



**JULY 6, 2026**

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



**KUVEYTTÜRK**



**PRIVATE BANKING**

## IMPROVING INFLATION AND A STRONG TURKISH LIRA OUTLOOK



The Consumer Price Index (CPI) increased by 0.99% month-on-month in June, while annual inflation declined from 32.61 percent to 32.11 percent. The sharp slowdown in food price increases over the past two months, following strong gains during the first four months of the year, together with lower energy prices, has supported the improvement in inflation dynamics. Under this outlook, no change in the policy rate is expected at the Monetary Policy Committee (MPC) meeting on July 23. However, the CBRT may resume funding primarily through one-week repo auctions.

Developments supporting confidence in TL-denominated assets continue. Weekly portfolio flow data indicate that the trend toward dollarization continues to weaken. In June, foreign investors remained net sellers in the equity market, while recording net purchases of USD 937 million in government domestic debt securities. During the same period, swap (carry trade) positions in favor of the Turkish lira increased by approximately USD 8 billion. The decline in FX deposits held by individuals, stronger demand for short-term TL money market funds, and the increase in net international reserves excluding swaps from USD 20 billion to USD 28 billion – despite lower gold prices – all indicate that confidence in TL denominated assets remains intact. We expect TL denominated assets to continue offering positive real returns.

## GLOBAL

**In the US, nonfarm payrolls increased by 57 thousand in June, coming in below the market expectation of 113 thousand and signaling a clearer cooling in the labor market.** In this period, with the May figure revised downward to 129 thousand, the unemployment rate fell to 4.2 percent as labor force participation declined. Job losses in leisure, hospitality, and retail led the slowdown, while hiring in healthcare and social assistance remained strong. Following the data, which reflected employers' cautious stance in the face of high prices and inflationary pressures, US Treasury yields and the dollar index declined, while S&P 500 futures moved higher.

**In the US, the manufacturing PMI fell from 54.0 to 53.3 in June, coming in below the market expectation of 54.0 and showing that growth in the manufacturing sector lost momentum.** In the same period, the production index declined to 52.2 and the new orders index fell to 56.0, confirming the slowdown in activity. Although the employment index rose to 49.7, it remained below the 50 threshold, indicating that labor losses in the sector continued, while the price index fell to 73.0, signaling some easing in cost pressures. Companies participating in the survey stated that inflationary pressures continued due to the conflict in the Middle East and that concerns over even higher interest rates remained in place. Rising uncertainty over tariffs and global trade policies also supported the cautious outlook in manufacturing in June.

**In the Euro Area, consumer prices slowed to 2.8 percent in June, coming in below the market expectation of 3.0 percent.** In this period, monthly CPI declined by minus 0.1 percent, while closely watched annual core inflation came in at 2.4 percent. Among the main components of price increases, energy stood out at 8.7 percent and services at 3.2 percent; among the region's major economies, France reached the target level at 2.0 percent, while Germany recorded 2.4 percent, Italy 3.1 percent, and Spain 3.6 percent annual inflation. Although markets continued to price in a limited additional rate hike by year-end, the calm in energy markets weakened expectations for more aggressive tightening.

**In the Euro Area, the composite Purchasing Managers' Index rose from 48.5 to 50.0 in June, reaching its highest level in the last three months and signaling that the contraction in economic activity had come to an end.** Looking at the subcomponents, the services PMI also rose from 47.7 to 49.4 but remained in contraction territory. The released figures came in above the market expectations of 49.5 for the composite PMI and 48.9 for the services PMI, drawing positive attention. Although values below the 50 threshold in the services component suggested that the contraction on the services side was slowing, the composite index standing exactly at the threshold supported economic stabilization. These data showed that inflation slowed in the Euro Area in June and that production re-entered a path of stabilization.

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**In China, the manufacturing PMI rose by 0.3 points from the previous month to 50.3 in June, showing that factory activity moved back into expansion territory.** In this period, the production and new orders sub-indices remained above the 50 threshold, while contraction continued among small-sized firms despite a recovery in medium-sized enterprises. The non-manufacturing PMI reached 50.2, led by telecommunications and financial services, while areas such as real estate and construction remained below the threshold. The composite PMI climbing to 50.6 also showed that the pace of expansion in economic activity accelerated modestly in June and that the mild recovery trend on the production side was preserved.

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## DOMESTIC

**In June, the consumer price index rose by 0.99 percent month on month and 32.11 percent year on year, pointing to a return to the disinflation path after the 32.61 percent level recorded in May.** The released data came in below the 1.36 percent June forecast in the Central Bank's Survey of Market Participants and were received positively by the markets. Among the main expenditure groups, limited monthly declines were seen in clothing and transportation, while the sharpest monthly increase was recorded in alcoholic beverages and tobacco at 3.46 percent, and the highest annual increase was seen in education at 46.10 percent. In assessments by the economic administration, it was emphasized that the decline in fuel prices and the improvement in agricultural supply conditions supported food and transportation prices positively. In the same period, as an alternative price indicator, the Istanbul Chamber of Commerce announced Istanbul consumer prices at 1.14 percent month on month and 35.94 percent year on year. While the overall data confirmed balancing in domestic demand and a slowdown in the pace of price increases, the continued gap between measured indices supported expectations that the CBRT would maintain its tight monetary policy stance in order to meet the 29.14 percent year-end expectation.

**According to Turkish Statistical Institute data, the unemployment rate in Türkiye remained unchanged at 8.2 percent in May compared with the previous month.** In the same period, the number of unemployed increased by 9 thousand to 2 million 883 thousand, while the number of employed rose by 285 thousand to 32 million 463 thousand and the employment rate reached 48.5 percent. In this month, when the labor force participation rate climbed by 0.4 points to 52.8 percent, the youth unemployment rate rose to 14.8 percent. In the same dataset, the average weekly actual hours worked increased to 42.4 hours, while the broad underutilized labor rate rose by 0.9 points month on month to 31.0 percent, drawing attention. The data showed that strong employment growth kept the unemployment rate stable through higher labor force participation, while the increase in underutilized labor and youth unemployment pointed to continuing structural fragilities in the labor market under tight monetary policy.

**The Istanbul Chamber of Industry Türkiye Manufacturing PMI fell by 2.7 points from the previous month to 47.1 in June, signaling that the weakening trend in the sector extended to its 27th consecutive month.** After the partial rise in May, production, new orders, and new export orders declined again in June due to market uncertainty stemming from the war in the Middle East and rising prices. In this period, while input costs and final product inflation slowed, lengthening delivery times due to disruptions in raw material supply and the downward trend in employment continued. Among the 10 sectors monitored on a sectoral basis, expansion was seen only in chemicals and land and sea vehicles, while the sharpest slowdown was recorded in food and textiles. The results showed that firms continued to reduce both input and finished goods inventories under weak demand conditions and revealed that the recovery trend in manufacturing will remain tied to the course of geopolitical risks.

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**In June, exports rose by 21.9 percent year on year to 24 billion 940 million dollar, setting a new all-time record for the highest June figure.** In the same period, as imports increased by 23.1 percent to approximately 35 billion 300 million dollar, the monthly foreign trade deficit stood at 10 billion 380 million dollar, while the export-to-import coverage ratio for the first half of the year was 72 percent. In this period, when the annualized total of goods and services exports exceeded the 400 billion dollar threshold for the first time in history, the share of medium-high and high-technology products rose to 44 percent. Despite cost increases caused by regional war risks, the data supported positive expectations for year-end macroeconomic targets thanks to the preservation of stability in the external balance.

**The economic confidence index rose by 1.8 percent in June from 97.2 to 98.9, signaling a recovery in the overall economic outlook.** In the same period, the consumer confidence index increased by 2.5 percent to 87.9, while the real sector confidence index rose by 1.0 percent to 102.0. The services sector confidence index increased by 1.4 percent, the retail trade sector confidence index by 0.3 percent, and the construction sector confidence index by 1.1 percent. The data pointed to a limited but broad-based improvement in confidence indicators in June.

**The Central Bank of the Republic of Türkiye's total reserves fell by 7 billion 991 million dollar in the week of June 26 compared with the previous week, declining to 149 billion 204 million dollar and falling below the 150 billion dollar threshold for the first time in about 13 months.** The sharp decline in total reserves was mainly driven by simultaneous losses in gross foreign exchange and gold reserves. In the same week, gross foreign exchange reserves fell by 5 billion 260 million dollar to 54 billion 251 million dollar, while gold reserves declined by 2 billion 732 million dollar to 94 billion 953 million dollar. After reaching a historical peak of 218 billion dollar in the week of January 30, 2026, reserves continued their downward trend and fell to their lowest level since the week of May 16, 2025.

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## WEEKLY STATUS

	26.06.2026	03.07.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	16.637	16.822	1,1%	35,7%	31,9%	23,2%	32,6%
XU100*	14.274	14.418	1,0%	28,0%	14,6%	31,6%	35,6%
USDTRY	46,6	46,8	0,4%	8,9%	21,4%	20,1%	57,5%
DXY*	101,4	100,9	-0,5%	2,6%	-9,4%	7,1%	-2,1%
US-10Y*	4,4	4,5	2,6%	8,0%	-9,3%	18,0%	0,0%
TR-10Y*	30,8	31,0	0,5%	14,0%	-5,6%	7,6%	169,4%
TR-2Y*	37,0	36,8	-0,4%	7,3%	-15,4%	2,2%	298,0%
CDS (5Y)	220,3	220,8	0,2%	7,8%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.089,3	4.175,7	2,1%	-3,2%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.118,6	6.282,4	2,7%	5,6%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	88,6	93,9	6,0%	-4,2%	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	April	6,0%	-1,1%	
New	Manufacturing PMI	June	47,1	49,8	50
	Capacity Utilization Rate (seasonally adj.)	April	74,3%	74,1%	
New	Import - (capital goods) (annually)	May	-18,3%	1,6%	
New	Service sector confidence (seasonally adj.)	May	-4,1%	5,6%	
New	Import - (consumption goods) (annually)	May	-30,1%	-6,8%	
New	Credit Growth Weekly	June (Week 4)	1,2%	-0,1%	
	Consumer Confidence Index	June	87,9	85,8	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
New	Car Sales (annually)	June	-11,4%	-22,6%	
	House sales - total (annually)	May	-6,6%	2,6%	
	House sales - mortgage (annually)	May	25,8%	40,5%	
New	CPI	June	32,1%	32,6%	
	CPI expectations (year-end)	June	29,1%	28,9%	
	Current Year Growth Expectations	June	3,2%	3,3%	
	Retail Sales Volume (annually)	April	11,4%	21,2%	
	Current Account Balance (billion USD)	April	-5,7	-9,7	
New	Unemployment Rate (seasonally adj.)	May	8,2%	8,2%	
New	Dollarization	June (Week 4)	1,1 Billion (-)	1,5 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
06.07.2026	Germany	Factory Orders
06.07.2026	Euro Zone	Investor Confidence
06.07.2026	Euro Zone	Retail Sales
06.07.2026	US	Services & Manufacturing PMI
07.07.2026	Japan	Household Spending
07.07.2026	Germany	Industrial Production
07.07.2026	US	Trade Balance
07.07.2026	Turkey	Treasury Cash Balance
08.07.2026	Japan	Current Account
08.07.2026	US	FOMC Meeting Minutes
09.07.2026	China	CPI
09.07.2026	Germany	Trade Balance
10.07.2026	Turkey	Industrial Production
10.07.2026	Turkey	Foreign Trade Indices
10.07.2026	Germany	CPI

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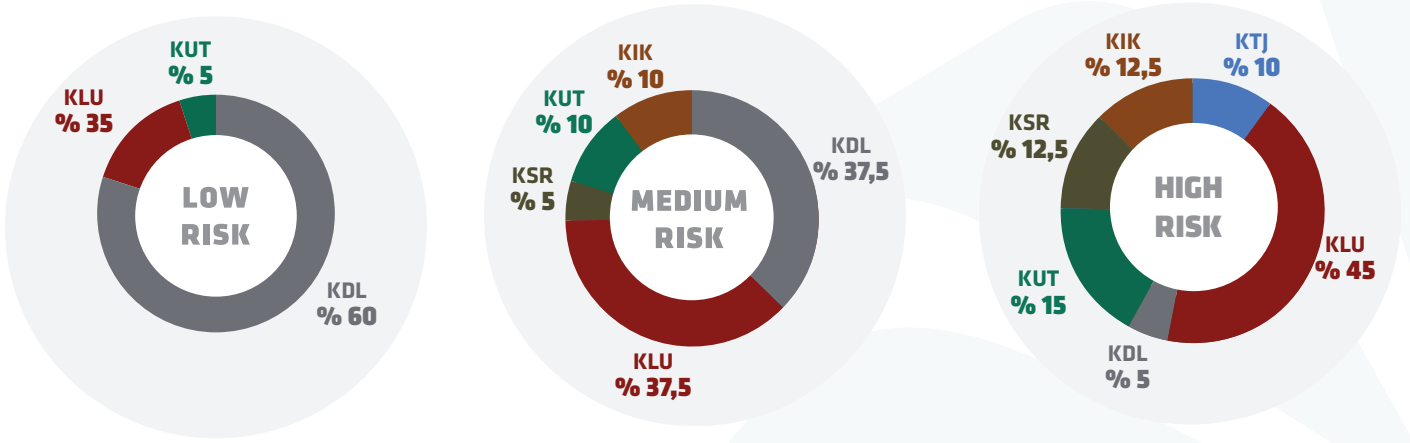
## Our Fund Allocation Recommendations

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.

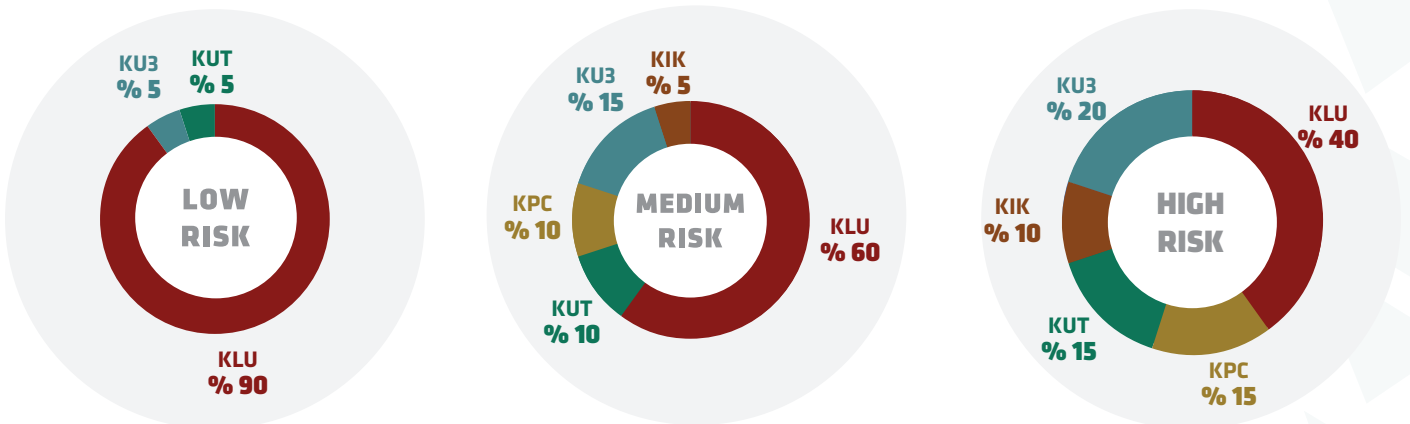
### General Investment Recommendations for Those with USD as Their Base Currency

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)



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## 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":

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