



JUNE 1, 2026

KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN

MARKET OUTLOOK: GEOPOLITICAL UNCERTAINTY AND INFLATION EXPECTATIONS



Last week, statements suggesting that the United States and Iran were moving closer to an agreement that could end the conflict supported global risk appetite. However, as the new week begins, uncertainty between the parties persists. The U.S. and Iran continue to exchange proposed revisions to the draft agreement, but no concrete progress has yet been achieved. As a result, optimism surrounding a potential agreement has weakened somewhat. With no clear outcome emerging from the negotiations, the downward trend in Brent crude oil prices has stalled, while concerns over energy supply remain on the agenda.

Domestically, market attention is focused on the May inflation data due to be released on Friday. Market expectations point to monthly inflation of around 1.7 percent. An inflation reading in line with or below expectations could strengthen confidence in the disinflation process and support expectations for rate cuts later this year. Conversely, an upside surprise could lead markets to reassess their expectations regarding the monetary policy outlook.

GLOBAL

The US economy grew by 1.6 percent in the first quarter of 2026, below the 2.0 percent growth estimated in the preliminary reading, while exports, investment, consumer spending, and public expenditures contributed positively to growth, whereas the increase in imports weighed on GDP. During the same period, the personal consumption expenditures price index, which is closely watched by the Fed, rose by 4.5 percent, reaching its highest level since the third quarter of 2022, while the core personal consumption expenditures price index was revised up to 4.4 percent. Thus, first-quarter data showed that growth was more moderate than expected, but price pressures continued to strengthen significantly.

In the US, the personal consumption expenditures price index rose by 3.8 percent year-on-year in April, reaching its highest level since May 2023 and coming in line with market expectations. The core PCE index, excluding food and energy, also increased from 3.2 percent in March to 3.3 percent in April, showing that underlying inflationary pressures continued to strengthen. During the same period, the 12.3 percent increase in the national average retail gasoline price and the total rise of more than 50 percent since the war began at the end of February indicated that energy-driven pressures are worsening the inflation outlook. The increase in supply pressures in energy, fertilizer, aluminum, and consumer goods due to disruptions in shipments through the Strait of Hormuz caused by the conflict with Iran suggests that risks to pricing behavior will continue in the coming period.

The US Treasury Department announced new sanctions targeting Iran's military oil sales, increasing pressure on Tehran's energy revenues. The statement noted that the Iranian military has been conducting crude oil sales through shell companies and shadow fleet vessels, and that these revenues have been used to rebuild military capacity. In this context, certain companies linked to Sepehr Energy Jahan, which is affiliated with Iran's General Staff, were added to the sanctions list. The US administration sent a message that it will not allow Iran to rebuild its regional military threat capacity through oil revenues.

In the Euro Area, the economic confidence index rose by 0.3 points to 93.5 in May, coming in above the market expectation of 92.8. During the same period, the economic confidence index for the EU as a whole also increased by 0.3 points to 93.7. The improvement in the index was mainly driven by a partial recovery in the services sector and consumer confidence, while the Euro Area consumer confidence index rose from minus 20.6 to minus 19.0. The data showed that despite still-weak levels, economic confidence gave a limited recovery signal in May.

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

The minutes of the ECB's April 28-29 meeting showed that the decision to keep interest rates unchanged was more difficult than expected, and that many members had reached a point where they would not oppose a rate hike. The minutes emphasized that the strategy of tolerating the temporary rise in inflation without raising rates is being increasingly questioned due to persistent inflationary pressures stemming from energy prices. It was also stated that the war in the Middle East and uncertainty surrounding the Strait of Hormuz created high volatility in oil prices, putting pressure on both the inflation and growth outlook in the Euro Area. In the markets, the possibility of a rate hike at the June 11 meeting is seen as having strengthened, since inflation, which came in at 3.0 percent in April, continues to remain above the ECB's target.

In China, the official manufacturing PMI fell from 50.3 to 50.0 in May, pointing to a loss of momentum in factory activity, while the non-manufacturing PMI rose from 49.4 to 50.1, returning to expansion territory. After the strong performance in the first quarter, the weakness seen in many indicators in April, including industrial production and retail sales, strengthened signals of a slowdown in the economy. By contrast, global demand for semiconductors, computers, and AI-related products continued to support exports, and these items are estimated to have accounted for about half of export growth in April. The People's Bank of China cutting its policy lending rate to a record low and Beijing's new steps to expand access to public services show that efforts to support growth are continuing.

DOMESTIC

The economic confidence index rose by 0.8 percent in May, increasing from 96.4 to 97.2 and signaling a limited recovery after the weak picture in April. During the same period, the consumer confidence index rose by 0.3 percent to 85.8, while the real sector confidence index increased by 2.4 percent to 101.0. By contrast, the services sector confidence index fell by 0.6 percent to 109.0, and the construction sector confidence index declined by 1.7 percent to 82.1. The 0.8 percent rise in the retail trade confidence index to 112.5 indicated that the relatively positive outlook on the domestic demand side continued.

Türkiye's hydroelectric power generation reached an all-time monthly high of 11.66 billion kilowatt-hours in April, while 41.4 percent of total electricity production was supplied by hydroelectric power plants. During the same period, electricity generation from renewable sources rose to 19.85 billion kilowatt-hours, and domestic-source generation increased to 23.35 billion kilowatt-hours, both marking monthly records; thus, the share of domestic sources rose to 83.0 percent and the share of renewable sources to 70.5 percent. In the first four months of 2026, historically high levels were also recorded in hydro, renewable, and total domestic electricity generation. The data showed that, supported by rainfall, Türkiye significantly increased the use of renewable and domestic resources in energy production, reducing external dependency.

Peru's Environment Minister Juan Carlos Castro Vargas Paredes del Castillo said that cooperation opportunities with Türkiye in critical minerals are increasing and that the OECD Critical Minerals Forum held in Istanbul provided an important platform in this regard. Stressing that Peru no longer wants to be only a raw material exporter, the minister said they aim to build an industrial structure focused on processing, value added, and sustainable development in mining. In this context, it was stated that there was agreement to prepare a draft memorandum of understanding through the embassies in order to advance cooperation with Türkiye in joint production, investment, and technology development. The remarks indicated that rising global demand for critical minerals in the energy transition could strengthen cooperation between Türkiye and Peru in mining, sustainability, and supply chains.

WEEKLY STATUS

	22.05.2026	29.05.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.985	16.962	-0,1%	36,8%	31,9%	23,2%	32,6%
XU100*	13.808	13.663	-1,1%	21,3%	14,6%	31,6%	35,6%
USDTRY	45,7	45,9	0,3%	6,7%	21,4%	20,1%	57,5%
DXY*	99,2	98,9	-0,3%	0,6%	-9,4%	7,1%	-2,1%
US-10Y*	4,6	4,5	-2,6%	7,2%	-9,3%	18,0%	0,0%
TR-10Y*	33,4	35,7	7,1%	31,5%	-5,6%	7,6%	169,4%
TR-2Y*	40,4	44,3	9,5%	29,0%	-15,4%	2,2%	298,0%
CDS (5Y)	251,2	240,0	-4,5%	17,2%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.509,4	4.539,3	0,7%	5,2%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.630,2	6.689,6	0,9%	12,4%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	111,0	110,9	-0,1%	13,1%	198,3%	45,3%	57,1%

***XK050**: BIST Participation 50 Index

***Bist100**: BIST 100 Index

***DXY**: Dollar Index

***US-10Y**: US 10-Year Treasury Yield

***TR-10Y**: TR 10-Year Treasury Yield

***TR-2Y**: TR 2-Year Treasury Yield

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	March	-1,1%	2,2%	
	Manufacturing PMI	April	45,7	47,9	50
	Capacity Utilization Rate (seasonally adj.)	May	74,1%	74,0%	
New	Import - (capital goods) (annually)	April	1,6%	7,8%	
New	Service sector confidence (seasonally adj.)	April	5,6%	11,2%	
New	Import - (consumption goods) (annually)	April	-6,8%	-5,3%	
New	Credit Growth Weekly	May (Week 3)	0,2%	0,3%	
New	Consumer Confidence Index	May	85,8	85,5	100
New	Real sector confidence (seasonally adj.)	May	101	98,6	100
New	Service sector confidence (seasonally adj.)	May	109,0	109,7	100
New	Retail sector confidence (seasonally adj.)	May	112,5	111,6	100
New	Construction sector confidence (seasonally adj.)	May	82,1	83,6	100
	Car Sales (annually)	March	-6,1%	12,7%	
	House sales - total (annually)	April	2,6%	-2,1%	
	House sales - mortgage (annually)	April	40,5%	35,9%	
	CPI	April	32,4%	30,9%	
	CPI expectations (year-end)	May	28,9%	27,5%	
	Current Year Growth Expectations	May	3,3%	3,5%	
	Retail Sales Volume (annually)	March	21,2%	15,6%	
	Current Account Balance (billion USD)	March	-9,7	-7,5	
	Unemployment Rate (seasonally adj.)	March	8,1%	8,4%	
New	Dollarization	May (Week 3)	0,5 Billion (+)	0,01 Billion (-)	

Indicates Decrease

Indicates Stability

Indicates Increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

ECONOMIC CALENDAR

Date	Country	Data to be Announced
01.06.2026	Germany	Retail Sales
01.06.2026	Turkey	GDP
01.06.2026	Turkey	Manufacturing PMI
01.06.2026	Germany	Manufacturing PMI
01.06.2026	Euro Zone	Unemployment Rate
01.06.2026	US	Manufacturing PMI
02.06.2026	Turkey	Preliminary Trade Balance
02.06.2026	Euro Zone	Preliminary CPI
03.06.2026	Japan	Manufacturing and Services PMI
03.06.2026	US	Factory Orders
03.06.2026	US	Beige Book
04.06.2026	Turkey	Unemployment Rate
05.06.2026	Turkey	CPI
05.06.2026	Euro Zone	GDP
05.06.2026	US	Nonfarm Payrolls

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

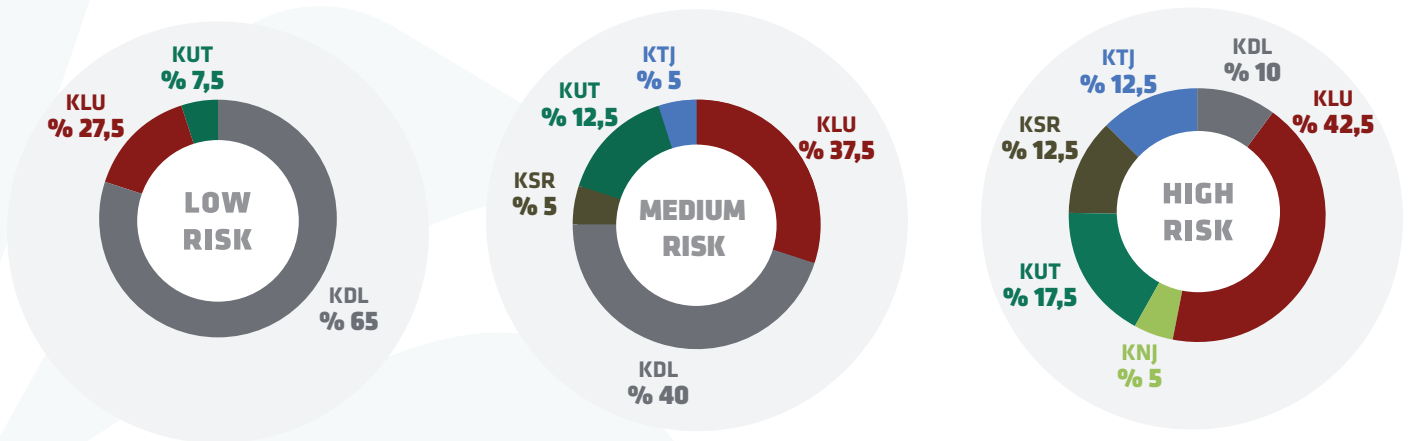
Our Fund Allocation Recommendations

We make our fund recommendations based on our investors' base currencies. The base currency is the currency in which investors track their savings. An investor who tracks USD as their base currency prefers their investments to grow in U.S. dollars rather than in Turkish Lira. Conversely, an investor who looks at their investments in TL aims for an increase in their savings in Turkish Lira.

Below are our General Investment Recommendations based on base currencies.

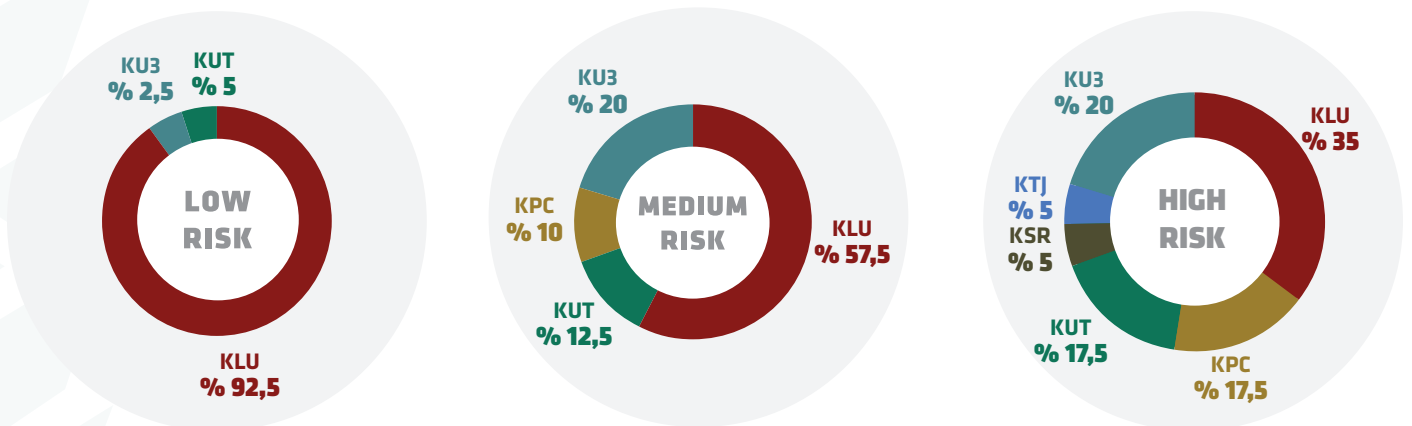
General Investment Recommendations for Those with USD as Their Base Currency

Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



General Investment Recommendations for Those with Turkish Lira as Their Base Currency

Figure 2. Fund Allocation Recommendations (For Those with Turkish Lira as Their Base Currency)



The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

Information Regarding Funds:

KLU Fund: Kuveyt Türk Asset Management Money Market Participation Fund

KUT Fund: Kuveyt Türk Asset Management Precious Metals Participation Fund

KPC Fund: Kuveyt Türk Asset Management Equity Participation Fund

KDL Fund: Kuveyt Türk Asset Management Fifth Participation Hedge (Currency) Fund

KSR* Fund: Kuveyt Türk Asset Management Sustainability Participation Fund

KNJ* Fund: Kuveyt Türk Asset Management Energy Participation Fund

KTJ* Fund: Kuveyt Türk Asset Management Technology Participation Fund

** These funds may hold up to 80% foreign equities.*

KU3 Fund:** Kuveyt Türk Asset Management Third Participation Fund

*** These funds may hold up to 80% foreign equities.*

Explanations of Risk Levels:

Relatively Low Risk: Refers to investors who are not keen on experiencing losses to their principal and have limited knowledge and experience regarding investment products.

Medium Risk: Refers to investors who are willing to accept some level of loss to their principal and have some knowledge and experience regarding investment products.

High Risk: Refers to investors who are willing to take on high risk for the potential of high returns, accepting the possibility of significant losses to their principal and possessing substantial knowledge and experience regarding investment products.

Disclaimer Notification:

Warning Note Published in Accordance with the Capital Markets Board's "Regulation on Principles Related to Investment Services and Activities and Ancillary Services":

The information, comments, and recommendations regarding **the investment products presented here do not constitute investment advisory services**. Investment advisory services are provided by authorized institutions tailored to individuals based on their risk and return preferences. The comments and recommendations offered here are general and may not be appropriate for your specific financial situation or risk-return profile. Therefore, making investment decisions solely based on this information may not yield results that meet your expectations. By confirming your understanding and acceptance of this information, you may proceed with your transactions.

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

