



JUNE 23, 2025

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

**WEEKLY
ECONOMIC
BULLETIN**



KUVEYTTÜRK



PRIVATE BANKING

GEOPOLITICAL RISKS ESCALATE WHILE THE CBRT MAINTAINS A CAUTIOUS STANCE



As in the previous week, the new week opens against a backdrop of heightened uncertainty. U.S. strikes on Iran's nuclear facilities have further intensified geopolitical tensions in the Middle East. In the days ahead, markets will focus on whether Iran will retaliate. Developments around the Strait of Hormuz, which is critical for global energy supply, are being closely monitored. Oil prices have risen by more than 20 % throughout June, and concerns over a continued uptrend are mounting. Several international investment banks have warned that, should geopolitical tensions persist, oil prices could surpass USD 100 per barrel. In this environment of sustained uncertainty, we prefer to maintain a cautious stance in our fund allocation recommendations.

Despite the rising geopolitical risk, precious-metal prices have shown a downward trend since last week. We believe this is due to spot gold having gained around 27% since the beginning of the year. Gold's muted reaction to heightened geopolitical tensions narrows its upside potential in the short term. Until Iran's response becomes clear, we do not plan to increase the weight of precious metals in our overall investment strategy this week.

Last week, the domestic focus was on the CBRT Monetary Policy Committee meeting. The Central Bank kept its policy rate unchanged and refrained from providing guidance on rate cuts. The policy rate will be set so as to maintain the degree of tightness required by the projected disinflation path, taking actual inflation, its underlying trend, and expectations into account. Given the increased geopolitical risks and the rise in oil prices which pose upside risks to the inflation outlook, We expect any potential easing steps in monetary policy to be gradual and cautious. Within this framework, we believe that the real return potential of Turkish lira denominated fixed income assets remains intact, while we continue to keep our risk appetite for domestic equities limited until the uncertainty eases.

WEEKLY STATUS

	10.06.2025	20.06.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	9.931	10.109	1,8%	7,5%	23,2%	32,6%	210,3%
XU100	9.312	9.203	-1,2%	-6,4%	31,6%	35,6%	196,6%
USDTRY	39,41	39,67	0,7%	12,1%	20,1%	57,5%	39,6%
DXY	98,19	98,71	0,5%	-9,0%	7,1%	-2,1%	8,2%
US-10Y	4,42	4,38	-0,9%	-4,4%	18,0%	0,0%	156,3%
TR-10Y	33,93	33,33	-1,8%	15,8%	7,6%	169,4%	-59,2%
TR-2Y	43,86	43,29	-1,3%	6,7%	2,2%	298,0%	-56,1%
CDS (5Y)	291,26	310,00	6,4%	19,4%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.433,00	3.385,00	-1,4%	29,1%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.351,00	4.295,00	-1,3%	43,9%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	46,12	45,88	-0,5%	39,6%	45,3%	57,1%	44,9%

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GLOBAL

The U.S. Federal Reserve (Fed) acted in line with expectations and kept its policy rate steady at the 4.25–4.50 percent range. In the related decision text, it was stated that the uncertainty regarding the economic outlook has decreased but remains high. It was also noted that the unemployment rate remains low and the labor market continues to be robust. Fed officials' forecasts for the federal funds rate were revised upward: the 2026 projection increased from 3.4 percent to 3.6 percent, and the 2027 projection rose from 3.1 percent to 3.4 percent.

In the U.S., retail sales decreased by 0.9 percent on a monthly basis in May. According to the retail sales data announced by the U.S. Department of Commerce for May, retail sales fell by 0.9 percent month-on-month, marking the sharpest decline since the beginning of the year. The newly announced tariffs were shown to have deterred consumers, particularly from automobile spending. Upon examining the subcomponents, it was noted that seven out of thirteen subcategories experienced a decline.

In the Euro Area, the Consumer Price Index (CPI) showed no change on a monthly basis, while it increased by 1.9 percent on a yearly basis. According to the final CPI data for May announced by the European Statistics Office (Eurostat), the CPI remained unchanged monthly, while increasing 1.9 percent annually, in line with market expectations. In the same period, core consumer inflation stood at 2.3 percent annually and zero percent monthly. Among the subcomponents, the highest price increases were recorded in the services sector.

The Bank of Japan (BOJ) also acted in line with expectations and kept its policy rate steady at 0.5 percent. The BOJ announced that it would slow the pace of its bond purchases starting from the next fiscal year. It signaled that it would continue to take cautious steps toward normalizing its loose monetary policy. According to the bond purchase program announced by the BOJ, starting from the 2026 fiscal year, monthly bond purchases will be reduced by 200 billion yen in each quarterly period.

DOMESTIC

The Central Bank of the Republic of Turkey (CBRT) kept interest rates unchanged, maintaining the one-week repo auction rate at 46.0 percent, and the lower and upper bounds of the interest rate corridor at 44.5 percent and 49.0 percent, respectively. In the decision text, it was emphasized that the main trend of inflation was declining, but inflation expectations and pricing behaviors continued to pose risks to the disinflation process. It was also noted that leading indicators of domestic demand pointed to a slowdown.

The current account posted a deficit of 7.9 billion dollars in April. According to the Current Account Statistics released by the CBRT for April, the current account recorded a deficit of 7.9 billion dollars. In the same period, the current account excluding gold and energy posted a deficit of 1.9 billion dollars. The balance of payments-defined foreign trade deficit stood at 9.9 billion dollars. As a result, the annualized current account deficit reached 15.8 billion dollars, while the balance of payments-defined foreign trade deficit recorded a deficit of 60.4 billion dollars.

Market participants' expectations for end-of-month consumer inflation and the policy rate stood at 1.6 percent and 46.0 percent, respectively. According to the Market Participants Survey published by the CBRT for June, expectations for end-of-month and year-end consumer inflation stood at 1.6 percent and 29.9 percent, respectively. For the same periods, participants' exchange rate expectations for the dollar stood at 39.7 and 43.6. In addition, expectations for the CBRT's one-week repo auction rate were 46.0 percent for the first meeting, 43.0 percent for the second meeting, and 40.4 percent for the third meeting.

Consumer confidence increased by 0.3 percent in June, reaching a level of 85.1. According to the Consumer Confidence Index published by TurkStat for June, consumer confidence rose by 0.3 percent to 85.1. Upon examining the subcomponents, consumer confidence increased in all items, including the current financial situation of the household, the household's financial expectations for the next 12 months, general economic expectations for the next 12 months, and the intention to purchase durable goods within the next 12 months.



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.)	April	75,1%	74,6%	
	Import - (capital goods) (annually)	April	14,5%	3,9%	
	Import - (intermediate goods) (annually)	April	12,5%	-0,4%	
	Import - (consumption goods) (annually)	April	10,3%	12,4%	
New	Credit Growth Weekly	June (Week 2)	0,8%	0,1%	
	Consumer Confidence Index	May	84,8	83,9	100
	Real sector confidence (seasonally adj.)	May	98,6	100,8	100
	Service sector confidence (seasonally adj.)	May	110,5	109,5	100
	Retail sector confidence (seasonally adj.)	May	111,2	110,6	100
	Construction sector confidence (seasonally adj.)	May	88,4%	85,1%	100
New	Car Sales (annually)	May	7,4%	38,8%	
New	House sales - total (annually)	May	17,6%	56,6%	
	House sales - mortgage (annually)	May	95,9%	147,0%	
	CPI	May	35,4%	37,9%	
New	CPI expectations (year-end)	June	29,9%	30,4%	
New	Current Year Growth Expectations	June	2,9%	2,9%	
New	Retail Sales Volume (annually)	April	11,5%	9,2%	
New	Current Account Balance (billion USD)	April	-7,9	-4,1	
	Unemployment Rate (seasonally adj.)	April	8,6%	7,9%	
New	Dollarization	June (Week 2)	2,94 Billion (+)	2,60 Billion (-)	

Indicates Decrease

Indicates Stability

Indicates Increase

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

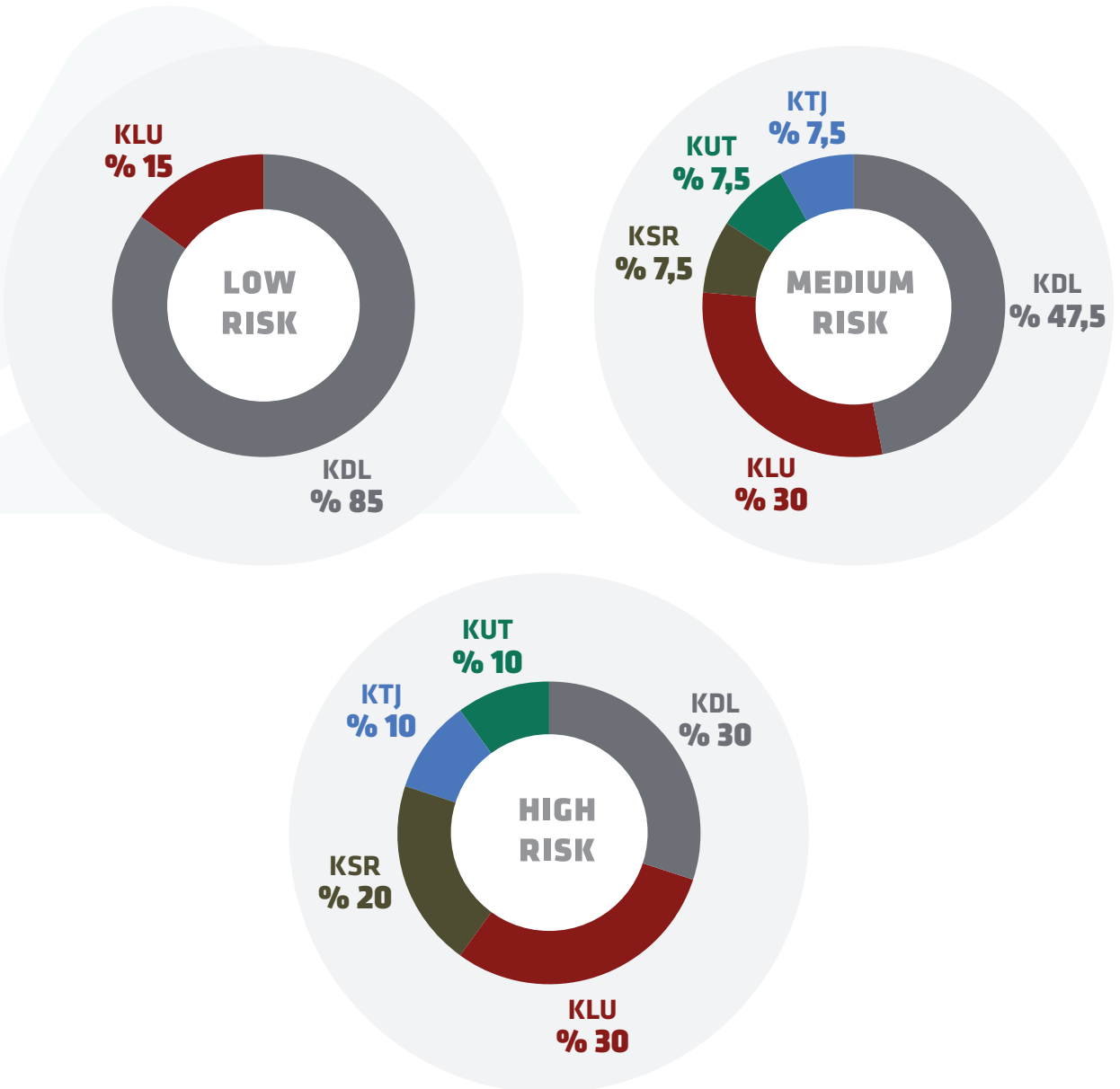
Our Fund Allocation Recommendations

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

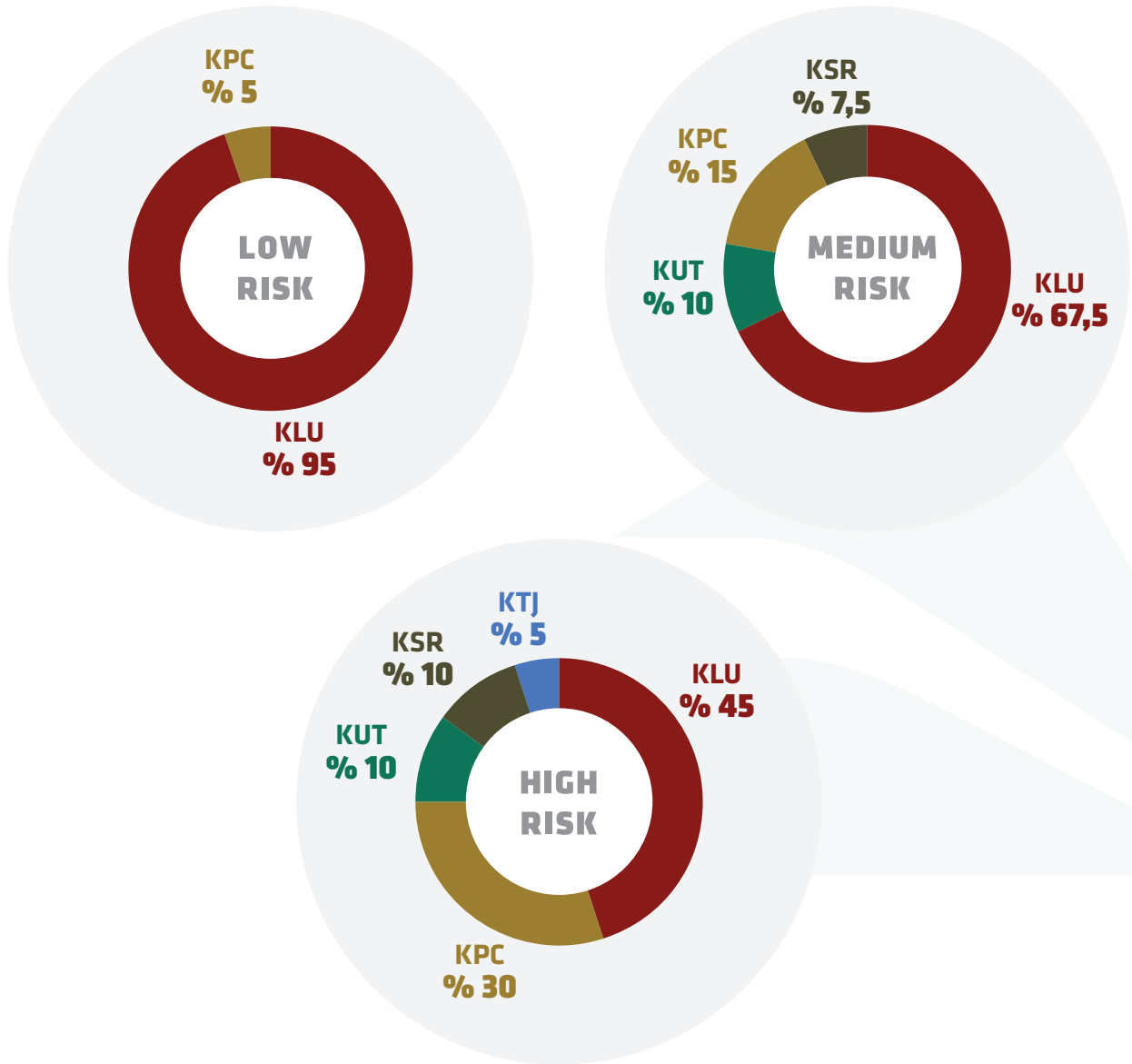
Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



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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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