



**JUNE 15, 2026**

KUVEYT TÜRK ASSET MANAGEMENT  
**PRIVATE BANKING**  
WEEKLY ECONOMIC BULLETIN



**KUVEYTTÜRK**



**PRIVATE BANKING**

## IMPROVING MARKET SENTIMENT AS GEOPOLITICAL RISKS EASE



Concrete progress in the negotiations between the United States and Iran, along with expectations that an agreement could be signed this week, is supporting global risk appetite. Unlike previous rounds of talks, the parties appear to be moving closer to an agreement on key issues, increasing the potential market impact of a deal. The agreement is expected to include the removal of the blockade in the Strait of Hormuz, while the process could also expand to cover developments in Lebanon. Negotiations on sanctions, the nuclear program, and economic relations are expected to continue over the next 60 days. Expectations that the Strait of Hormuz will reopen have contributed to a decline in Brent crude oil prices, while easing concerns over energy supply are also reducing pressure on global inflation expectations. However, for the current optimism to become more durable, the sustainability of the agreement process and the parties' commitment to their obligations will be critical.

Domestically, the CBRT's Monetary Policy Committee (MPC) kept the policy rate unchanged, maintaining its tight monetary policy stance. In its statement, the Bank noted that while inflation increased in April due to higher energy prices, the underlying trend of inflation moderated in May. The CBRT also emphasized that the effects of geopolitical developments on the inflation outlook are being closely monitored. Following the progress in U.S.–Iran negotiations, we believe that a continued decline in oil prices could reduce upside risks to the inflation outlook and ease pressure on monetary policy.

## GLOBAL

**In the US, consumer inflation rose by 0.5 percent month on month and 4.2 percent year on year in May, reaching its highest level since April 2023 and coming in line with market expectations.** Core inflation slowed to 0.2 percent on a monthly basis, coming in below expectations, while rising to 2.9 percent on an annual basis, indicating that underlying price pressures remained in place. The data showed that the conflict in the Middle East continued to push headline inflation higher through gasoline and other energy-related items. Economists note that increases in energy, fertilizer, and transportation costs may keep price pressures alive in the coming period and could lead the Fed to reconsider the option of further rate hikes.

**In the US, the producer price index rose by 1.1 percent month on month and 6.5 percent year on year in May, exceeding expectations and marking the highest annual increase since November 2022.** Core PPI rose by 0.4 percent on a monthly basis and 4.9 percent on an annual basis, presenting a more moderate picture compared with the headline figure. The 10.7 percent rise in energy prices was the main driver of the release, with higher gasoline and broader energy costs signaling a sharp intensification of cost pressures on the producer side. Combined with the recent acceleration in consumer inflation, this picture strengthens the likelihood that the Fed may maintain its tight stance rather than move toward rate cuts, and may even reconsider additional tightening.

**In the US, the trade deficit narrowed by 1.2 percent in April from the previous month to around 55 billion 900 million dollar, coming in slightly below market expectations.** Exports increased by 2.6 percent, led by crude oil and other petroleum products, while imports rose by 2 percent on the back of computers and semiconductors. Rising oil prices caused by the Iran war and disruptions in the Strait of Hormuz supported US energy exports and helped improve the external balance. Although the goods trade deficit with China narrowed to 12 billion dollar, continued capital goods imports linked to data center investments pointed to a new balancing trend in trade driven by technology and energy.

**In the Euro Area, the European Central Bank raised all policy rates by 25 basis points at its June meeting, lifting the deposit rate to 2.25 percent, the main refinancing rate to 2.40 percent, and the marginal lending facility rate to 2.65 percent.** In its statement, the ECB stressed that the war-driven energy shock has increased upside risks to inflation and downside risks to growth, while raising its 2026 inflation forecast from 2.6 percent to 3.0 percent. By contrast, it revised its 2026 growth expectation down from 0.9 percent to 0.8 percent and its 2027 forecast from 1.3 percent to 1.2 percent. Lagarde said the rate hike was a response to a major energy shock and emphasized that the ECB stands ready to use all tools if inflation shows a lasting deterioration.

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**In Germany, industrial production rose by 0.4 percent month on month in April, in line with expectations, while the March figure was revised upward from a 0.7 percent contraction to a limited 0.1 percent decline.** Over the same period, exports rose by 0.9 percent on a monthly basis and imports increased by 1.2 percent, pointing to a short-term recovery in foreign trade. However, weakness in factory orders, especially in the automotive and electrical equipment sectors, indicated that an underlying fragile picture in the economy remains in place. Despite first-quarter growth of 0.3 percent, the conflict in the Middle East, the ECB's rate hike, and trade tensions with the US continue to weigh on Germany's growth outlook.

**In China, the producer price index rose by 3.9 percent year on year in May, reaching its highest level since July 2022 and coming in slightly above expectations.** Higher energy and raw material costs due to the Iran war, along with stronger demand for technology equipment linked to artificial intelligence investments, were the main drivers of the increase in wholesale prices. By contrast, the consumer price index rose by 1.2 percent year on year, below the 1.3 percent expectation, while prices fell by 0.1 percent on a monthly basis. The data showed that cost pressures have strengthened significantly on the producer side in China, but weak domestic demand has limited the pass-through to consumer prices.

## DOMESTIC

**At its June meeting, the CBRT kept the policy rate unchanged at 37 percent, in line with market expectations, while leaving the overnight lending rate at 40 percent and the overnight borrowing rate at 35.5 percent.** In its statement, the bank noted that the underlying trend of inflation, which had risen in April, eased somewhat in May, but stressed that energy prices remain volatile and elevated due to geopolitical developments. The bank also stated that first-quarter data point to a continued slowdown in economic activity and that leading indicators suggest domestic demand remains weak, while closely monitoring the effects of geopolitical developments on the inflation outlook. The CBRT reiterated that monetary policy decisions will continue to be taken on a meeting-by-meeting and prudent basis, and that additional tightening may be implemented if there is a lasting deterioration in the inflation outlook.

**The June Survey of Market Participants showed that the year-end inflation expectation rose from 28.94 percent to 29.14 percent, while the 12-month ahead inflation expectation edged down slightly to 23.81 percent.** The June CPI expectation fell to 1.36 percent, while the 2026 growth forecast declined from 3.3 percent to 3.2 percent and the 2027 forecast remained unchanged at 4.1 percent. The year-end dollar/TL forecast declined from 51.57 to 51.47, while the 12-month ahead exchange rate expectation increased to 55.72. The rise in current account deficit expectations and the expectation that the policy rate will remain at 37.0 percent over the next two meetings indicate that the market continues to maintain a cautious stance on inflation and the external balance.

**The current account posted a deficit of 5 billion 700 million dollar in April, slightly above the market expectation of 5 billion 500 million dollar.** Although the current account excluding gold and energy recorded a surplus of 319 million dollar, the balance of payments-defined foreign trade deficit of 6 billion 800 million dollar indicated that pressure on the external balance persisted. The 12-month cumulative current account deficit declined for the first time since September 2025 to around 37 billion dollar, while the services balance continued to support the overall picture with a surplus of 62 billion 800 million dollar. On the financing side, net portfolio flows and loans made a positive contribution, but a 15 billion 500 million dollar decline in the Central Bank's reserves and continued outflows in net errors and omissions showed that fragility remains.

**The ISO Türkiye Manufacturing Export Climate Index rose from 50.2 to 50.3 in May, signaling that conditions in export markets continued to improve modestly.** On the European side, contractions in output in Germany, France, and the United Kingdom highlighted weakness for Turkish exports, while these three markets continued to account for a significant share of total exports. By contrast, post-war recovery signals strengthened in the Middle East, with production increases standing out in the United Arab Emirates and Saudi Arabia. The data showed that the overall export climate remained mildly positive, but geopolitical risks and weakness in Europe continue to weigh on the external demand outlook.

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**According to OSD data, total automotive production in the first five months of the year declined by 10 percent to 538 thousand 718 units, while automobile production fell by 20 percent to 301 thousand 367 units.** Over the same period, automotive exports declined by 15 percent in volume terms to 373 thousand 825 units, while the value of total automotive exports increased by 2 percent to 16.6 billion dollar. In the domestic market, the total market contracted by 8 percent and the passenger car market by 10 percent, while the share of locally produced vehicles in passenger car sales stood at 35 percent. The data showed that despite weakness in production and export volumes, the sector managed to preserve its export performance in value terms, while contraction in the domestic market continued.

## WEEKLY STATUS

|                   | 05.06.2026 | 12.06.2026 | Weekly Change | Change in 2025 | Change in 2024 | Change in 2023 | Change in 2022 |
|-------------------|------------|------------|---------------|----------------|----------------|----------------|----------------|
| XK050*            | 16.842     | 16.755     | -0,5%         | 35,2%          | 31,9%          | 23,2%          | 32,6%          |
| XU100*            | 13.694     | 13.938     | 1,8%          | 23,8%          | 14,6%          | 31,6%          | 35,6%          |
| USDTRY            | 46,0       | 46,3       | 0,5%          | 7,7%           | 21,4%          | 20,1%          | 57,5%          |
| DXY*              | 100,1      | 99,8       | -0,3%         | 1,5%           | -9,4%          | 7,1%           | -2,1%          |
| US-10Y*           | 4,5        | 4,5        | -1,1%         | 8,0%           | -9,3%          | 18,0%          | 0,0%           |
| TR-10Y*           | 32,1       | 31,4       | -2,2%         | 15,5%          | -5,6%          | 7,6%           | 169,4%         |
| TR-2Y*            | 39,7       | 39,2       | -1,3%         | 14,3%          | -15,4%         | 2,2%           | 298,0%         |
| CDS (5Y)          | 238,7      | 239,5      | 0,4%          | 16,9%          | -21,1%         | -6,6%          | -45,2%         |
| GOLD (OUNCE/USD)  | 4.329,3    | 4.219,3    | -2,5%         | -2,2%          | 64,5%          | 27,2%          | 13,1%          |
| GOLD (GRAM/TRY)   | 6.407,5    | 6.273,7    | -2,1%         | 5,4%           | 99,4%          | 52,1%          | 78,9%          |
| SILVER (GRAM/TRY) | 100,4      | 101,2      | 0,8%          | 3,2%           | 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                            | March          | -1,1%           | 2,2%            |                 |
| Manufacturing PMI                                | May            | 49,8            | 45,7            | 50              |
| Capacity Utilization Rate (seasonally adj.)      | May            | 74,1%           | 74,0%           |                 |
| Import - (capital goods) (annually)              | April          | 1,6%            | 7,8%            |                 |
| Service sector confidence (seasonally adj.)      | April          | 5,6%            | 11,2%           |                 |
| Import - (consumption goods) (annually)          | April          | -6,8%           | -5,3%           |                 |
| Credit Growth Weekly                             | April (Week 1) | 0,5%            | 0,5%            |                 |
| Consumer Confidence Index                        | May            | 85,8            | 85,5            | 100             |
| Real sector confidence (seasonally adj.)         | May            | 101             | 98,6            | 100             |
| Service sector confidence (seasonally adj.)      | May            | 109,0           | 109,7           | 100             |
| Retail sector confidence (seasonally adj.)       | May            | 112,5           | 111,6           | 100             |
| Construction sector confidence (seasonally adj.) | May            | 82,1            | 83,6            | 100             |
| Car Sales (annually)                             | May            | -22,6%          | -1,0%           |                 |
| House sales - total (annually)                   | April          | 2,6%            | -2,1%           |                 |
| House sales - mortgage (annually)                | April          | 40,5%           | 35,9%           |                 |
| CPI  | April          | 32,6%           | 32,4%           |                 |
| CPI expectations (year-end)                      | April          | 29,1%           | 28,9%           |                 |
| Current Year Growth Expectations                 | April          | 3,2%            | 3,3%            |                 |
| Retail Sales Volume (annually)                   | March          | 21,2%           | 15,6%           |                 |
| Current Account Balance (billion USD)            | April          | -5,7            | -9,7            |                 |
| Unemployment Rate (seasonally adj.)              | April          | 8,2%            | 8,1%            |                 |
| Dollarization                                    | April (Week 1) | 1,7 Billion (-) | 1,5 Billion (+) |                 |

New

New

New

New

New

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            |
|------------|-----------|---------------------------------|
| 15.06.2026 | Turkey    | Industrial Production           |
| 15.06.2026 | Turkey    | Budget Balance                  |
| 15.06.2026 | Euro Zone | Industrial Production           |
| 15.06.2026 | Euro Zone | Trade Balance                   |
| 15.06.2026 | US        | Industrial Production           |
| 15.06.2026 | US        | Capacity Utilization Rate       |
| 16.06.2026 | China     | Unemployment Rate               |
| 16.06.2026 | China     | Industrial Production           |
| 16.06.2026 | Turkey    | Retail Sales                    |
| 17.06.2026 | Japan     | Trade Balance                   |
| 17.06.2026 | Euro Zone | CPI                             |
| 17.06.2026 | US        | Retail Sales                    |
| 17.06.2026 | US        | Interest Rate Decision          |
| 18.06.2026 | Turkey    | Monetary Policy Meeting Minutes |
| 18.06.2026 | US        | FED's Balance Sheet             |
| 19.06.2026 | Japan     | National CPI                    |
| 19.06.2026 | Turkey    | Capacity Utilization Rate       |
| 19.06.2026 | Turkey    | Manufacturing Confidence        |

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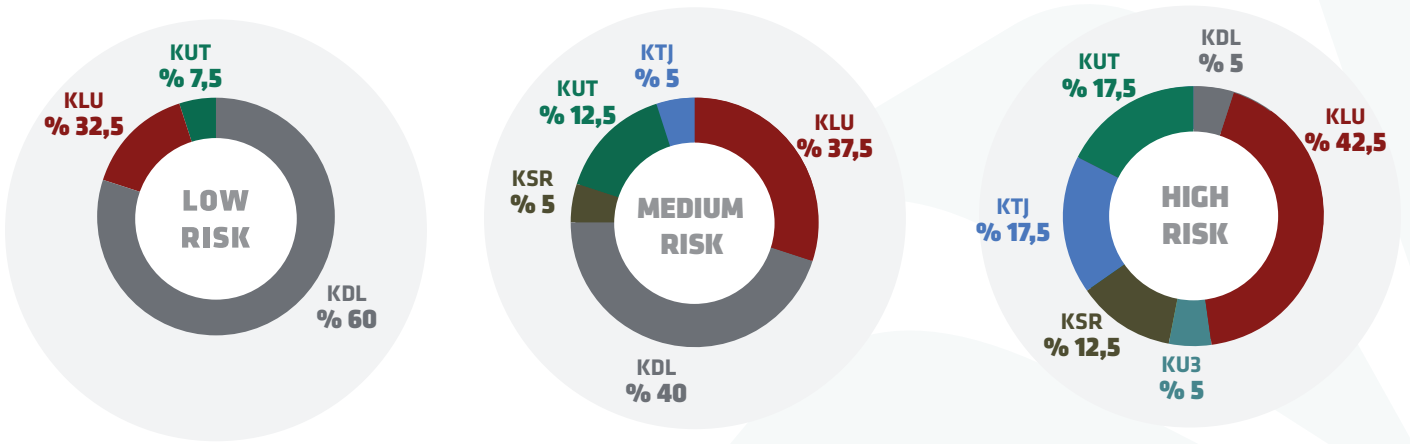
## Our Fund Allocation Recommendations

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.

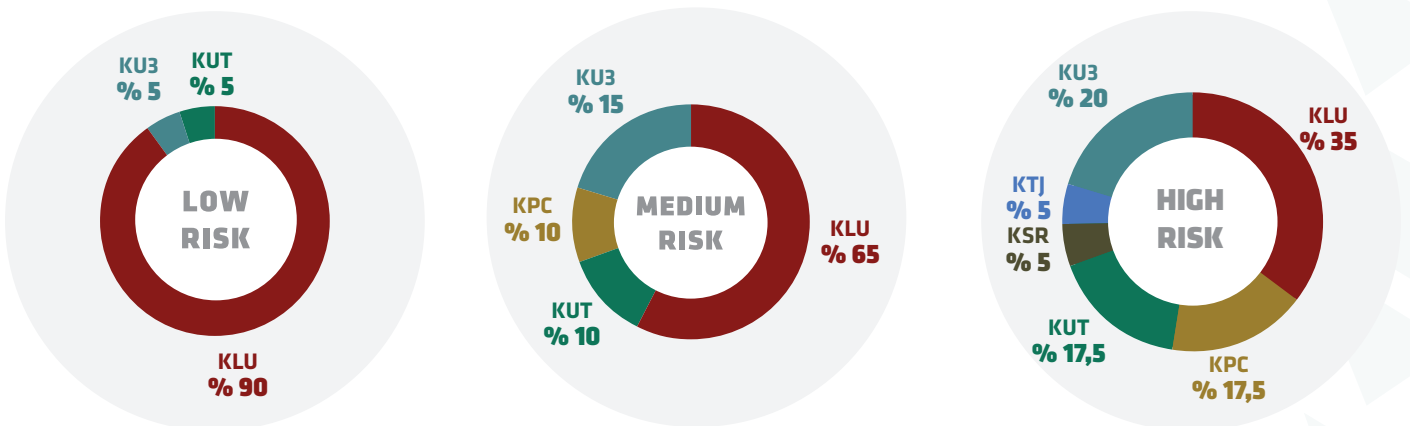
### General Investment Recommendations for Those with USD as Their Base Currency

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.*

**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":

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