



**MARCH 16, 2026**

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



**KUVEYTTÜRK**



**PRIVATE BANKING**

## GEOPOLITICAL RISKS AND RISING ENERGY PRICES SHAPE MONETARY POLICY EXPECTATIONS



Concerns that the ongoing conflict in the Middle East may not end in the near term, along with Iran's announcement that it will keep the Strait of Hormuz closed, continue to weigh on global risk appetite. A sharp rise in oil prices could significantly worsen the global inflation outlook and pose downside risks to economic activity. Markets are also closely watching the Fed's monetary policy meeting scheduled for this week. As rising energy prices increase upside risks to inflation, expectations for Fed rate cuts have weakened. Market pricing for the year has shifted from two rate cuts to one, with no rate cut currently expected in the first half of the year.

Amid heightened geopolitical uncertainty, weaker global risk appetite, and rising energy prices, the CBRT has continued to maintain its tight monetary policy stance. At the Monetary Policy Committee meeting held on March 12, the policy rate was kept unchanged in line with expectations. At the April meeting, the CBRT is expected to closely monitor global developments and the inflation outlook before shaping its next policy decision.

## GLOBAL

**In the United States, the economy grew by 0.7 percent on an annualized basis in the fourth quarter of 2025, remaining below the previous advance estimate of 1.4 percent.** Overall growth for the year was recorded at 2.1 percent, which was lower than the 2.8 percent performance in 2024. In the final quarter, consumer spending and investments contributed positively to growth, while declines in government spending and exports limited expansion. During the same period, the core Personal Consumption Expenditures (PCE) inflation, closely monitored by the Federal Reserve, eased to 2.7 percent, while headline PCE inflation was recorded at 2.9 percent.

**In February, consumer prices in the United States increased by 0.3 percent on a monthly basis and 2.4 percent on an annual basis, in line with market expectations.** During the same period, core inflation, which excludes food and energy prices, rose by 0.2 percent monthly and 2.5 percent annually, fully matching market forecasts and preventing unexpected volatility in financial markets. As a result, market attention shifted toward the Federal Reserve's upcoming monetary policy path.

**In the Euro Area, the Investor Confidence Index fell by 7.3 points in March compared to the previous month, declining to minus 3.1.** During the same period, the expectations index dropped from 15.8 to 3.5, while the current situation index fell from minus 6.8 to minus 9.5, increasing pessimism regarding the economic outlook. The institution noted that geopolitical tensions originating from Iran and uncertainty in energy markets played a role in the loss of confidence. Investor confidence in Germany and the United States also declined, highlighting concerns about global demand.

**In Germany, consumer prices declined by 0.2 percent annually in February to 1.9 percent, supported by falling energy prices and slower increases in food prices.** During the same period, the EU-harmonized consumer price index rose by 0.4 percent monthly and reached 2.0 percent on an annual basis. Core inflation, calculated by excluding energy and food, was recorded at 2.5 percent annually. However, a 3.8 percent increase in service prices continued to exert upward pressure on inflation. Analysts note that geopolitical tensions in the Middle East and rising energy prices may cause inflation to accelerate again in March.

**In Germany, industrial production declined by 0.5 percent monthly and 1.2 percent annually in January, indicating a weak start to the year.** During the same period, factory orders dropped by 11.1 percent on a monthly basis, significantly exceeding expectations and marking the sharpest decline in the last two years. Analysts state that weak domestic and external demand along with high energy costs are increasing pressure on German industry. It is also assessed that geopolitical tensions in the Middle East and rising energy prices could further challenge Germany's export-oriented growth model in the coming period.

**China reacted to the proposed 14 billion dollar arms sale to Taiwan, which came to the agenda ahead of United States President Donald Trump's visit to Beijing, and called on Washington to halt the sales.** The Chinese Ministry of Foreign Affairs emphasized that arms sales to Taiwan threaten China-United States relations as well as peace and stability in the Taiwan Strait. During the planned summit between Trump and Chinese President Xi Jinping, critical issues such as tariffs, fentanyl trade, and Taiwan are expected to be discussed. According to reports in the United States media, the proposed 14 billion dollar package, which may be presented for Trump's approval, could include advanced missile defense systems and become one of the largest arms packages for Taiwan. Beijing continues to stress that Taiwan is an inseparable part of China and strongly opposes such sales.

3 | 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.

## DOMESTIC

**The Central Bank of the Republic of Türkiye kept its policy rate unchanged at 37.0 percent during its March meeting.** The Bank maintained the overnight lending rate at 40.0 percent and the overnight borrowing rate at 35.50 percent. In the decision statement, it was noted that the underlying trend of inflation remained flat in February, while attention was drawn to the possible effects of geopolitical developments in the Middle East on the inflation outlook. The Central Bank emphasized that the tight monetary policy stance will be maintained in line with the price stability objective. The Board also stated that monetary policy could be tightened further if a significant and persistent deterioration in the inflation outlook occurs.

**Türkiye's current account balance recorded a deficit of 6 billion 800 million dollar in January 2026.** Excluding gold and energy, the current account deficit stood at 1 billion 200 million dollar, while the foreign trade deficit was recorded at 6 billion 970 million dollar. The services balance posted a surplus of 2 billion 640 million dollar, with tourism and transportation revenues playing a key role. In the financial account, portfolio investments stood out with a strong inflow of 8 billion 400 million dollar. During the same period, official reserves increased by approximately 12 billion dollar, while the twelve-month cumulative current account deficit was recorded at 32 billion 900 million dollar.

**The total turnover index increased by 35.8 percent on an annual basis in January 2026.** Among sub-sectors, the trade turnover index recorded the highest increase with 39.4 percent, followed by services with 33.8 percent, construction with 34.0 percent, and industry with 30.0 percent. On a monthly basis, the total turnover index rose by 2.6 percent. During this period, the construction sector turnover index increased by 4.4 percent, trade by 3.6 percent, and services by 2.1 percent, while the industry sector recorded an increase of 0.3 percent. The data indicate that trade and services sectors continue to play a decisive role in turnover growth within economic activity.

**The trade sales volume increased by 7.6 percent annually in January 2026.** During the same period, the trade of motor vehicles and motorcycles increased by 13.6 percent, while retail trade sales volume rose by 18.8 percent and wholesale trade sales volume increased by 1.5 percent. On a monthly basis, trade sales volume increased by 0.1 percent. During this period, motor vehicle trade rose by 3.4 percent and retail trade by 2.4 percent, while wholesale trade sales volume declined by 1.6 percent. The data indicate that retail and automotive trade were particularly influential in the increase in sales volume during January.

**Industrial production declined by 1.8 percent annually in January, marking a weak start to the year.** During the same period, the mining and quarrying sector contracted by 2.8 percent and the manufacturing sector by 2.5 percent, while electricity, gas, and steam production increased by 5.6 percent. On a monthly basis, industrial production decreased by 2.8 percent. During this period, manufacturing production declined by 3.4 percent, while mining increased by 2.1 percent and energy production rose by 1.8 percent. The data indicate that weakness in manufacturing was the main factor behind the decline in overall industrial production.

**According to the March Survey of Market Participants, the year-end consumer inflation expectation for 2026 increased from 24.11 percent to 25.38 percent.** In the same survey, the twelve-month ahead inflation expectation rose to 22.17 percent, while the twenty-four-month expectation reached 17.30 percent. Participants' twelve-month ahead dollar-TL exchange rate expectation increased from 52.39 to 52.70. Meanwhile, the 2026 growth expectation declined slightly from 3.9 percent to 3.8 percent.

## WEEKLY STATUS

	06.03.2026	13.03.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	14.608	15.010	2,8%	21,1%	31,9%	23,2%	32,6%
XU100*	12.793	13.093	2,3%	16,3%	14,6%	31,6%	35,6%
USDTRY	44,1	44,2	0,3%	2,9%	21,4%	20,1%	57,5%
DXY*	99,0	100,4	1,4%	2,1%	-9,4%	7,1%	-2,1%
US-10Y*	4,1	4,3	3,6%	3,0%	-9,3%	18,0%	0,0%
TR-10Y*	29,1	30,5	4,8%	12,4%	-5,6%	7,6%	169,4%
TR-2Y*	35,5	36,8	3,6%	7,3%	-15,4%	2,2%	298,0%
CDS (5Y)	238,7	260,8	9,2%	27,3%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	5.171,1	5.019,3	-2,9%	16,3%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	7.327,8	7.134,8	-2,6%	19,9%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	119,7	114,5	-4,3%	16,8%	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

## LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	January	-1,8%	-2,1%	
	Manufacturing PMI	February	49,3	48,1	50
	Capacity Utilization Rate (seasonally adj.)	February	74,0%	74,4%	
	Import - (capital goods) (annually)	January	9,7%	38,7%	
	Service sector confidence (seasonally adj.)	January	-1,0%	5,6%	
	Import - (consumption goods) (annually)	January	-5,7%	6,7%	
New	Credit Growth Weekly	March (Week 2)	0,1%	0,9%	
	Consumer Confidence Index	February	85,7	83,7	100
	Real sector confidence (seasonally adj.)	February	104,1	103,0	100
	Service sector confidence (seasonally adj.)	February	113,8	113,8	100
	Retail sector confidence (seasonally adj.)	February	115,9	112,6	100
	Construction sector confidence (seasonally adj.)	February	83,9	85,7	100
New	Car Sales (annually)	January	9,8%	10,5%	
	House sales - total (annually)	February	30,3%	-4,7%	
New	House sales - mortgage (annually)	February	42,3%	15,7%	
New	CPI	February	31,5%	30,7%	
	CPI expectations (year-end)	March	25,4%	24,1%	
New	Current Year Growth Expectations	March	3,8%	3,9%	
New	Retail Sales Volume (annually)	December	18,8%	16,3%	
New	Current Account Balance (billion USD)	January	-6,8	-7,3	
New	Unemployment Rate (seasonally adj.)	January	8,1%	7,7%	
	Dollarization	March (Week 2)	0,2 Billion (+)	2,1 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
16.03.2026	China	Industrial Production
16.03.2026	Turkey	Budget Balance
16.03.2026	US	Industrial Production
16.03.2026	US	Capacity Utilization Rate
18.03.2026	Euro Zone	CPI
18.03.2026	Turkey	Monetary Policy Meeting Minutes
18.03.2026	US	PPI
18.03.2026	US	Factory Orders
18.03.2026	US	Interest Rate Decision
19.03.2026	Japan	Interest Rate Decision
19.03.2026	Euro Zone	Interest Rate Decision
19.03.2026	US	Philadelphia Fed Manufacturing Index
20.03.2026	Euro Zone	Current Account

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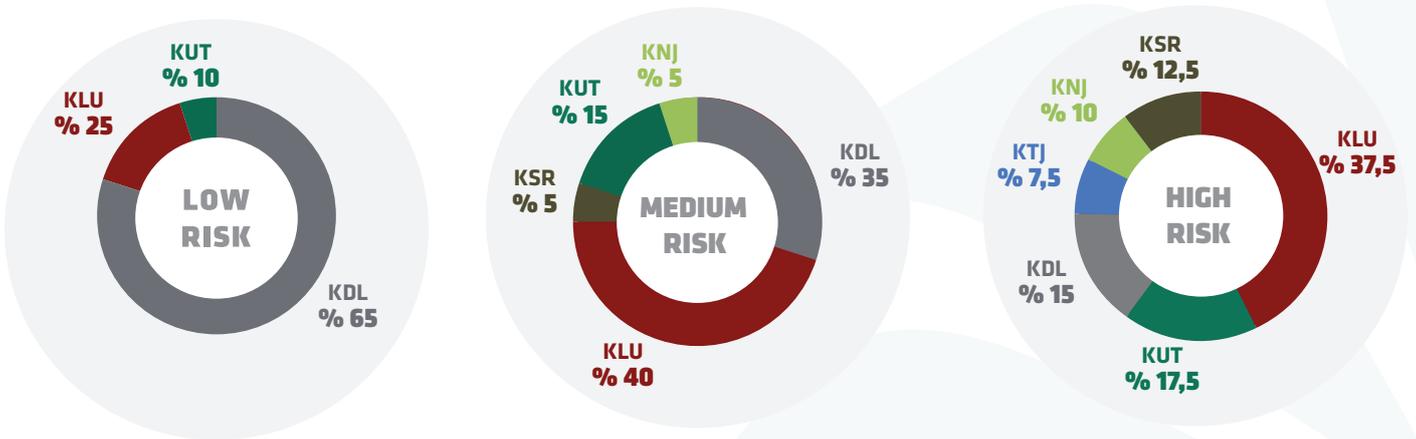
## Our Fund Allocation Recommendations

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.

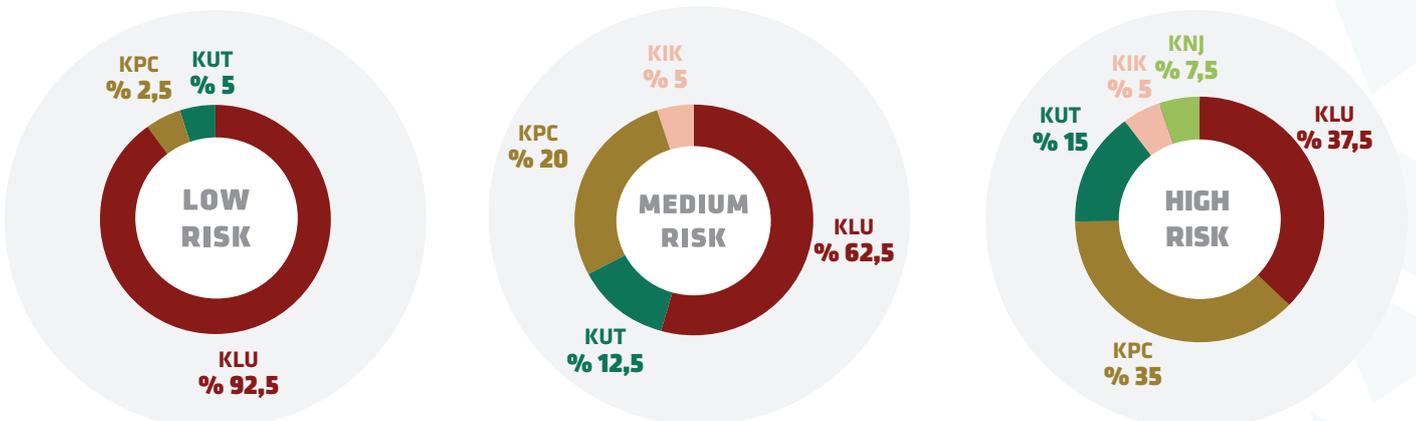
### General Investment Recommendations for Those with USD as Their Base Currency

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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