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KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN



KUVEYTTÜRK



PRIVATE BANKING

GLOBAL RISKS RISE AS CEASEFIRE HOPES FADE



Although the first week of April brought limited signs of normalization on the geopolitical front, this optimism proved short-lived. The lack of concrete outcomes from initial contacts between the U.S. and Iran, followed by the U.S. decision to impose a blockade on the Strait of Hormuz, weighed on global risk appetite. As ceasefire expectations weakened and geopolitical tensions escalated, oil prices resumed their upward trend. Rising energy prices are increasing upside risks to global inflation expectations and delaying expectations for monetary easing by central banks. Unless concrete and lasting steps are taken toward a peace process, a meaningful recovery in global risk appetite appears unlikely.

The impact of rising global uncertainty and tightening financial conditions is becoming more visible in the Turkish economy through leading indicators. Geopolitical developments in the Middle East are exerting pressure through higher energy costs and supply channels, pointing to a loss of momentum in manufacturing, particularly in new orders. Increased global uncertainty, weakening leading indicators, and the postponement of rate cut expectations stand out as the main factors that may keep domestic risk appetite subdued.

GLOBAL

In the US, PCI consumer prices rose by 0.9 percent month-on-month in March, in line with market expectations, marking a clear acceleration from the 0.3 percent increase recorded in February. Annual inflation climbed from 2.4 percent to 3.3 percent, coming in slightly below expectations, while record fuel prices driven by the war were seen as the main factor pushing up the headline figure. At the same time, a more moderate picture emerged on the core inflation side; annual core inflation rose to 2.6 percent, while monthly core inflation came in at 0.2 percent, below expectations. Overall, the data showed that energy-driven price pressures have strengthened, but underlying inflation dynamics remain relatively contained for now.

In the US, durable goods orders fell by 1.4 percent in February, slightly weaker than the market expectation of a 1.2 percent decline. At the same time, capital goods orders excluding defense and aircraft rose by 0.6 percent, exceeding the 0.5 percent expectation, while gains in computers, motor vehicles, metals, and machinery pointed to continued resilience in core investment demand. The weakness in the headline figure was largely driven by an approximately 29 percent monthly drop in commercial aircraft orders, supported by Boeing's order count falling from 107 to 21.

In the US, the services index fell by 2.1 points to 54.0 in March, signaling a loss of momentum in the services sector amid weaker employment and business activity. By contrast, the services prices index jumped by 7.7 points to 70.7, the highest level since October 2022, marking the sharpest monthly increase in nearly 14 years. The rise in oil prices, supply chain disruptions, and inventory accumulation linked to the conflict with Iran showed that cost pressures have increased significantly. In addition, despite strong growth in new orders, rising uncertainty in the services sector and sharp weakness in employment pointed to a more cautious economic outlook.

In the Euro Area, retail sales fell by 0.2 percent month-on-month in February, while rising by 1.7 percent year-on-year, slightly beating market expectations on an annual basis. Across the EU as a whole, retail sales declined by 0.3 percent month-on-month but increased by 1.7 percent year-on-year. A breakdown of the data showed that the sharpest monthly declines were recorded in Lithuania, Poland, and Slovenia, while the strongest increases were seen in Malta, Bulgaria, Portugal, and Southern Cyprus. The data suggested that consumer demand in the Euro Area continues to recover on an annual basis, although momentum remains weak on a monthly basis.

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In Germany, consumer prices rose by 1.1 percent in March compared to February, while economists noted that the sharp rise in energy prices was pushing inflation higher. Economist Ruth Brand emphasized that motor fuel and heating oil prices have increased sharply since the start of the Iran war. Harmonized consumer prices rose by 2.8 percent year-on-year and 1.2 percent month-on-month, in line with preliminary estimates. The 7.2 percent annual increase in energy prices in March marked the first annual rise since December 2023, indicating that energy-driven inflationary pressures have become visible again in Germany.

In China, the producer price index rose by 0.5 percent year-on-year in March, marking its first increase since September 2022 and signaling that the long-running producer deflation cycle may be coming to an end. Rising oil prices driven by the Iran war and the global energy crisis pushed factory-gate prices higher, although PPI still fell by 0.6 percent year-on-year in the first quarter as a whole. Consumer inflation, meanwhile, rose by 1.0 percent year-on-year in March, below both the 1.2 percent expectation and the 1.3 percent reading in February. Core inflation excluding food and energy rose by 1.1 percent, indicating that price pressures on the domestic demand side remain limited.

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DOMESTIC

Industrial production rose by 2.2 percent year-on-year in February, signaling a recovery after the weak performance seen in January. Looking at the subcomponents, mining and quarrying output increased by 4.1 percent year-on-year, while manufacturing output rose by 2.4 percent, whereas electricity, gas, steam, and air conditioning production declined by 2.2 percent. On a monthly basis, industrial production increased by 2.6 percent, with the 3.3 percent rise in manufacturing playing the main role in that increase. The data showed that production regained momentum in February, although weakness in the energy segment persisted.

In February, the export unit value index rose by 12.7 percent year-on-year, while the export volume index fell by 10.1 percent, pointing to weakness in external demand in volume terms. During the same period, the import unit value index rose by 5.0 percent, while the import volume index declined by 1.3 percent. On the export side, the 13.3 percent increase in manufacturing unit values stood out, while the 35.6 percent drop in fuel export volumes weighed on the overall picture. The data showed that price effects remained strong in foreign trade, but volume trends in both exports and imports were weaker.

The construction cost index rose by 1.51 percent month-on-month and 25.72 percent year-on-year in February, extending its upward trend and surpassing the highest annual increase seen over the past two years. In the same period, the 2.33 percent rise in the material index was the main driver of the monthly increase, while the labor index rose by 0.20 percent, and on an annual basis material costs increased by 23.73 percent and labor costs by 29.12 percent, showing that pressure remains particularly strong on the labor side. In addition, the fact that the monthly increase in non-building construction costs, at 2.36 percent, exceeded the 1.25 percent rise in building construction costs suggested that cost pressures are being felt more strongly in infrastructure and similar projects.

Treasury and Finance Minister Mehmet Şimşek said that the war in the Middle East has created a major shock through energy markets, but that the Turkish economy is more resilient to macroeconomic shocks than in previous periods. Şimşek stated that vulnerabilities are manageable, that Türkiye can get through this period with minimal damage, and that the country has positively decoupled in market pricing, with Borsa Istanbul outperforming emerging market indices. He emphasized that even if the ceasefire holds, the war will leave lasting effects on both the global economy and Türkiye, and said that growth expectations are being revised downward while financial conditions are becoming tighter. Şimşek also stated that geopolitical balances have changed permanently and that additional policy tools could be deployed if the shock persists.

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The CBRT closed 2025 with a loss of 1 trillion 64 billion 875 million lira, while as of December 31, 2025, its total assets stood at 12 trillion 403 billion 663 million lira and its gold holdings at 4 trillion 817 billion 61 million lira. The bank's contingency reserves were recorded at 334 million lira, while the balance sheet picture showed a similar pattern to that seen at other major central banks globally. The US Federal Reserve reported an operating loss of 18.7 billion dollars in 2025, marking its third consecutive year of losses, while the European Central Bank ended the year with a loss of 1 billion 254 million euros. As a result, the high interest rate environment and balance sheet costs continue to weigh on central bank profitability worldwide.

WEEKLY STATUS

	03.04.2026	10.04.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	15.154	16.303	7,6%	31,5%	31,9%	23,2%	32,6%
XU100*	12.936	14.074	8,8%	25,0%	14,6%	31,6%	35,6%
USDTRY	44,6	44,6	0,1%	3,9%	21,4%	20,1%	57,5%
DXY*	100,0	98,7	-1,4%	0,3%	-9,4%	7,1%	-2,1%
US-10Y*	4,3	4,3	-0,6%	3,9%	-9,3%	18,0%	0,0%
TR-10Y*	30,5	29,7	-2,5%	9,3%	-5,6%	7,6%	169,4%
TR-2Y*	37,8	39,8	5,0%	15,8%	-15,4%	2,2%	298,0%
CDS (5Y)	279,6	239,2	-14,4%	16,8%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.676,4	4.748,2	1,5%	10,0%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.683,8	6.808,3	1,9%	14,4%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	104,3	108,8	4,3%	11,0%	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
New	Industrial Production	February	2,2%	-1,8%	
	Manufacturing PMI	March	47,9	49,3	50
	Capacity Utilization Rate (seasonally adj.)	March	74,0%	74,0%	
	Import - (capital goods) (annually)	February	15,8%	9,7%	
	Service sector confidence (seasonally adj.)	February	4,7%	-1,0%	
	Import - (consumption goods) (annually)	February	-2,2%	-5,7%	
New	Credit Growth Weekly	April (Week 2)	1,5%	0,9%	
	Consumer Confidence Index	March	85,0	85,7	100
	Real sector confidence (seasonally adj.)	March	100,0	104,1	100
	Service sector confidence (seasonally adj.)	March	113,2	113,8	100
	Retail sector confidence (seasonally adj.)	March	113,6	115,9	100
	Construction sector confidence (seasonally adj.)	March	80,6	83,9	100
	Car Sales (annually)	January	12,7%	2,5%	
	House sales - total (annually)	February	30,3%	-4,7%	
	House sales - mortgage (annually)	February	42,3%	15,7%	
	CPI	March	30,9%	31,5%	
	CPI expectations (year-end)	March	25,4%	24,1%	
	Current Year Growth Expectations	March	3,8%	3,9%	
	Retail Sales Volume (annually)	January	18,8%	16,3%	
	Current Account Balance (billion USD)	January	-6,8	-7,3	
	Unemployment Rate (seasonally adj.)	February	8,5%	8,1%	
New	Dollarization	April (Week 2)	2,8 Billion (+)	2,2 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
13.04.2026	Turkey	Retail Sales
13.04.2026	Turkey	Current Account
14.04.2026	Japan	Industrial Production
14.04.2026	US	PPI
14.04.2026	China	Trade Balance
15.04.2026	Turkey	Budget Balance
15.04.2026	Euro Zone	Industrial Production
15.04.2026	US	Import and Export Price Index
16.04.2026	China	GDP
16.04.2026	China	Unemployment Rate
16.04.2026	Euro Zone	CPI
16.04.2026	US	Philadelphia Fed Manufacturing Index
16.04.2026	US	Manufacturing Production
17.04.2026	Turkey	End Year CPI Forecast
17.04.2026	Euro Zone	Trade Balance
18.04.2026	Japan	National CPI

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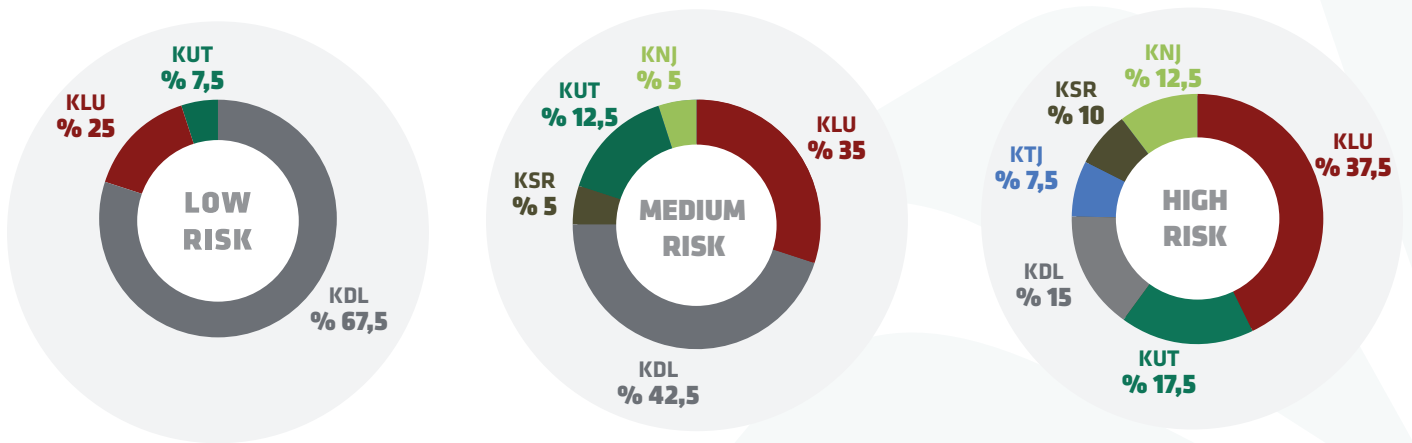
Our Fund Allocation Recommendations

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.

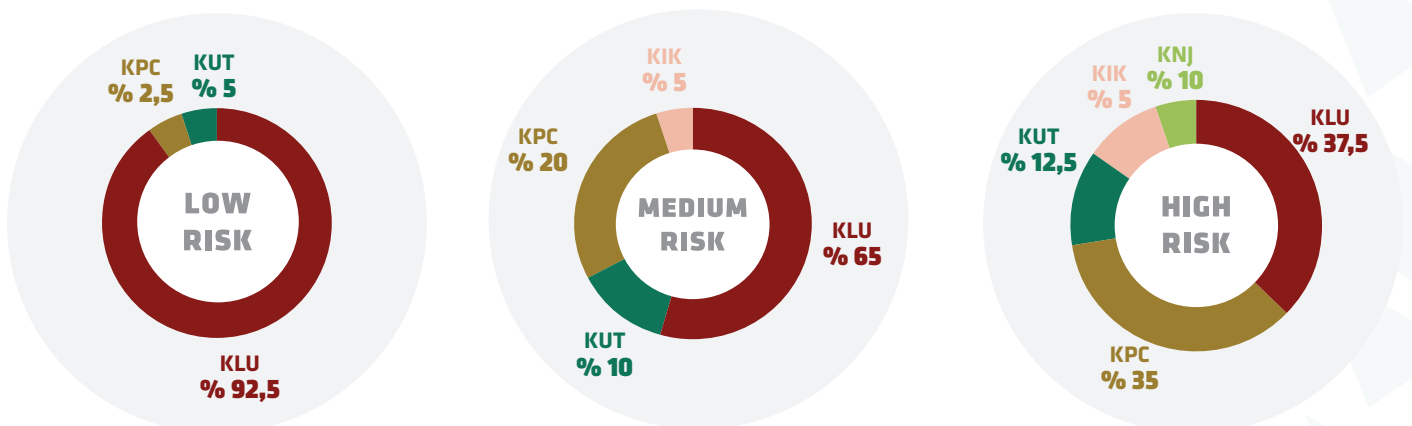
General Investment Recommendations for Those with USD as Their Base Currency

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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