



SEPTEMBER 15, 2025

KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN



KUVEYTTÜRK



PRIVATE BANKING

CBRT: TIGHTENING MAY BE CONSIDERED IF INFLATION DEVIATES FROM TARGETS



While the Central Bank of the Republic of Türkiye (CBRT) continued its rate cuts in line with market expectations, the decision statement adopted a more hawkish tone. It emphasized that tightening could be considered if the inflation outlook deviates from targets, while also drawing attention to pressures in food and services. We view these messages as a hawkish warning against inflation risks, despite the ongoing easing cycle.

In the Market Participants Survey, year-end inflation expectations stood at 29.86 percent, the U.S. dollar/TL exchange rate was projected at 43.85 (an increase of around 6 percent), and the policy rate expectation was 36.17 percent. Provided that there is no significant deterioration in expectations, we believe the real return potential of Turkish lira-denominated fixed-income assets will remain intact.

On the global front, markets are focusing more on signs of softening in the labor market rather than rising inflation risks. The weaker U.S. non-farm payroll data signaled a cooling in the labor market, while weekly jobless claims reached their highest level in four years in the week ending September 6. Meanwhile, the U.S. PPI came in at -0.1 percent month-on-month, suggesting that the pass-through of tariff-related price increases to consumers may remain limited. This week, the Fed is expected to cut rates by 25 basis points, while the main focus of the markets will be the forward guidance provided for the last two meetings of the year.

GLOBAL

In the United States, consumer prices in August increased by 0.4 percent on a monthly basis, above market expectations. On an annual basis, consumer prices rose by 2.9 percent, in line with market expectations. In the same period, core CPI increased by 0.3 percent monthly and 3.1 percent annually.

Producer prices in the United States decreased by 0.1 percent monthly in August, below market expectations. On an annual basis, they rose by 2.6 percent. In the same period, core PPI decreased by 0.1 percent monthly, while it increased by 2.8 percent annually.

In the Euro Area, the Investor Confidence Index fell from -3.7 points in August to 9.2 points in September. In the same period, investors' six-month expectations declined from -13.0 points to -18.8 points. Additionally, the Current Situation Index decreased from 6.0 points to 0.8 points.

In Germany, industrial production increased by 1.3 percent monthly in July, above expectations. This growth was supported by higher production in the automotive and machinery sectors. On an annual basis, industrial production rose by 1.0 percent.

In Japan, Gross Domestic Product (GDP) in the second quarter grew by 2.2 percent on an annualized basis, exceeding expectations. On a quarterly basis, GDP increased by 0.5 percent, marking the fifth consecutive quarter of growth.

DOMESTIC

At its meeting on September 11, the CBRT reduced the one-week repo rate by 250 basis points, from 43.00 percent to 40.50 percent. The overnight lending rate was lowered from 46.00 percent to 43.50 percent, while the overnight borrowing rate was cut from 41.50 percent to 39.00 percent.

Industrial production decreased by 1.8 percent monthly in July, while it increased by 5.0 percent annually. In monthly subcomponents, mining and quarrying fell by 1.5 percent, the manufacturing industry declined by 2.3 percent, while electricity, gas, steam, and air conditioning production and distribution rose by 4.5 percent.

According to the September Market Participants Survey, the annual CPI expectation increased from 29.69 percent to 29.89 percent compared to the previous survey. In the same survey, the 2025 GDP growth expectation was revised up by 0.3 percent to 3.2 percent.

The current account recorded a surplus of 1 billion 766 million dollars in July. In the same period, the current account surplus excluding gold and energy reached 6 billion 29 million dollars. Additionally, the foreign trade deficit was recorded at 4 billion 635 million dollars.

Trade sales volume increased by 11.6 percent annually in July. In the same period, wholesale trade sales volume rose by 11.4 percent, while retail sales volume increased by 13.0 percent annually.

Seasonally adjusted total turnover decreased by 2.1 percent monthly in July, while it rose by 38.8 percent annually. In the subcomponents, industry and trade sectors fell by 0.6 percent and 4.3 percent monthly, respectively, while the construction and services sectors increased by 5.8 percent and 0.4 percent monthly, respectively.

WEEKLY STATUS

	05.08.2025	12.09.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	11.788	11.443	-2,9%	23,2%	23,2%	32,6%	210,3%
XU100*	10.729	10.372	-3,3%	11,6%	31,6%	35,6%	196,6%
USDTRY	41,24	41,34	0,2%	14,9%	20,1%	57,5%	39,6%
DXY*	97,77	97,55	-0,2%	-9,5%	7,1%	-2,1%	8,2%
US-10Y*	4,09	4,06	-0,6%	-6,6%	18,0%	0,0%	156,3%
TR-10Y*	30,39	30,42	0,1%	1,3%	7,6%	169,4%	-59,2%
TR-2Y*	37,34	37,21	-0,3%	-9,4%	2,2%	298,0%	-56,1%
CDS (5Y)	272,65	260,84	-4,3%	7,8%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.586,81	3.643,13	1,6%	29,6%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.753,70	4.845,29	1,9%	48,9%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	54,35	56,09	3,2%	52,4%	45,3%	57,1%	44,9%

***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

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.



LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	July	5,0%	8,3%	
	Manufacturing PMI	August	47,3	45,9	50,0
	Capacity Utilization Rate (seasonally adj.)	August	73,6%	74,1%	
	Import - (capital goods) (annually)	July	17,2%	13,6%	
	Import - (intermediate goods) (annually)	July	65,2%	11,7%	
	Import - (consumption goods) (annually)	July	17,0%	32,2%	
New	Credit Growth Weekly	September (Week 2)	0,5%	1,1%	
	Consumer Confidence Index	August	84,3	83,5	100
	Real sector confidence (seasonally adj.)	August	100,6	98,9	100
	Service sector confidence (seasonally adj.)	August	111,1	110	100
	Retail sector confidence (seasonally adj.)	August	108,9	107,9	100
	Construction sector confidence (seasonally adj.)	August	85,3	88,8	100
	Car Sales (annually)	August	12,8%	14,5%	
	House sales - total (annually)	July	12,4%	35,8%	
	House sales - mortgage (annually)	July	60,3%	112,6%	
	CPI	August	33,0%	33,5%	
New	CPI expectations (year-end)	September	29,9%	29,7%	
New	Current Year Growth Expectations	September	3,2%	2,9%	
New	Retail Sales Volume (annually)	July	13,0%	14,7%	
New	Current Account Balance (billion USD)	July	1,7	-200,0%	
	Unemployment Rate (seasonally adj.)	July	8,0%	8,4%	
New	Dollarization	September (Week 2)	2,8 Billion (+)	4,1 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
15.09.2025	Turkey	Budget Balance
15.09.2025	US	New York Empire State Manufacturing Index
16.09.2025	Euro Zone	Industrial Production
16.09.2025	US	Industrial Production
16.09.2025	US	Core Retail Sales
17.09.2025	Euro Zone	CPI
17.09.2025	US	Interest Rate Projection
18.09.2025	Turkey	CBRT Monetary Policy Meeting
19.09.2025	Japan	BOJ Interest Rate Decision
19.09.2025	Germany	PPI

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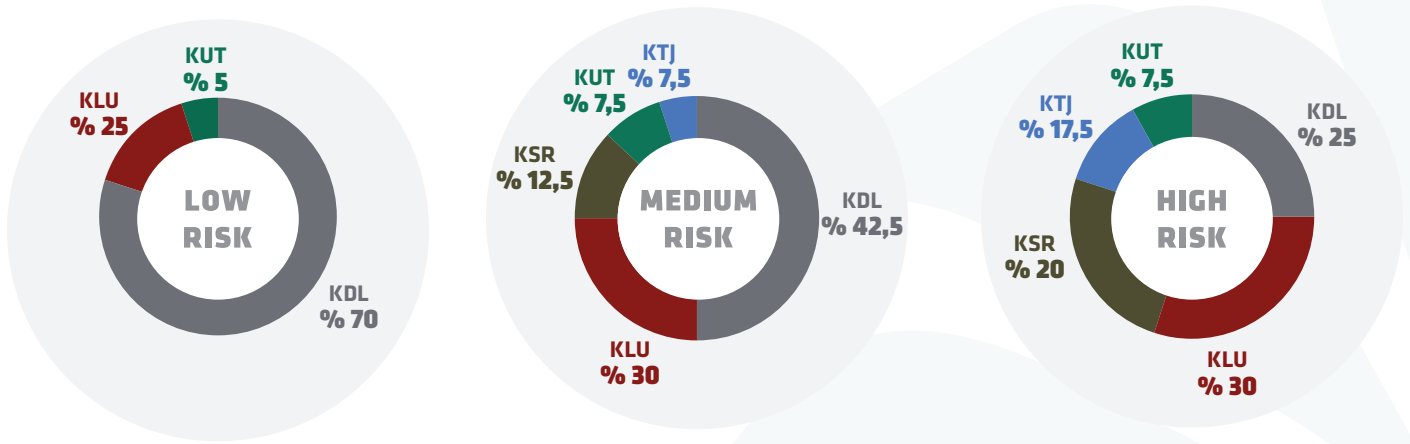
Our Fund Allocation Recommendations

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.

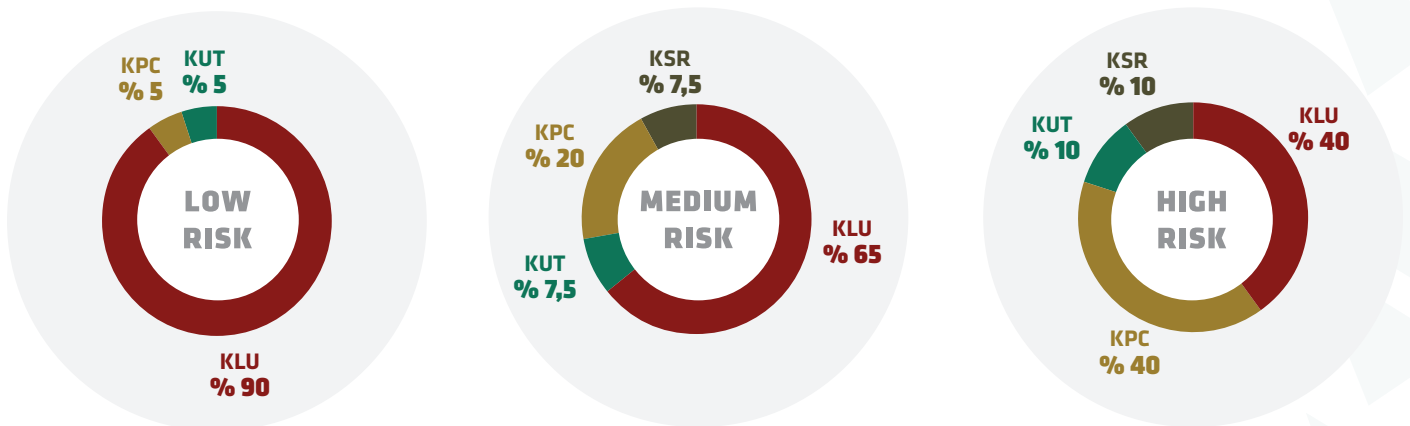
General Investment Recommendations for Those with USD as Their Base Currency

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.*

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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