APRIL 27, 2026

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

CBRT REMAINS CAUTIOUS, MARKETS FOCUS ON GEOPOLITICAL DEVELOPMENTS

No concrete and lasting outcome has yet been reached in the ongoing talks between the U.S. and Iran. While geopolitical tensions in the region remain elevated, the new week begins with Iran's proposal to reopen the Strait of Hormuz and end the war. Although this development has created limited optimism in global markets, we do not expect a strong and lasting recovery in risk appetite, as the process has not yet reached a final resolution. Ongoing geopolitical uncertainty continues to put pressure on energy prices and global inflation expectations.

Domestically, the CBRT kept the policy rate unchanged at 37 percent, maintaining its cautious stance. In its statement, the Bank emphasized that monetary policy would be tightened further if a significant and persistent deterioration in the inflation outlook were to emerge. As there will be no MPC meeting in May, we expect developments in U.S.–Iran relations, the path of oil prices, and the disinflation process to be the main determinants for the June meeting. Persistent upside risks in energy prices could lead to a postponement of rate cut expectations.

On the other hand, signs of improvement have emerged in foreign investor behavior during the second half of April. After foreign outflows came to an end in the week of April 10, foreign investors purchased USD 579 million in equities and USD 243 million in government domestic debt securities (GDDS) in the week of April 17. In addition, around USD 6.5 billion in swap inflows (carry trade) indicates that interest in Turkish lira-denominated assets is starting to strengthen again.

GLOBAL

In the US, retail sales rose by 1.7 percent month-on-month in March, exceeding the market expectation of 1.4 percent, while the February figure was also revised upward to 0.7 percent. During the same period, sales excluding automobiles increased by 1.9 percent, while fuel spending surged by 15.5 percent due to the sharp rise in gasoline prices; excluding gasoline, sales rose by 0.6 percent. The fact that most of the 13 categories, including furniture, electronics, and general consumer goods, posted gains indicated that consumer spending remained broad-based. However, economists believe that this momentum may not prove lasting due to the end of the tax season, high fuel costs, and a weak hiring outlook.

In the US, the preliminary composite PMI rose from 50.3 in March to 52.0 in April, signaling a renewed acceleration in economic activity after the pause seen in March. Looking at the details, manufacturing PMI rose to 54.0 and the production index climbed to 55.7, reaching the highest level in the past four years, while the services sector recovered from 49.8 to 51.3. However, shipment delays caused by the Strait of Hormuz and the conflicts in the Middle East led to the worst deterioration in delivery times since mid-2022, while companies' stockpiling behavior pushed raw material prices higher.

In the Euro Area, the preliminary composite PMI fell from 50.7 in April to 48.6, dropping below the 50 threshold and pointing to an unexpected contraction in business activity. Germany's industrial production remained relatively resilient, but the sharp weakening in services, together with the decline in French services despite strong manufacturing performance, weighed on the overall picture. S&P Global emphasized that supply shortages deepened by the war in the Middle East, along with rising commodity and energy costs, were both hurting growth and increasing inflationary risks. This suggests that the ECB may face a more difficult policy trade-off in the coming period as growth weakens and price pressures persist.

In the Euro Area, the public debt-to-GDP ratio declined from 88.4 percent to 87.8 percent in the fourth quarter of 2025, while in the EU as a whole it fell from 82.0 percent to 81.7 percent. During the same period, total public debt stood at 13 trillion 911 billion euro in the Euro Area and 15 trillion 374 billion euro across the EU, with the highest debt ratios recorded in Greece, Italy, France, Belgium, and Spain. The budget deficit-to-GDP ratio rose from 3.1 percent to 3.2 percent in the EU, while it declined from 3.1 percent to 3.0 percent in the Euro Area. The data showed that despite a limited improvement in debt stocks, pressure on fiscal discipline remains in many EU countries and fiscal rules will continue to be monitored.

In Germany, the Ministry of Economy cut its 2026 growth forecast from 1.0 percent to 0.5 percent due to the deterioration in the growth outlook following the Iran war and rising energy and commodity prices. The 2027 growth forecast was also revised down from 1.3 percent to 0.9 percent, while the government emphasized that higher energy costs are putting pressure on both households and industry. The ministry also projected inflation at 2.7 percent in 2026 and 2.8 percent in 2027, signaling that price pressures remain in place. The weakening growth outlook, rising inflation risks, and pressure on external demand are bringing stagflation-like risks further to the forefront for the German economy.

In Japan, core inflation rose from 1.6 percent to 1.8 percent in March, accelerating for the first time in five months and coming in line with market expectations. Headline inflation also rose from 1.3 percent to 1.5 percent, but remained below the Bank of Japan's 2.0 percent target for a second consecutive month. By contrast, core-core inflation excluding fresh food and energy declined from 2.5 percent to 2.4 percent, marking its lowest level since October 2024.

Japan posted a trade deficit of 1 trillion 700 billion yen in the fiscal year ending in March, marking the fifth consecutive fiscal year of deficit, while exports rose by 4.0 percent year-on-year and imports increased by 0.5 percent. Due to higher US tariffs, Japan's exports to the US fell by 6.6 percent in the past fiscal year, while automobile shipments declined by 16.0 percent, weighing on the external trade outlook. Nevertheless, the 26.0 percent year-on-year increase in the March trade surplus and the 11.7 percent rise in exports pointed to signs of recovery in the export sector. At the same time, rising risks to energy supply due to the Iran war continue to create significant vulnerability for Japan, which is highly dependent on imported oil and natural gas, particularly in terms of external balances and costs.

DOMESTIC

The CBRT kept the policy rate unchanged at 37.0 percent at its April meeting, in line with market expectations, while leaving the overnight lending rate at 40.0 percent and the overnight borrowing rate at 35.5 percent. In its statement, the bank noted that the main trend in inflation eased in March, but leading indicators pointed to some increase in this trend in April. The CBRT also stressed that the Middle East war driven by the US and Israel had led to high energy prices and volatility, and that the effects of these developments on the inflation outlook were being closely monitored. In addition, the bank signaled that further monetary tightening could be implemented if a pronounced and persistent deterioration in inflation were to occur.

In April, data showed that the deterioration in inflation expectations continued, with 12-month ahead annual inflation expectations rising to 23.39 percent for market participants, 33.70 percent for the real sector, and 51.56 percent for households. On the household side, food and fuel and energy were seen as the categories with the strongest price increases over the past year and the categories expected to rise the most over the coming 12 months, while the share of respondents identifying food as the fastest-rising category rose to 40.7 percent. During the same period, the expected 12-month increase in house prices rose to 35.23 percent, while the expected dollar/TL rate for 12 months ahead edged down slightly to 52.12. On the investment side, the share of participants saying they would choose gold declined to 48.8 percent, while the share preferring real estate rose to 33.4 percent.

The consumer confidence index rose by 0.5 percent in April, increasing from 85.0 to 85.5 and signaling a limited improvement in domestic demand. During the same period, households' expectations for their financial situation over the next 12 months improved from 85.6 to 87.5, while willingness to spend on durable consumer goods rose from 102.7 to 104.4. By contrast, expectations for the general economic situation declined from 79.1 to 78.3, indicating that caution toward the macro outlook remains in place. The data showed that although households became somewhat more optimistic about their own financial position, they continue to maintain a cautious stance toward the broader economy.

The real sector confidence index declined in April from 101.0 to 100.6 in the non-seasonally adjusted series, while the seasonally adjusted index fell to 98.6, indicating that a cautious outlook persists in manufacturing. At the same time, the seasonally adjusted capacity utilization rate remained flat at 74.0 percent, while the non-seasonally adjusted rate rose by 0.5 points from the previous month to 73.8 percent. Despite the decline in confidence, the limited increase in capacity utilization pointed to weak but not fully deteriorated activity on the production side. Overall, the data suggested that caution remains in real sector expectations, while production still shows limited resilience.

WEEKLY STATUS

	17.04.2026	24.04.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.828	16.866	0,2%	36,1%	31,9%	23,2%	32,6%
XU100*	14.588	14.409	-1,2%	27,9%	14,6%	31,6%	35,6%
USDTRY	44,9	45,0	0,3%	4,7%	21,4%	20,1%	57,5%
DXY*	98,1	98,5	0,4%	0,2%	-9,4%	7,1%	-2,1%
US-10Y*	4,2	4,3	1,6%	3,8%	-9,3%	18,0%	0,0%
TR-10Y*	29,7	31,0	4,5%	14,1%	-5,6%	7,6%	169,4%
TR-2Y*	36,2	37,0	2,2%	7,8%	-15,4%	2,2%	298,0%
CDS (5Y)	236,9	234,2	-1,2%	14,3%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.830,4	4.709,3	-2,5%	9,1%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.968,1	6.812,5	-2,2%	14,5%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	116,5	109,5	-6,0%	11,7%	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
New	Capacity Utilization Rate (seasonally adj.)	April	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 4)	0,3%	0,9%	
New	Consumer Confidence Index	April	85,5	85,0	100
New	Real sector confidence (seasonally adj.)	April	98,6	100,0	100
New	Service sector confidence (seasonally adj.)	April	109,7	113,2	100
New	Retail sector confidence (seasonally adj.)	April	111,6	113,6	100
New	Construction sector confidence (seasonally adj.)	April	83,6	80,6	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.)	Feburary	8,5%	8,1%	
New	Dollarization	April (Week 4)	0,9 Billion (-)	2,8 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
27.04.2026	Germany	Consumer Confidence
28.04.2026	Japan	Interest Rate Decision
28.04.2026	US	House Price Index
29.04.2026	Turkey	Unemployment Rate
29.04.2026	US	Preliminary Durable Goods Orders
29.04.2026	US	Interest Rate Decision
30.04.2026	Japan	Retail Sales
30.04.2026	China	Manufacturing PMI
30.04.2026	Turkey	Tourism Revenues (Q1)
30.04.2026	Turkey	Trade Balance
30.04.2026	Turkey	Preliminary Export Data
30.04.2026	Germany	Preliminary GDP
30.04.2026	Euro Zone	Unemployment Rate
30.04.2026	Euro Zone	Interest Rate Decision
30.04.2026	US	PCE Price Index
01.05.2026	US	Manufacturing PMI

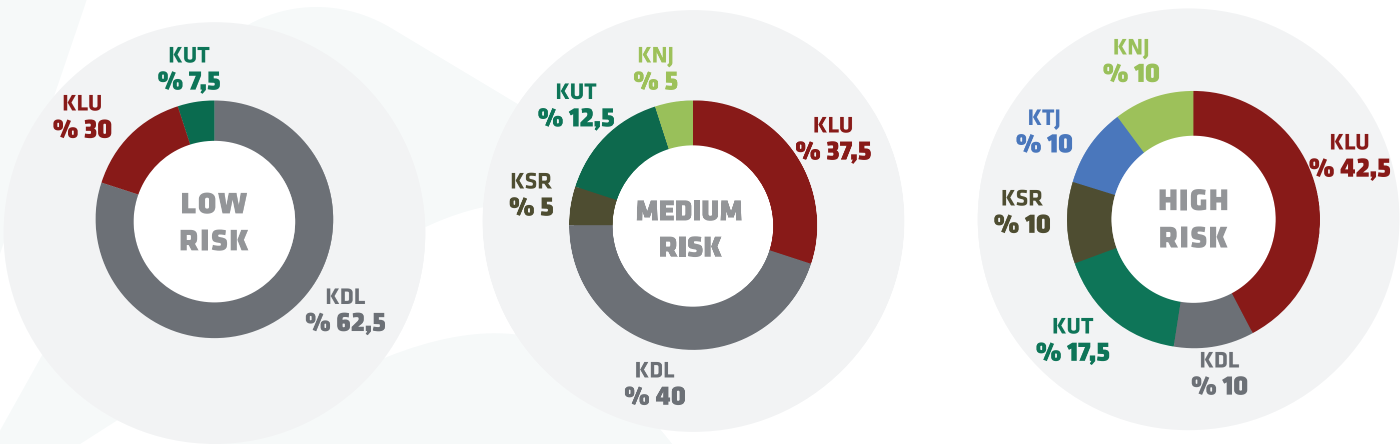
Our Fund Allocation Recommendations

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.

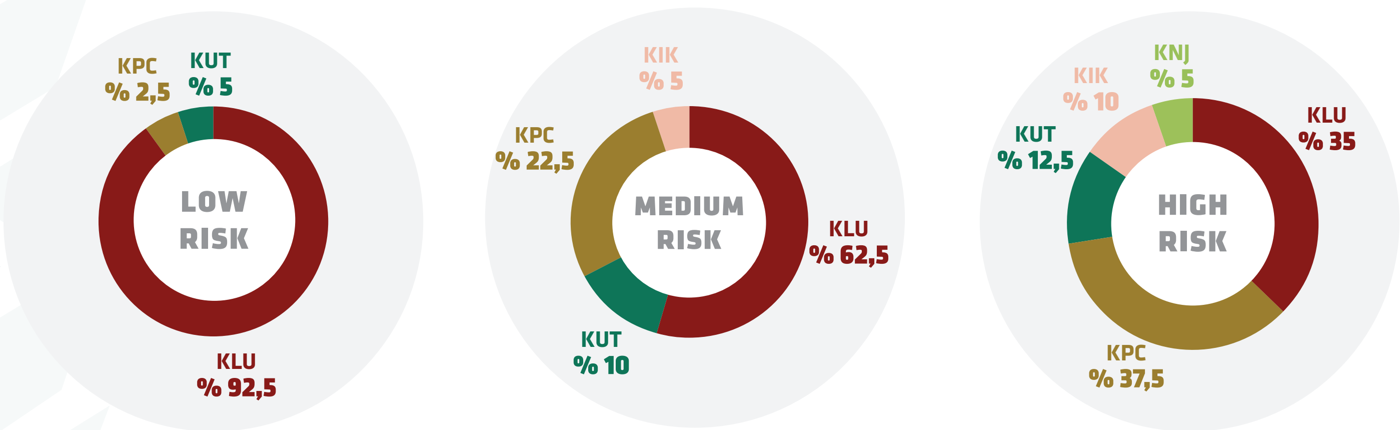
General Investment Recommendations for Those with USD as Their Base Currency

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)



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.