesty will continue and even expand.
- If Clinton is elected, we know that a liberal justice will be named to fill Scalia's seat and we will lose the Supreme Court for a generation. With that, we know for a certainty that our right to keep and bear arms, our religious liberty and federalism are in danger.
- Tonight we received insight into what a Hillary Clinton presidency would look like for Americans. We know that her policies would kill jobs, reduce wages, and continue the downward spiral our country has endured under President Obama.
- Tonight, Donald Trump had his strongest debate performance of the election cycle. He drew strong contrasts with Hillary on taxes, regulations, law and order, and the disastrous Iran deal.
- Rather than Hillary's America, we need to take a different path. A path that would begin to restore our country from the damage it has suffered the last eight years. We need to unite to defend freedom and restore the Constitution. And Hillary Clinton made absolutely clear tonight she would not do so.

CLINTON V. TRUMP: FIRST PRESIDENTIAL DEBATE

ALJAZEERA: 27.09.2016

- Clinton accused her Republican rival of racism, sexism and tax avoidance, while Trump, a businessman making his first run for public office, repeatedly cast his opponent as a career politician and demanded that she should account for her time in government.

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“He (Trump) has really started his political activity based on this racist lie that our first black president was not an American citizen. There was absolutely no evidence for it. But he persisted. He persisted year after year,” Clinton said.

Trump repeated his false accusation that Clinton's failed 2008 presidential campaign against Obama had initiated the so-called “birther” issue.

“Nobody was pressing it, nobody was caring much about it ... I was the one that got him to produce the birth certificate and I think I did a good job,” Trump said.

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The Republican also backed the controversial “stop-and-frisk policing” tactic as a way to bring down crime, while the Democrat said the policy was unconstitutional and ineffective.

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Foreign Policy:

- When the debate moved to international affairs, Trump, who has faced accusations that he has a weak grasp of policy, accused his rival of sowing chaos in the Middle East during her tenure as secretary of state.

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“It’s a total mess, under your direction, to a large extent,” the Republican said.

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- But he appeared on shaky ground as he defended his refusal to reveal his plan for defeating the Islamic State of Iraq and the Levant (ISIL, also known as ISIS) group.

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“You’re telling the enemy everything you want to do. No wonder you’ve been fighting ISIS your entire adult life,” he said, with Clinton replying that, unlike, her rival, she at least had a plan for fighting the armed group.

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- Trump also repeatedly insisted that he opposed the Iraq War before the 2003 US invasion, despite evidence to the contrary.
- The Republican charged that Clinton and Obama created a vacuum when the US withdrew the majority of its forces from Iraq in 2011 after years of war.

4:55 AM

September 27 by Glenn Kessler

Fact Check: Clinton did call TPP ‘the gold standard’

TRUMP: You called it the gold standard of trade deals. You said it’s the finest deal you’ve ever seen.

CLINTON: No.

TRUMP: And then you heard what I said about it, and all of a sudden you were against it.

CLINTON: Well, Donald, I know you live in your own reality, but that is not the facts. The facts are — I did

say I hoped it would be a good deal, but when it was negotiated.

THE FACT CHECKER | Trump is right. Clinton is subtly adjusting her words here when confronted with a question about her consistency on policy positions.

But the fact is she never used the word “hoped.” Instead, she was more declarative, using the phrase “gold standard” when she was Secretary of State.

“This TPP sets the gold standard in trade agreements to open free, transparent, fair trade, the kind of environment that has the rule of law and a level playing field,” she said in Australia in 2012. “And when negotiated, this agreement will cover 40 percent of the world’s total trade and build in strong protections for workers and the environment.”

DEBATE POLLS

POLLS AHEAD OF DEBATE SHOW THE RACE IS CLOSE

USA TODAY – 26.09.2016

- Hours before Hillary Clinton and Donald Trump are set to face-off in the first general election debate, a series of polls shows the race is close.
- A Monmouth University national poll released Monday afternoon shows Clinton ahead of Trump by 4 points (46%-42%.) Libertarian candidate Gary Johnson has the support of 8% of likely voters and Green Party’s Jill Stein had 2% support. Clinton’s likely voter support has remained unchanged but Trump’s has improved from 39% in late August.
- A Bloomberg Politics poll also released Monday has the two candidates in a dead-heat in a two-way race, each with 46%. When third party candidates are added into the mix Trump leads by 2 points (within the margin of error), 43%-41%. Johnson has 8% and Stein has 4% support.
- In Pennsylvania, Clinton is just 1 point ahead (well within the margin of error) of Trump in a four-way race, 45%-44%. Johnson has 6% and Stein has 3%.
- And in Colorado Trump has a 1-point advantage, 42%-41%. Johnson has 13% and Stein has 3%.
- A High Point University poll of North Carolina likely voters released later Monday had Clinton at 43%, Trump at 42% and Johnson at 10%.

TRUMP, CLINTON DEADLOCKED IN BLOOMBERG POLL BEFORE KEY DEBATE

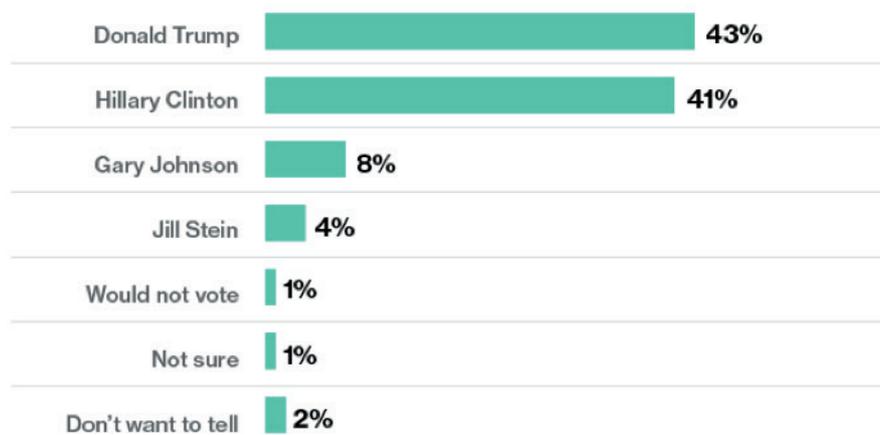
BLOOMBERG – 26.09.2016

- The Republican nominee erased the Democrat’s advantage in August’s two-way contest.

- Donald Trump and Hillary Clinton are locked in a tied two-way race for the presidency as they head to Hofstra University in New York on Monday night for one of the most highly anticipated debates in modern politics.
- The Republican and Democratic nominees each get 46 percent of likely voters in a head-to-head contest in the latest Bloomberg Politics national poll, while Trump gets 43 percent to Clinton's 41 percent when third-party candidates are included.
- Clinton faces higher expectations as tens of millions of people tune in for a television spectacle that could reach Super Bowl viewership levels. About half, 49 percent, say they anticipate the former secretary of state will perform better, while 39 percent say that for Trump, a real-estate developer and former TV personality.

The 2016 Race

If the election were held today and the candidates were Democrat Hillary Clinton, Republican Donald Trump, Libertarian Gary Johnson, and the Green Party's Jill Stein, for whom would you vote?



Source: Bloomberg Politics national poll conducted by Selzer & Co. Sept. 21-24, 2016, among 1,002 likely voters. Margin of error +/- 3.1 percentage points.

- Clinton had a 6-point advantage on Trump in the two-way race in August and a 4-point advantage when third-party candidates Gary Johnson and Jill Stein were included. She had a 12-point edge on Trump in June, when Johnson was also included.
- The Democrat had a 26-point lead among female likely voters in June, when she was tested against both Trump and Johnson. She has a 13-point advantage in this poll when measured only against Trump, getting 52 percent to his 39 percent—similar to her 15-point advantage in August.
- Among likely voters under 35 years old, Clinton gets 50 percent to Trump's 40 percent, down from her 29-point margin in August in the two-way race and from her 26-point margin in June in the three-way race.
- The poll's margin of error is plus or minus 3.1 points for top-line numbers, with 1,002 likely voters interviewed, and is higher among subgroups. It was taken Wednesday through Saturday, after Clinton took political heat for calling half of Trump's supporters "deplorables" and for disclosing she had pneumonia after

a video caught her falling ill at a Sept. 11 ceremony.

- Both major nominees face skepticism from a majority of likely voters about their trustworthiness and their willingness to tell the public everything it wants to know to decide if they're fit to serve. More than seven in 10 rate Clinton's truthfulness as "just fair" or "poor," while more than six in 10 say that of Trump.

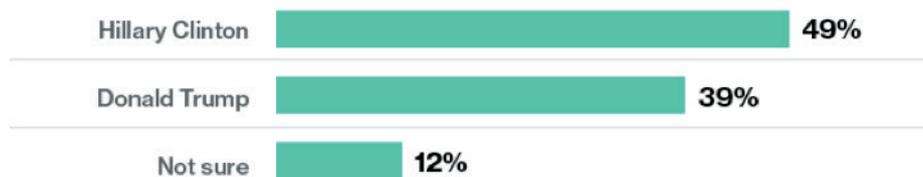
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"It will be hard for either candidate to criticize the other too harshly on this form of integrity," Selzer said ahead of the debate. "They are the pot and the kettle."

”

Debate Expectations

Who do you expect to have a better performance in the first debate—Donald Trump or Hillary Clinton?



Source: Bloomberg Politics national poll conducted by Selzer & Co. Sept. 21-24, 2016, among 1,002 likely voters. Margin of error +/- 3.1 percentage points.

- About two-thirds of likely voters, 69 percent, say Trump should maintain 40 years of tradition for presidential nominees and release his tax returns.
- Trump is rated better than Clinton on physical health, with 61 percent calling his "excellent" or "good" compared to 36 percent who give Clinton good marks. Just 8 percent call Trump's health "poor" compared to 31 percent for Clinton.
- Still, half of likely voters say they aren't bothered at all that Clinton didn't immediately tell the public about her pneumonia.
- After Trump recently acknowledged President Barack Obama's U.S. birth for the first time, three quarters of likely voters say Obama was born in the U.S., while 11 percent say he wasn't and 14 percent aren't sure. Among Trump's supporters, 22 percent say they don't think Obama is American-born and therefore eligible for the presidency, and another 22 percent say they're not sure.
- Clinton's standing in the two-way race is helped by her greater support than Trump's among suburban women (55 percent to 38 percent) and non-whites (67 percent to 23 percent). Independent voters back her 45 percent to 40 percent.
- Trump's appeals to non-white voters don't appear to be working. His share in this poll is about the

same as his 25 percent in August.

- Trump is helped by his strength among whites (55 percent to 38 percent), Protestants (54 percent to 39 percent), those with no college degree (50 percent to 42 percent), and likely voters in the South (54 percent to 38 percent).
- Johnson is taking some support from younger voters that might traditionally go to a Democrat. Among those under 35 years old in the four-way race, he's getting 11 percent, with the rest split 40 percent for Clinton and 36 percent for Trump.
- Trump and Clinton have secured the same share of their party loyalists, 90 percent, a measure that Clinton led when establishment Republicans were more hesitant about Trump.
- Trump's supporters are slightly more excited about their candidate, with 65 percent saying they're fairly or very enthusiastic. Among Clinton supporters, 61 percent say that. Clinton sees a generation gap in this question, with 52 percent of those under age 35 saying they're fairly or very enthused by her compared to three quarters of those 65 and older.
- Among five potential voter concerns about Clinton—including her delayed pneumonia disclosure—the one that tests highest as bothering voters a lot, at 57 percent, is Clinton's use of private e-mail as secretary of state.
- For Trump, the highest-testing issues relate to his charitable foundation and to his now-defunct real-estate program, Trump University. Each prompt 46 percent of likely voters to say they're bothered a lot.
- If the point of Monday's debate is to get to the heart of issues that matter most to voters, two stand out. For 35 percent of Republicans, it's terrorism. That's about twice as many as for Democrats or independents, and Trump leads 71 percent to 25 percent among those who pick it as their top concern.
- Democrats and independents are more likely to pick as their top issue either the decline in real income or jobs and the economy. Among those citing one of those economic issues as their main concern, Clinton wins 56 percent to 35 percent.
- Trump's praise for Russian President Vladimir Putin doesn't appear to be good politics when compared to Clinton's calls to do more to stand up to him. About half, 49 percent, say they side more with Clinton while 40 percent back Trump's approach.
- Clinton and Trump are each viewed unfavorably by more than half of likely voters, 56 percent. Clinton, meanwhile, has a stable full of campaign surrogates who score higher than she does: Obama and former President Bill Clinton are viewed favorably by 51 percent and 49 percent of likely voters, while first lady Michelle Obama scores even higher at 58 percent.
- Obama's job approval rating stands at 49 percent, even as 66 percent of likely voters say the nation is heading in the wrong direction.
- On a generic ballot that asked whom likely voters support for the U.S. House in their district without any candidate names being offered by the pollster, 46 percent of likely voters picked Democrat or leaned that way, while 44 percent selected Republican or leaned that way.

EARLY POLLS AND FOCUS GROUPS SUGGEST HILLARY CLINTON WON THE DEBATE

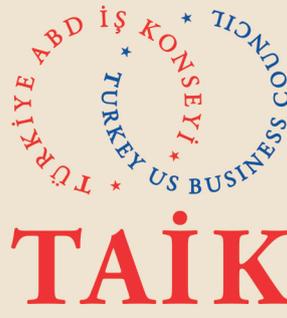
VOX – 27.09.2016

We've got:

- A poll of debate watchers by CNN/ORC, which found that 62 percent thought Clinton won and 27 percent thought Trump did. CNN's David Chalian emphasized on air that the sample was 10 points more Democratic than in a typical poll, but that's still a strong win for Clinton.
- A poll of debate watchers by Public Policy Polling, which found that 51 percent thought Clinton won and 40 percent thought Trump won.
- A focus group of 20 undecided Florida voters by CNN found that 18 of them thought Clinton won.
- And a focus group of Pennsylvania voters by GOP pollster Frank Luntz overwhelmingly thought Clinton had won. Libby Nelson has more details about that here.

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