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KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

DOMESTIC FOCUS ON INFLATION, OPTIMISM HOLDS IN GLOBAL MARKET

Although talks between the U.S. and Iran are ongoing, no concrete agreement has yet been reached. Supply concerns related to the Strait of Hormuz are keeping Brent crude prices above USD 100. Elevated energy prices are raising concerns that global inflationary pressures may intensify. However, expectations of a potential agreement have not fully disappeared. Globally, a positive tone remains, particularly in U.S. equity markets. Stronger than expected first-quarter results from technology companies have been a key driver in extending the rally in U.S. indices into a fifth consecutive week.

Domestically, attention has shifted to the April inflation data. Monthly inflation is expected to come in around 3.20 percent. The CBRT has emphasized that monetary policy could be tightened further if there is a significant and persistent deterioration in the inflation outlook. In this context, an upside surprise in inflation could lead to a postponement of rate cut expectations, while a reading in line with or below expectations may help sustain the current market optimism.

GLOBAL

In the US, the Fed kept its policy rate unchanged at the 3.50 percent-3.75 percent range at its April meeting, in line with market expectations. In its statement, the Fed emphasized that developments in the Middle East have increased uncertainty regarding the economic outlook and that the inflationary impact of rising energy prices is being closely monitored. The fact that four members dissented highlighted that divisions within the Fed have reached their highest level since 1992, while Powell stated that the current monetary policy stance remains appropriate in terms of employment and inflation objectives. This picture suggests that the Fed is unlikely to rush into rate cuts in the near term and that energy-driven cost pressures are reinforcing a cautious policy stance.

In the US, the Conference Board consumer confidence index rose from 92.2 in March to 92.8 in April, exceeding the market expectation of 89.0. While the rebound in the expectations index for the next six months supported overall confidence, the present situation index posted a slight decline. Despite the war in the Middle East and rising cost pressures, the increase in confidence was associated with the fragile ceasefire between the US and Iran and signs of stabilization in the labor market. Nevertheless, the fact that the index remains historically low shows that consumers continue to maintain a cautious stance regarding the job outlook and rising prices.

In the US, the national home price index rose by 0.7 percent year-on-year in February, below the 0.8 percent increase recorded in January, pointing to a slowdown in the pace of house price growth. The 20-city home price index also rose by 0.9 percent year-on-year, coming in below the 1.1 percent market expectation. In February, Chicago recorded the strongest annual house price increase at 5.0 percent, while New York and Cleveland also posted solid gains. By contrast, house prices in Denver fell by 2.2 percent, marking the weakest performance among major cities.

Annual inflation in the Euro Area rose from 2.6 percent to 3.0 percent in April, in line with market expectations, and remained above the European Central Bank's 2.0 percent target. Monthly inflation came in at 1.0 percent, while core inflation was recorded at 2.2 percent on an annual basis and 0.9 percent on a monthly basis. In April, the highest annual price increase was seen in the energy component at 10.9 percent, indicating that energy costs continued to play a decisive role in regional inflation. The persistently elevated inflation figures in Germany, France, Italy, and Spain also strengthened the likelihood that the ECB will maintain a cautious stance in its monetary policy.

In Germany, inflation rose by 2.9 percent year-on-year in April, coming in below the 3.1 percent expectation, while monthly inflation increased by 0.5 percent, also below forecasts. Considering that annual inflation stood at 2.8 percent and monthly inflation at 1.2 percent in March, price pressures appear to have remained strong but came in more moderate than market expectations. The data also stood in contrast to Spain, where inflation accelerated to 3.5 percent, while Euro Area inflation is expected to reach 3.0 percent. This outlook keeps pressure on the ECB to remain cautious, while also supporting expectations that a possible rate hike may come in June rather than April.

The Bank of Japan kept its policy rate unchanged at 0.75 percent, in line with expectations, in an environment where the war in Iran has increased supply-side risks. The decision was taken by a vote of 6 to 3, while the bank cut its fiscal year 2026 growth forecast from 1.0 percent to 0.5 percent. At the same time, it sharply raised its core inflation forecast from 1.9 percent to 2.8 percent, signaling that energy-driven cost pressures have become more pronounced. Although core inflation rose to 1.8 percent and headline inflation increased to 1.5 percent in March, both remained below the 2 percent target, showing that the BoJ is facing a more difficult balance between growth and inflation.

DOMESTIC

In March, the unemployment rate fell by 0.3 points from the previous month to 8.1 percent, while the number of unemployed declined by 96 thousand to 2 million 873 thousand. During the same period, employment rose by 226 thousand to 32 million 425 thousand, and the employment rate increased to 48.5 percent. The labor force participation rate stood at 52.8 percent, while youth unemployment fell by 0.5 points to 15.3 percent. However, the underutilized labor rate rose by 1.6 points to 31.5 percent, indicating that fragilities in the labor market persist.

The economic confidence index fell by 1.5 percent in April, declining from 97.9 to 96.4 and signaling that the cautious tone regarding the overall economic outlook continues. During the same period, the consumer confidence index rose by 0.5 percent to 85.5, while the real sector confidence index declined by 1.4 percent to 98.6. The services sector confidence index fell by 3.1 percent to 109.7, while the retail trade confidence index declined by 1.8 percent to 111.6. By contrast, the construction sector confidence index rose by 3.6 percent to 83.6, positively diverging from the other sectors.

In March, the foreign trade deficit widened by 56 percent year-on-year, rising from 7.2 billion dollar to 11.2 billion dollar, while the export-to-import coverage ratio fell from 76.5 percent to 66.1 percent. During the same period, exports declined by 6.4 percent to 21.9 billion dollar, while imports rose by 8.2 percent to 33.1 billion dollar. The rise in the foreign trade deficit excluding energy and gold to 5.4 billion dollar pointed to a deterioration in the core external balance as well. The fact that the foreign trade deficit rose by 27.5 percent to 28.7 billion dollar in the January-March period showed that weakness in the foreign trade outlook became more pronounced in the first quarter of the year.

According to Türk-İş data, the minimum monthly food expenditure required for a family of four living in Ankara rose by 5.47 percent month-on-month in April, marking the highest monthly food inflation in the past two years. During the same period, the annual increase reached 43.90 percent, while the hunger threshold climbed to 34,586.86 TL. The poverty threshold, which includes food spending together with essential items such as clothing, housing, transportation, education, and healthcare, rose to 112,660.80 TL. The monthly living cost for a single worker increased to 44,802.03 TL, indicating that the cost-of-living pressure on households has become more pronounced.

Vice President Cevdet Yılmaz stated that despite global uncertainty and geopolitical tensions, exports increased by 22.3 percent year-on-year in April to 25.4 billion dollar. Yılmaz also emphasized that annualized exports reached 275.8 billion dollar, the highest level in the history of the Republic. The statement noted that investment, employment, production, and export-oriented policies are being maintained at a time when protectionist tendencies in trade have strengthened and the global demand outlook has weakened. Under the Türkiye Century vision, the government aims to strengthen sustainable growth through policies that support transformation in production, higher productivity, and stronger competitiveness.

WEEKLY STATUS

	24.04.2026	01.05.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.866	17.215	2,1%	38,9%	31,9%	23,2%	32,6%
XU100*	14.409	14.443	0,2%	28,2%	14,6%	31,6%	35,6%
USDTRY	45,0	45,2	0,4%	5,2%	21,4%	20,1%	57,5%
DXY*	98,5	98,2	-0,4%	-0,2%	-9,4%	7,1%	-2,1%
US-10Y*	4,3	4,4	1,6%	5,4%	-9,3%	18,0%	0,0%
TR-10Y*	31,0	34,1	10,0%	25,5%	-5,6%	7,6%	169,4%
TR-2Y*	37,0	41,5	12,3%	21,0%	-15,4%	2,2%	298,0%
CDS (5Y)	234,2	245,9	5,0%	20,0%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.709,3	4.615,0	-2,0%	6,9%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.812,5	6.703,9	-1,6%	12,6%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	109,5	109,5	0,0%	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
	Capacity Utilization Rate (seasonally adj.)	April	74,0%	74,0%	
New	Import - (capital goods) (annually)	March	0,078	15,8%	
New	Service sector confidence (seasonally adj.)	March	11,2%	4,7%	
New	Import - (consumption goods) (annually)	March	-0,053	-2,2%	
New	Credit Growth Weekly	April (Week 4)	0,4%	0,3%	
	Consumer Confidence Index	April	85,5	85,0	100
	Real sector confidence (seasonally adj.)	April	98,6	100,0	100
	Service sector confidence (seasonally adj.)	April	109,7	113,2	100
	Retail sector confidence (seasonally adj.)	April	111,6	113,6	100
	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	
New	Unemployment Rate (seasonally adj.)	March	8,1%	8,4%	
New	Dollarization	April (Week 4)	0,6 Billion (-)	1,4 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
04.05.2026	Turkey	CPI
04.05.2026	Turkey	Manufacturing & Services PMI
04.05.2026	Turkey	Preliminary Trade Balance
04.05.2026	US	Factory Orders
05.05.2026	US	Trade Balance
05.05.2026	US	Manufacturing & Services PMI
06.05.2026	China	Manufacturing & Services PMI
07.05.2026	Euro Zone	Retail Sales
07.05.2026	US	Fed's Balance Sheet
08.05.2026	Japan	Manufacturing & Services PMI
08.05.2026	Turkey	Industrial Production
08.05.2026	Germany	Industrial Production
08.05.2026	Germany	Trade Balance
08.05.2026	US	Nonfarm Payrolls
08.05.2026	US	Unemployment Rate

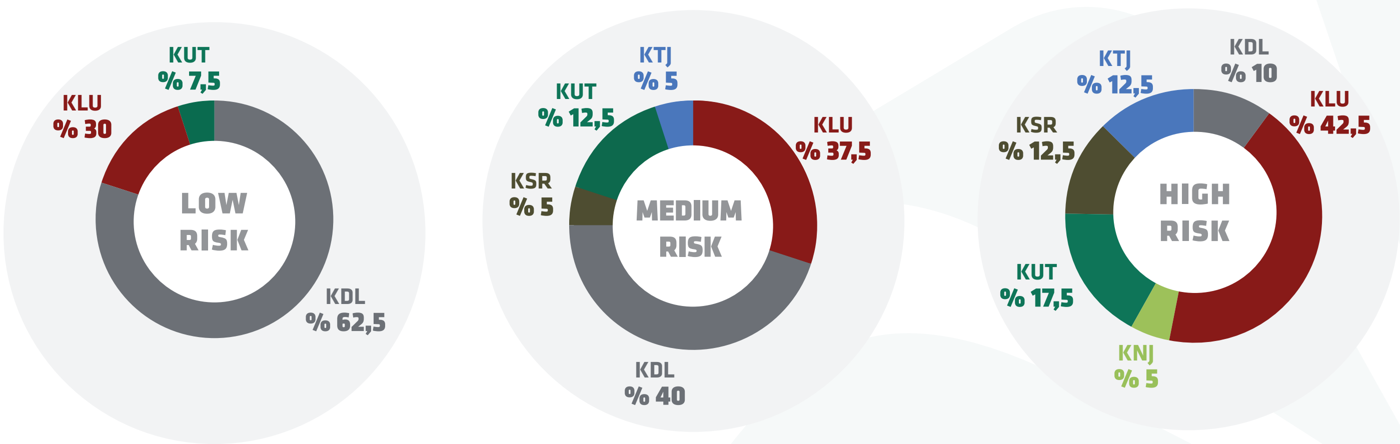
Our Fund Allocation Recommendations

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.

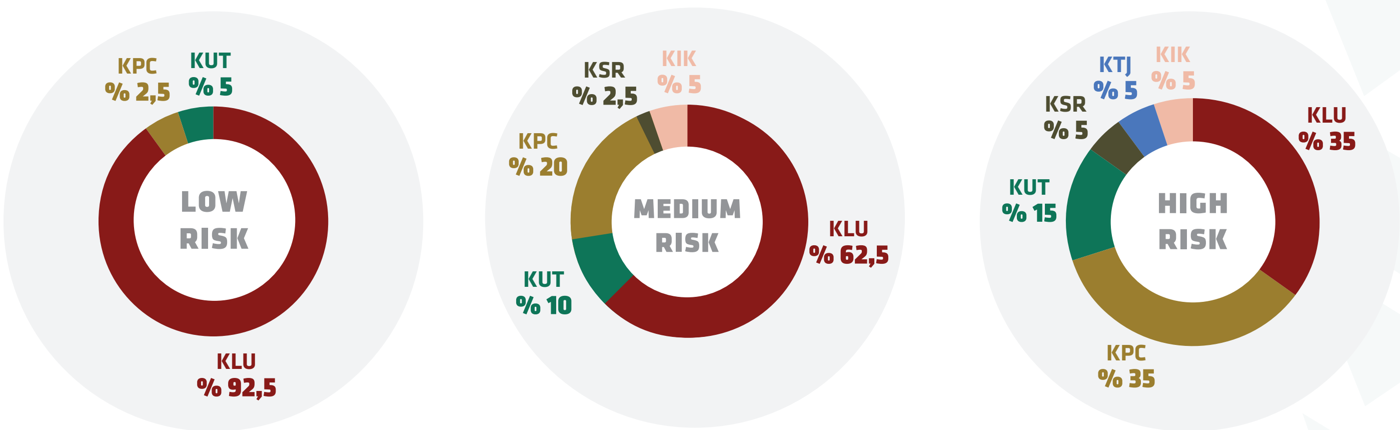
General Investment Recommendations for Those with USD as Their Base Currency

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)



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.