JULY 27, 2026

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

GEOPOLITICAL RISKS REMAIN IN FOCUS, MARKETS TURN THEIR ATTENTION TO THE FED

Geopolitical risks continue to dominate the global market agenda. Rising tensions in the Middle East have once again brought energy supply risks to the forefront, with Brent crude oil extending its gains last week. Elevated energy prices have increased concerns that global inflationary pressures could re-emerge, while market expectations regarding the Federal Reserve's monetary policy have also become more hawkish. Market pricing points to two rate hikes by year-end, although no rate increase is expected at this week's Fed meeting. Nevertheless, the Fed's guidance on the policy outlook will be the key focus for markets.

The new week begins with a degree of optimism on the geopolitical front. The U.S. decision to pause its attacks and Iran's announcement that it will not retaliate have supported risk appetite. However, whether this optimism proves durable will depend on further statements from both sides and developments in the region.

Domestically, the Central Bank of the Republic of Turkiye (CBRT) kept the policy rate unchanged at its Monetary Policy Committee (MPC) meeting, maintaining its tight monetary policy stance. In its statement, the Bank noted that the underlying trend of inflation could temporarily deteriorate in July. Rising energy prices driven by geopolitical developments have increased upside risks to the inflation outlook. Against this backdrop, market expectations for the first rate cut have been pushed back to October or later.

GLOBAL

In the US, the flash manufacturing PMI declined to 53.8 in July, coming in below expectations and marking its lowest level in four months. In the same period, the flash services PMI rose to an eight-month high of 53.6, while the flash composite PMI covering both manufacturing and services also increased to 53.6. Despite the strong performance in services, the slowdown in manufacturing, supply chain disruptions, and geopolitical developments increased downside risks to the short-term outlook.

According to data from the US Department of Commerce, new home sales rose by 1.6 percent month on month in June to 628 thousand, exceeding the market expectation of 609 thousand. Sales recovered following the 4.3 percent decline recorded in May, although they remained 5.6 percent lower than the same period last year. During the same period, the median price of new homes sold fell by 2.7 percent year on year to 398 thousand 300 dollar.

The European Central Bank kept its three key policy rates unchanged in line with expectations, leaving the refinancing rate at 2.40 percent, the deposit rate at 2.25 percent, and the marginal lending rate at 2.65 percent. In its statement, the Bank emphasized that the Middle East-driven energy shock was being closely monitored and reiterated its commitment to the medium-term inflation target of 2 percent. The ECB stated that it was not committed to any specific interest rate path and that decisions would continue to be made on a data-dependent and meeting-by-meeting basis.

In Germany, the flash composite PMI rose to 51.2 in July, moving back into expansion territory for the first time in four months. During the same period, the flash manufacturing PMI climbed to a four-month high of 52.2, while the manufacturing output index reached 54.7, marking the strongest increase in nearly four and a half years. Although the flash services PMI remained below the threshold at 49.6, it reached its highest level in four months. Stronger demand and export orders supported the recovery, while developments in the Middle East and global energy prices continued to pose risks to sustainable growth.

In Japan, core inflation rose to 1.6 percent year on year in June due to higher oil prices, in line with expectations. Headline inflation increased to 1.7 percent, while core-core inflation excluding fresh food and energy declined to 1.7 percent, its lowest level since August 2022. Despite government subsidies, cost pressures remained elevated, while the producer price index rose by 7.1 percent year on year, reaching its highest level since March 2023.

DOMESTIC

The Central Bank of the Republic of Türkiye kept the policy rate unchanged at 37 percent at its July meeting, 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 eased slightly in June but could show a temporary increase in July, while drawing attention to higher energy prices driven by geopolitical risks. Emphasizing that the slowdown in domestic demand had become more pronounced, the Central Bank stated that the tight monetary policy stance would be maintained until price stability was achieved and that the stance would be tightened further in the event of a lasting deterioration in the inflation outlook.

According to the CBRT's July Survey of Market Participants, the year-end CPI inflation expectation rose from 29.14 percent to 29.21 percent. During the same period, the current-year growth forecast declined from 3.2 percent to 3.1 percent. The 12-month ahead inflation expectation rose to 23.95 percent, while the year-end dollar/TL forecast increased to 51.55. The year-end current account deficit expectation remained unchanged at 49 billion 200 million dollar, while the forecast for next year was revised to 43 billion 300 million dollar. Participants' 12-month ahead policy rate expectation declined to 29.44 percent.

The consumer confidence index rose by 2.2 percent month on month in July to 89.8, reaching its highest level since May 2023. The strongest improvement among the sub-indices was recorded in expectations for the general economic situation over the next 12 months, which increased by 5.2 percent. The indices measuring households' current and future financial conditions also rose, while the index for intentions to spend on durable goods declined by 0.8 percent.

The seasonally adjusted capacity utilization rate in manufacturing declined by 0.5 points in July to 73.8 percent. The non-seasonally adjusted capacity utilization rate also fell by 0.6 points from 74.5 percent in the previous month to 73.9 percent. The figures published by the Central Bank of the Republic of Türkiye were calculated based on responses from 1,985 workplaces participating in the Business Tendency Survey.

According to the CBRT's July 2026 Household Expectations Survey, households' 12-month ahead annual inflation expectation declined by 1.19 points to 44.94 percent, while the dollar exchange rate expectation rose to 52.98 lira. Expectations for housing price growth over the next 12 months fell by 1.33 points to 32.49 percent, while food and fuel-energy stood out as the categories expected to record the strongest price increases. In investment preferences, gold maintained its lead with a share of 40.3 percent, while the preference for real estate increased to 38.5 percent.

WEEKLY STATUS

	17.07.2026	24.07.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	17.187	17.304	0,7%	39,6%	31,9%	23,2%	32,6%
XU100*	13.981	13.944	-0,3%	23,8%	14,6%	31,6%	35,6%
USDTRY	47,1	47,3	0,4%	10,2%	21,4%	20,1%	57,5%
DXY*	100,8	101,5	0,7%	3,2%	-9,4%	7,1%	-2,1%
US-10Y*	4,5	4,7	2,9%	12,7%	-9,3%	18,0%	0,0%
TR-10Y*	32,0	32,7	2,2%	20,2%	-5,6%	7,6%	169,4%
TR-2Y*	37,9	38,6	2,0%	12,5%	-15,4%	2,2%	298,0%
CDS (5Y)	228,6	242,4	6,0%	18,3%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.017,6	4.053,2	0,9%	-6,1%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.088,7	6.164,6	1,2%	3,6%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	84,8	88,5	4,4%	-9,7%	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	June	6,0%	6,0%	
	Manufacturing PMI	June	47,1	49,8	50
New	Capacity Utilization Rate (seasonally adj.)	July	73,8%	74,3%	
	Import - (capital goods) (annually)	May	-18,3%	1,6%	
	Service sector confidence (seasonally adj.)	May	-4,1%	5,6%	
	Import - (consumption goods) (annually)	May	-30,1%	-6,8%	
New	Credit Growth Weekly	July (Week 3)	-0,3%	0,3%	
New	Consumer Confidence Index	July	89,8	87,9	100
	Real sector confidence (seasonally adj.)	June	102,0	101,0	100
	Service sector confidence (seasonally adj.)	June	110,5	109,0	100
	Retail sector confidence (seasonally adj.)	June	112,8	112,5	100
	Construction sector confidence (seasonally adj.)	June	83,0	82,1	100
	Car Sales (annually)	June	-11,4%	-22,6%	
	House sales - total (annually)	June	15,8%	-31,2%	
	House sales - mortgage (annually)	June	72,1%	-2,8%	
New	CPI	June	32,1%	32,6%	
New	CPI expectations (year-end)	July	29,2%	29,1%	
	Current Year Growth Expectations	July	3,1%	3,2%	
	Retail Sales Volume (annually)	May	13,7%	11,4%	
	Current Account Balance (billion USD)	May	-1,5	-5,7	
	Unemployment Rate (seasonally adj.)	May	8,2%	8,2%	
New	Dollarization	July (Week 3)	5,3 Billion (+)	0,7 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
27.07.2026	US	Preliminary Durable Goods Orders
28.07.2026	US	Conference Board Consumer Confidence
29.07.2026	US	Interest Rate Decision
30.07.2026	Turkey	Employment Rate
30.07.2026	Turkey	Economic Confidence Index
30.07.2026	US	Preliminary GDP
30.07.2026	Euro Zone	Industrial Sentiment
30.07.2026	Euro Zone	Preliminary GDP
30.07.2026	Euro Zone	Employment Rate
30.07.2026	Turkey	CBRT Monetary Policy Meeting Minutes
30.07.2026	Germany	Preliminary CPI
30.07.2026	Germany	Preliminary GDP
31.07.2026	Turkey	Trade Balance
31.07.2026	China	Manufacturing PMI
31.07.2026	Japan	Interest Rate Decision
31.07.2026	Euro Zone	Preliminary CPI
31.07.2026	Germany	Employment Rate

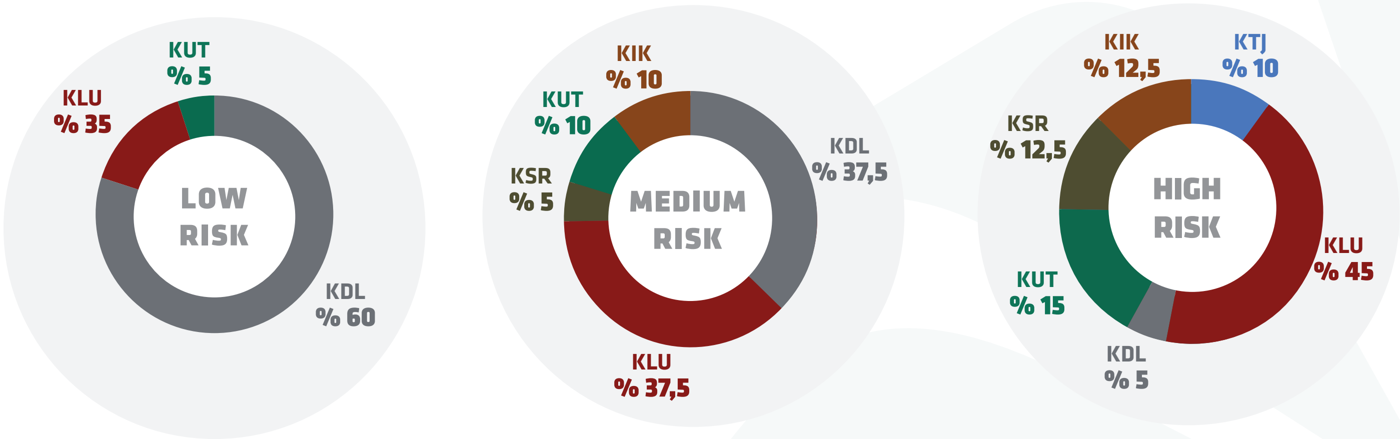
Our Fund Allocation Recommendations

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.

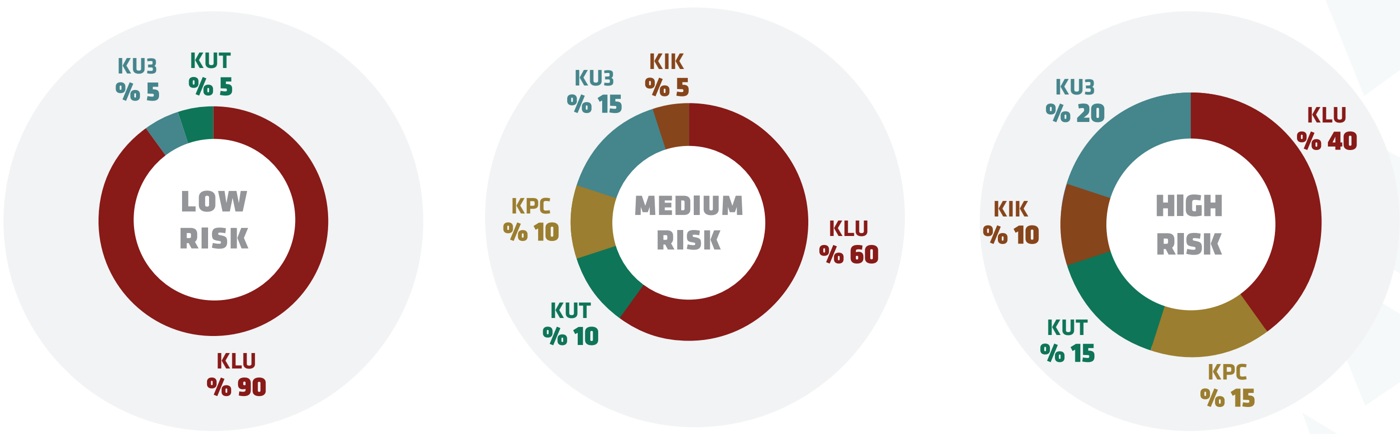
General Investment Recommendations for Those with USD as Their Base Currency

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)



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.

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:

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