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KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN



KUVEYTTÜRK



PRIVATE BANKING

IMPROVING INFLATION HIGHLIGHTS TL-DENOMINATED ASSETS



Following the December inflation data, Turkey's inflation rate for 2025 concluded at 30.89 percent. This improvement in the inflation outlook indicates that price increases have moved onto a more controlled path, while also providing a more predictable framework for monetary policy. In the Market Participants Survey, expectations for 2026 inflation stand at 23.35 percent, while the policy rate expectation is 28.15 percent, strengthening expectations that the real return potential of Turkish lira-denominated assets will be preserved. In addition, projected increases in the USD/TRY exchange rate are expected to remain below the return potential offered by TL-denominated assets. Accordingly, we continue to maintain a TL-weighted approach in our fund allocation recommendations.

Considering ongoing geopolitical risks, continued gold purchases by central banks, and the prevailing global uncertainty, we believe that precious metals should retain a limited but balancing role in portfolios.

GLOBAL

In the US, non-farm payrolls in December were announced at 50 thousand, coming in below market expectations. In the same period, private sector employment increased by 37 thousand, while the downward momentum in the manufacturing sector continued with a loss of 8 thousand jobs. In addition, the unemployment rate declined to 4.4 percent, below the market expectation of 4.5 percent.

In the US, factory orders decreased by 1.3 percent on a monthly basis in October, falling to 607 billion 400 million dollars. In the same period, durable goods orders declined by 2.2 percent compared to the previous month to 307 billion 300 million dollars, while non-durable goods orders fell by 0.4 percent on a monthly basis.

In December, the US services Purchasing Managers' Index increased by 1.8 points on a monthly basis to 54.4. It reached its highest level since October 2024. Looking at the sub-components, the business activity index rose by 1.5 points to 56.0, while the new orders index increased by 5.0 points to 57.9.

In the Euro Area, the unemployment rate in November decreased by 0.1 points compared to the previous month, reaching 6.3 percent. Among the member countries, Spain recorded the highest unemployment rate at 10.4 percent, followed by Finland at 10.1 percent. In addition, the number of unemployed people under the age of 25 was recorded at 2 million 318 thousand.

In Germany, seasonally adjusted exports declined by 2.5 percent month on month in November to 128 billion 100 million euro. The main reasons behind the decline in exports were weak trade performance with the US and the reduction in demand for German-origin products due to the tariffs imposed by President Trump. Meanwhile, the seasonally and calendar-adjusted trade surplus stood at approximately 13 billion 100 million euro.

In China, consumer prices increased by 0.8 percent year on year in December. An analysis of subcomponents shows that the largest contribution to the rise in inflation came from fresh vegetable prices, which increased by 18.2 percent on an annual basis. Core inflation, which excludes food and energy prices, rose by 1.2 percent year on year and remained unchanged from its November level.

DOMESTIC

Consumer prices increased by 0.89 percent on a monthly basis and by 30.89 percent on a yearly basis in December. In the same period, food and non-alcoholic beverages prices rose by 1.99 percent month on month and by 28.31 percent year on year. In addition, producer prices increased by 0.75 percent compared to the previous month, while annual producer inflation stood at 27.67 percent.

Industrial production increased by 2.5 percent month on month and by 2.4 percent year on year in November. On an annual basis, manufacturing output rose by 2.7 percent and mining and quarrying by 0.2 percent, while the electricity, gas, steam and air conditioning supply sector declined by 2.0 percent.

According to the Real Rates of Return on Financial Investment Instruments data, the highest monthly real return in December, when adjusted for consumer inflation, was recorded in Government Domestic Debt Securities at 3.98 percent. In the same period, other investment instruments such as gold bullion, the BIST 100 index, deposit interest rates, the euro and the dollar also provided positive real returns. Moreover, in the three- and six-month evaluations, gold bullion delivered the highest real return when adjusted for consumer inflation, while the BIST 100 index and the dollar showed relatively weak real performance.

Minister of Treasury and Finance Mehmet Şimşek stated that the downward trend in inflation continues and that the goal is to reduce inflation below 20 percent in 2026. Şimşek emphasized that the disinflation process is continuing decisively and that fiscal discipline and tight policies remain key determinants of this process, adding that despite global uncertainties, balanced domestic demand and supply-side measures support price stability. He also noted that structural reforms and the economic program will be pursued without compromise to achieve these targets.

Central Bank of the Republic of Türkiye Governor Fatih Karahan stated that short- and medium-term indicators point to the continuation of the disinflation process. Karahan emphasized that the increase in reserves continues and that KKM balances have nearly reached zero, noting that tight monetary policy will be implemented decisively until price stability is achieved. He added that the Central Bank remains in close contact with the real sector and that high-quality feedback from the field supports policy decisions, while monetary policy steps will be determined in a prudent, flexible and target-consistent manner depending on the inflation outlook.

WEEKLY STATUS

	02.01.2026	09.01.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	12.492	13.291	6,4%	7,2%	31,9%	23,2%	32,6%
XU100*	11.498	12.201	6,1%	8,3%	14,6%	31,6%	35,6%
USDTRY	43,0	43,0	0,0%	0,2%	21,4%	20,1%	57,5%
DXY*	98,4	99,1	0,7%	0,8%	-9,4%	7,1%	-2,1%
US-10Y*	4,2	4,2	-0,4%	0,4%	-9,3%	18,0%	0,0%
TR-10Y*	27,1	27,6	1,6%	1,4%	-5,6%	7,6%	169,4%
TR-2Y*	33,9	34,1	0,7%	-0,5%	-15,4%	2,2%	298,0%
CDS (5Y)	204,0	214,4	5,1%	4,7%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.330,5	4.510,5	4,2%	4,5%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	5.993,1	6.240,1	4,1%	4,8%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	100,7	110,6	9,8%	12,8%	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
New	Industrial Production	November	0,0	0,0	
	Manufacturing PMI	December	48,9	48,0	50
	Capacity Utilization Rate (seasonally adj.)	December	74,2%	74,1%	
	Import - (capital goods) (annually)	November	15,3%	20,2%	
	Service sector confidence (seasonally adj.)	November	1,5%	7,3%	
	Import - (consumption goods) (annually)	November	-3,7%	-4,3%	
New	Credit Growth Weekly	January (Week 1)	0,8%	1,3%	
	Consumer Confidence Index	December	83,5	85,0	100
	Real sector confidence (seasonally adj.)	December	103,7	103,2	100
	Service sector confidence (seasonally adj.)	December	112,3	111,8	100
	Retail sector confidence (seasonally adj.)	December	115,4	114,2	100
	Construction sector confidence (seasonally adj.)	December	84,5	84,9	100
New	Car Sales (annually)	December	10,5%	9,8%	
	House sales - total (annually)	November	-7,8%	-0,5%	
	House sales - mortgage (annually)	November	-1,4%	11,5%	
New	CPI	December	30,9%	31,1%	
	CPI expectations (year-end)	December	31,2%	32,2%	
	Current Year Growth Expectations	December	3,5%	3,4%	
	Retail Sales Volume (annually)	October	7,4%	14,3%	
	Current Account Balance (billion USD)	October	0,5	1,1	
	Unemployment Rate (seasonally adj.)	November	8,6%	8,5%	
New	Dollarization	January (Week 1)	0,1 Billion (+)	2,5 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
13.01.2026	Turkey	Retail Sales
13.01.2026	Turkey	Balance of Payment
13.01.2026	US	CPI
14.01.2026	China	Balance of Trade
14.01.2026	US	PPI
14.01.2026	US	Retail Sales
15.01.2026	Turkey	Budget Balance
15.01.2026	Germany	GDP
15.01.2026	US	Preliminary Manufacturing PMI
16.01.2026	Germany	CPI
16.01.2026	US	Capacity Utilization Rate
16.01.2026	US	Industrial Production

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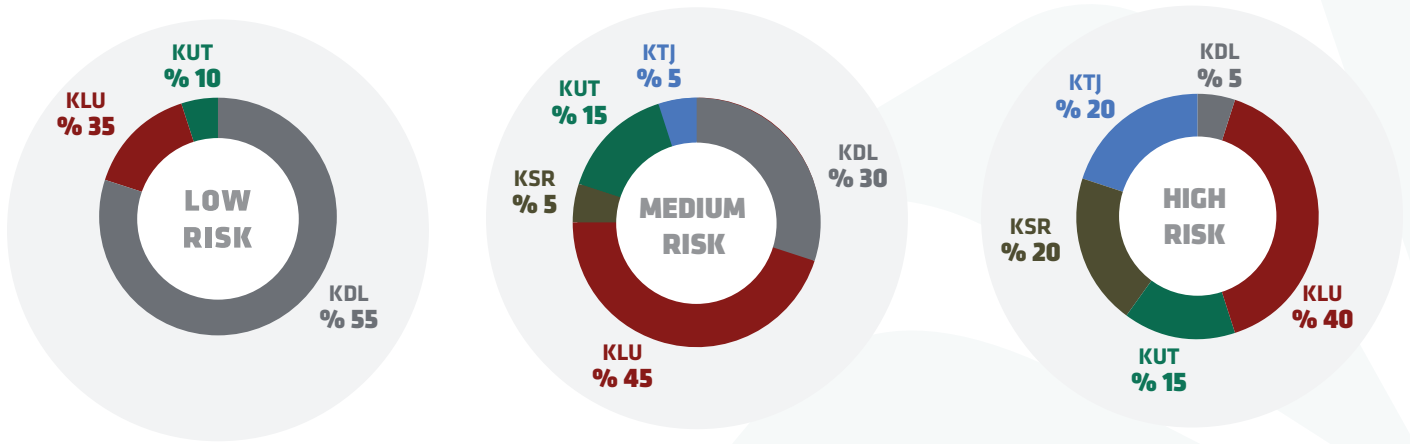
Our Fund Allocation Recommendations

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.

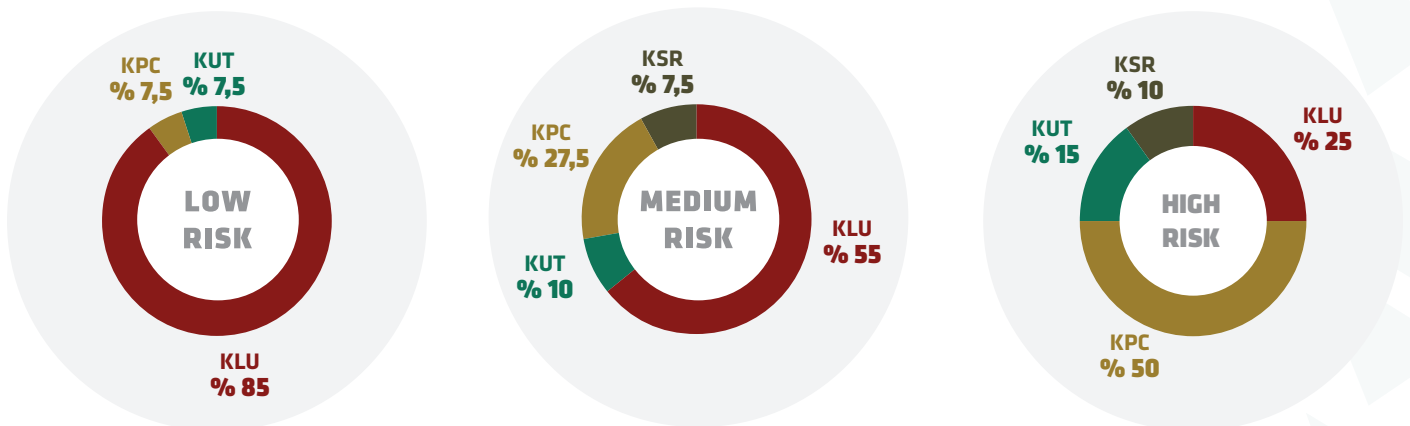
General Investment Recommendations for Those with USD as Their Base Currency

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)



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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.*

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.

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