OCTOBER 26, 2026

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KUVEYTTÜRK | PRIVATE

GEOPOLITICAL RISKS AND FED DECISION IN FOCUS IN GLOBAL MARKETS

Geopolitical risks in the Middle East and concerns over technology company valuations continue to weigh on global risk appetite. Questions surrounding the scale and financing of artificial intelligence investments are weighing on technology stocks, while geopolitical uncertainty is keeping Brent crude oil prices elevated at around USD 110. The impact of high energy prices on inflation and monetary policy expectations is also adding to selling pressure on precious metals. The Fed is expected to keep its policy rate unchanged at this week's meeting, while markets are pricing in the possibility of a rate hike in December.

Domestically, CBRT cut its policy rate by 100 basis points at its October meeting, in line with market expectations. The October Survey of Market Participants points to expectations for another 100-basis-point rate cut at the December meeting. We expect short-term TL-denominated assets to maintain their real return potential and return advantage over foreign currencies. We remain cautious on domestic equities.

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.

GLOBAL

In the US, the S&P Global flash composite PMI signaled that economic growth maintained its strong course at the beginning of the fourth quarter, despite easing from 58.4 to 57.6 in October. During a period in which the manufacturing PMI reached a 53-month high at 56.0, the services PMI pulled back to 57.9, while selling price increases by companies climbed to their fastest pace since August 2022 due to rising energy costs and supply bottlenecks.

In the Eurozone, the flash composite PMI slowed more than expected in October, easing from 53.1 to 51.9 under the impact of fiscal and political tensions in France. While the decline in the French services sector posted the largest headwind to growth, the index remained above the 50 thresholds for the fourth consecutive month thanks to a stronger-than-expected performance from the German manufacturing sector.

In Germany, PPI increased by 6.7 percent year-on-year in September, driven by escalating geopolitical tensions and an energy shock, marking its fastest rise since March 2023. In the data showing a monthly increase of 1.9 percent, the primary drivers of growth were the energy group, which rose 14.9 percent annually, and refined petroleum products, which surged 51.3 percent, while food prices fell by 4.1 percent. Economists note that the sharp climb in producer costs will push consumer prices higher, adding that inflationary pressures could persist until the middle of next year.

The People's Bank of China left interest rates unchanged for the 17th consecutive month in October, keeping the benchmark 1-year loan prime rate steady at 3.00 percent and the 5-year rate at 3.50 percent. The decision, which came in line with market expectations, followed the country's economy expanding by 4.5 percent year-on-year in the third quarter, beating forecasts on the back of strong exports, while ongoing pressure in the real estate sector continued to weigh on domestic demand.

In Japan, core CPI excluding fresh food rose to 2.1 percent year-on-year in September, exceeding the Bank of Japan's 2 percent target for the first time in nine months. During a period when inflation excluding fresh food and energy climbed to 2.4 percent, services inflation rising to 1.5 percent amid a tight labor market and increasing labor costs signaled that demand-pull price pressures were strengthening. The upside momentum in inflation raised market expectations to 80 percent that the BoJ will implement a new 25 basis point rate hike in December, even if it keeps its policy rate unchanged at 1.25 percent at its October 30 meeting.

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DOMESTIC

The Central Bank of the Republic of Turkey delivered its first rate cut since January, lowering the policy rate by 100 basis points to 36 percent in line with market expectations. Lowering the overnight lending rate to 39 percent and the borrowing rate to 34.5 percent, the Committee noted that the weak course of domestic demand persists, but upside risks created by geopolitical tensions via energy prices are being closely monitored. The CBRT stated that monetary policy would be tightened again in the event of a permanent deterioration in the inflation outlook.

The Consumer Confidence Index decreased by 7.7 percent month-on-month in October, pulling back to 84.8. During this period, the index for financial situation of households at present fell 9.3 percent to 68.3, while the general economic situation expectation index for the next 12-month period dropped 9.0 percent to 81.7. As the financial situation expectation of households for the next 12-month period decreased by 7.7 percent to 86.4, the index for assessment on spending on durable goods declined by 5.6 percent to 102.7.

Seasonally adjusted Capacity Utilization Rate across the manufacturing industry increased by 0.2 percentage points month-on-month to 74.3 percent in October. Meanwhile, the unadjusted Capacity Utilization Rate rose by 0.3 percentage points to 74.5 percent over the same period. When analyzed by main industrial groupings, capacity utilization in consumer goods climbed to 72.3 percent and investment goods to 73.4 percent, while the capacity utilization rate for intermediate goods stood at 74.4 percent.

The Non-Domestic Producer Price Index increased by 2.82 percent month-on-month and 33.64 percent year-on-year in September. On a monthly basis, prices increased by 2.81 percent in manufacturing and 3.15 percent in mining, while the energy group along with coke and refined petroleum products served as the primary driver of the monthly climb with a 15.45 percent surge. On an annual basis, manufacturing prices rose by 33.45 percent, while strong surges of 130.31 percent in energy and 44.35 percent in mining stood out as the defining factors of external market cost pressures across main industrial groupings.

The Agricultural Input Price Index posted an increase of 3.41 percent month-on-month and 30.28 percent year-on-year in August. By main sub-groups, the index for goods and services currently consumed in agriculture climbed 3.77 percent monthly and 31.63 percent annually, while the index for goods and services contributing to agricultural investment registered increases of 1.17 percent and 22.16 percent, respectively.

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WEEKLY STATUS

	16.10.2026	23.10.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	13.627	12.623	-7,4%	1,8%	31,9%	23,2%	32,6%
XU100*	11.722	11.117	-5,2%	-1,3%	14,6%	31,6%	35,6%
USDTRY	49,5	49,7	0,4%	15,7%	21,4%	20,1%	57,5%
DXY*	101,8	101,8	0,0%	3,5%	-9,4%	7,1%	-2,1%
US-10Y*	5,1	5,0	-2,2%	20,1%	-9,3%	18,0%	0,0%
TR-10Y*	32,9	33,0	0,3%	21,5%	-5,6%	7,6%	169,4%
TR-2Y*	36,2	36,6	1,0%	6,6%	-15,4%	2,2%	298,0%
CDS (5Y)	247,3	253,7	2,6%	23,9%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.165,5	3.995,8	-4,1%	-7,4%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.631,3	6.384,7	-3,7%	7,3%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	90,7	86,1	-5,1%	-12,1%	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

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LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	August	-1,9%	-0,2%	
	Manufacturing PMI	August	47,9	48,1	50
New	Capacity Utilization Rate (seasonally adj.)	September	74,3%	74,1%	
	Import - (capital goods) (annually)	August	-0,8%	-11,5%	
	Service sector confidence (seasonally adj.)	August	14,5%	11,8%	
	Import - (consumption goods) (annually)	August	4,1%	-1,3%	
New	Credit Growth Weekly	October (Week 2)	0,1%	0,0%	
New	Consumer Confidence Index	September	84,8	91,9	100
New	Real sector confidence (seasonally adj.)	September	101,1	102,5	100
	Service sector confidence (seasonally adj.)	September	111,9	111,9	100
	Retail sector confidence (seasonally adj.)	September	111,3	110,1	100
	Construction sector confidence (seasonally adj.)	September	83,0	83,1	100
	Car Sales (annually)	September	-24,3%	-20,3%	
	House sales - total (annually)	September	-9,3%	-6,8%	
	House sales - mortgage (annually)	September	5,1%	27,6%	
	CPI	September	29,7%	31,5%	
	CPI expectations (year-end)	October	29,6%	29,6%	
	Current Year Growth Expectations	October	2,9%	3,0%	
	Retail Sales Volume (annually)	August	10,1%	10,4%	
	Current Account Balance (billion USD)	August	4,1	-5,6	
	Unemployment Rate (seasonally adj.)	August	7,8%	8,1%	
New	Dollarization	October (Week 2)	0,3 Billion (+)	0,9 Billion (+)	

Indicates Decrease | Indicates Stability | Indicates Increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

ECONOMIC CALENDAR

Tarih	Ülke	Açıklanacak Veri
26.10.2026	Turkey	Sectoral Confidence Indices
27.10.2026	Turkey	Unemployment Rate
27.10.2026	USA	CB Consumer Confidence
27.10.2026	USA	New Home Sales
28.10.2026	Turkey	Foreign Trade Statistics
28.10.2026	Turkey	Services PPI
28.10.2026	USA	Interest Rate Decision
28.10.2026	Germany	GfK Consumer Climate Index
29.10.2026	Euro Zone	Interest Rate Decision
30.10.2026	Turkey	Economic Confidence Index
30.10.2026	USA	Chicago PMI
30.10.2026	Euro Zone	Unemployment Rate
30.10.2026	Germany	Unemployment Rate
30.10.2026	Germany	Preliminary CPI
30.10.2026	Japan	Interest Rate Decision

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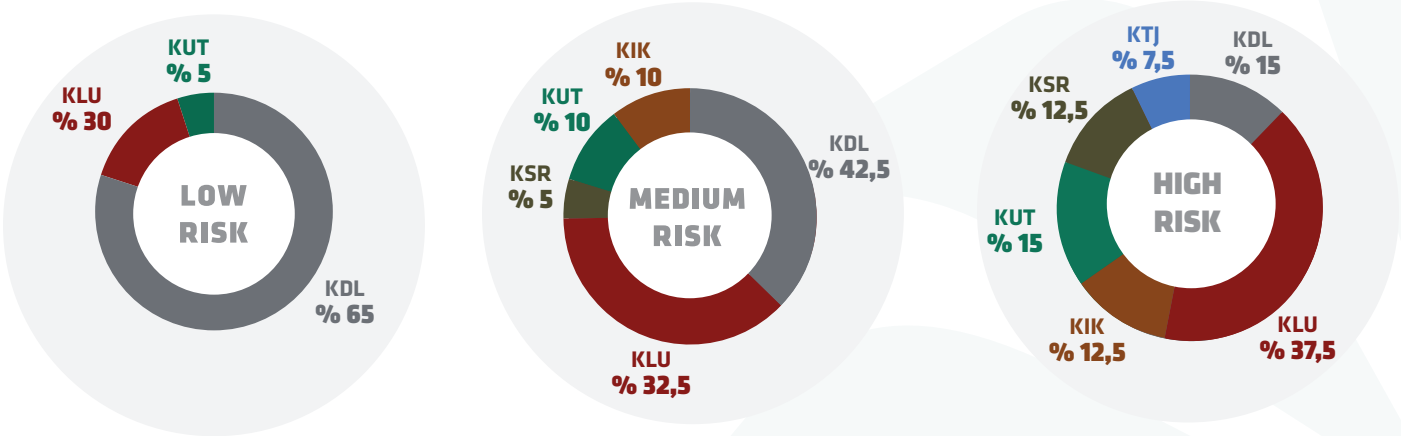
Our Fund Allocation Recommendations

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.

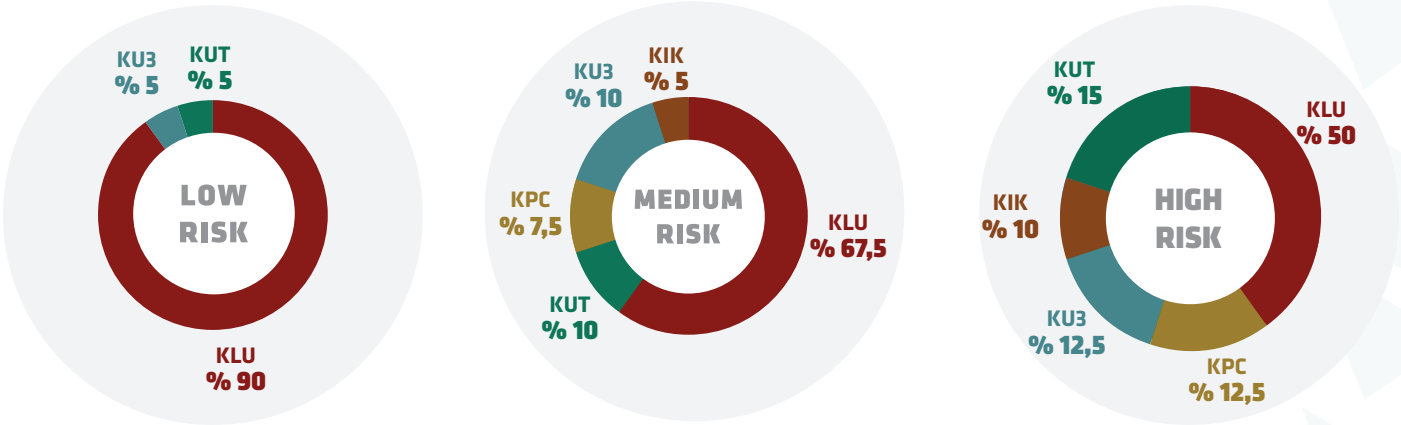
General Investment Recommendations for Those with USD as Their Base Currency

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":
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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