



JULY 7, 2025

KUVEYT TRK ASSET MANAGEMENT

PRIVATE BANKING

**WEEKLY
ECONOMIC
BULLETIN**



KUVEYTTRK



PRIVATE BANKING

DISINFLATION PROCESS STRENGTHENS, MARKETS FOCUS ON THE CENTRAL BANK



The June inflation figure came in at 1.37% on a monthly basis, below the market expectation of 1.6%. With this result, annual inflation declined to 35.05%. For the second consecutive month, inflation data falling short of expectations indicates that the disinflation process is gaining momentum. This positive trend in inflation figures is also reflected in market participants' expectations. As noted, in the June Central Bank of the Republic of Türkiye (CBRT) Market Participants Survey, the 12-month forward CPI expectation declined from 25.06% to 24.56%. Although household expectations have improved more slowly than those of market participants, the increasing confidence that inflation will decline is seen as a positive development. All these factors have strengthened expectations that the CBRT may proceed with a rate cut at its July Monetary Policy Committee meeting. Even if a monetary easing cycle begins in July, we believe that Turkish lira-denominated fixed-income assets will continue to offer real returns to investors, as long as confidence is maintained that the Central Bank will keep the policy rate at a level consistent with the disinflation process.

The impact of the tight monetary stance on economic activity persisted into June. The Manufacturing PMI dropped to 46.7—the lowest level in the past eight months—indicating ongoing weak demand conditions for the manufacturing sector. The subdued demand environment has slowed the pace of product price increases, while the decline in new orders is also noteworthy. The decline in the Manufacturing PMI, capacity utilization rate, and real sector confidence index, along with weakening confidence indices in the construction, services, and retail trade sectors, points to a weaker economic performance in the second quarter compared to the first. While this backdrop supports our cautious stance toward domestic equities, we continue to include equity funds in our allocation recommendations, supported by declining geopolitical risks and growing expectations that the Central Bank of the Republic of Türkiye may initiate a monetary easing cycle at its July Monetary Policy Committee meeting.

Trade tensions have once again come to the forefront in global markets. U.S. President Donald Trump stated that any country aligning itself with the policies of BRICS which he described as “anti-American” would face an additional 10% tariff. After surpassing the peak levels tested in February, U.S. equity indices may adopt a more cautious course due to the renewed trade tensions. In light of these developments, we are not rushing to increase the weight of funds that include foreign equities and prefer to wait for greater clarity before making allocation decisions.

WEEKLY STATUS

	27.06.2025	04.07.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	10.054	10.740	6,8%	14,3%	23,2%	32,6%	210,3%
XU100	9.405	10.276	9,3%	4,5%	31,6%	35,6%	196,6%
USDTRY	39,91	39,85	-0,2%	12,6%	20,1%	57,5%	39,6%
DXY	97,40	97,18	-0,2%	-10,4%	7,1%	-2,1%	8,2%
US-10Y	4,28	4,35	1,6%	-5,0%	18,0%	0,0%	156,3%
TR-10Y	32,26	30,84	-4,4%	7,2%	7,6%	169,4%	-59,2%
TR-2Y	41,90	39,57	-5,6%	-2,4%	2,2%	298,0%	-56,1%
CDS (5Y)	301,82	273,99	-9,2%	5,5%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.274,00	3.337,00	1,9%	27,2%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.201,00	4.278,00	1,8%	43,4%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	46,03	47,07	2,3%	43,2%	45,3%	57,1%	44,9%

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GLOBAL

In the United States, the S&P Global Manufacturing Purchasing Managers' Index (PMI) was 52.9 in June. The Manufacturing PMI, published by S&P Global for June, increased by 0.9 points compared to the previous month to reach 52.9 points, surpassing market expectations. Thus, the PMI reached its highest level since May 2022. In the same period, the Manufacturing PMI published by the Institute for Supply Management (ISM) rose by 0.5 points to 49.0.

U.S. Federal Reserve (Fed) Chairman Jerome Powell made statements. Speaking at a forum, Fed Chairman Jerome Powell stated that the impact of tariffs on prices is expected to be observed during the summer. Powell emphasized that they prefer to adopt a wait-and-see approach in response to the scale of the tariffs, describing this strategy as a “prudent move.” He also noted in his remarks that inflation is hovering near the target and that, if data allows, a rate cut is on the table for later this year.

In the Euro Area, the Consumer Price Index (CPI) increased by 0.3 percent monthly and 2.0 percent annually in June. According to the June CPI data published by the European Statistics Office (Eurostat), the CPI in the Euro Area rose by 0.3 percent on a monthly basis and by 2.0 percent on an annual basis. In the same period, the core CPI – which excludes volatile items such as food and energy – rose by 0.4 percent monthly and 2.3 percent annually.

In China, the Caixin/S&P Global Manufacturing PMI reached 50.4 in June, exceeding the threshold level. The Caixin/S&P Global Manufacturing PMI for June in China increased by 2.1 points compared to May, surpassing the threshold level of 50.0 to reach 50.4 points, indicating expansion in the manufacturing sector. This expansion marked the eighth observed expansion in the manufacturing sector over the past nine months.

DOMESTIC

Consumer inflation stood at 1.4 percent monthly and 35.1 percent annually in June. According to the Consumer Price Index (CPI) released by TurkStat for June, consumer inflation was recorded at 1.4 percent on a monthly basis and 35.1 percent on an annual basis. When analyzing the changes in subcomponents, transportation, housing, and restaurants & hotels categories were observed to have contributed to the monthly increase in inflation. In the same period, the core CPI – which excludes unprocessed food products, energy, alcoholic beverages, tobacco, and gold – rose by 1.8 percent monthly and 34.6 percent annually.

The foreign trade deficit rose by 2.7 percent in May compared to the previous year, reaching 6 billion 645 million dollars. According to Foreign Trade Statistics for May released by TurkStat, under the general trade system, exports increased by 2.6 percent annually to 24 billion 817 million dollars, while imports rose by 2.7 percent to 31 billion 462 million dollars. As a result, the foreign trade deficit grew by 2.7 percent year-over-year, amounting to 6 billion 645 million dollars.

Retail prices in Istanbul rose by 1.77 percent monthly and 44.38 percent annually. According to the Istanbul Consumer Price Index and Wholesale Price Index released by the Istanbul Chamber of Commerce (ITO) for June, retail prices in Istanbul increased by 1.77 percent on a monthly basis and by 44.38 percent annually, while wholesale prices rose by 1.93 percent monthly and 37.36 percent annually. Subcategory analysis showed that the monthly rise in retail prices was driven by housing, household goods, and restaurant & hotel expenditure groups, while the increase in wholesale prices was influenced by construction materials and mineral products.

ISO Manufacturing PMI came in at 46.7, signaling a contraction in manufacturing activity. According to the Turkey Manufacturing PMI (Purchasing Managers' Index) survey released by the Istanbul Chamber of Industry (ISO) for June, the headline PMI fell to 46.7 points, staying below the threshold level of 50.0. This marked the lowest value in the past eight months. In June, production volumes declined across all 10 sectors covered by the survey. In terms of new orders, the machinery-metal sector was the only one to see a slight increase, while new export orders improved in four sectors.



LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	April	3,3%	2,5%	
	Manufacturing PMI	May	47,2	47,3	50
	Capacity Utilization Rate (seasonally adj.)	June	74,4%	75,1%	
New	Import - (capital goods) (annually)	May	14,5%	3,9%	
New	Import - (intermediate goods) (annually)	May	12,5%	-0,4%	
New	Import - (consumption goods) (annually)	May	10,3%	12,4%	
New	Credit Growth Weekly	June (Week 4)	2,0%	0,8%	
	Consumer Confidence Index	June	85,1	84,8	100
	Real sector confidence (seasonally adj.)	June	98,4	98,6	100
	Service sector confidence (seasonally adj.)	June	110,9	110,5	100
	Retail sector confidence (seasonally adj.)	June	108,5	111,2	100
	Construction sector confidence (seasonally adj.)	June	86,9	88,4	100
New	Car Sales (annually)	May	7,4%	38,8%	
	House sales - total (annually)	May	17,6%	56,6%	
	House sales - mortgage (annually)	May	95,9%	147,0%	
New	CPI	May	35,4%	37,9%	
	CPI expectations (year-end)	June	29,9%	30,4%	
	Current Year Growth Expectations	June	2,9%	2,9%	
	Retail Sales Volume (annually)	April	11,5%	9,2%	
	Current Account Balance (billion USD)	April	-7,9	-4,1	
New	Unemployment Rate (seasonally adj.)	May	8,4%	8,6%	
New	Dollarization	June (Week 3)	0,68 Billion (+)	0,47 Billion (-)	

Indicates Decrease

Indicates Stability

Indicates Increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

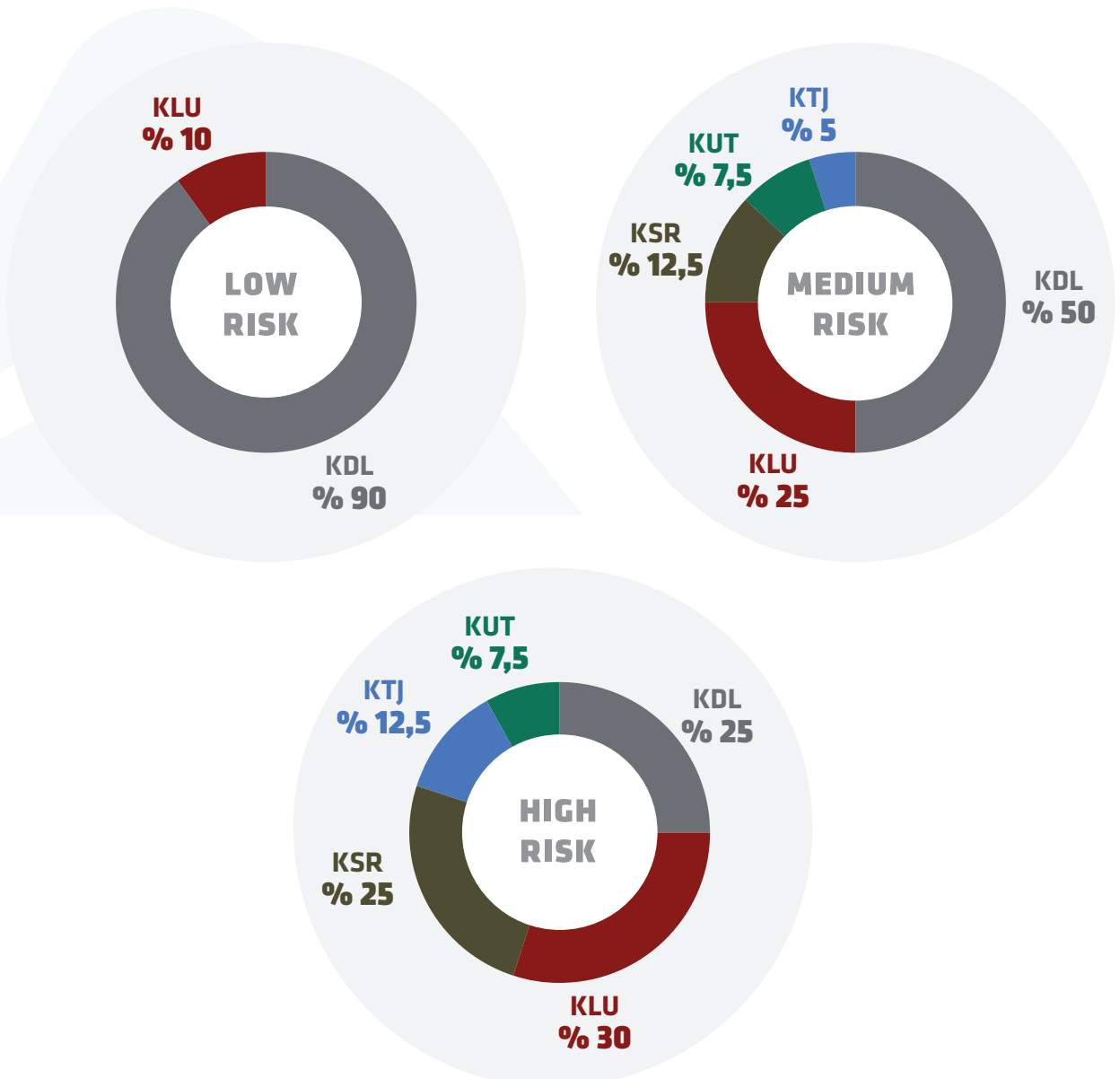
Our Fund Allocation Recommendations

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

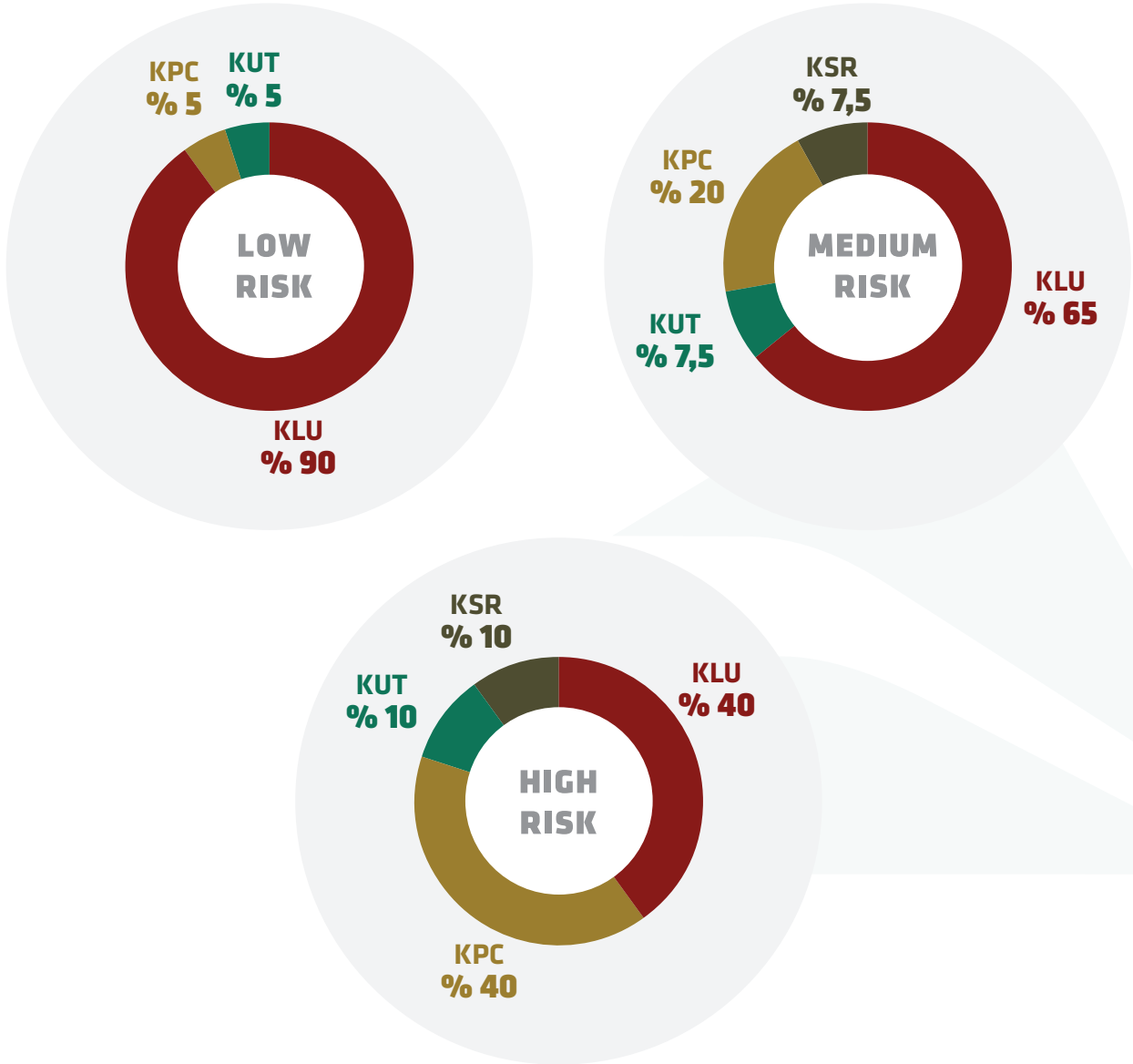
Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



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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.*

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.

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