31 AUGUST, 2026

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

UNCERTAINTY RISES AGAIN IN GLOBAL MARKETS

Developments in the Middle East continue to weigh on global risk appetite. The U.S. preference for expanding economic sanctions against Iran rather than taking military action had strengthened expectations that geopolitical risks would not escalate further in the near term. However, the U.S. attack on Iran's Lark Island over the weekend and expectations of possible Iranian retaliation have renewed concerns that tensions in the region could escalate again. Brent crude oil prices moved higher following these developments, while developments in the Middle East will continue to be closely monitored in terms of their impact on global risk appetite.

In his Jackson Hole speech, Fed Chair Kevin Warsh noted that inflation is not declining fast enough and stated that necessary steps would be taken unless there is sufficient confidence that inflation is sustainably converging toward the 2 percent target. Warsh's hawkish remarks brought the possibility of a rate hike in September back onto the agenda. The resulting upward pressure on U.S. Treasury yields and the U.S. dollar could increase volatility in global asset prices, particularly precious metals and equities.

Domestically, second-quarter growth and inflation data will be in focus this week. While global risk appetite and geopolitical developments remain important for domestic markets, we believe the inflation data will be a key factor in determining the timing of rate cuts during the remainder of the year. As a reminder, the CBRT had taken a step toward normalizing funding conditions by resuming one-week repo auctions, which had been suspended since March.

GLOBAL

Fed Chair Kevin Warsh emphasized in his Jackson Hole speech that inflation was not moving toward the 2 percent target quickly enough and that a tight and determined monetary policy stance would be maintained. Warsh stated that current financial conditions were not yet sufficiently restrictive and that interest rates could become part of the solution if inflation remained elevated. He added that the Fed would focus on up-to-date data and longer-term trends, continue to use short-term interest rates as its primary policy tool, and would not compromise on the 2 percent inflation target. The remarks indicated that the Fed maintained a hawkish stance focused on price stability despite weakening consumption and employment indicators.

The core PCE price index, closely monitored by the Fed, increased by 0.2 percent month on month and 3.3 percent year on year in July, in line with market expectations. Headline PCE rose by 0.2 percent monthly and 3.7 percent annually, exceeding expectations of 0.1 percent and 3.6 percent, respectively. During the same period, personal income increased by 0.4 percent and personal spending by 0.2 percent, both exceeding forecasts, although consumption momentum remained limited. The data showed that inflation continued to remain well above the Fed's 2 percent target, providing room for maintaining a tight monetary policy stance.

The US goods trade deficit widened by 17.2 percent month on month in July to 118.8 billion dollar, significantly exceeding the market expectation of 100.5 billion dollar. Goods imports increased by 3.7 percent, driven particularly by strong growth in capital goods including computers, semiconductors, and telecommunications equipment, while exports declined by 2.9 percent. Artificial intelligence investment and inventory accumulation against supply-chain risks supported imports, while retail inventories increased by 0.7 percent and wholesale inventories by 1.3 percent.

The Euro Area Economic Sentiment Indicator rose by 1.3 points in August to 98.4, exceeding the market expectation of 97.5. The July figure was also revised upward from 96.9 to 97.1, while the index increased for a fourth consecutive month and moved closer to its long-term average of 100. The improvement was driven by stronger confidence in industry, services, and retail trade, while sentiment in construction and among consumers remained broadly unchanged. Consumer confidence in the Euro Area improved modestly from minus 15.9 to minus 15.5.

Germany's Ifo Industry Export Expectations Index rose from minus 2.8 points in July to 9.6 points in August, reaching its highest level since February 2022. The monthly increase was the strongest since June 2020, with export expectations improving particularly among manufacturers of electrical equipment, electronics, optical products, and automobiles. Digitalization, artificial intelligence, and data center investments were cited as supporting demand for German technology, while exports to EU countries remained strong. In contrast, weakening demand from China and negative expectations in the paper and metals industries remained key risks to the export outlook.

DOMESTIC

Türkiye's exports increased by 2.9 percent year on year in July to 25 billion 623 million dollar, while imports rose by 5.1 percent to 32 billion 966 million dollar. The foreign trade deficit widened by 13.6 percent to 7 billion 343 million dollar, while the export-to-import coverage ratio declined to 77.7 percent. In the January–July period, exports increased by 3.4 percent and imports by 4.7 percent, while the trade deficit rose by 8.3 percent to 60 billion 545 million dollar. According to seasonally and calendar-adjusted data, exports increased by 2.6 percent month on month in July while imports declined by 7.2 percent; excluding energy and gold, the export-to-import coverage ratio stood at 90.8 percent.

Türkiye's Economic Confidence Index increased by 0.8 percent in August to 100.6, moving back above the optimism threshold. The Consumer Confidence Index rose by 1 percent to 90.8, while the Real Sector Confidence Index increased by 1.2 percent to 102.4. In contrast, the Services Confidence Index declined by 0.1 percent, Retail Trade Confidence by 0.8 percent, and Construction Confidence by 0.4 percent. The data showed that improvements in consumer and real sector confidence supported the overall index, although weakness persisted in services, retail trade, and construction.

According to BRSA data, the balance of FX-protected deposits fell to zero as of the week of August 21, effectively bringing the KKM scheme to an end. Introduced in 2021 to limit exchange-rate volatility, the scheme was fully phased out after an implementation period of approximately 44 months. Treasury and Finance Minister Mehmet Şimşek stated that exiting KKM was one of the key objectives of the economic program and that the process had been successfully completed. The elimination of KKM balances marked an important milestone in reducing contingent liabilities and supporting the transition toward the Turkish lira.

Treasury and Finance Minister Mehmet Şimşek announced a new regulation on Treasury interest-rate subsidies aimed at facilitating access to financing for tradesmen and craftsmen. Under the regulation, the public sector will continue to cover a significant portion of the interest burden on Treasury-supported investment and working-capital loans. The measure is also intended to make financing more accessible for businesses that cannot fully meet existing loan conditions. Şimşek emphasized that support for tradesmen and craftsmen engaged in production, investment, and employment would continue.

The Ministry of Industry and Technology introduced a new 250 billion lira financing program for the manufacturing industry, with applications set to begin on September 1. Under the program, the credit limit for large enterprises was raised from 50 million lira to 150 million lira, while SMEs and large companies will be offered financing with grace periods of up to six months and maturities of up to 36 months. Fixed-rate loans will be provided at 37 percent and variable-rate loans at TLREF plus 1, while the Ministry will cover 12 percentage points of financing costs for companies that maintain employment levels. As a result, the annual financing rate on fixed-rate loans is expected to fall to as low as 25 percent, while SMEs will also receive guarantee support.

WEEKLY STATUS

	21.08.2026	28.08.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	18.810	19.253	2,4%	55,3%	31,9%	23,2%	32,6%
XU100*	14.515	14.642	0,9%	30,0%	14,6%	31,6%	35,6%
USDTRY	48,0	48,2	0,4%	12,3%	21,4%	20,1%	57,5%
DXY*	98,8	99,7	0,9%	1,4%	-9,4%	7,1%	-2,1%
US-10Y*	4,7	4,7	-0,3%	13,7%	-9,3%	18,0%	0,0%
TR-10Y*	32,3	31,8	-1,3%	17,2%	-5,6%	7,6%	169,4%
TR-2Y*	37,4	36,7	-1,7%	7,1%	-15,4%	2,2%	298,0%
CDS (5Y)	220,3	217,4	-1,4%	6,1%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.603,6	4.455,2	-3,2%	3,2%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	7.108,5	6.909,3	-2,8%	16,1%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	106,5	102,9	-3,4%	5,0%	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	-1,4%	-0,1%	
	Manufacturing PMI	July	47,7	47,1	50
	Capacity Utilization Rate (seasonally adj.)	August	73,5%	73,8%	
New	Import - (capital goods) (annually)	July	-11,5%	19,6%	
New	Service sector confidence (seasonally adj.)	July	11,8%	30,0%	
New	Import - (consumption goods) (annually)	July	-1,3%	-1,2%	
New	Credit Growth Weekly	August (Week 4)	0,2%	0,7%	
	Consumer Confidence Index	August	90,8	89,8	100
	Real sector confidence (seasonally adj.)	August	102,4	101,2	100
New	Service sector confidence (seasonally adj.)	August	111,9	112,0	100
New	Retail sector confidence (seasonally adj.)	August	110,1	110	100
New	Construction sector confidence (seasonally adj.)	August	83,1	83,5	100
	Car Sales (annually)	July	-25,8%	-11,4%	
	House sales - total (annually)	July	-17,0%	15,8%	
	House sales - mortgage (annually)	July	23,7%	72,1%	
	CPI	July	31,8%	32,1%	
	CPI expectations (year-end)	August	29,4%	29,2%	
	Current Year Growth Expectations	August	3,1%	3,1%	
	Retail Sales Volume (annually)	June	11,8%	13,7%	
	Current Account Balance (billion USD)	June	-4,2	-1,5	
	Unemployment Rate (seasonally adj.)	June	7,6%	8,1%	
New	Dollarization	August (Week 4)	1,1 Billion (+)	0,3 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
31.08.2026	China	Composite PMI
31.08.2026	Turkey	GDP
31.08.2026	Turkey	Unemployment Rate
01.09.2026	Eurozone	Preliminary CPI
01.09.2026	Germany	Retail Sales
01.09.2026	Turkey	Manufacturing PMI
01.09.2026	Eurozone	Unemployment Rate
02.09.2026	US	Factory Orders
02.09.2026	US	Beige Book
03.09.2026	Turkey	CPI
03.09.2026	US	Trade Balance
03.09.2026	US	Composite PMI
04.09.2026	Japan	Household Spending
04.09.2026	US	Nonfarm Payrolls
04.09.2026	US	Unemployment Rate
04.09.2026	Eurozone	Retail Sales

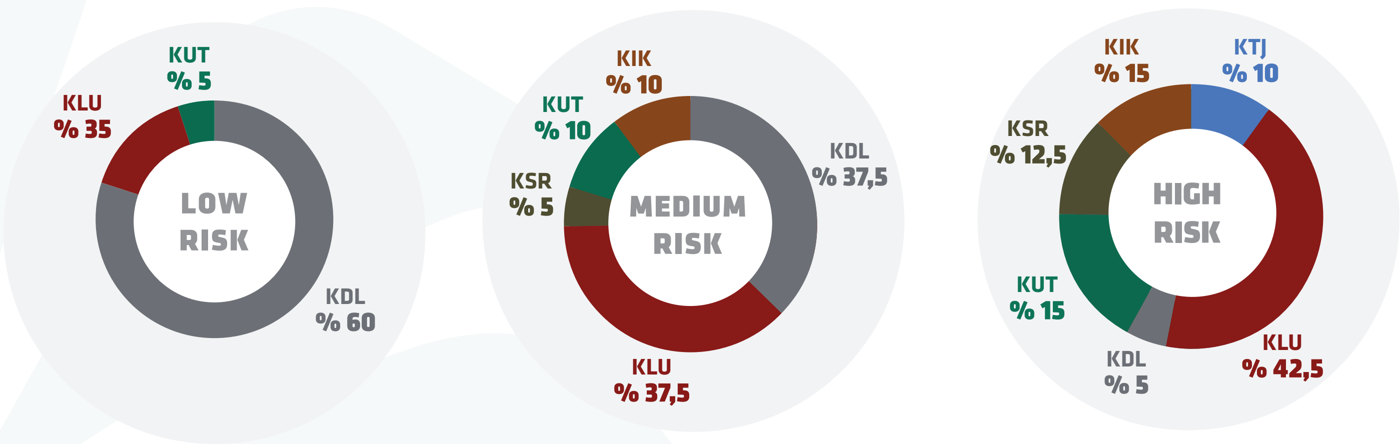
Our Fund Allocation Recommendations

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.

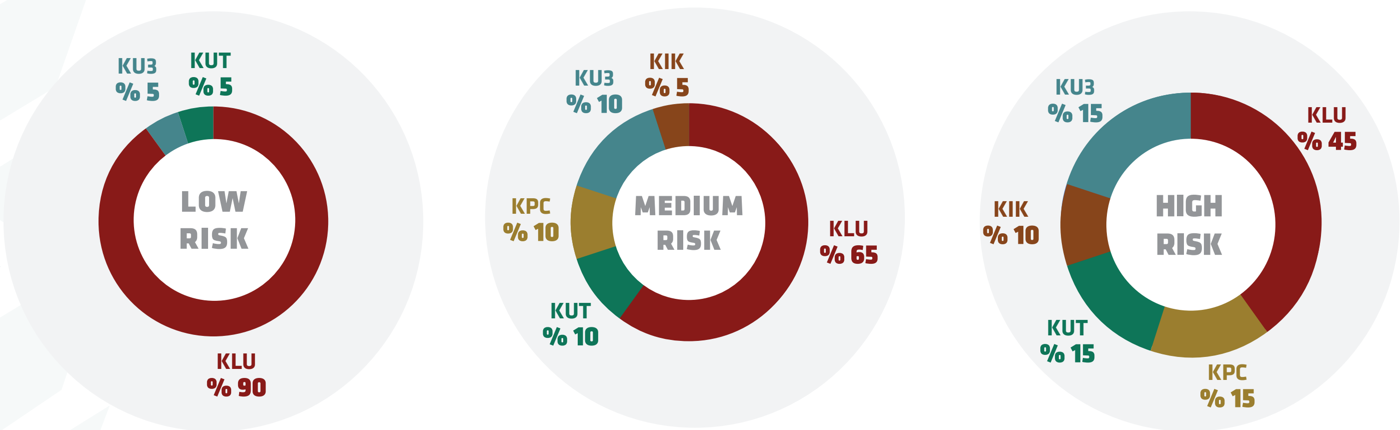
General Investment Recommendations for Those with USD as Their Base Currency

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.*
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.


3
9
4
10
5
11
17
12
18
24
8