10 AUGUST, 2026

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

GLOBAL MARKET OPTIMISM IMPROVES WHILE GEOPOLITICAL UNCERTAINTY PERSISTS

High bond yields and expectations regarding the Fed's monetary policy have recently been key drivers of global market pricing. On Friday, U.S. nonfarm payrolls for July declined by 23,000, compared with expectations for an increase, indicating that the labor market is weaker than anticipated. Following the data, expectations that the Fed could raise interest rates in the near term weakened, while lower U.S. Treasury yields supported risk appetite for assets such as equities. U.S. inflation data, due to be released on Wednesday, will be closely monitored this week for its implications for Fed expectations and global risk appetite.

On the geopolitical front, no concrete agreement has yet been reached on reopening the Strait of Hormuz. With uncertainty surrounding the process continuing, oil prices started the new week higher. For the optimism seen in global markets last week to become more sustainable, concrete progress in negotiations and a reduction in risks to energy supply remain important.

Domestically, the main focus of the week will be the CBRT's third Inflation Report of the year. In addition to the CBRT Governor's messages regarding the inflation outlook and the future course of monetary policy, markets will closely watch whether any changes are made to the year-end inflation forecasts.

GLOBAL

In the US, nonfarm payrolls unexpectedly declined by 23 thousand in July, compared with expectations for an increase of 80 thousand, while the unemployment rate fell to 4.1 percent. Data for the previous two months were revised down by a combined 103 thousand, while average hourly earnings rose by only 0.1 percent month on month, also falling short of expectations. High prices and uncertainty stemming from the Iran war appeared to weigh on the labor market, while the probability of a Fed rate hike in September fell to 40 percent following the data.

The US ISM Manufacturing PMI rose by 2.3 points to 55.6 in July, exceeding the market expectation of 54.0 and reaching its highest level since May. Strong increases in production, new orders, and employment supported expansion across 15 sectors, while only the chemicals sector recorded a contraction. Meanwhile, S&P Global's final manufacturing PMI for July was revised slightly higher from 53.8 to 53.9.

The Euro Area Manufacturing PMI rose to 51.9 in July, reaching its highest level in three months. Although the index came in slightly below the market expectation of 52.0, it still recorded its fastest improvement since March 2022. During a period of easing inflationary pressures and stronger factory output, companies supported production by reducing backlogs of work and cutting inventories.

Industrial production in Germany increased by 0.2 percent month on month in June, in line with market expectations. The previous month's figure was revised downward, while the main driver of the increase was the automotive sector, which expanded by 3.6 percent year on year. Exports rose for a fifth consecutive month, while a strong increase in imports narrowed the trade surplus from 19.3 billion euro to 15.4 billion euro. Together with stronger-than-expected second-quarter growth and solid factory orders, the data pointed to resilience in manufacturing, although uncertainty surrounding the Strait of Hormuz and low water levels on the Rhine River continued to pose downside risks.

China posted a trade surplus of 112 billion 500 million dollar in July, exceeding market expectations of around 107 billion dollar. Although the figure was below June's record level of 125 billion 620 million dollar, strong exports supported by global artificial intelligence and technology investment, as well as front-loaded orders ahead of new Western tariffs, helped sustain the surplus. Semiconductor and electronics shipments stood out during the period, while external trade continued to support growth amid fragile domestic demand.

China's CPI increased by 0.5 percent year on year in July, marking its slowest increase in six months, while declining by 0.1 percent month on month. The Producer Price Index rose by 3.5 percent year on year, below the market expectation of 3.8 percent and slowing to its lowest level in three months. Lower oil prices and weak domestic demand weighed on price pressures, while core CPI excluding food and energy increased by 0.9 percent year on year.

DOMESTIC

Türkiye's Consumer Price Index increased by 1.78 percent month on month and 31.75 percent year on year in July. Among the major expenditure groups with the largest weights, annual inflation was 37.53 percent in food and non-alcoholic beverages, 30.83 percent in transportation, and 40.32 percent in housing. On a monthly basis, transportation increased by 2.59 percent, housing by 2.25 percent, and food by 1.61 percent. The B core inflation indicator, which excludes unprocessed food, energy, alcohol, tobacco, and gold, increased by 1.66 percent month on month and 30.98 percent year on year.

The Istanbul Chamber of Industry Türkiye Manufacturing PMI rose to 47.7 in July, but remained below the 50 threshold, extending the sector's contraction to a 28th consecutive month. Weak market conditions and the negative impact of the war in the Middle East on external demand continued to weigh on new orders, production, employment, and inventories. Although cost pressures from oil and raw materials persisted, input cost inflation slowed to its weakest pace since November 2025, while output price inflation also fell to its lowest level of 2026.

Türkiye's Domestic Producer Price Index increased by 1.52 percent month on month and 27.83 percent year on year in July. Manufacturing prices rose by 28.96 percent year on year, while the strongest annual increase was recorded in mining and quarrying at 41.81 percent. On a monthly basis, electricity and gas production stood out with a 9.65 percent increase, pushing the energy group up by 4.83 percent. Among the main industrial groups, the strongest annual increase was recorded in non-durable consumer goods at 32.46 percent.

The Treasury cash balance posted a deficit of 395.7 billion lira in July, while the primary cash balance recorded a deficit of 69.74 billion lira. During the period, Treasury cash revenues amounted to 1 trillion 394 billion lira, while cash expenditures reached 1 trillion 790 billion lira. The primary balance, which had posted a surplus of 238.7 billion lira in the previous month, moved back into deficit in July, while interest payments totaled 325.91 billion lira during the month.

Exports reached 25.6 billion dollar in July, marking the highest July figure on record, while annualized exports also reached a record 278.6 billion dollar. Announcing the figures, Trade Minister Ömer Bolat stated that rising protectionist measures in 2026 and escalating geopolitical tensions in the Gulf had weighed on global trade. Bolat emphasized that these developments had led to price increases and supply-chain disruptions, particularly in critical raw materials such as energy, petrochemicals, and fertilizers.

WEEKLY STATUS

	31.07.2026	07.08.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.866	17.199	2,0%	38,7%	31,9%	23,2%	32,6%
XU100*	13.458	13.779	2,4%	22,4%	14,6%	31,6%	35,6%
USDTRY	47,5	47,7	0,4%	11,0%	21,4%	20,1%	57,5%
DXY*	99,9	99,5	-0,4%	1,2%	-9,4%	7,1%	-2,1%
US-10Y*	4,7	4,7	-1,8%	12,2%	-9,3%	18,0%	0,0%
TR-10Y*	32,5	32,2	-0,6%	18,7%	-5,6%	7,6%	169,4%
TR-2Y*	38,4	37,8	-1,6%	10,1%	-15,4%	2,2%	298,0%
CDS (5Y)	239,6	227,7	-5,0%	11,1%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.042,7	4.343,7	7,4%	0,7%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.183,6	6.658,1	7,7%	11,9%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	88,1	97,5	10,6%	-0,6%	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

LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	June	6,0%	6,0%	
New	Manufacturing PMI	July	47,7	47,1	50
	Capacity Utilization Rate (seasonally adj.)	July	73,8%	74,3%	
	Import - (capital goods) (annually)	June	19,6%	-18,3%	
	Service sector confidence (seasonally adj.)	June	30,0%	-4,1%	
	Import - (consumption goods) (annually)	June	-1,2%	-30,1%	
New	Credit Growth Weekly	August (Week 1)	1,7%	0,8%	
	Consumer Confidence Index	July	89,8	87,9	100
	Real sector confidence (seasonally adj.)	July	101,2	102,0	100
	Service sector confidence (seasonally adj.)	July	112,0	110,5	100
	Retail sector confidence (seasonally adj.)	July	110	112,8	100
	Construction sector confidence (seasonally adj.)	July	83,5	83,0	100
	Car Sales (annually)	June	-11,4%	-22,6%	
	House sales - total (annually)	June	15,8%	-31,2%	
	House sales - mortgage (annually)	June	72,1%	-2,8%	
New	CPI	July	31,8%	32,1%	
	CPI expectations (year-end)	July	29,2%	29,1%	
	Current Year Growth Expectations	July	3,1%	3,2%	
	Retail Sales Volume (annually)	May	13,7%	11,4%	
	Current Account Balance (billion USD)	May	-1,5	-5,7	
	Unemployment Rate (seasonally adj.)	June	7,6%	8,1%	
New	Dollarization	August (Week 1)	3,5 Billion (-)	2,4 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
10.08.2026	Turkey	Industrial Production
10.08.2026	Turkey	Construction Cost Index
11.08.2026	Turkey	Retail Sales
11.08.2026	US	Housing Sales
12.08.2026	Turkey	Foreign Trade Indices
12.08.2026	Germany	CPI
12.08.2026	US	Budget Balance
12.08.2026	US	CPI
13.08.2026	Turkey	Housing Sales
13.08.2026	Turkey	Inflation Report
13.08.2026	US	PPI
13.08.2026	Euro Zone	Industrial Production
14.08.2026	Turkey	Construction Production Index
14.08.2026	Turkey	Services Production Index
14.08.2026	US	Retail Sales
14.08.2026	Euro Zone	GDP
14.08.2026	Euro Zone	Trade Balance

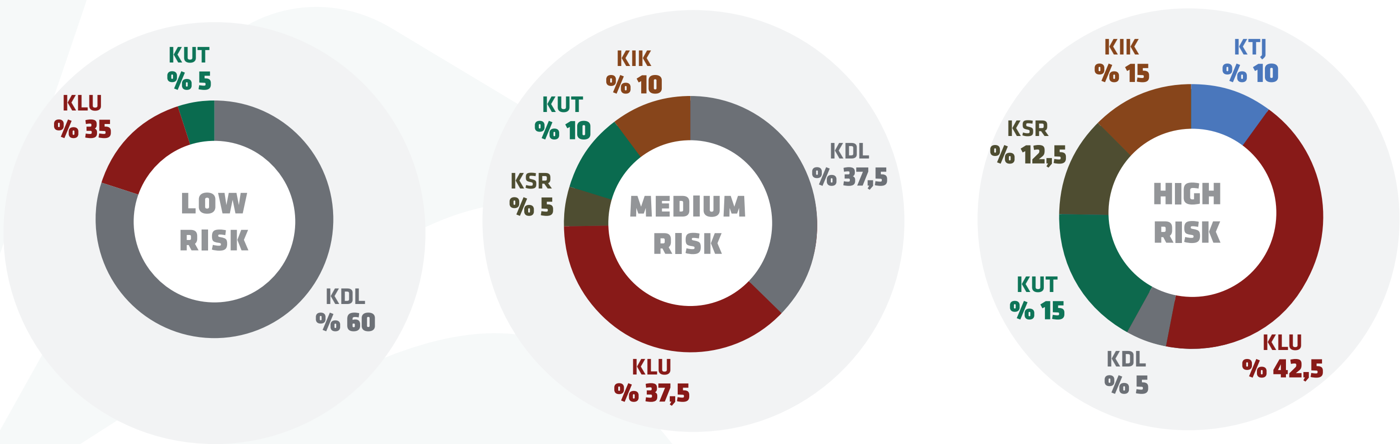
Our Fund Allocation Recommendations

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.

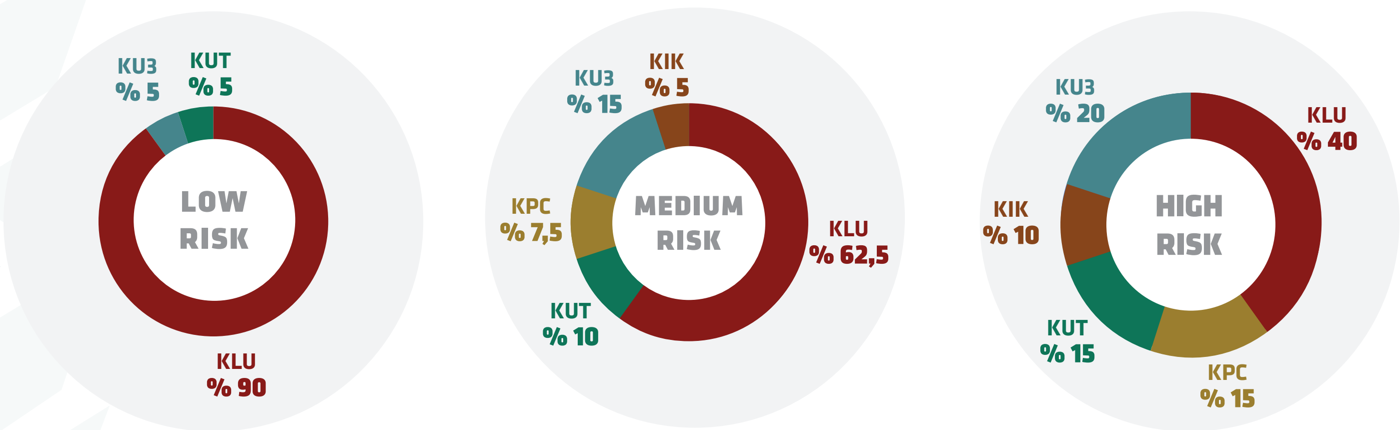
General Investment Recommendations for Those with USD as Their Base Currency

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)



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.