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KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN



KUVEYTTÜRK



PRIVATE BANKING

RISK APPETITE WAVERS UNDER THE SHADOW OF A CEASEFIRE



Developments in the Middle East continue to play a decisive role in shaping global risk appetite. On Friday, the announcement of a 10-day ceasefire between Lebanon and Israel, along with Iran's statement that it would allow commercial vessels to pass through the Strait of Hormuz, brought relief to global markets. Following these developments, Brent crude oil prices declined, while risk appetite improved in equity markets and gold.

However, events over the weekend suggest that this optimism may not be lasting. Reports that Iran has once again closed the Strait of Hormuz and intervened against vessels that fail to comply with transit rules—amid the continuation of the U.S. blockade—indicate a renewed rise in geopolitical risks. Ongoing talks between the United States and Iran on Monday, as well as the final decision expected to be announced on Wednesday, are likely to be key determinants of global risk appetite.

Although there was no significant increase in foreign currency demand from domestic investors during March—when geopolitical risks were elevated—foreign investor outflows led to a decline in reserves. However, as of the week of April 10, this trend appears to have reversed. During that week, there were inflows of \$430.3 million into equities and \$712.7 million into government domestic debt securities, alongside approximately \$6.5 billion in swap inflows (carry trade). These developments suggest that, with the easing of geopolitical risks, foreign investor interest in Turkish lira-denominated assets has begun to recover. Additionally, there has been a noticeable increase in demand for short-term TL investment funds. The sustainability of this positive outlook will depend critically on whether geopolitical risks escalate again.

GLOBAL

U.S. President Donald Trump said that the United States had opened fire on the Iranian-flagged cargo ship *Touska* after it attempted to breach the U.S. naval blockade and failed to comply with warnings issued by the guided-missile destroyer *USS Spruance* in the Gulf of Oman. Trump stated that the vessel was disabled after its engine room was hit and that it is now under the supervision of the U.S. Marines. He also argued that *Touska* had previously been subject to U.S. Treasury sanctions due to illegal activities and said that an inspection had been launched aboard the ship. The development pointed to a further escalation in U.S.-Iran tensions, with implications for maritime traffic and regional security.

In the U.S., the producer price index rose by 0.5 percent month-on-month in March, coming in below the market expectation of 1.1 percent and pointing to a more moderate producer inflation backdrop than anticipated during a period shaped by war-related pressures. Although annual producer inflation accelerated from 3.4 percent to 4.0 percent, it still came in below the 4.6 percent consensus forecast. Core producer prices increased by 0.2 percent on a monthly basis, while annual core producer inflation stood at 3.6 percent, also avoiding an upside surprise. Overall, the data suggested that cost pass-through on the producer side remained limited despite energy and geopolitical pressures.

The Fed's April Beige Book report showed that economic activity in the U.S. increased at a slight to moderate pace across most districts, though the war in the Middle East generated uncertainty around hiring, pricing, and investment decisions. Energy and fuel costs were reported to have risen sharply across all 12 Fed districts, while firms were described as becoming more cautious under the current environment. The report also highlighted weakness in the housing market due to mortgage rates and uncertainty, while consumers were becoming more price-sensitive and signs of financial strain were intensifying. Against this backdrop, markets expect the Fed to leave policy rates unchanged at its April 28-29 meeting.

In the Euro Area, annual inflation for March was revised up from 2.5 percent to 2.6 percent, while monthly inflation was revised from 1.2 percent to 1.3 percent, indicating that the impact of rising energy costs on prices was stronger than previously expected. After standing at 1.9 percent in February, annual inflation accelerated markedly in March, rising above the ECB's 2.0 percent target for the first time this year. During the same period, core inflation came in at 2.3 percent, while services inflation stood at 3.2 percent, and markets are now pricing in two rate hikes for 2026. Even so, ECB members appear more inclined to keep rates unchanged at the April 29-30 meeting, although the current outlook seems to be evolving somewhere between the baseline scenario and a more adverse inflation path.

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China's economy grew by 5.0 percent year-on-year in the first quarter of 2026, exceeding both the previous quarter's 4.5 percent performance and the market expectation of 4.8 percent. Strong export performance was the main driver of growth, although weak domestic demand and the energy shock stemming from the Iran war increased risks for the period ahead. Beijing's decision to revise this year's growth target down to the 4.5 percent-5.0 percent range pointed to ongoing weakness in domestic demand and growing uncertainty on the external front. Meanwhile, fixed asset investment rose by only 1.7 percent in the first quarter, below expectations, while real estate investment contracted by 11.2 percent, showing that fragilities in the composition of growth remain in place.

China's exports rose by 2.5 percent year-on-year in March, marking the weakest growth in the past six months and falling well short of the market expectation of 8.6 percent. Supply chain disruptions caused by the conflict in the Middle East, together with higher energy and commodity costs, weighed on trade momentum. Shipments to the U.S. declined by 26.5 percent year-on-year, while imports surged by 27.8 percent, marking the strongest increase since November 2021. The data pointed to signs of slowing external demand, while domestic demand and cost pressures appeared to be supporting imports.

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DOMESTIC

The April Market Participants Survey showed a continued deterioration in inflation expectations; year-end CPI expectations rose from 25.38 percent to 27.53 percent, while 12-month ahead inflation expectations increased to 23.39 percent. The policy rate expectation for the April meeting rose to 37.75 percent, while the year-end USD/TRY forecast increased to 51.23 and the 12-month ahead exchange rate expectation climbed to 53.62. By contrast, growth expectations were revised downward, with the 2026 growth forecast cut to 3.5 percent and the 2027 forecast lowered to 4.1 percent. Overall, the survey suggested that the market expects a more cautious outlook on inflation and the exchange rate, alongside a weaker growth trajectory.

According to CBRT data, the current account deficit widened to 7.501 billion dollar in February, marking the highest level in the past 10 months, while the current account balance excluding gold and energy also posted a deficit of 1.462 billion dollar. The rolling 12-month current account deficit reached 35.4 billion dollar, while the services balance continued to support the external balance with a surplus of 62.6 billion dollar. On the financing side, February saw a net portfolio inflow of 780 million dollar, indicating continued foreign interest in equities and government domestic debt securities. However, the net decline of 10.63 billion dollar in official reserves suggested that a cautious view on the quality of current account financing remains warranted.

Trade sales volume increased by 4.0 percent year-on-year in February, driven mainly by the strong 15.6 percent rise in retail trade sales volume. In the same period, sales volume in motor vehicles and motorcycles trade and repair declined by 1.5 percent, while wholesale trade sales volume edged down by 0.1 percent. On a monthly basis, total trade sales volume fell by 0.6 percent, while retail sales volume declined by 0.2 percent. The data showed that consumer demand remained resilient on an annual basis, although trade activity lost momentum on a monthly basis.

Housing prices rose by 26.4 percent year-on-year and 2.0 percent month-on-month in March; however, with consumer inflation at 30.87 percent, the series of annual real declines in housing prices continued. In this context, the annual real change stood at negative 3.4 percent in March, indicating that house price increases remained below inflation. Among the three largest cities, Ankara recorded the strongest annual price increase at 30.4 percent, followed by Istanbul at 27.8 percent and Izmir at 24.3 percent. In contrast, the new tenant rent index increased by 34.4 percent year-on-year, translating into a real increase of 2.7 percent, indicating that pricing pressure in the rental market remained stronger than in the housing sales market.

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In the IMF's April 2026 World Economic Outlook report, Turkey's 2026 growth forecast was revised down to 3.4 percent due to rising energy prices and weak domestic demand, while 2027 growth was projected at 3.5 percent. The report projected inflation in Turkey at 34.9 percent in 2025, 28.6 percent in 2026, and 21.4 percent in 2027, while the current account deficit was expected to remain elevated as a share of GDP over the next two years. The IMF also lowered its 2026 global growth forecast from 3.3 percent to 3.1 percent due to disruptions caused by the conflict in the Middle East and revised its global inflation outlook upward. Growth forecasts for the U.S., the Euro Area, Germany, France, and the UK were also revised downward, while the report emphasized that downside risks remain dominant and that global growth could slow to around 2 percent if energy prices rise persistently.

WEEKLY STATUS

	10.04.2026	17.04.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.303	16.828	3,2%	35,8%	31,9%	23,2%	32,6%
XU100*	14.074	14.588	3,7%	29,5%	14,6%	31,6%	35,6%
USDTRY	44,6	44,9	0,5%	4,4%	21,4%	20,1%	57,5%
DXY*	98,7	98,1	-0,6%	-0,2%	-9,4%	7,1%	-2,1%
US-10Y*	4,3	4,2	-1,7%	2,2%	-9,3%	18,0%	0,0%
TR-10Y*	29,7	29,7	-0,1%	9,2%	-5,6%	7,6%	169,4%
TR-2Y*	39,8	36,2	-9,0%	5,4%	-15,4%	2,2%	298,0%
CDS (5Y)	239,2	236,9	-0,9%	15,7%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.748,2	4.830,4	1,7%	11,9%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.808,3	6.968,1	2,3%	17,1%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	108,8	116,5	7,1%	18,8%	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
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%	
Credit Growth Weekly	April (Week 3)	0,9%	1,5%	
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)	March	12,7%	2,5%	
House sales - total (annually)	March	-2,1%	5,9%	
House sales - mortgage (annually)	March	35,9%	42,3%	
CPI	March	30,9%	31,5%	
CPI expectations (year-end)	April	27,5%	25,4%	
Current Year Growth Expectations	April	3,5%	3,8%	
Retail Sales Volume (annually)	February	15,6%	18,8%	
Current Account Balance (billion USD)	February	-7,5	-6,8	
Unemployment Rate (seasonally adj.)	February	8,5%	8,1%	
Dollarization	April (Week 3)	0,9 Billion (-)	2,8 Billion (+)	

New

New

New

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
20.04.2026	Germany	PPI
20.04.2026	Turkey	Central Government Debt Stock
21.04.2026	Turkey	Capacity Utilization Rate
21.04.2026	Turkey	Manufacturing Confidence
21.04.2026	Euro Zone	Economic Sentiment
21.04.2026	US	Retail Sales
21.04.2026	US	Preliminary Atlanta FED GDPNow (Q1)
22.04.2026	Japan	Trade Balance
22.04.2026	Turkey	Consumer Confidence
22.04.2026	Turkey	CBRT Interest Rate Decision
24.04.2026	Japan	National CPI
24.04.2026	US	Michigan Consumer Expectations

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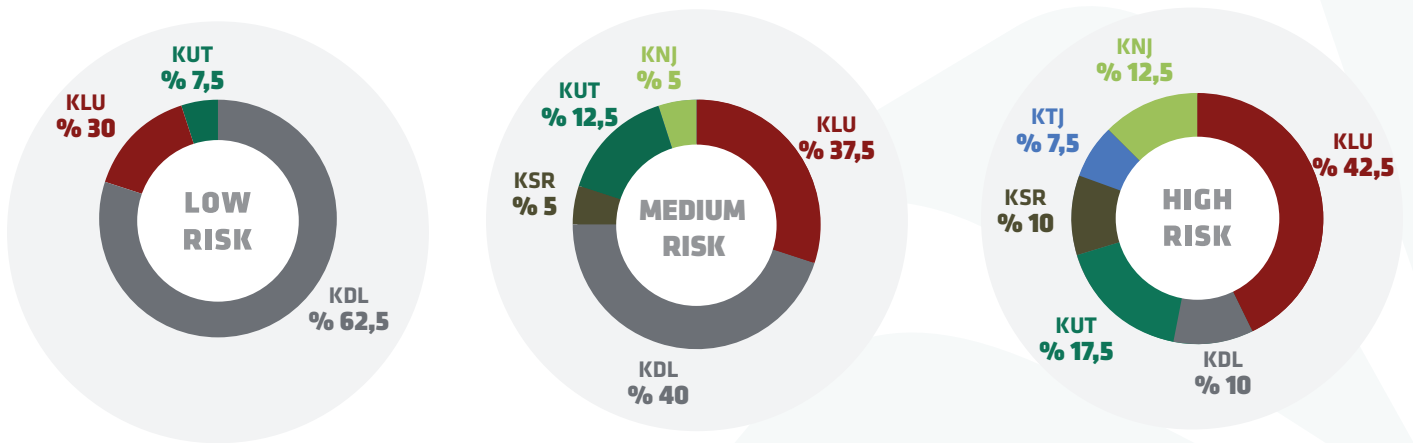
Our Fund Allocation Recommendations

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.

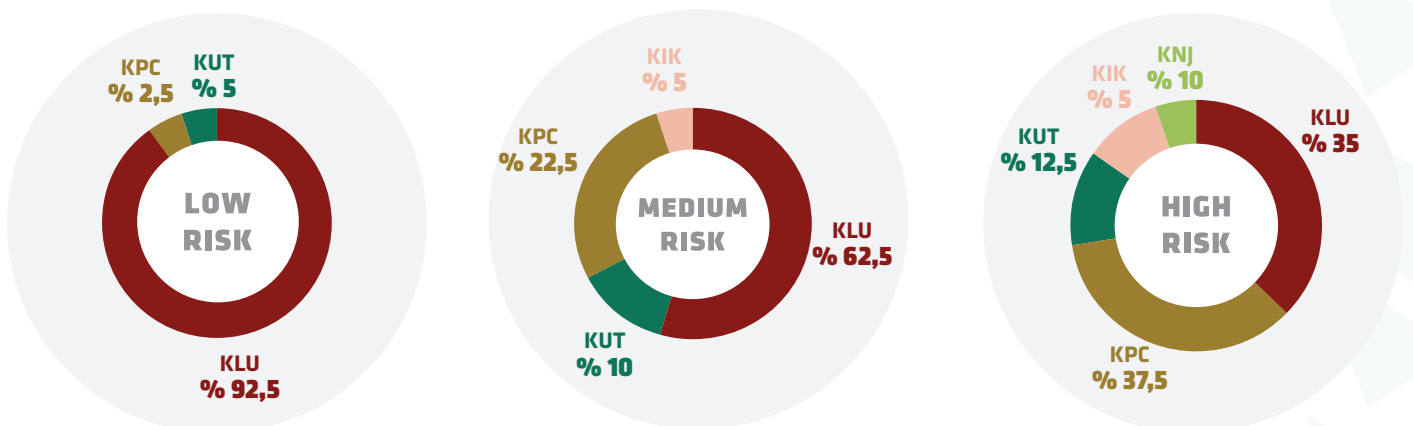
General Investment Recommendations for Those with USD as Their Base Currency

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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