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KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

WEEKLY ECONOMIC BULLETIN

KuveytTürk | PRIVATE BANKING

GEOPOLITICAL RISKS AND RISING OIL PRICES AFFECT THE INFLATION OUTLOOK

Concerns that the ongoing conflict between the United States-Israel, and Iran may not end in the near term continue to weigh on global risk appetite. Brent crude oil prices have risen above the USD 100 level for the first time since 2022 and have increased by more than USD 30 since the conflict began. If the Strait of Hormuz remains closed for several more weeks, some assessments suggest that oil prices could climb as high as USD 150. A sharp rise in oil prices could significantly worsen the global inflation outlook and pose downside risks to economic activity.

The recent increase in oil prices is expected to create upward risks for the inflation outlook through higher energy costs starting in March. According to CBRT estimates, a 10 percent increase in crude oil prices raises inflation by approximately 1 percentage point. To limit the pass-through of higher fuel prices to inflation, part of the increase is expected to be absorbed through adjustments in the Special Consumption Tax (SCT). Expectations have strengthened that the CBRT will keep the policy rate unchanged at the Monetary Policy Committee meeting scheduled for March 12. Going forward, geopolitical developments will remain a key factor shaping monetary policy expectations.

GLOBAL

In February, nonfarm payrolls in the United States decreased by 92 thousand, contrary to economists' market expectations of a 55 thousand increase. In the same period, the unemployment rate rose from 4.3 percent to 4.4 percent, exceeding expectations. The data indicated that companies have started implementing previously announced layoffs. In addition, artificial intelligence investments are considered to allow some firms to operate with fewer employees. Following the weak employment data, stock index futures declined while bond yields fell, and attention turned to the Federal Reserve's interest rate policy.

In the United States, the manufacturing PMI declined from 52.6 to 52.4 in February but remained above economists' market expectation of 51.5. Examining the subcomponents, the employment index rose to 48.8, while new orders fell to 55.8 and the manufacturing price index reached 70.5. Meanwhile, S&P Global's final PMI figure was recorded at 51.6, above the expected level of 51.4. Readings above the 50 threshold indicate expansion in the sector.

It was reported that the United States and Venezuela reached an agreement to re-establish diplomatic and consular relations. The step is intended to support stability in Venezuela, encourage economic recovery, and advance political reconciliation. The process aims to create the necessary conditions for a peaceful transition to a democratically elected government in the country. Earlier this year, explosions occurred in Caracas, and the Venezuelan government accused the United States of attacking civilian and military facilities. The United States, on the other hand, announced that an operation had been carried out against Venezuelan leader Nicolas Maduro and that various charges had been filed against him.

In Germany, real retail sales increased by 2.7 percent year-on-year in 2025, while nominal sales rose by 3.8 percent, approaching the pandemic peak seen in 2021. The main driver of growth was online and mail-order sales, which increased by 10 percent in real terms. Sales of non-food products rose by 3.7 percent, while food retailing grew by 1.1 percent despite strong price pressures. During the Christmas season, December sales increased by 3.2 percent year-on-year in real terms but remained below the historic peak recorded in 2021. Meanwhile, the German economy grew by only 0.2 percent in 2025 after two consecutive years of recession.

The Chinese government set its GDP growth target for 2026 at a range of 4.5–5 percent. This level marks the lowest growth target announced since the early 1990s. Falling below the "around 5 percent" target used over the past three years, the figure signals weakening growth expectations in the world's second-largest economy. Beijing kept its budget deficit target at approximately 4 percent of GDP while maintaining the annual consumer inflation target at around 2 percent. This relatively low inflation target is interpreted as a sign that weak domestic demand persists. Prime Minister Li Qiang emphasized that rapid changes in global trade and structural problems in the economy continue to weigh on consumption and investment.

Oil prices rose above 110 dollar per barrel for the first time since the Russia–Ukraine war in 2022 due to rising tensions in the Middle East. Brent and WTI crude increased by more than 25 percent during overnight trading in the United States and have gained more than 50 percent and 60 percent respectively since the beginning of the conflict. Iran's retaliatory actions following attacks by the United States and Israel, and the killing of Iranian leader Ali Khamenei, increased supply concerns in the market. Tanker traffic through the Strait of Hormuz has nearly come to a halt, threatening global oil supply. Experts state that if the strait remains closed for several weeks, prices could exceed 150 dollar.

DOMESTIC

The Turkish economy grew by 3.6 percent in 2025, extending its growth streak to 22 consecutive quarters. Growth in the final quarter of the year was recorded at 3.4 percent. At current prices, GDP reached 63 trillion lira, while GDP per capita stood at 712 thousand 200 lira (18 thousand 40 dollar). On a sectoral basis, construction and information-communication activities stood out, while agriculture declined by 8.0 percent. Household consumption increased by 4.1 percent, accounting for 54.4 percent of GDP. Exports of goods and services decreased by 0.3 percent, while imports increased by 4.9 percent. Labor payments and net operating surplus/mixed income rose by 40.4 percent and 44.2 percent respectively.

In February, consumer prices increased by 2.96 percent on a monthly basis and by 31.53 percent on an annual basis. In the same period, the CPI for food and non-alcoholic beverages increased by 6.89 percent monthly and 36.44 percent annually. Examining the subcomponents of the monthly increase, food and non-alcoholic beverages made the largest contribution with 1.71 percent, while clothing and footwear decreased by 0.38 percent, pulling the index down the most. In addition, CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco products, and gold increased by 1.53 percent compared with the previous month.

In 2025, the daily wages of seasonal agricultural workers increased by 37.8 percent to 1,299 TL. The monthly wage of permanent agricultural workers rose by 42.1 percent to 37,305 TL. Seasonal male workers earned 1,416 TL while female workers earned 1,193 TL. Among permanent workers, men received 39,843 TL while women earned 23,598 TL. The highest daily wages were recorded in Rize at 3,283 TL for men and 3,075 TL for women, while the lowest were seen in Ankara and Hatay at 1,037 TL for men and 976 TL for women. Among permanent workers, the highest monthly wage for men was 53,927 TL in Niğde, while the highest for women was 25,521 TL in İzmir. The lowest wages for both genders were recorded in Antalya.

Minister of Energy and Natural Resources Alparslan Bayraktar announced that a memorandum of understanding on nuclear energy cooperation was signed between Türkiye and Canada. The agreement, signed between Türkiye Nuclear Inc. (TÜNAŞ) and the Canada-based company AtkinsRealis, covers the development of nuclear power plants in Türkiye. One of the key components of the memorandum is the evaluation of the applicability of Canada's reliable CANDU reactor technology in Türkiye. Bayraktar emphasized that the agreement creates an important foundation for cooperation between the two countries to diversify the energy mix and increase nuclear capacity.

WEEKLY STATUS

	27.02.2026	06.03.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	14.774	14.608	-1,1%	17,8%	31,9%	23,2%	32,6%
XU100*	13.718	12.793	-6,7%	13,6%	14,6%	31,6%	35,6%
USDTRY	43,9	44,1	0,3%	2,6%	21,4%	20,1%	57,5%
DXY*	97,6	99,0	1,4%	0,7%	-9,4%	7,1%	-2,1%
US-10Y*	4,0	4,1	4,3%	-0,5%	-9,3%	18,0%	0,0%
TR-10Y*	28,2	29,1	3,3%	7,3%	-5,6%	7,6%	169,4%
TR-2Y*	33,7	35,5	5,5%	3,5%	-15,4%	2,2%	298,0%
CDS (5Y)	226,8	238,7	5,3%	16,6%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	5.277,9	5.171,1	-2,0%	19,8%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	7.449,2	7.327,8	-1,6%	23,1%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	132,4	119,7	-9,6%	22,1%	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	December	2,1%	2,4%	
New	Manufacturing PMI	February	49,3	48,1	50
	Capacity Utilization Rate (seasonally adj.)	February	74,0%	74,4%	
	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%	
New	Credit Growth Weekly	March (Week 1)	0,9%	0,2%	
	Consumer Confidence Index	February	85,7	83,7	100
	Real sector confidence (seasonally adj.)	February	104,1	103,0	100
	Service sector confidence (seasonally adj.)	February	113,8	113,8	100
	Retail sector confidence (seasonally adj.)	February	115,9	112,6	100
	Construction sector confidence (seasonally adj.)	February	83,9	85,7	100
	Car Sales (annually)	January	9,8%	10,5%	
	House sales - total (annually)	January	-4,7%	19,8%	
	House sales - mortgage (annually)	January	15,7%	25,2%	
New	CPI	February	31,5%	30,7%	
	CPI expectations (year-end)	February	24,1%	23,2%	
	Current Year Growth Expectations	February	3,9%	3,9%	
	Retail Sales Volume (annually)	December	16,3%	14,2%	
	Current Account Balance (billion USD)	December	-7,3	-4,0	
	Unemployment Rate (seasonally adj.)	January	8,1%	7,7%	
New	Dollarization	March (Week 1)	2,1 Billion (+)	0,9 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
09.03.2026	China	CPI
09.03.2026	Germany	Factory Orders
09.03.2026	Germany	Industrial Production
09.03.2026	US	Consumer Inflastion Expectations
10.03.2026	Japan	GDP
10.03.2026	Turkey	Industrial Production
10.03.2026	China	Trade Balance
11.03.2026	Turkey	Retail Sales
11.03.2026	US	CPI
12.03.2026	Turkey	Current Account
12.03.2026	Turkey	Interest Rate Decision
12.03.2026	US	Trade Balance
13.03.2026	Turkey	End Year CPI Forecast
13.03.2026	US	Core PCE Index

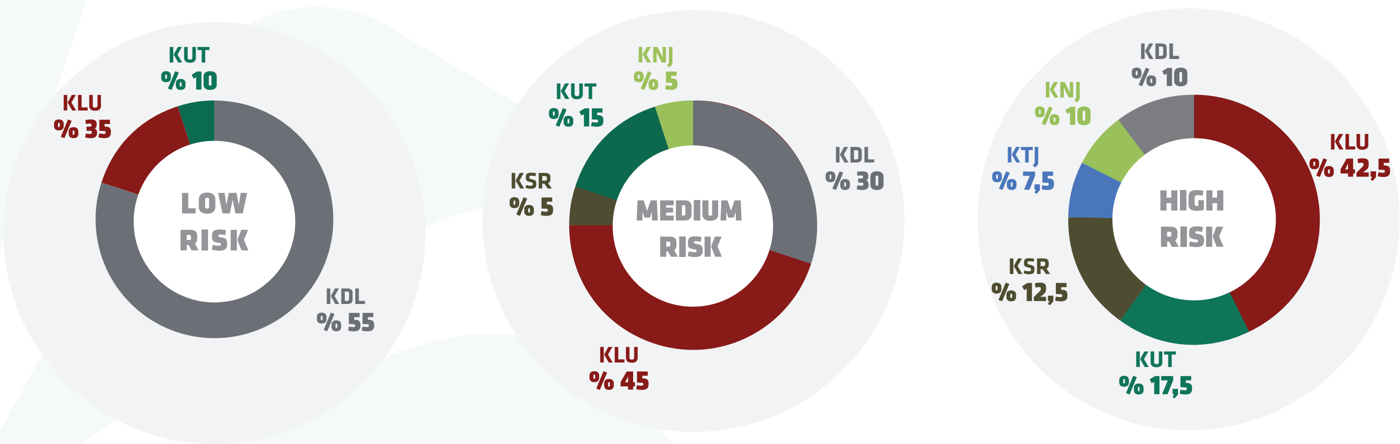
Our Fund Allocation Recommendations

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.

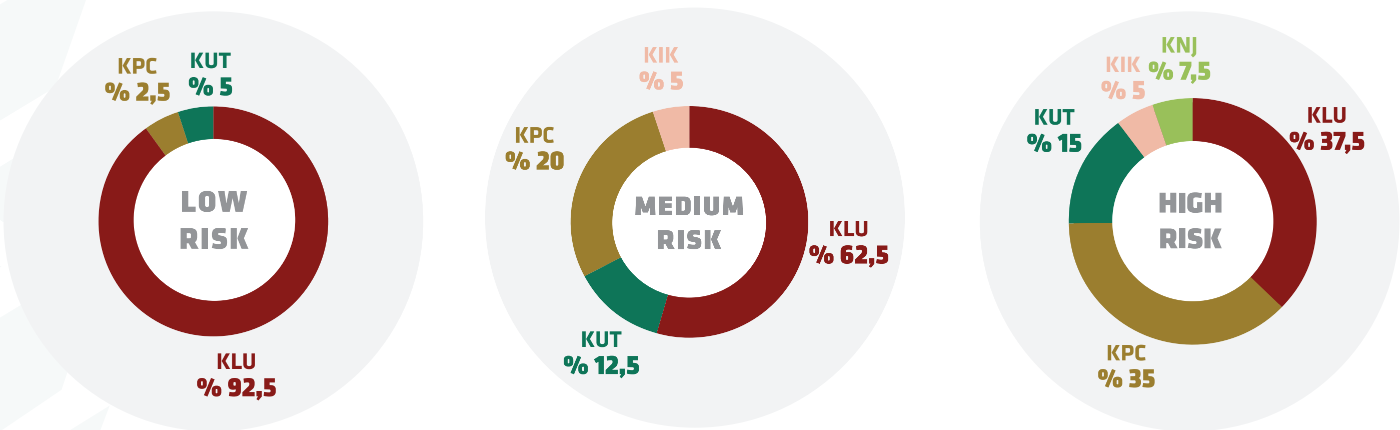
General Investment Recommendations for Those with USD as Their Base Currency

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.