



**MARCH 30, 2026**

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



**KUVEYTTÜRK**



**PRIVATE BANKING**

## GEOPOLITICAL RISKS REMAIN ELEVATED, DOMESTIC IMPACT BECOMES VISIBLE



As March comes to an end, rising geopolitical tensions in the Middle East remain unresolved. Airstrikes continue, and attacks on electricity infrastructure in Iran are further escalating tensions. At the same time, uncertainty surrounding a potential ground operation in Iran expected to last for weeks remains on the agenda. Unless concrete progress is made toward a peace process, we expect global risk appetite to remain under pressure.

Geopolitical tensions are also at the forefront of domestic markets. The prolonged conflict is leading markets to price in upside risks to inflation through higher oil prices, while also increasing downside risks to growth. Monthly inflation expectations for March have risen to 2.3 percent. The real sector confidence index declined to its lowest level in the past eight months, while the capacity utilization rate continues to show a weak outlook. We observe that geopolitical risks are increasingly being reflected in leading indicators. Despite limited FX demand from domestic investors, reserves continue to decline due to foreign outflows.

## GLOBAL

**Fed officials are adopting a more cautious stance on rate cuts, warning that the Iran war and rising energy prices are increasing inflation risks.** Fed Governor Lisa Cook said tariffs had already pushed inflation away from target and that tensions in the Middle East could make these pressures more persistent than expected. Michael Barr emphasized that, if the war drags on, rising energy and commodity prices could create broader pressure on both inflation and economic activity, while also unsettling long-term inflation expectations. Fed Vice Chair Philip Jefferson also noted that a lasting rise in energy costs could generate upward price pressures across the broader economy, suggesting that a wait-and-see approach is becoming more prominent in the current environment.

**The US current account deficit narrowed by 20.2 percent quarter-on-quarter in the fourth quarter of 2025 to 190 billion 700 million dollars, marking its lowest level since the first quarter of 2021.** On the other hand, the third-quarter figure was revised up from 226 billion 400 million dollars to 239 billion 100 million dollars. In the same period, the ratio of the current account deficit to GDP fell from 3.1 percent to 2.4 percent, pointing to a clear improvement in the external balance. The narrowing in the final quarter was mainly driven by a surplus in primary income and a decline in the goods trade deficit.

**The European Union has reached an agreement on a sweeping reform that will overhaul the Customs Union framework, paving the way for the most comprehensive customs regulation since 1968.** As part of the reform, an EU Customs Authority is set to begin operations in Lille, France, in 2027, and all procedures will be managed through a single digital platform. Under the new system, online platforms will be treated as importers and held directly responsible for product safety and customs duties, while companies that fail to comply with the rules will face penalties. In addition, a processing fee will be introduced on imported goods by no later than November 1, 2026, increasing oversight and the tax burden especially on low-value e-commerce shipments originating from China.

**As the economic effects of the Iran war begin to be felt across the euro area, concerns are rising that weaker growth and faster inflation will intensify pressure on industry, public finances, and politics throughout the region.** Energy- and resource-intensive sectors are being directly hit by rising costs, while production cuts have already started in Germany's chemical industry and companies are assessing the scale of potential damage. Cost pressures are also becoming more evident in transport and retail, with Hapag-Lloyd citing an additional weekly burden of 40 million to 50 million dollars, while some companies are preparing to raise prices if the conflict continues. This picture is increasing the need for household support measures in Europe and pushing central banks toward a more cautious stance on monetary policy, putting the region's fragile recovery at renewed risk.

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.

**In Germany, the Producer Price Index fell by 0.5 percent month-on-month and 3.3 percent year-on-year in February, indicating a weaker reading than the market expectation of a 2.7 percent annual decline.** The main factor behind the annual drop in producer prices was a 12.5 percent decline in energy costs, with natural gas prices falling by 14.3 percent and electricity prices by 13.4 percent. By contrast, the Producer Price Index excluding energy rose by 1.0 percent year-on-year, showing that cost pressures have not fully disappeared in non-energy components. Germany's statistics office Destatis also stated that the Iran- and Middle East-centered conflict that began on February 28, 2026 had not yet been reflected in the February data, while annual inflation in Germany fell to 1.9 percent due to lower energy prices.

**In China, total profits of industrial enterprises with annual revenue above 20 million yuan rose by 15.2 percent year-on-year in the January-February period, marking one of the strongest recent recoveries.** This performance was well above the limited 0.6 percent increase recorded in full-year 2025. Chinese industrial firms had posted profit contractions of 4 percent in 2022, 2.3 percent in 2023, and 3.3 percent in 2024, before ending the three-year decline in 2025. The latest data indicate that profitability in the industrial sector gained clear momentum in the first two months of the year.

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

**Consumer confidence declined by 0.8 percent month-on-month in March, falling from 85.7 to 85.0, signaling that the cautious outlook for domestic demand remained in place.**

In the same period, the household financial situation index rose by 2.0 percent to 72.8, while the expectation index for household financial conditions over the next 12 months declined by 1.3 percent to 85.6. The general economic outlook index fell by 2.9 percent in March to 79.1, pointing to weakening consumer sentiment regarding the future. Meanwhile, the index measuring willingness to spend on durable goods fell by 0.5 percent to 102.7.

**The number of unemployed people in 2025 fell by 147 thousand from the previous year to 2 million 966 thousand, while the unemployment rate declined by 0.4 points to 8.3 percent, marking the lowest level since 2005.**

Youth unemployment also fell by 1 point in the same period to 15.3 percent, while the unemployment rate for women remained above that of men at 11.3 percent. The number of employed people fell by 54 thousand to 32 million 566 thousand, the employment rate declined by 0.5 points to 49 percent, and the labor force participation rate decreased by 0.7 points to 53.5 percent. However, the underutilized labor rate rose by 3 points to 29.7 percent, indicating that vulnerabilities in the labor market persist despite the improvement in headline unemployment.

**The seasonally adjusted Real Sector Confidence Index fell by 4.1 points in March to 100.0, signaling a more cautious outlook in the manufacturing sector.**

The decline was mainly driven by weakness in expectations for production volume, orders, export orders, capital expenditure, and employment over the next three months. In the same period, the non-seasonally adjusted Real Sector Confidence Index also fell by 3.1 points to 101.0. Meanwhile, the seasonally adjusted capacity utilization rate remained unchanged at 74.0 percent, while the non-seasonally adjusted rate declined by 0.2 points to 73.3 percent.

**The net foreign exchange position deficit of non-financial firms rose to 197 billion 591 million dollars in January 2026, indicating that exchange rate risk in the real sector continued to increase.**

In January, firms' total foreign exchange assets declined by 558 million dollars, while foreign exchange liabilities increased by 8 billion 591 million dollars. The debt structure pointed to a clear preference for long-term borrowing, with notable increases in both domestic and external long-term loans. The short-term net foreign exchange position surplus, meanwhile, declined by 5.1 billion dollars to 6 billion 558 million dollars, pointing to weaker foreign exchange liquidity buffers.

**Agriculture and Forestry Minister Ibrahim Yumakli said that, despite regional tensions, Türkiye faces no food supply security problem and that measures taken had prevented any disruption in fertilizer supply.** Yumakli emphasized that the impact of war and geopolitical risks on Türkiye would remain limited, while criticizing claims that fruit and vegetable prices would surge sharply and stressing that diesel and fertilizer support measures are already in place. He also said that, despite last year's frost and drought, the production infrastructure remained strong, and noted that rainfall in 2025 increased by 85 percent compared with the previous year and by 22 percent compared with the long-term average. In addition, Yumakli stated that around 1.3 million inspections were carried out in 2025, 2.7 billion lira in fines were imposed, and Türkiye exported 32.6 billion dollars worth of agricultural products to 186 countries.

## WEEKLY STATUS

	20.03.2026	27.03.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	15.092	14.768	-2,1%	19,1%	31,9%	23,2%	32,6%
XU100*	13.048	12.698	-2,7%	12,8%	14,6%	31,6%	35,6%
USDTRY	44,3	44,4	0,3%	3,4%	21,4%	20,1%	57,5%
DXY*	99,7	100,2	0,5%	1,9%	-9,4%	7,1%	-2,1%
US-10Y*	4,4	4,4	1,1%	6,9%	-9,3%	18,0%	0,0%
TR-10Y*	33,6	31,7	-5,8%	16,6%	-5,6%	7,6%	169,4%
TR-2Y*	41,7	38,9	-6,9%	13,2%	-15,4%	2,2%	298,0%
CDS (5Y)	276,0	290,9	5,4%	42,0%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.651,7	4.493,0	-3,4%	4,1%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.399,0	6.420,7	0,3%	7,9%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	96,7	99,7	3,1%	1,7%	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	January	-1,8%	-2,1%	
Manufacturing PMI	February	49,3	48,1	50
Capacity Utilization Rate (seasonally adj.)	March	74,0%	74,0%	
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%	
Credit Growth Weekly	March (Week 4)	-0,1%	0,6%	
Consumer Confidence Index	March	85	85,7	100
Real sector confidence (seasonally adj.)	March	100	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)	January	9,8%	10,5%	
House sales - total (annually)	February	30,3%	-4,7%	
House sales - mortgage (annually)	February	42,3%	15,7%	
CPI	February	31,5%	30,7%	
CPI expectations (year-end)	March	25,4%	24,1%	
Current Year Growth Expectations	March	3,8%	3,9%	
Retail Sales Volume (annually)	December	18,8%	16,3%	
Current Account Balance (billion USD)	January	-6,8	-7,3	
Unemployment Rate (seasonally adj.)	January	8,1%	7,7%	
Dollarization	March (Week 4)	0,8 Billion (+)	1,2 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
30.03.2026	Turkey	Economic Confidence Index
30.03.2026	Germany	Preliminary CPI
30.03.2026	Euro Zone	Consumer Confidence
31.03.2026	China	Manufacturing PMI
31.03.2026	Germany	Retail Sales
31.03.2026	Turkey	Unemployment Rate
31.03.2026	Euro Zone	Preliminary CPI
01.04.2026	Turkey	Manufacturing PMI
01.04.2026	Euro Zone	Unemployment Rate
01.04.2026	US	Retail Sales
01.04.2026	US	Manufacturing PMI
02.04.2026	US	Trade Balance
02.04.2026	US	Fed's Balance Sheet
03.04.2026	Japan	Service PMI
03.04.2026	Turkey	CPI
03.04.2026	US	Nonfarm Payrolls

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.

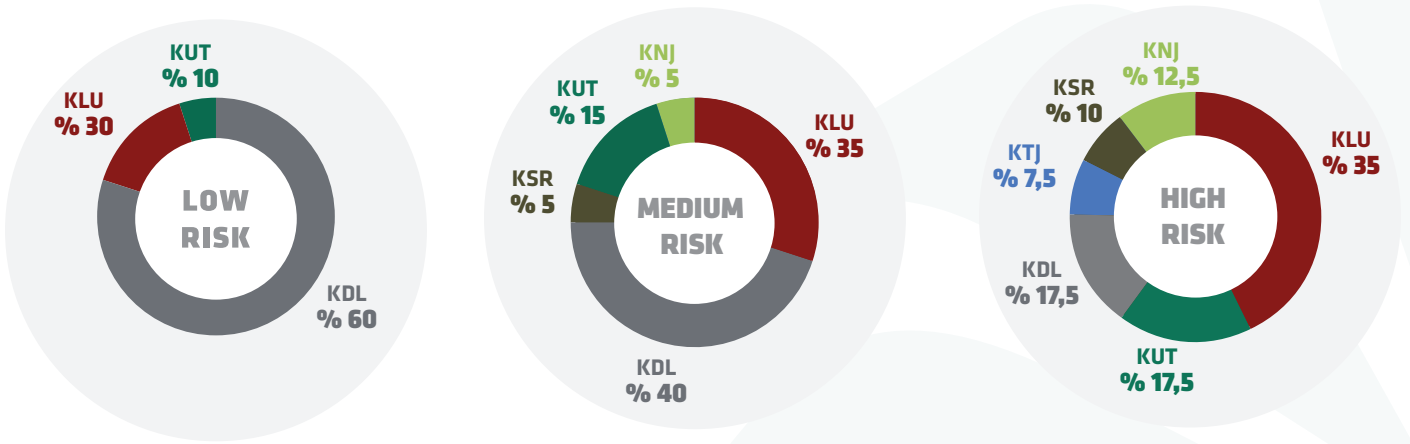
## Our Fund Allocation Recommendations

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.

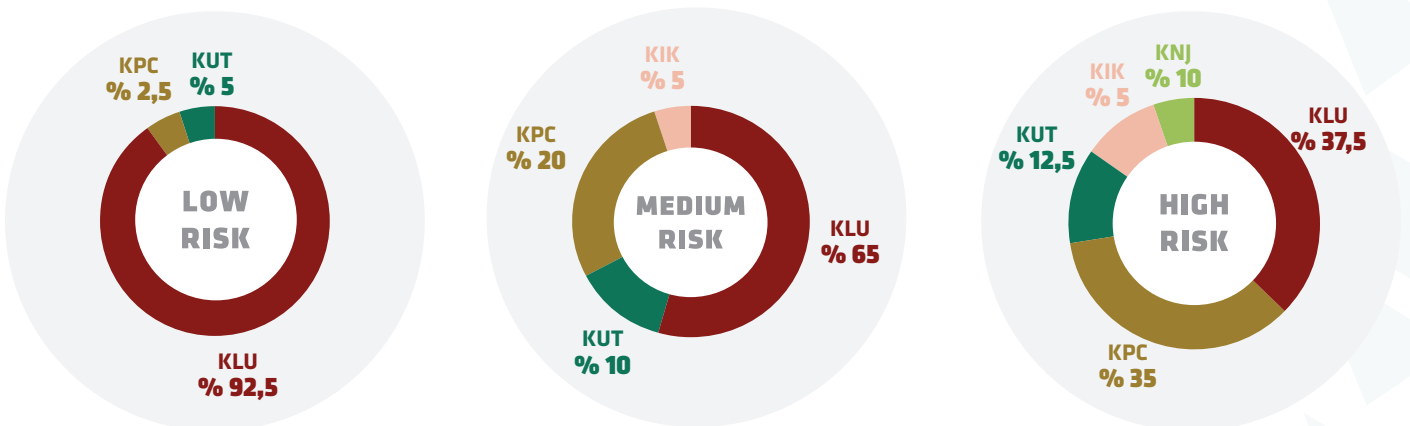
### General Investment Recommendations for Those with USD as Their Base Currency

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.*

## 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.

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.

