



**JULY 28, 2025**

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



**KUVEYTTÜRK**



**PRIVATE BANKING**

## CONFIDENCE IN TL ASSETS STRENGTHENS, GLOBAL MARKETS TURN FOCUS TO THE FED



Last week, domestic attention was focused on the Central Bank of the Republic of Türkiye's (CBRT) Monetary Policy Committee meeting and assessments from international credit rating agencies. The CBRT cut its policy rate by 300 basis points, from 46 percent to 43 percent. In the statement accompanying the decision, it was noted that the underlying trend of inflation remained flat in June, while a temporary increase in monthly inflation is likely in July. Due to rising energy prices and seasonal movements in fruit and vegetable prices, July inflation is expected to exceed 2 percent. However, given the high base from July 2024 when monthly inflation stood at 3.23 percent the decline in annual inflation is expected to continue. As the scenario of year-end inflation falling below 30 percent remains intact, we believe that Turkish lira-denominated fixed-income assets continue to offer real return potential.

International credit rating agency Moody's upgraded Türkiye's credit rating from "B1" to "Ba3" and revised its outlook from "positive" to "stable." Since no rating upgrade had been anticipated by the market, this development came as a surprise and has created a positive outlook for TL assets.

In global markets, the focus this week will be on the upcoming Federal Reserve meeting. Ahead of the meeting, the agreement between the U.S. and the European Union to implement 15 percent tariffs has supported global risk appetite. Meanwhile, U.S. non-farm payroll and personal consumption expenditure (PCE) data, both scheduled for release this week, will also be key drivers of market pricing. Given the constructive steps on the trade front ahead of the Fed meeting and macroeconomic data releases, we expect the positive sentiment in markets to persist, followed by a shift toward a more

## GLOBAL

**U.S. Federal Reserve (Fed) Chair Jerome Powell emphasized the importance of large banks contributing to economic growth.** Powell stated that in addition to being well-capitalized and effectively managing their core risks, large banks also need to compete with one another, with non-bank financial firms, and with other banks to support economic growth.

**In the U.S., existing home sales fell by 2.7 percent on a seasonally adjusted monthly basis in June, declining to 3.93 million units.** This marks the lowest level of existing home sales since September 2024. Additionally, a supply shortage in the housing market has driven home prices to record levels.

**The U.S. manufacturing preliminary Purchasing Managers' Index (PMI) came in at 49.5 in July, falling short of market expectations.** The preliminary PMI dropped to its lowest level in the past seven months, signaling early signs of contraction in the manufacturing sector.

**The European Central Bank (ECB) chose to keep its policy interest rate unchanged at 2.15 percent, preferring to wait for uncertainties regarding trade tariffs with the U.S. to be resolved.** The accompanying statement noted that the latest data aligned with the bank's assessment of the inflation outlook.

**In Germany, the IFO business climate index rose slightly in July to 88.6 points, while expectations were for a flat reading.** The increase in business confidence was supported by progress toward a trade agreement between Europe and the U.S., as well as the German Chancellor's pledge to make the economy a top priority.

## DOMESTIC

**The Central Bank of the Republic of Turkey (CBRT) cut the one-week repo auction rate by 300 basis points, lowering the policy rate from 46 percent to 43 percent.** The accompanying statement noted that while the underlying trend of inflation remained flat in June and is expected to increase slightly in July temporarily, demand conditions continue to exert a disinflationary effect.

**Market participants' monthly inflation expectation for July was recorded at 2.1 percent.** In addition, market participants forecast the July exchange rate of the U.S. dollar at 40.5 and the CBRT one-week repo rate at 43.3 percent.

**In the manufacturing sector, the seasonally adjusted capacity utilization rate fell by 0.3 percentage points month-on-month in July to 74.1 percent.** On a yearly basis, capacity utilization declined across all goods categories.

**In July, real sector confidence and construction sector confidence increased, while retail trade and services sector confidence decreased.** The rise in construction confidence was driven by expectations of increased employment over the next three months, while the decline in retail trade and services confidence was attributed to weaker expectations for business volume-sales and demand for services in the same period.

**Consumer confidence fell by 1.6 points compared to the previous month, reaching 83.5 points in July.** All subcomponents—including the current financial situation of households, expectations for households' financial conditions and the general economy over the next 12 months, and intentions to purchase durable goods—contributed negatively to consumer confidence.

**International credit rating agency Moody's upgraded Turkey's credit rating from B1 to Ba3 and changed the outlook to stable.** In the decision statement, the reason for the upgrade was cited as the Central Bank of the Republic of Turkey's (CBRT) commitment to a tight monetary policy.

**Producer prices abroad increased by 3.4 percent month-on-month and 28.4 percent year-on-year in June.** The annual rise in producer prices was driven mainly by capital goods and durable consumer goods.

## WEEKLY STATUS

	18.07.2025	25.07.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	10.991	11.399	3,7%	21,3%	23,2%	32,6%	210,3%
XU100*	10.366	10.643	2,7%	8,3%	31,6%	35,6%	196,6%
USDTRY	40,39	40,57	0,4%	14,7%	20,1%	57,5%	39,6%
DXY*	98,48	97,65	-0,8%	-10,0%	7,1%	-2,1%	8,2%
US-10Y*	4,42	4,39	-0,7%	-4,1%	18,0%	0,0%	156,3%
TR-10Y*	31,96	31,62	-1,1%	9,9%	7,6%	169,4%	-59,2%
TR-2Y*	41,13	40,13	-2,4%	-1,1%	2,2%	298,0%	-56,1%
CDS (5Y)	285,55	271,89	-4,8%	4,7%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.350,00	3.330,00	-0,6%	27,0%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.351,00	4.352,00	0,0%	45,8%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	49,59	49,75	0,3%	51,4%	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	June	46,7	47,2	50
	Capacity Utilization Rate (seasonally adj.)	June	74,4%	75,1%	
	Import - (capital goods) (annually)	May	2,1%	14,5%	
	Import - (intermediate goods) (annually)	May	0,7%	12,5%	
	Import - (consumption goods) (annually)	May	12,8%	10,3%	
New	Credit Growth Weekly	July (Week 3)	0,4%	0,6%	
New	Consumer Confidence Index	July	83,5	85,1	100
New	Real sector confidence (seasonally adj.)	July	98,9	98,4	100
New	Service sector confidence (seasonally adj.)	July	110,0	110,9	100
New	Retail sector confidence (seasonally adj.)	July	107,9	108,5	100
New	Construction sector confidence (seasonally adj.)	July	88,8	86,9	100
	Car Sales (annually)	May	11,6%	7,4%	
	House sales - total (annually)	June	35,8%	17,6%	
	House sales - mortgage (annually)	June	112,6%	95,9%	
	CPI	May	35,1%	35,4%	
New	CPI expectations (year-end)	July	29,7%	29,9%	
New	Current Year Growth Expectations	July	2,9%	2,9%	
	Retail Sales Volume (annually)	May	17,7%	11,5%	
	Current Account Balance (billion USD)	May	-0,7	-7,9	
	Unemployment Rate (seasonally adj.)	May	8,4%	8,6%	
New	Dollarization	July (Week 3)	1,9 Billion (+)	1,4 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
29.07.2025	US	CB Consumer Confidence (Jul)
29.07.2025	US	JOLTS Job Openings (Jun)
30.07.2025	Turkey	Unemployment Rate (MoM) (Jun)
30.07.2025	Turkey	Turkish Economic Confidence Index (Jul)
30.07.2025	US	Preliminary GDP (QoQ) (Q2)
30.07.2025	US	Fed Interest Rate Decision
31.07.2025	US	Core PCE Price Index (MoM) (Jun)
01.08.2025	US	Nonfarm Payrolls (Jul)

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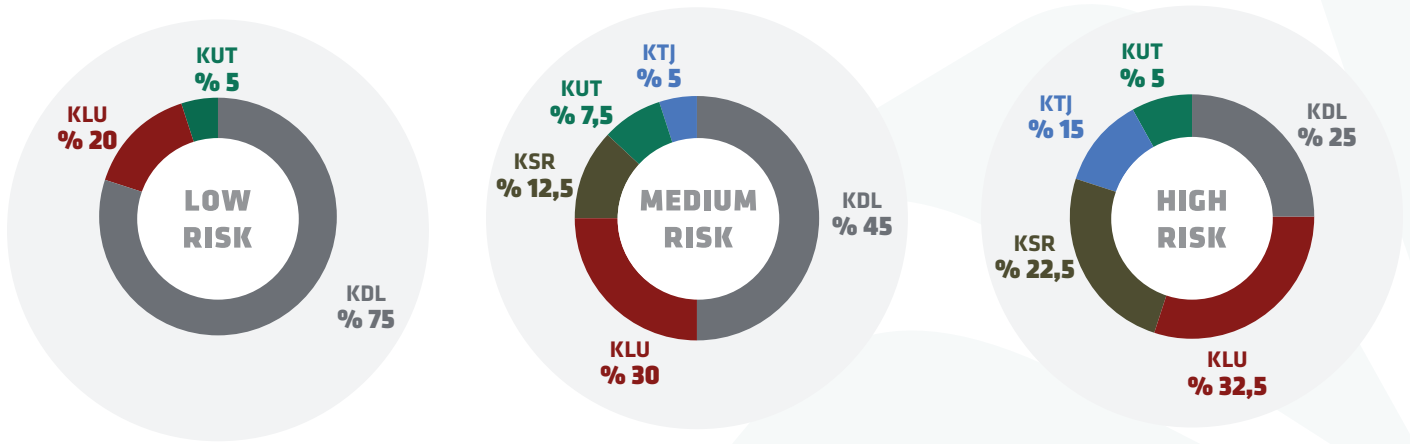
## Our Fund Allocation Recommendations

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.

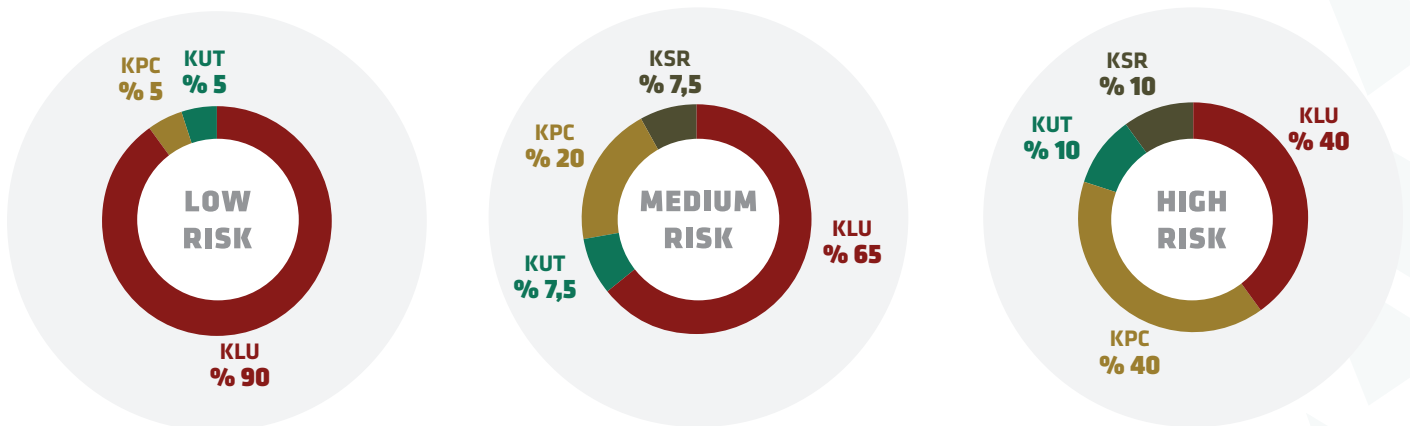
### General Investment Recommendations for Those with USD as Their Base Currency

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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