



JUNE 30, 2025

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

**WEEKLY
ECONOMIC
BULLETIN**



KUVEYTTÜRK



PRIVATE BANKING

WITH GLOBAL RISKS RECEDING, ATTENTION TURNS TO DOMESTIC INFLATION DATA



Compared to the previous week, a notable decline in geopolitical risks has been observed globally. A ceasefire has been established between Israel and Iran, and the absence of further escalation following the U.S. strikes on Iran's nuclear facilities has brought relief to the markets. Statements by U.S. President Donald Trump suggesting that sanctions could be lifted if Iran adopts a peaceful approach have also contributed to the easing of tensions. In addition to the decline in geopolitical risks, positive developments have been observed in trade policy. A trade agreement has been signed between the U.S. and China, and similar deals are expected to be pursued with countries such as India and Japan. These developments, which have supported global risk appetite, are driving increased demand for risk assets. U.S. equity indices have surpassed the peak levels last tested in February, while spot gold has been losing value due to rising risk appetite and progress in trade negotiations. In line with the growing demand for risk assets, we continue to assign a low weight to precious metals in our fund allocation recommendations.

In the domestic market, the improvement in inflation expectations is coming to the forefront. Households' 12-month forward inflation expectation, which had remained around 59% over the past four months, declined by 6.9 percentage points to 53% in June. Moreover, the proportion of households expecting inflation to decline has once again risen above 30%. Although the improvement in household expectations appears to lag behind that of market participants, we view the strengthening confidence in the disinflation process as a positive development. Should the June inflation data scheduled for release on Thursday come in near the market expectation of 1.6%, it is likely that inflation expectations will continue to improve. These developments are strengthening expectations that the Central Bank of the Republic of Türkiye (CBRT) may consider a rate cut at the Monetary Policy Committee meeting in July. On the other hand, considering the weak trend in economic activity and the limited volatility in the exchange rate, we maintain our view that the real return potential of Turkish lira-denominated fixed-income investments remains intact.



While an improvement is taking place in sectoral inflation expectations, the weakening trend in sectoral confidence indices persists. The seasonally adjusted real sector confidence index declined by 0.2 points to 98.4 in June, remaining below the threshold level of 100 for the second consecutive month. Similarly, the manufacturing industry capacity utilization rate fell by 0.7 points during the same period, reaching 74.4%. These indicators confirm the weak performance of the industrial sector in the second quarter. While weak macroeconomic data and concerns over company financials continue to weigh on the outlook for the equity market, expectations that the CBRT may enter a monetary easing cycle along with reduced geopolitical risks and positive developments in trade policy are helping to offset this negative backdrop. Following a downward trend in April and May, the BIST Participation 50 Index is on track to close June with a gain of over 4%.

WEEKLY STATUS

	20.06.2025	27.06.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	10.109	10.054	-0,5%	7,0%	23,2%	32,6%	210,3%
XU100	9.203	9.405	2,2%	-4,3%	31,6%	35,6%	196,6%
USDTRY	39,67	39,91	0,6%	12,8%	20,1%	57,5%	39,6%
DXY	98,71	97,40	-1,3%	-10,2%	7,1%	-2,1%	8,2%
US-10Y	4,38	4,28	-2,3%	-6,6%	18,0%	0,0%	156,3%
TR-10Y	33,33	32,26	-3,2%	12,1%	7,6%	169,4%	-59,2%
TR-2Y	43,29	41,90	-3,2%	3,3%	2,2%	298,0%	-56,1%
CDS (5Y)	310,00	301,82	-2,6%	16,2%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.385,00	3.274,00	-3,3%	24,8%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.295,00	4.201,00	-2,2%	40,8%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	45,88	46,03	0,3%	40,1%	45,3%	57,1%	44,9%

GLOBAL

The Chair of the United States Federal Reserve (Fed), Jerome Powell, made statements regarding the macroeconomic outlook. Powell stated that they are not currently facing the risk of stagflation—where slow growth and high inflation coexist—but emphasized that conditions are being closely monitored. He attributed their reluctance to act hastily without observing the inflationary pressures of customs tariffs to the fact that there is no modern precedent, noting that they remain open to the possibility that inflationary pressure could be either lower or higher than anticipated.

In the United States, the Personal Consumption Expenditures (PCE) index rose by 0.1 percent on a monthly basis and 2.3 percent on an annual basis in May. In the same period, Core PCE increased by 0.2 percent monthly, exceeding expectations, and 2.7 percent annually. Additionally, personal consumption expenditures recorded the sharpest decline since the beginning of the year, falling by 0.3 percent on a monthly basis. The steep decline in consumer spending revealed that uncertainty created by the Trump administration's economic policies had a negative impact on the growth trajectory.

In June, the Conference Board Consumer Confidence Index in the United States fell by 5.4 points compared to the previous month, reaching 93.0 points. According to the June Consumer Confidence Index announced by the Conference Board, consumer confidence dropped by 5.4 points to 93.0, contrary to expectations of an increase. Looking at subcomponents, the Present Situation Index—which reflects consumers' assessments of current job and labor market conditions—fell by 6.4 points from the previous month, reaching 129.1.

President of the European Central Bank (ECB), Christine Lagarde, also made statements regarding the macroeconomic outlook. Lagarde noted that global fragmentation, uncertainty, and conflict are increasingly intensifying, and she expressed expectations that this negative atmosphere will adversely affect exports and the investment climate in the short term, thereby weakening economic activity. Despite the weak economic outlook, Lagarde stated that a swift resolution to trade and geopolitical tensions or further increases in defense and infrastructure spending could pose upside risks to economic activity.

DOMESTIC

The seasonally adjusted capacity utilization rate in the manufacturing industry fell by 0.7 points to 74.4 percent in June compared to the previous month. According to data released by the Central Bank of the Republic of Turkey (CBRT) for June, the seasonally adjusted capacity utilization rate in manufacturing decreased by 0.7 points to 74.4 percent compared to the previous month. Meanwhile, the unadjusted capacity utilization rate declined by 0.4 points to 74.6 percent over the same period. Looking at subcategories, capacity utilization increased in non-durable consumer goods and intermediate goods on a monthly basis, while it declined in consumer goods, durable consumer goods, and investment goods.

The seasonally adjusted real sector confidence index fell by 0.2 points to 98.4 in June compared to the previous month. According to the Real Sector Confidence Index released by the CBRT for June, the seasonally adjusted index dropped by 0.2 points to 98.4. In terms of subcomponents, expectations related to export orders over the next three months, current finished goods inventories, production volume for the next three months, and fixed capital investment expenditures contributed positively to confidence, while views on the general outlook, total orders over the past three months, and employment expectations for the next three months had a negative effect on confidence.

The CBRT published the summary of the Monetary Policy Committee meeting held in June. The summary indicated that it was decided to keep the policy rate unchanged and that future policy decisions would be determined in a way that reduces the underlying trend of inflation and achieves the medium-term inflation target of 5 percent, while also taking into account the delayed effects of monetary tightening. The summary noted that global inflation uncertainty has increased, suggesting that central banks are expected to remain cautious in their rate-cutting cycles. It also emphasized that geopolitical developments could negatively impact economies through channels such as energy prices, tourism, risk appetite, and country risk premiums.

While confidence in the services sector increased in June, confidence in the retail trade and construction sectors declined. According to the Services, Retail Trade, and Construction Confidence Indices published by TurkStat for June, the Services Sector Confidence Index rose by 0.4 percent to reach 110.9, the Retail Trade Sector Confidence Index fell by 2.5 percent to 108.5, and the Construction Sector Confidence Index declined by 1.7 percent to 86.9.



LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
	Industrial Production	April	3,3%	2,5%	
	Manufacturing PMI	May	47,2	47,3	50
New	Capacity Utilization Rate (seasonally adj.)	June	74,4%	75,1%	
	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 3)	0,5%	0,8%	
New	Consumer Confidence Index	June	85,1	84,8	100
New	Real sector confidence (seasonally adj.)	June	98,4	98,6	100
New	Service sector confidence (seasonally adj.)	June	110,9	110,5	100
New	Retail sector confidence (seasonally adj.)	June	108,5	111,2	100
New	Construction sector confidence (seasonally adj.)	June	86,9	88,4	100
	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%	
	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	
	Unemployment Rate (seasonally adj.)	April	8,6%	7,9%	
New	Dollarization	June (Week 3)	0,47 Billion (-)	2,94 Billion (+)	

Indicates Decrease

Indicates Stability

Indicates Increase

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

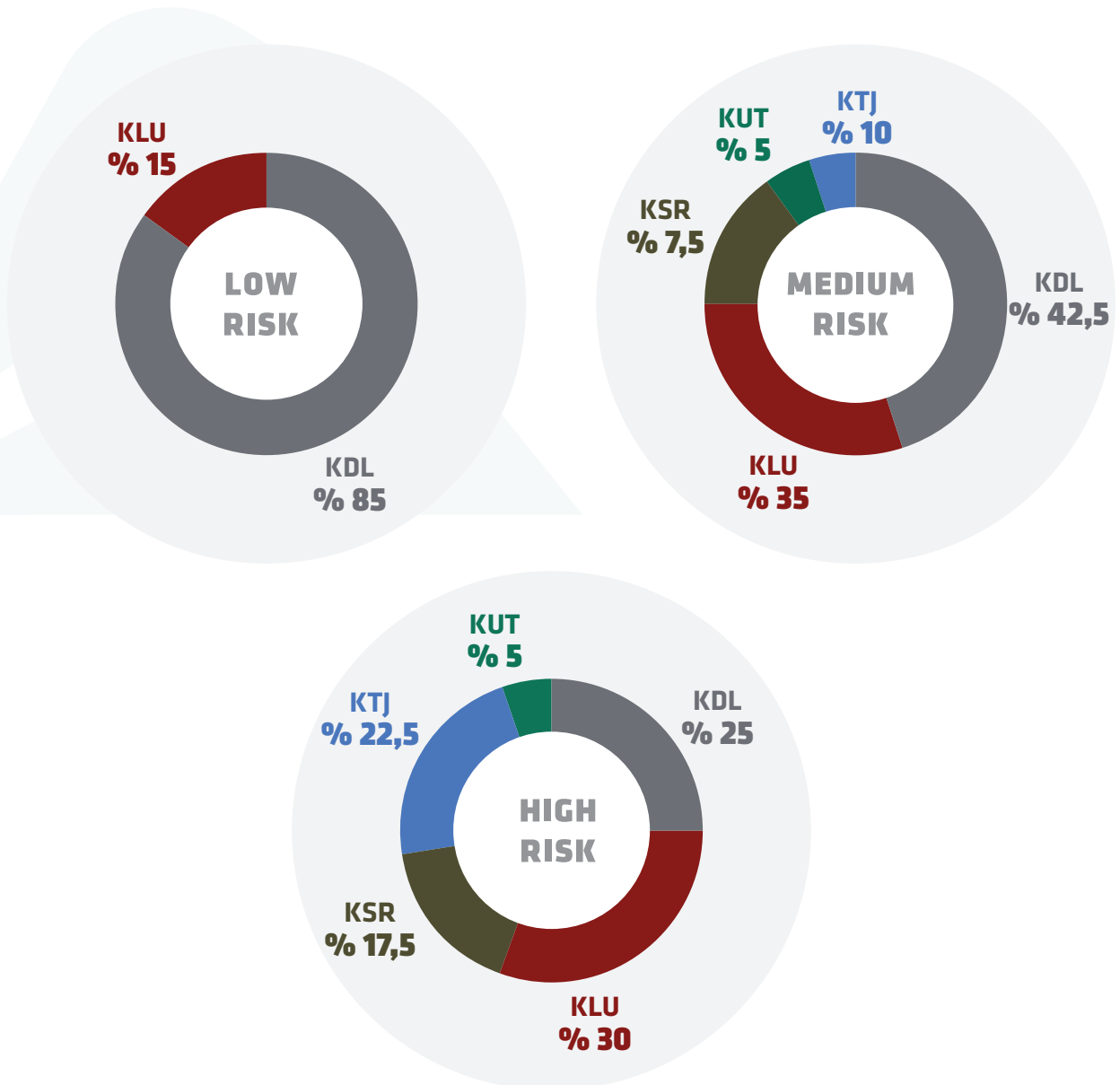
Our Fund Allocation Recommendations

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

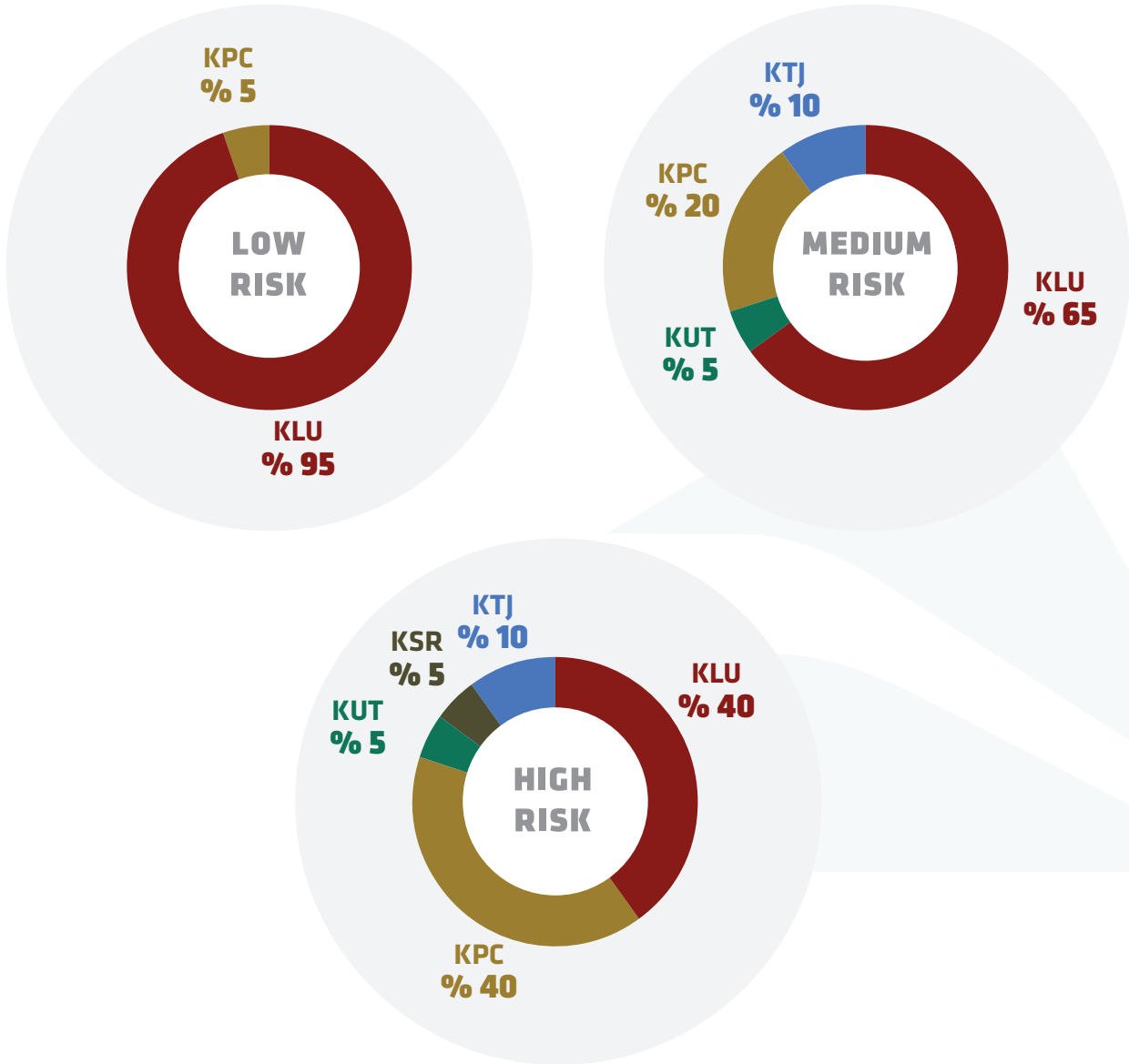
Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



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.

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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