



**AUGUST 18, 2025**

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



**KUVEYTTÜRK**



**PRIVATE BANKING**

## PEACE EFFORTS ABROAD, DOMESTIC FOCUS ON INFLATION AND RESERVES



Global markets left behind a critical period last week. While geopolitical developments took center stage, the inflation data released in the U.S. is expected to be decisive for the Fed's short-term actions. The meeting between U.S. President Trump and Russian President Putin, aimed at ending the Russia-Ukraine war, was positive. Today, Trump is expected to bring a peace agreement to the table in his meeting with Ukrainian President Zelenskiy and European leaders. The easing of geopolitical risks has supported risk appetite in global markets, while on the macro side, the lower-than-expected rise in U.S. annual inflation and the view that tariff-driven inflationary pressures will not be as severe as feared have strengthened expectations that the Fed could cut rates in September. This week, attention will turn to remarks from Fed Chair Powell at the annual central bankers' symposium in Jackson Hole.

Domestically, the year's third inflation report came into focus. The year-end inflation forecast range, previously set at 19–29 percent, was revised up to 25–29 percent in the latest report. This revision did not come as a surprise to the markets. According to the Market Participants Survey, the year-end inflation expectation stands at 29.69 percent. The general market expectation is that inflation will end the year close to the upper bound of the forecast range. Our projection remains unchanged; we continue to expect year-end inflation to remain below 30 percent. This outlook indicates that Turkish lira-denominated fixed-income assets continue to carry real return potential.

The strong increase in reserves is also supporting confidence in the Turkish lira. The CBRT's gross reserves exceeded USD 170 billion in the week of August 8, while net reserves excluding swaps approached USD 50 billion. The acceleration in reserve accumulation stands out as a positive signal for financial stability and confidence in the lira.

## GLOBAL

**In the United States, Consumer Prices increased on a monthly and yearly basis by 0.2 percent and 2.7 percent, respectively.** Core CPI, which excludes volatile energy and food prices, rose by 0.3 percent monthly and 3.1 percent annually.

**In the United States, Producer Prices in July increased above expectations, by 0.9 percent on a monthly basis and 3.3 percent on an annual basis.** Core PPI rose by 0.9 percent monthly and 3.7 percent yearly.

**In the United States, retail sales in July rose by 0.5 percent on a monthly basis, falling short of expectations.** In the same period, core retail sales showed a monthly increase of 0.2 percent.

**In the Euro Area, industrial production in June decreased by 1.3 percent on a monthly basis while increasing by 0.2 percent annually.** Belgium recorded the highest monthly increase with 5.1 percent, while Portugal saw the largest decline at 3.6 percent.

**In Germany, the ZEW Economic Sentiment Index fell by 18.0 points in August compared to the previous month, dropping to 34.7 points.** The decline was led by the chemical, pharmaceutical, mechanical engineering, and metal sectors.

**In Japan, Gross Domestic Product (GDP) in the second quarter of 2025 grew by 0.3 percent compared to the first quarter.** On an annual basis, GDP in the second quarter recorded a growth of 1.2 percent.

## DOMESTIC

**According to the Central Bank of the Republic of Turkey's third Inflation Report of the year, the year-end inflation target for 2025 was maintained within the range of 25 to 29 percent.** The year-end forecast for 2026 was set within the range of 13 to 19 percent.

**Industrial production in June increased by 0.7 percent monthly and 8.3 percent annually.** Looking at the annual breakdown, mining and quarrying rose by 2.3 percent, manufacturing increased by 9.5 percent, while electricity, gas, steam, and air conditioning supply declined by 1.1 percent.

**Retail sales in June rose by 1.3 percent monthly and 14.7 percent annually.** In the monthly breakdown, computers, books, and communication devices increased by 5.8 percent, while non-food sales (excluding automotive fuel) rose by 2.0 percent, standing out in the increase.

**The current account balance recorded a deficit of 2 billion 6 million dollars in June.** Excluding gold and energy, the current account showed a deficit of 2 billion 579 million dollars, while the annualized current account deficit rose to 18 billion 900 million dollars.

**Housing sales increased by 12.4 percent year-on-year in July, reaching 142 thousand 858 units.** In the same period, mortgage sales surged by 60.3 percent to 18 thousand 425 units, while sales to foreigners dropped by 18.6 percent to 1 thousand 913 units.

**According to the Market Participants Survey, the year-end Consumer Prices expectation rose from 29.66 percent to 29.69 percent.** In the previous survey period, the current account deficit expectation was 19 billion 900 million dollars, which increased by 400 million dollars to reach 20 billion 300 million dollars.

## WEEKLY STATUS

	08.08.2025	15.08.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	11.585	11.577	-0,1%	23,2%	23,2%	32,6%	210,3%
XU100*	10.973	10.870	-0,9%	11,6%	31,6%	35,6%	196,6%
USDTRY	40,65	40,90	0,6%	14,9%	20,1%	57,5%	39,6%
DXY*	98,18	97,85	-0,3%	-9,5%	7,1%	-2,1%	8,2%
US-10Y*	4,28	4,33	1,2%	-6,6%	18,0%	0,0%	156,3%
TR-10Y*	29,16	29,25	0,3%	1,3%	7,6%	169,4%	-59,2%
TR-2Y*	36,75	36,65	-0,3%	-9,4%	2,2%	298,0%	-56,1%
CDS (5Y)	271,83	264,98	-2,5%	7,8%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.398,78	3.335,39	-1,9%	29,6%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.443,00	4.382,80	-1,4%	48,9%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	50,09	49,94	-0,3%	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
	Industrial Production	May	4,9%	3,3%	
	Manufacturing PMI	July	45,9	46,7	50
	Capacity Utilization Rate (seasonally adj.)	June	74,4%	75,1%	
	Import - (capital goods) (annually)	June	13,6%	2,1%	
	Import - (intermediate goods) (annually)	June	11,7%	0,7%	
	Import - (consumption goods) (annually)	June	32,2%	12,8%	
New	Credit Growth Weekly	August (Week 2)	0,5%	0,6%	
	Consumer Confidence Index	July	83,5	85,1	100
	Real sector confidence (seasonally adj.)	July	98,9	98,4	100
	Service sector confidence (seasonally adj.)	July	110,0	110,9	100
	Retail sector confidence (seasonally adj.)	July	107,9	108,5	100
	Construction sector confidence (seasonally adj.)	July	88,8	86,9	100
New	Car Sales (annually)	July	14,5%	11,6%	
New	House sales - total (annually)	July	35,8%	17,6%	
	House sales - mortgage (annually)	July	112,6%	95,9%	
	CPI	July	33,5%	35,1%	
	CPI expectations (year-end)	July	29,7%	29,9%	
	Current Year Growth Expectations	July	2,9%	2,9%	
New	Retail Sales Volume (annually)	June	14,7%	17,7%	
New	Current Account Balance (billion USD)	May	-2,0	-0,7	
	Unemployment Rate (seasonally adj.)	June	8,6%	8,4%	
New	Dollarization	August (Week 2)	1,5 Billion (+)	1,8 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
11.08.2025	Turkey	Industrial Production
12.08.2025	Turkey	Current Account (USD)
12.08.2025	Turkey	Retail Sales
12.08.2025	US	Core CPI
14.08.2025	Turkey	CBRT Inflation Report
14.08.2025	US	Core PPI
15.08.2025	Turkey	End Year CPI Forecast
15.08.2025	US	Retail Sales

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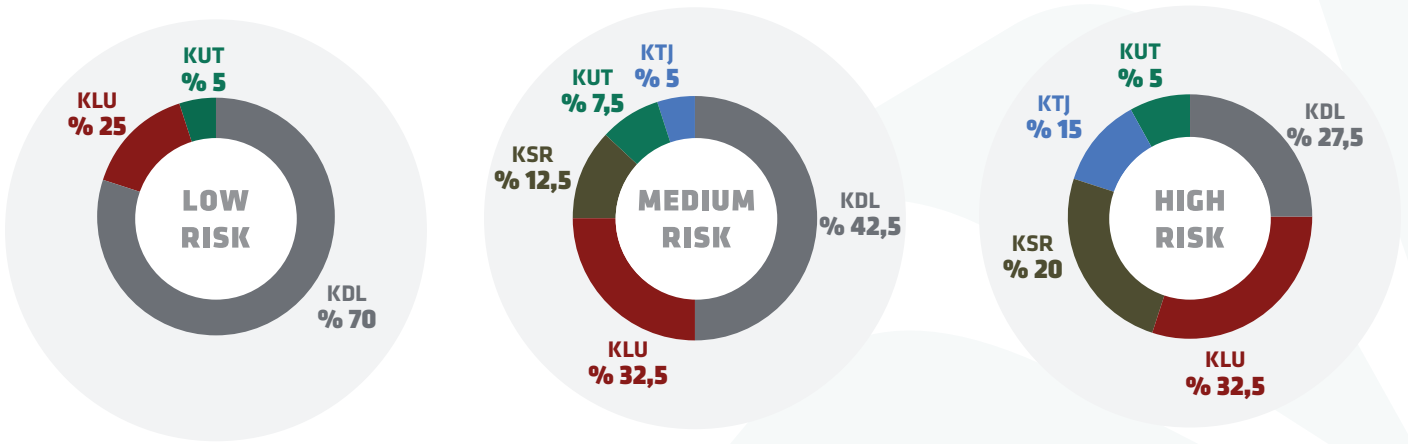
## Our Fund Allocation Recommendations

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.

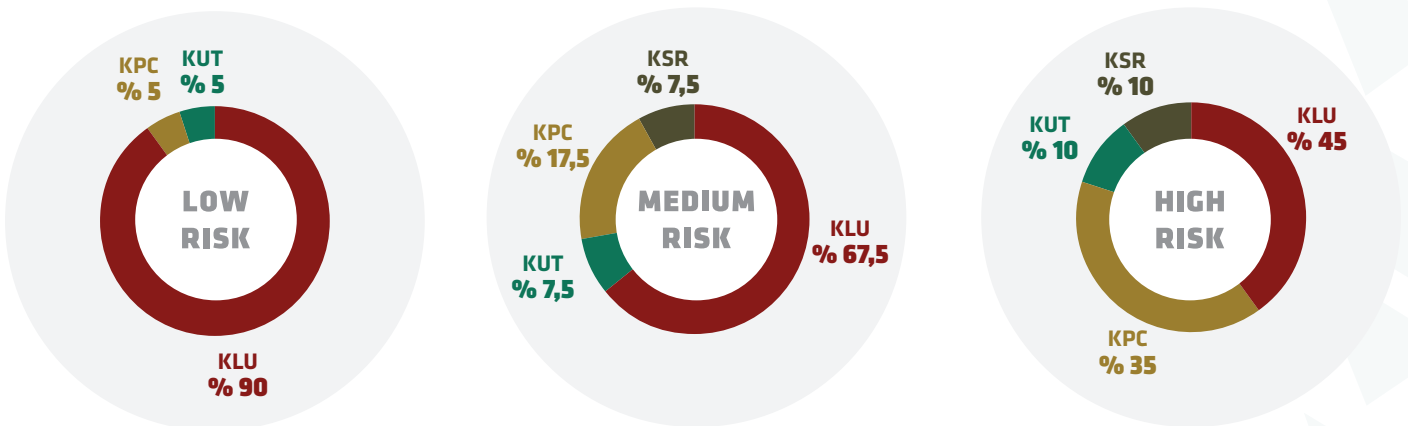
### General Investment Recommendations for Those with USD as Their Base Currency

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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