ECONOMIC RESEARCH

Selected Indicators in the Economy and the Banking Sector

November 6, 2026

Global Economy

Global Geopolitical Developments
Oil Prices
Global Bond Markets
Tariffs
Global Economic Activity
GDP and Per Capita Income
Energy and Commodity Prices Stock Indices
Policy Rates of Central Banks
Capital Flows
Global CPI, Interests and Yields

Global Market Highlights



The Democrats' victory in both chambers of Congress in the November 3 midterm elections marked a major defeat for Republicans. Dissatisfaction with the cost of living, high housing costs and interest rates, alongside rising energy prices linked to the Iran war, played a decisive role. Losses by Trump-backed candidates, including in traditionally Republican states, also intensified internal party leadership debates. The Democrats' control of Congress will make it harder for Trump to implement his tax, spending, immigration and trade policies and secure senior appointments, while strengthening congressional oversight of his administration. This could push Trump to rely more heavily on executive orders and pursue a more active foreign policy, potentially heightening tensions between the executive and legislative branches. The results may narrow Trump's room for manoeuvre for the remainder of his term and reshape the balance of power within the Republican Party, as well as expectations for the 2028 presidential race.

Tensions between the US and Iran persist, while diplomatic contacts mediated by Qatar have intensified; however, a near-term agreement appears unlikely. The US administration is weighing three options: launching further strikes, maintaining economic pressure on Tehran, or reaching an agreement that would involve concessions to Iran. Democrats' control of both chambers of Congress could constrain the US from launching new military operations, while a lasting agreement could reopen the Strait of Hormuz.



Euro area annual inflation rose to 4% in October, driven by higher energy prices, while core inflation held at 2.5% and services inflation climbed to 3.3%. The pass-through of energy costs to wages and underlying price pressures remains limited for now. The ECB has signalled that it could raise interest rates in December if the inflation outlook does not improve. A potential hike would add to pressure on economic conditions, while rising global bond yields and low natural gas inventories are also weighing on the outlook. Meanwhile, Lagarde announced that she would leave her post on February 7, 2027, ahead of the end of her term in October 2027.

The BOJ kept its policy rate at 1.25% in October, while one member called for a 25-basis-point increase. Inflation moving into line with the 2% target and rising energy costs are strengthening expectations of a rate hike in December. From January, the bank will accelerate its ETF sales and transfer most of the proceeds to the government.

In the week of November 9, markets will focus on US October inflation data for clues about the Fed's rate path. COP31, scheduled to take place in Antalya from November 9 to 20, and the leaders' summit in Dublin will also be in focus. China's trade data and Singles' Day shopping results will shed light on the region's demand outlook. New Zealand's general election and the planned Russia–Ukraine talks in Abu Dhabi are among the other key events to watch.



US nonfarm payrolls increased by 165,000 in October, exceeding forecasts, while the unemployment rate edged down to 4.1%. Job gains were strongest in professional and business services and healthcare. Average hourly earnings rose 0.4% month over month and 3.1% year over year, pointing to limited wage pressures. The strong jobs report was the final employment reading the Fed will assess before its December rate decision and reinforced market expectations of a rate hike.

The Bank of England raised its policy rate by 25 basis points to 4%. Eight members of the Monetary Policy Committee backed the increase, while Catherine Mann argued for a 50-basis-point hike. Governor Andrew Bailey said further rate increases could be considered if the conflict in the Middle East continues. The BOE expects inflation to rise to 4.9% in the second quarter of next year before falling below its 2% target in 2029. One of the bank's main concerns is that higher energy prices could push up household bills and business costs, making inflation more persistent.

The US ISM Services PMI edged down to 54.5 in October from 54.9, coming in below the market expectation of 54.8. The US manufacturing PMI rose to 55.5 from 54.5, pointing to strong output and a renewed build-up in inventories. Supply constraints in AI and data-centre supply chains persisted.

Trade Uncertainty → Geopolitical and Energy Security Shock

2025
TRADE UNCERTAINTIES DOMINATED THE AGENDA

TARIFF WARS
Tariffs and protectionist policies constrained global trade.



PRESSURE ON THE DOLLAR
The Trump administration's aggressive tariff rhetoric put pressure on the dollar.



DEBATE OVER FED INDEPENDENCE
Debate over the Fed's independence reduced monetary policy predictability.



RUSSIA–UKRAINE WAR
Continued to put pressure on energy and commodity prices.



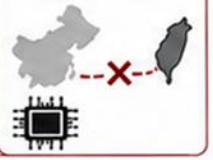
MEASURES TO CURB OIL PRICES
Trump's measures to restrain oil prices were closely watched.



MIDDLE EAST RISK PREMIUM REMAINED HIGH
The Israel–Palestine conflict and regional tensions kept the Middle East risk premium elevated.



CHINA–TAIWAN TENSIONS
Risks to global technology and semiconductor supply chains increased.



SUPPLY CHAINS
Uncertainty and protectionist trends in global trade weakened supply chains.



FROM TRADE UNCERTAINTY TO A GEOPOLITICAL AND ENERGY SUPPLY SHOCK

2026
GEOPOLITICAL CONFLICTS INTENSIFIED ENERGY AND INFLATION RISKS

TWO CHOKEPOINT RISKS TO ENERGY SUPPLY
Disruptions to shipments through Hormuz, compounded by attacks in the Red Sea, put global energy trade under pressure along two critical maritime routes.



HORMUZ
Gulf oil and LNG exports

BAB EL-MANDEB
Red Sea–Suez route

DUAL DISRUPTION: FREIGHT • INSURANCE • DELIVERY TIMES ↑

NEW ENERGY PRICE SHOCK
Supply disruptions and risks along critical routes pushed energy and transport costs higher.



GROWTH DIVERGENCE ACROSS THE GLOBAL ECONOMY
Energy-importing economies came under pressure, while technology investment supported some economies.

ENERGY IMPORTERS: PRESSURE



TECHNOLOGY ECONOMIES: SUPPORT



GLOBAL GROWTH: 3%

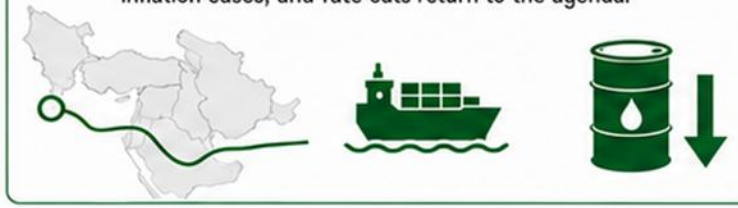
RATE CUTS DELAYED, RISK OF HIKES RETURNED
Energy-driven inflation weakened easing expectations, bringing fresh rate hikes in some economies back onto the agenda.

RISK OF RATE HIKES



2026 SECOND-HALF SCENARIOS

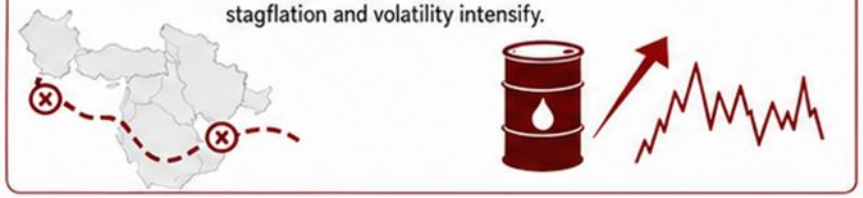
EASING TENSIONS
Maritime traffic normalizes; pressure on oil and inflation eases, and rate cuts return to the agenda.



PROLONGED CONFLICT
Disruptions continue intermittently; oil remains elevated, growth weakens, and central banks wait.



DOUBLE-CHOKEPOINT SHOCK
RISK SCENARIO — NOT A REALIZED PRICE
If both Hormuz and Bab el-Mandeb close, oil rises above $120; stagflation and volatility intensify.



IMF World Economic Outlook, July 2026

IMF's 2026 and 2027 Growth Projections (October 2026, % Change)					
IMF	Forecasts	Projections		Difference Compared to July 2026 Projections	
	2025	2026	2027	2026	2027
World	3,5	3,1	3,4	0,1	0,0
Advanced Countries	2,0	2,1	1,8	0,4	0,0
United States	2,3	2,3	2,3	0,0	0,1
Euro Zone	1,2	1,1	1,2	0,2	0,0
Germany	0,2	1,3	1,1	0,6	0,1
France	0,9	0,4	0,7	-0,2	-0,2
Italy	0,5	0,8	0,6	0,3	0,1
Spain	2,6	2,5	1,8	0,4	0,0
Japan	1,2	0,7	0,7	0,1	0,0
United Kingdom	1,2	1,3	1,2	0,3	-0,1
Canada	1,9	1,1	1,7	0,0	0,0
Developing Countries	4,5	3,7	4,4	-0,1	-0,1
China	5,0	4,5	4,0	-0,1	-0,1
India	7,8	7,0	7,0	0,6	0,3
Brazil	2,3	2,2	1,9	-0,2	-0,3
Mexico	0,5	1,5	1,8	0,3	-0,1
Russia	1,0	0,9	0,9	-0,2	-0,2
South Africa	1,1	1,0	1,3	-0,1	0,0
Türkiye	3,7	2,7	3,6	-0,2	0,0

Source: IMF, World Economic Outlook Report, October 2026.

According to the IMF, the global economic growth forecast for 2026 has been slightly revised upward from 3% to 3.1%, while the projection for 2027 remains unchanged at 3.4%.

- The IMF noted that the global economy has demonstrated resilience; however, it highlighted that this resilience is unevenly distributed across countries and that the scope for economic adjustment is rapidly narrowing in the short term.

- It was noted that economic activity in the first half of 2026 performed better than expected, despite persistent pressures stemming from the protracted war in the Middle East and trade tensions; meanwhile, emphasis was placed on the momentum generated by the technology cycle—driven by robust investments in artificial intelligence—which is bolstering demand.

- While global imbalances are expected to decline only moderately in the medium term, the medium-term growth outlook remains weak relative to historical averages and continues to diverge across countries.

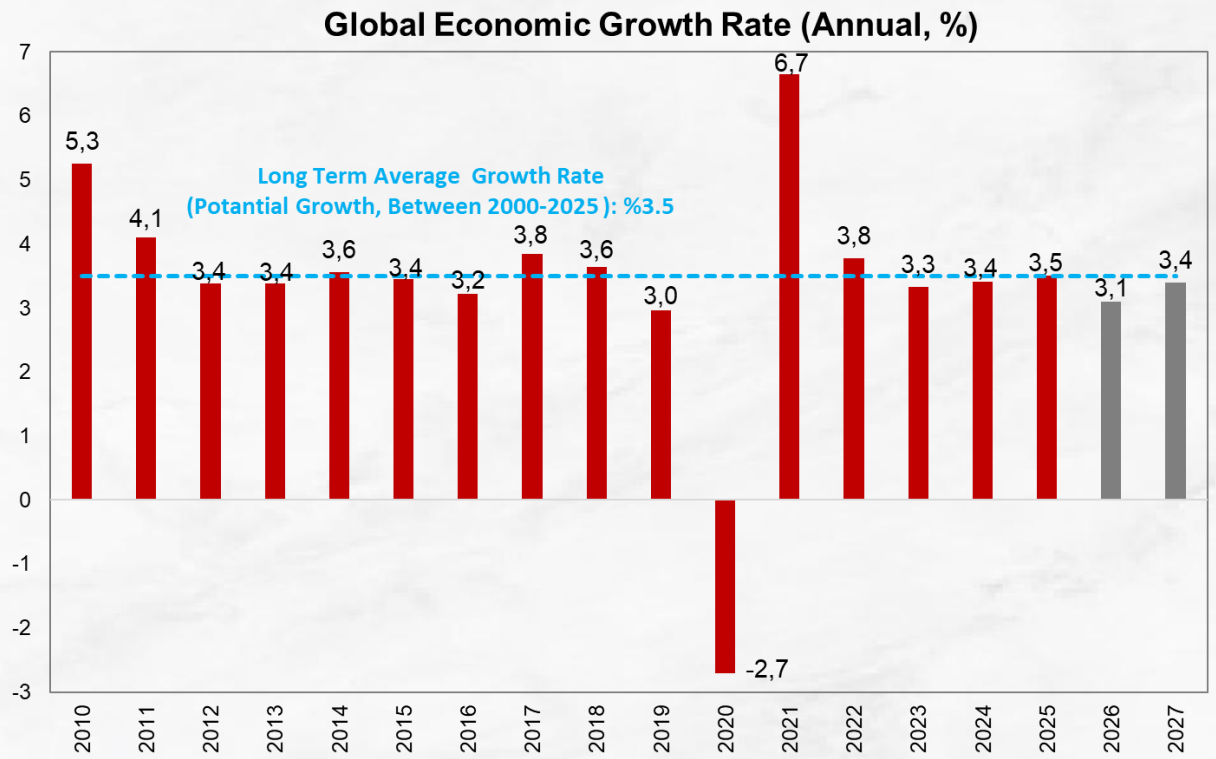
- Global trade volume growth is projected to slow in 2026 before stabilizing in 2027; factors influencing this trend include the adverse impact of tariffs, the adjustment process within production chains, and the continued strong performance of technology-related trade.

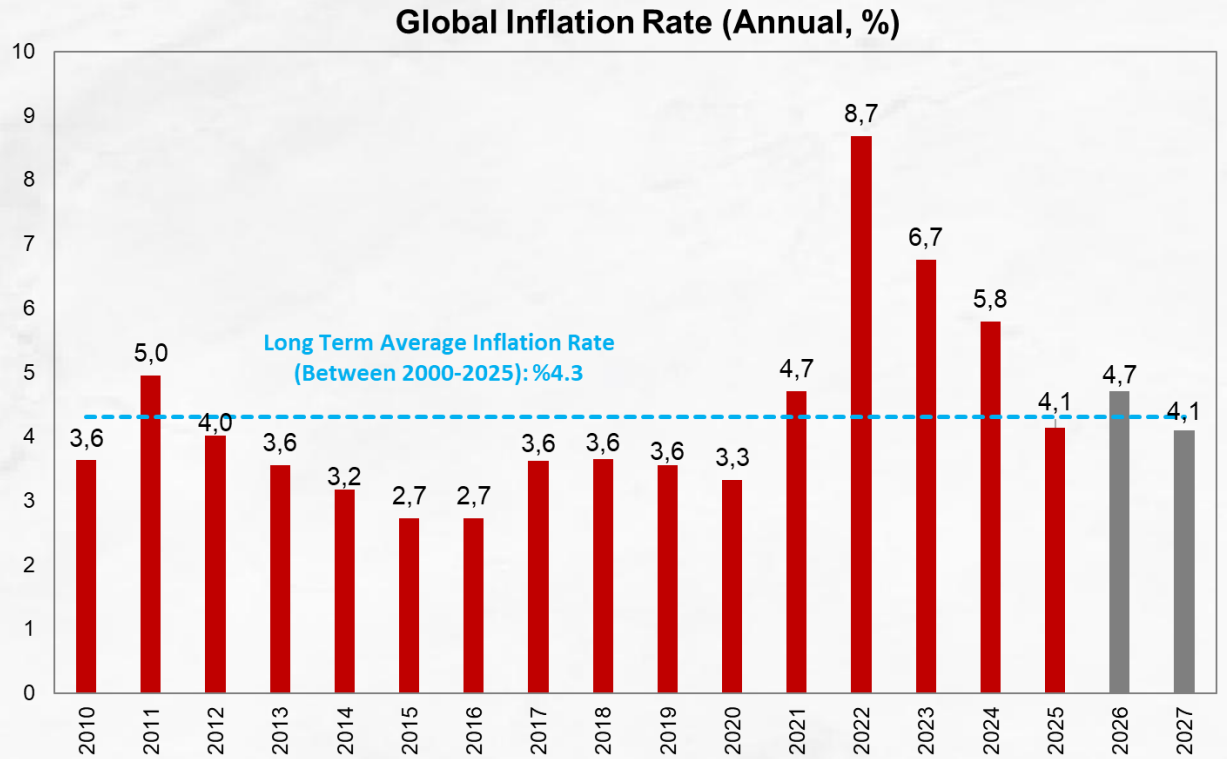
- Pointing to a downside bias in risks, the IMF warned that prolonged uncertainty or a further escalation of tensions in the Middle East could cause energy and food prices to remain high and volatile, reignite inflationary pressures, destabilize fiscal and external balances, and dampen growth. On the other hand, it was noted that accelerating momentum in artificial intelligence investments—alongside productivity gains derived from AI or a lasting easing of geopolitical and trade tensions—could bolster growth.

- It was stated that **global headline inflation** is projected to rise from 4.1% in 2025 to 4.7% (previously: 4.7%) in 2026—driven largely by a temporary surge in energy and food prices—before declining to 4.1% (previously: 3.9%) in 2027.

Global Growth and Inflation

Global growth in 2026 is expected to remain below average, while inflation is projected to stay slightly above average.





Source: IMF expectations reflect the October projections.

Global shocks on the agenda.

The new conflict in the Middle East poses a significant risk to the global economy. Approximately 20% of global oil supply and LNG trade passes through the Strait of Hormuz.

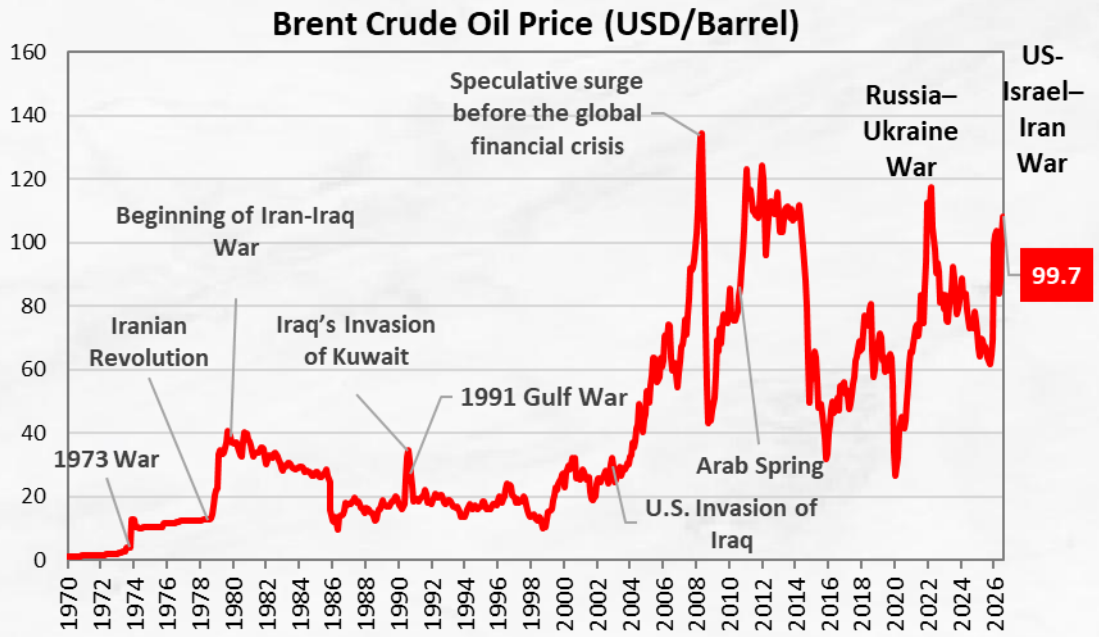
According to IMF calculations, **a sustained 10% increase in oil prices could raise global inflation by approximately 40 basis points while reducing global production by 0.1–0.2%.**

Oil Prices

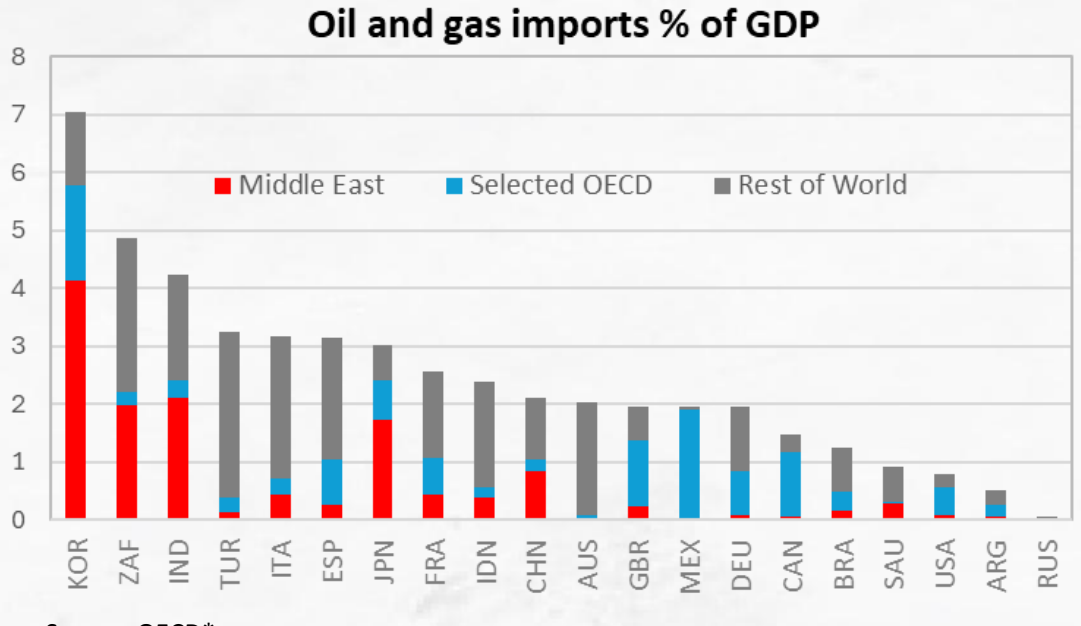
Oil prices fell on expectations that diplomatic efforts to de-escalate tensions in the Middle East could make progress. However, Iran's demands for the blockade to be lifted, sanctions to be eased and frozen assets to be released before it fully reopens the Strait of Hormuz remain major obstacles to an agreement.

Brent crude oil prices reached their highest levels since 2022 at the end of April, hitting $126 per barrel.

A large share of LNG exports (93% for Qatar and 96% for the UAE) depends on the Strait of Hormuz, with no alternative routes available; therefore, any disruption would quickly affect energy-import-dependent countries in Asia.



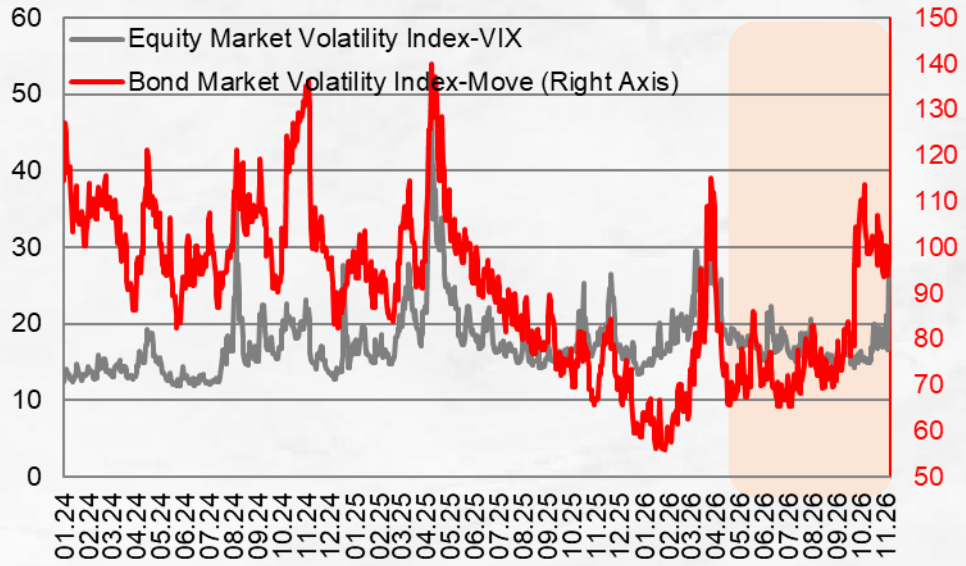
Source: Bloomberg.



Source: OECD*

*Note: Based on nominal import values. This indicator represents oil and gas imports as a share of a country's GDP. The Middle East includes Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, Oman, and the United Arab Emirates. Selected OECD countries include Australia, Canada, Colombia, Mexico, Norway, and the United States. The rest of the world refers to all other countries.

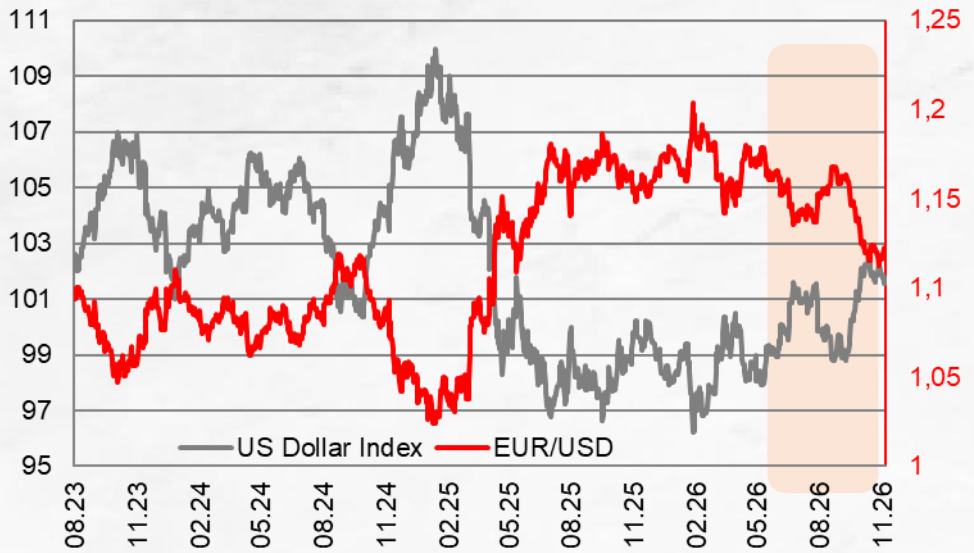
Global Risk Sentiment and Dollar



The VIX rose as the selloff in equity markets intensified.

***VIX (Volatility Index)** – Often called the *"fear gauge"*, the VIX measures the **expected volatility of the S&P 500 index** based on option prices. It reflects **market sentiment and investor uncertainty**; a higher VIX indicates greater expected market volatility.

****MOVE (Merrill Lynch Option Volatility Estimate) Index** – The MOVE Index tracks **implied volatility in U.S. Treasury markets**, derived from options on Treasury bonds of different maturities. It serves as a **"bond market volatility" gauge**, similar to how the VIX reflects volatility in equities.



Safe-haven demand amid equity market losses supported the dollar, while falling US Treasury yields weighed on it.

2025 stood out as a year in which the dollar's long-standing **safe-haven narrative came under clear scrutiny.** The trade shock triggered by tariffs announced by President Trump in April, together with growing uncertainty over the **institutional independence of the Federal Reserve**, pushed the dollar index toward **its weakest annual performance since 2017.**

Global Bond Yields

Heavy selling in technology stocks and rising volatility prompted investors to seek the safety of US Treasuries. Expectations that the Democrats' gains in Congress could constrain the Trump administration's tax-cut and spending plans also eased concerns about the budget deficit and borrowing needs, putting downward pressure on Treasury yields. The prospect that the US Treasury could reduce long-term debt issuance provided further support for the decline.

Key Drivers of Rising Global Bond Yields

GROWTH, INFLATION AND SUPPLY

01 Strong growth

Supports inflation and rate hike expectations.

02 Energy and food prices

Cost pressures complicate disinflation.

03 Higher-for-longer rates

Expectations of persistently high rates lift bond yields.

04 AI investment

Tech bond issuance increases competition for investor capital.

05 Fiscal deficits and public debt

Bond supply and fiscal risks are rising.

FUNDING AND MARKET RISKS

06 Defense spending

Raises governments' borrowing needs.

07 Japan-related bond sales

Position unwinds add to selling pressure.

08 Trade tensions

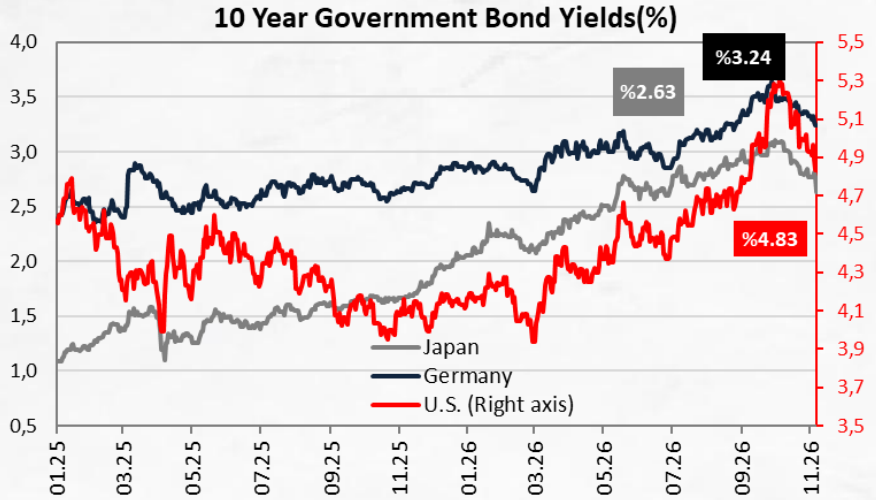
Tariffs fuel inflation; uncertainty raises risk premia.

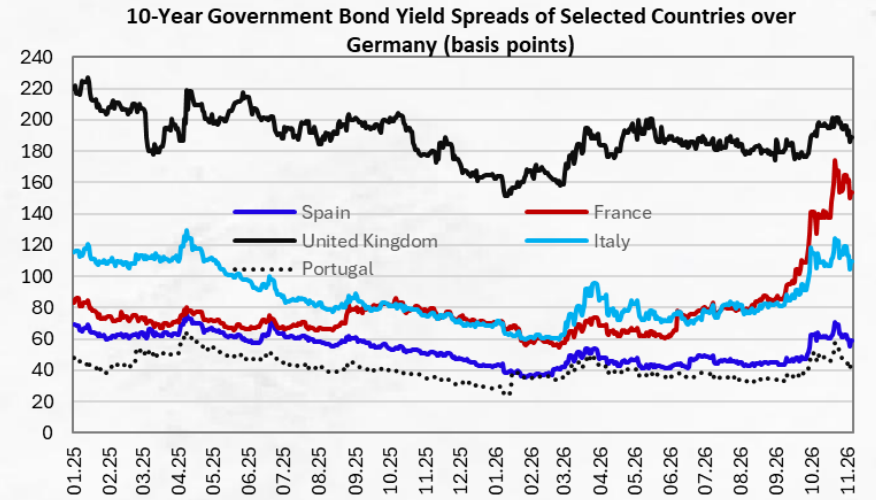
09 Yield-sensitive investors

Demand for higher yields is strengthening.

10 A shrinking savings surplus

Available funds are tightening as financing needs rise.





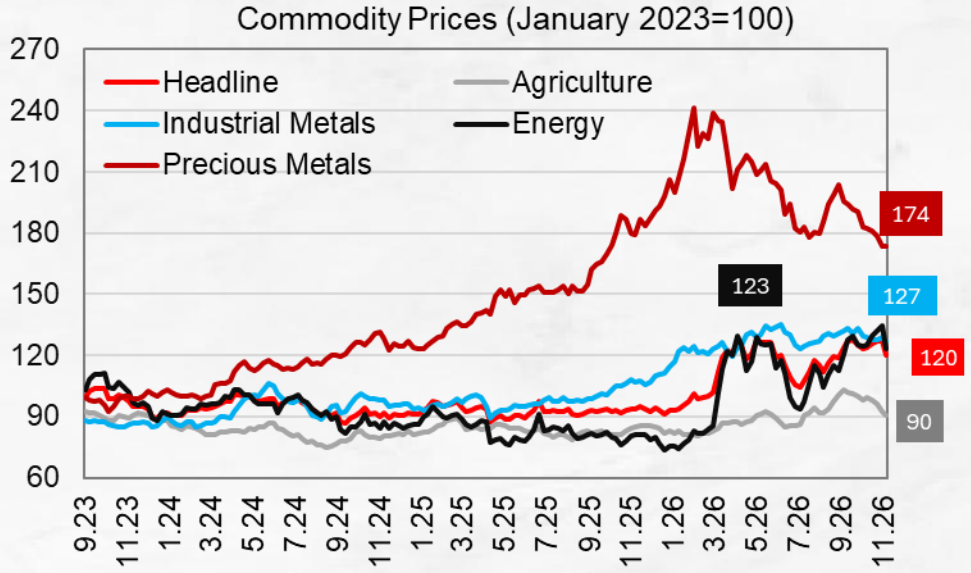
GDP and Per Capita Income by Country, 2020 - 2025

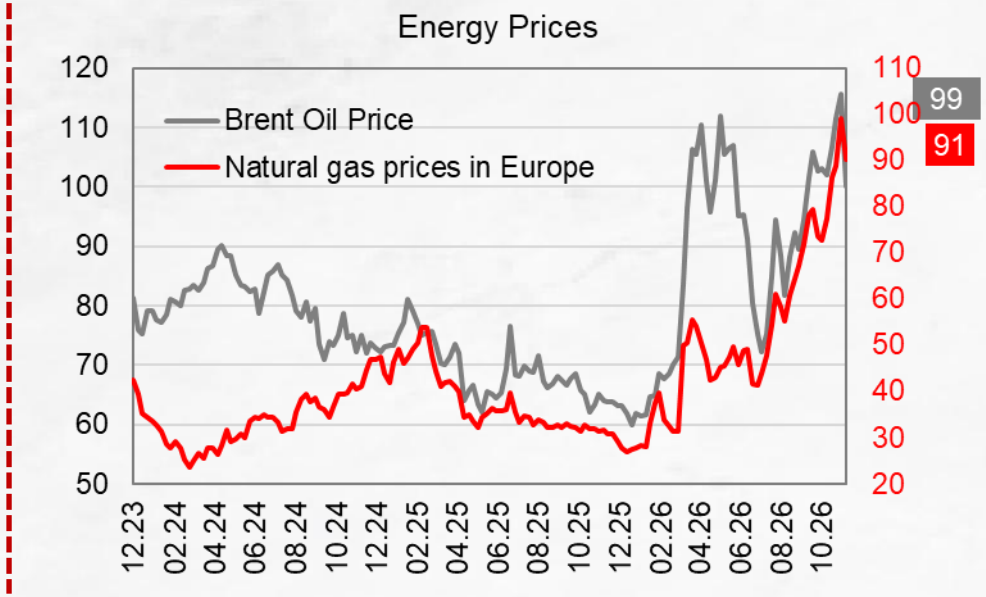
Türkiye rose one spot in GDP rankings in 2025 to become the 16th largest economy, and climbed two spots in per capita income rankings to 65th place.

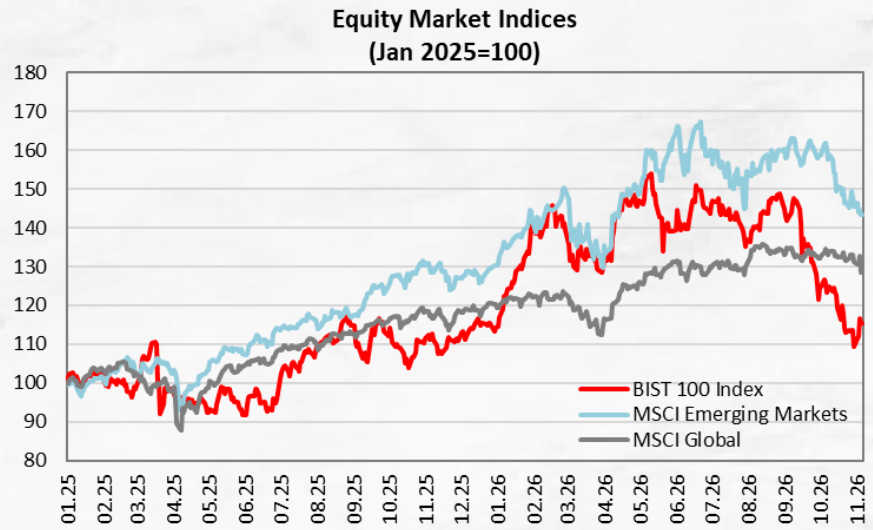
	GDP Sizes by Country, Top 25 Countries (Billion USD)						
Rank	Country	2020	2021	2022	2023	2024	2025
	World	86.192	98.435	102.670	107.246	111.599	118.175
1	USA	21.375	23.726	26.055	27.812	29.298	30.767
2	China	15.110	18.184	18.338	18.367	18.945	19.626
3	Germany	3.938	4.358	4.204	4.564	4.684	5.048
4	Japan	5.189	5.226	4.448	4.385	4.190	4.435
5	England	2.726	3.195	3.193	3.422	3.695	4.003
6	India	2.612	3.085	3.250	3.501	3.761	3.916
7	France	2.646	2.968	2.797	3.061	3.161	3.369
8	Russia	1.488	1.829	2.296	2.035	2.186	2.588
9	Italy	1.906	2.181	2.106	2.318	2.338	2.550
10	Canada	1.656	2.022	2.201	2.197	2.270	2.320
11	Brazil	1.476	1.671	1.952	2.191	2.186	2.280
12	Spain	1.289	1.462	1.450	1.620	1.725	1.904
13	South Korea	1.744	1.942	1.799	1.845	1.875	1.872
14	Australia	1.367	1.660	1.731	1.748	1.799	1.840
15	Mexico	1.121	1.317	1.467	1.794	1.830	1.833
16	Türkiye	717	808	906	1.153	1.358	1.596
17	Indonesia	1.059	1.187	1.319	1.371	1.396	1.446
18	Netherlands	932	1.055	1.047	1.134	1.215	1.332
19	Saudi Arabia	767	983	1.239	1.219	1.254	1.277
20	Switzerland	756	840	858	929	970	1.044
21	Poland	606	689	696	813	918	1.036
22	Taiwan	677	777	766	757	801	920
23	Belgium	530	599	592	652	671	725
24	Argentina	385	486	634	649	637	681
25	Sweden	544	632	575	579	605	669

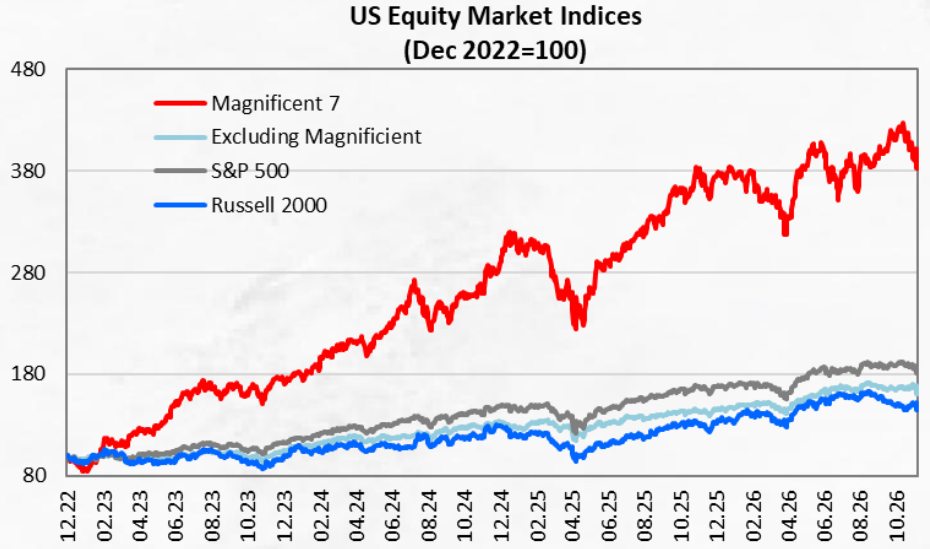
	Nominal GDP (in USD) Per Capita by Country						
Rank	Country	2020	2021	2022	2023	2024	2025
1	Liechtenstein	163.998	201.298	187.183	205.907	207.034	217.928
2	Luxembourg	117.570	136.191	125.295	134.403	138.757	148.247
3	Ireland	86.217	103.624	104.720	106.501	112.356	130.652
4	Switzerland	87.797	96.895	98.220	105.353	108.256	115.620
5	Singapore	61.773	80.885	91.228	86.383	94.897	99.365
6	Iceland	62.237	73.221	79.953	84.490	86.485	99.071
7	Norway	70.990	96.321	112.748	90.755	89.684	94.468
8	USA	64.518	71.366	77.949	82.536	86.173	89.991
9	Denmark	61.076	69.539	68.123	68.208	71.214	77.046
10	Macao	37.008	44.839	37.053	66.735	71.869	74.465
11	Netherlands	53.529	60.380	59.541	63.769	67.690	73.833
12	Qatar	50.962	65.401	80.385	70.946	69.720	69.680
13	Australia	53.322	64.411	65.776	64.851	65.701	66.352
14	San Marino	45.641	54.733	53.876	59.415	60.946	65.543
15	Austria	48.764	53.827	52.749	56.764	58.373	63.161
16	Sweden	52.438	60.436	54.656	54.872	57.125	62.662
17	Belgium	45.934	51.833	50.918	55.482	56.796	61.002
18	Germany	47.954	53.152	50.944	54.793	56.087	60.439
19	Israel	44.595	52.281	54.984	52.146	54.294	60.335
20	England	40.844	47.707	47.206	49.938	53.339	57.608
21	Hong Kong	46.446	49.849	47.998	50.580	54.445	56.893
22	Finland	48.827	53.204	50.552	53.069	53.292	56.464
23	Canada	43.573	52.908	56.609	55.002	55.209	55.765
24	Andorra	36.974	41.807	41.379	44.484	46.410	50.379
65	Türkiye	8.397	9.424	10.434	13.008	15.325	18.611

Commodity Prices vs. Equity Market Indices



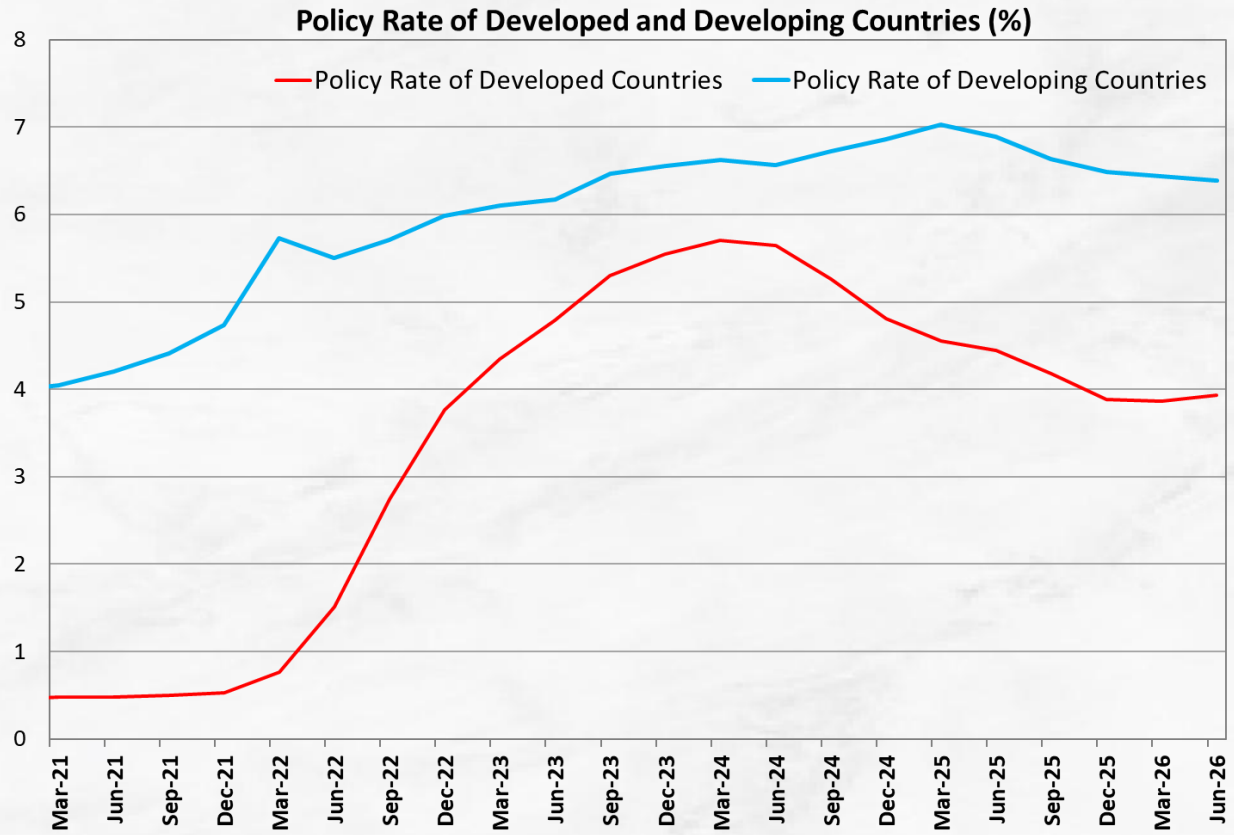






Policy Rates of Central Banks

Global central banks are maintaining a cautious stance in their monetary policies to evaluate the potential impacts of rising uncertainties and geopolitical developments on the economic outlook.



- ❖ Uncertainty and Inertia in the Inflation Outlook
- ❖ Global Fiscal and Trade Policy Uncertainty

Slower Rate Cuts / Pause/Increase?

Reflections on Developing Countries

Capital Flows
Export and Growth Performance
Cost of Funding

Current Policy Rates

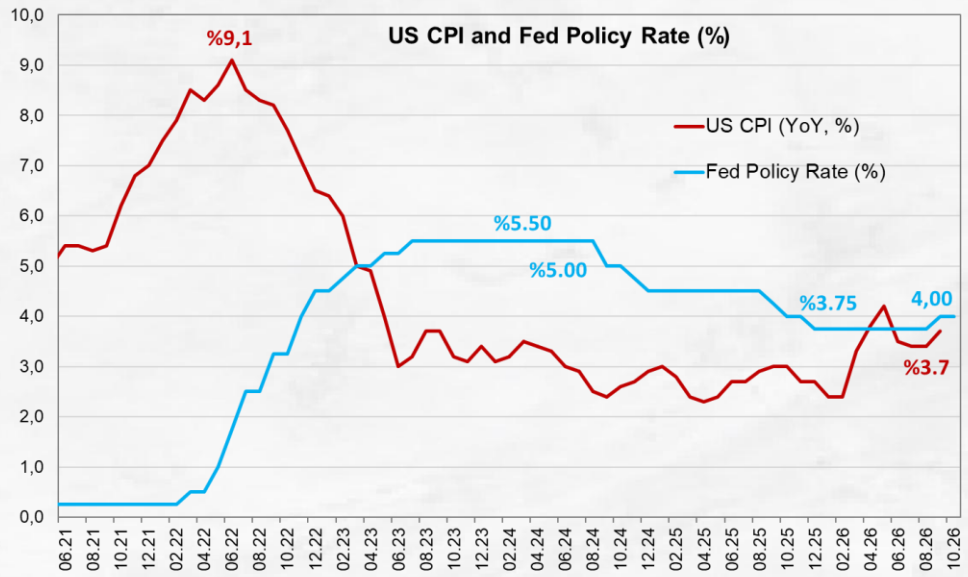
FED Policy Rate = %4

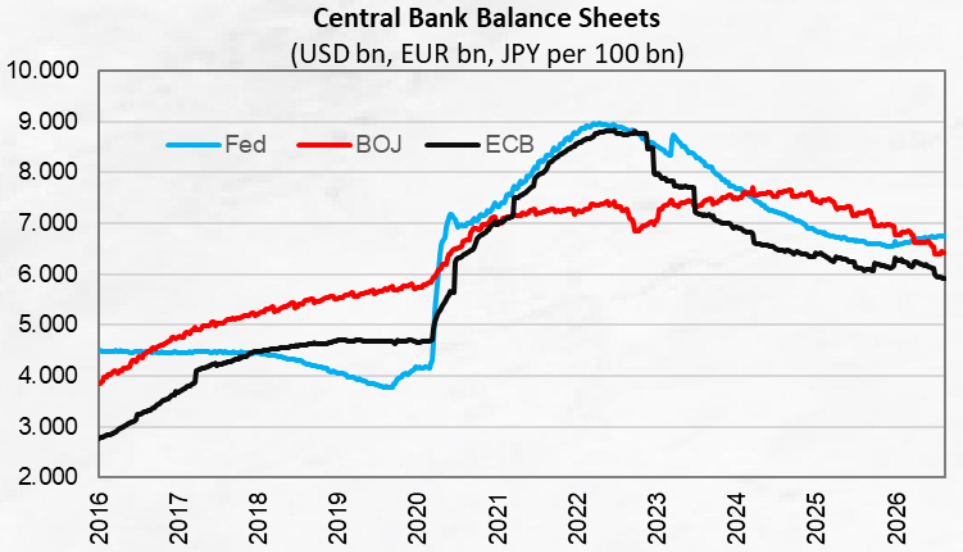
ECB Policy Rate = %2,5

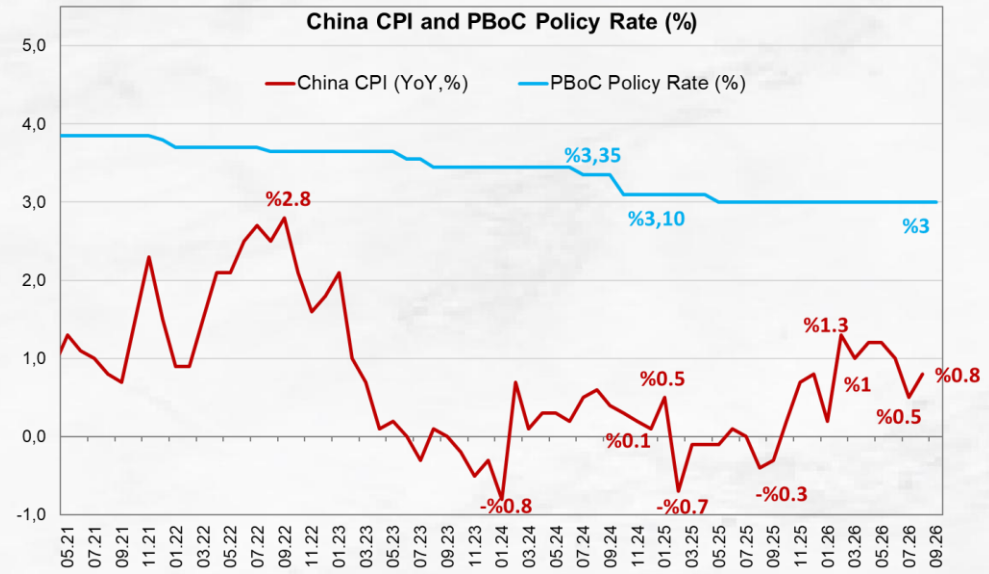
Interest Rate Expectations for the Remainder of 2026

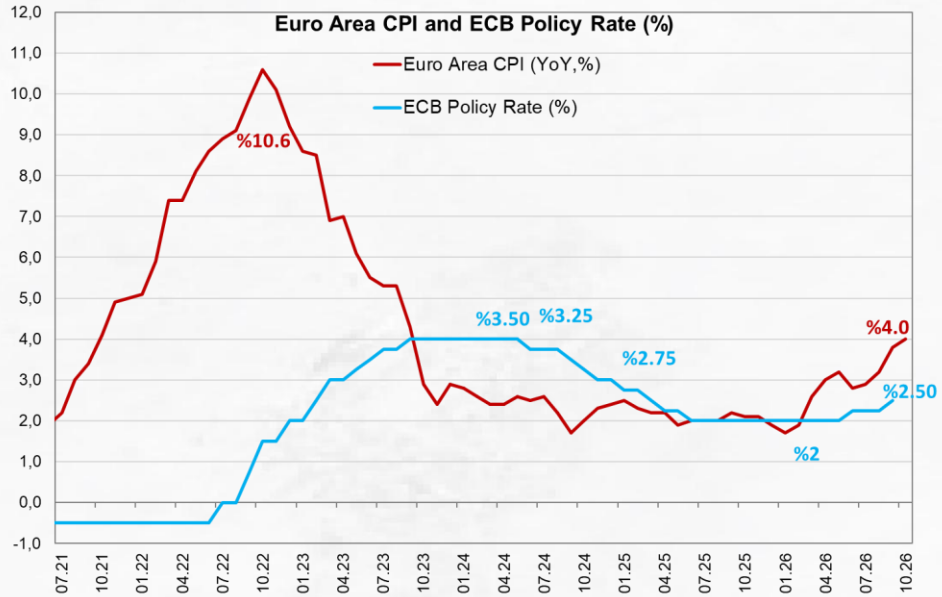
One rate hike from the Fed.
One rate hike from the ECB.

CPI, Policy Rate and Balance Sheets









The Turkish Economy

Growth Rates
Industrial Production, Retail Sales and Capacity Utilization Rate
House, Vehicle and White Goods Sales
Medium Term Program
Inflation and Inflation Expectations
Policy Rate
Macroprudential Measures
The Trend of Interest Rates
CBRT Reserves
Current Account Balance
Import and Export Based on Top 10 Countries
Meeting Calendar
Portfolio Flows
CDS and Credit Rating
Benchmark Goverment Bond Yields
Overnight Swap Rates
Budget Balance and Fiscal Discipline
Summary of Developments in 2025

Türkiye's Economic Growth Rates

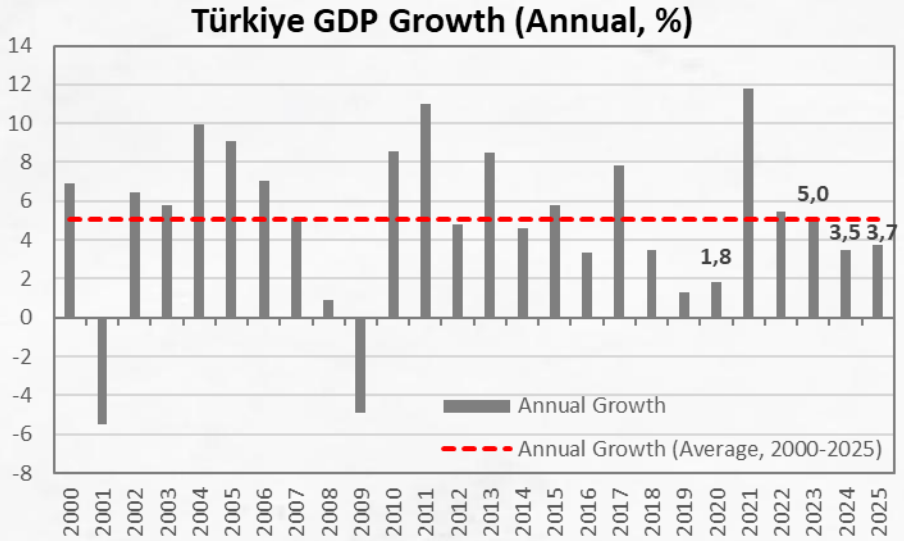
The Turkish economy expanded by **2.3% year-on-year in the second quarter**, below both the **Bloomberg consensus forecast of 2.5%** and the first quarter's **upwardly revised growth rate of 2.6%** (from 2.5%). This marked the weakest annual growth since the second quarter of 2020, while growth in the first half of the year stood at **2.5%**. Despite the slowdown in annual economic activity, the economy recorded its **24th consecutive quarter of expansion** since the third quarter of 2020.

Seasonally and calendar-adjusted GDP increased by 1.1% quarter-on-quarter, the strongest pace since the second quarter of last year. Quarterly growth therefore accelerated markedly from the first quarter's modest **0.3%** increase and moved closer to its historical average of 1.2%.

On the expenditure side, **private consumption remained the main growth driver, contributing 2.3 percentage points**, while net exports added 0.6 points, providing positive support for the first time in six quarters. On the production side, agriculture and industry each contributed 0.5 points, while the contribution from services declined to 0.1 points and construction subtracted 0.1 points from growth.

	2024					2025					2026		
Contributions to Growth (% Points)	Q1 24	Q2 24	Q3 24	Q4 24	*Annual*	Q1 25	Q2 25	Q3 25	Q4 25	*Annual*	Q1 26	Q2 26	*Half Year*
Consumption	**6,1%**	**1,0%**	**2,3%**	**3,1%**	***3,1%***	**1,3%**	**3,1%**	**3,0%**	**4,1%**	***3,0%***	**3,7%**	**2,1%**	***2,9%***
Private	5,8%	1,4%	2,4%	3,4%	*3,2%*	1,1%	3,2%	2,9%	4,0%	*2,9%*	3,6%	2,3%	*3,0%*
Public	0,3%	-0,4%	-0,03%	-0,3%	*-0,1%*	0,2%	-0,06%	0,2%	0,1%	*0,1%*	0,1%	-0,2%	*-0,1%*
Investment	**2,1%**	**-0,05%**	**-0,4%**	**1,3%**	***0,7%***	**0,5%**	**2,4%**	**2,9%**	**1,5%**	***1,9%***	**0,8%**	**0,2%**	***0,5%***
Stock Change	**-4,3%**	**0,1%**	**-1,1%**	**-0,2%**	***-1,3%***	**1,2%**	**0,7%**	**-1,0%**	**-0,7%**	***0,0%***	**0,6%**	**-0,5%**	***0,0%***
Net Exports	**1,5%**	**1,3%**	**2,2%**	**-0,9%**	***1,0%***	**-0,5%**	**-1,3%**	**-1,0%**	**-1,4%**	***-1,1%***	**-2,5%**	**0,6%**	***-0,9%***
GDP	***5,4%***	***2,4%***	***3,0%***	***3,3%***	***3,5%***	**2,6%**	**4,8%**	**3,9%**	**3,5%**	***3,7%***	**2,6%**	**2,3%**	***2,5%***

	2024					2025					2026		
Contribution to Growth by Production (% Points)	Q1 24	Q2 24	Q3 24	Q4 24	*Annual*	Q1 25	Q2 25	Q3 25	Q4 25	*Annual*	Q1 26	Q2 26	*Half Year*
Agriculture	0,19%	0,19%	0,34%	0,3%	*0,3%*	-0,001%	-0,17%	-1,30%	-0,29%	-0,5%	0,1%	0,5%	0,3%
Industry	0,9%	-0,2%	-0,3%	0,3%	*0,16%*	-0,2%	1,3%	1,3%	0,3%	0,7%	-0,1%	0,5%	0,2%
Construction	0,5%	0,4%	0,5%	0,4%	*0,5%*	0,4%	0,6%	0,7%	0,4%	0,6%	0,2%	-0,1%	0,02%
Service	0,8%	1,0%	0,6%	0,9%	*0,8%*	0,4%	1,5%	1,6%	1,1%	1,2%	0,9%	0,1%	0,5%
Finance and Insurance	0,3%	0,1%	0,4%	0,2%	*0,2%*	-0,1%	0,1%	0,5%	0,2%	0,2%	0,2%	0,1%	0,2%
Other	2,6%	1,0%	1,3%	1,1%	*1,5%*	2,1%	1,5%	1,1%	1,9%	1,6%	1,3%	1,3%	1,3%
GDP	***5,4%***	***2,4%***	***3,0%***	***3,3%***	***3,5%***	***2,6%***	***4,8%***	***3,9%***	***3,5%***	***3,7%***	***2,6%***	***2,3%***	***2,5%***

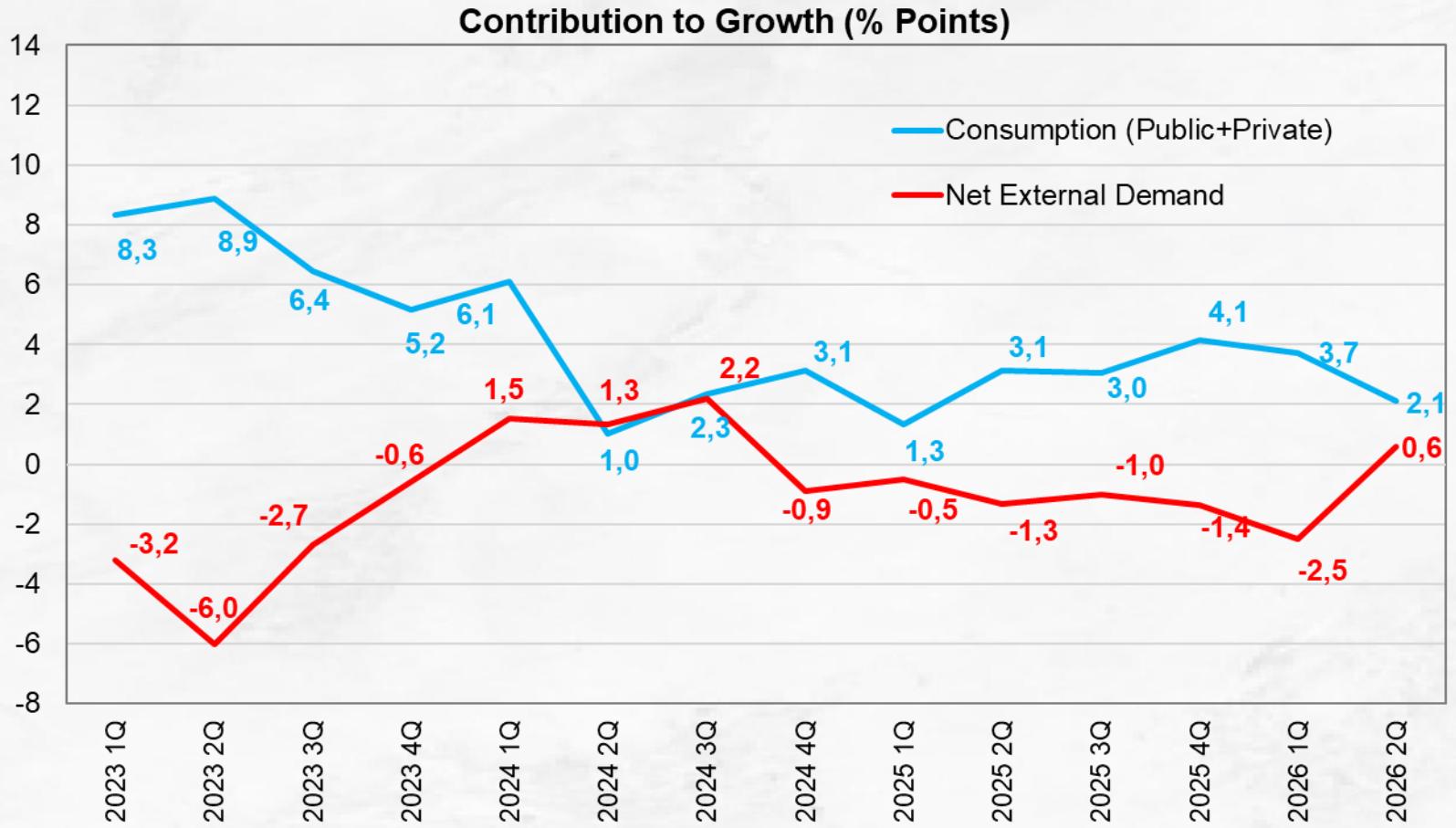


Growth for 2025 was revised up to 3.7% from 3.6%, remaining above the 3.3% forecast in the Medium-Term Programme.

The Market Participants Survey puts the growth expectation for 2026 at 3.1%.

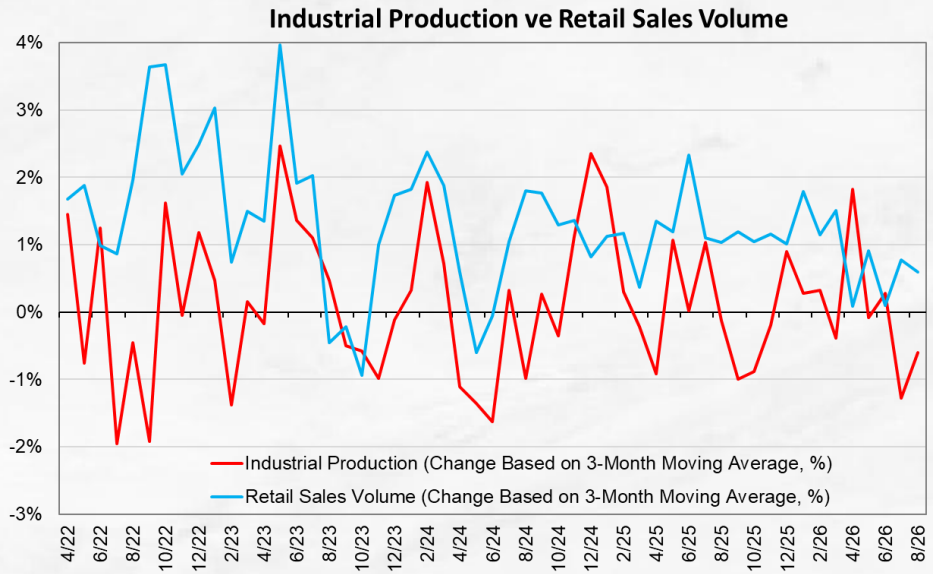
Contributions to Economic Growth

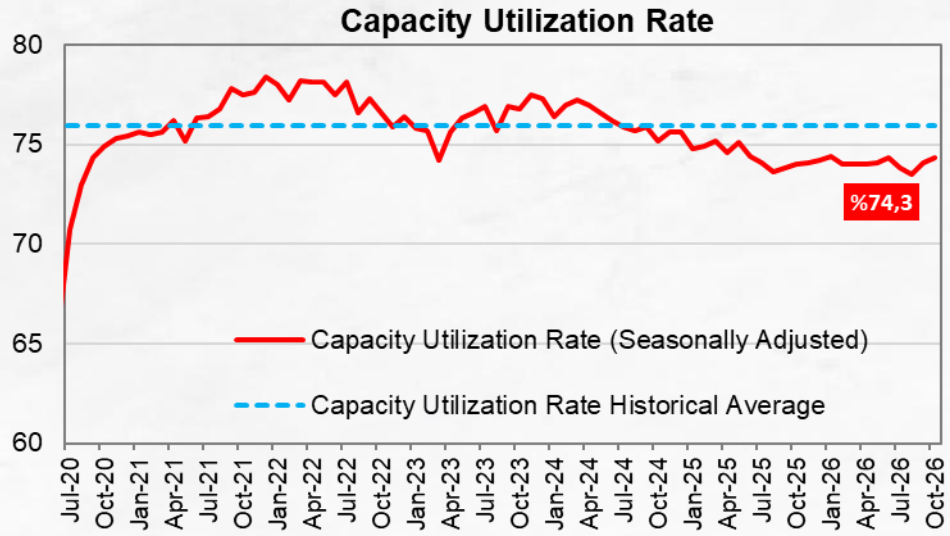
Private consumption remained the main driver of growth, contributing 2.3 percentage points; however, its contribution declined from 3.6 points in the first quarter, signalling a normalization in domestic demand. With public consumption subtracting 0.2 points, total consumption contributed 2.1 points to growth. Meanwhile, as imports contracted more sharply than exports, net exports made a positive contribution of 0.6 points to growth for the first time in six quarters.



Industrial Production, Retail Sales and Capacity Utilization Rate

Industrial production remained weak in August.
Capacity utilization, a leading indicator, continued its upward trend in October.





Industrial production fell by 1.0% month-on-month in August on a seasonally and calendar-adjusted basis, following a 0.9% decline in July, marking its second consecutive monthly contraction. The year-on-year contraction deepened from 0.2% to 1.9%.

- However, **the decline in the three-month moving average,** which smooths short-term volatility and provides a clearer view of the underlying trend, eased from 1.3% in July to 0.6% in August, suggesting some moderation in the pace of weakening in industrial output.

Retail sales volume recorded its strongest rise in three months by increasing 1.4% in August — following a modest 0.2% monthly gain in July — signaling an acceleration in consumer spending.

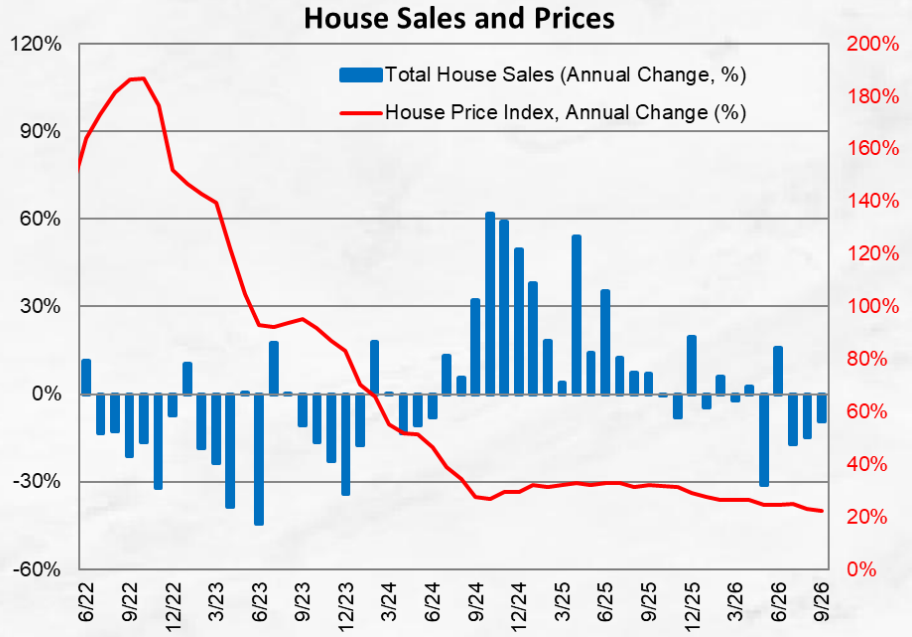
- When examining **retail sales volüme — a leading indicator of consumer spending trends — on a three-month moving average basis,** the pace of growth is observed to have slowed from 0.8% in July to 0.6% in August.

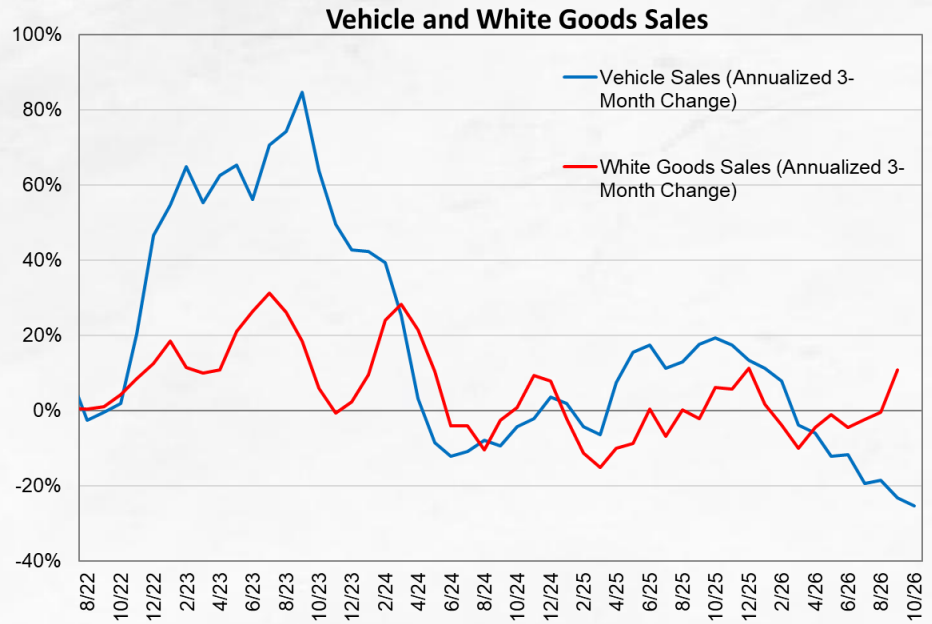
The seasonally adjusted capacity utilization rate rose by 0.2 percentage points in October, increasing from 74.1% to 74.3%—its highest level in the last four months.

Capacity utilization remains below its historical average of around 76%. The current outlook suggests that a strong and sustained recovery in investment appetite will take time.

House, Vehicle and White Goods Sales

While a recovery is being observed in residential property and home appliance sales, the trend for vehicle sales remains weak.





Total housing sales, increased by 11.8% in September—following a 3.1% rise in August—reaching 142,390 units, the highest level recorded in the last nine months. Furthermore, housing sales in September surpassed the historical average. For context, the monthly average for housing sales stood at approximately 147,000 units, while the historical average is 122,000 units.

The monthly growth rate of the housing price index accelerated from 0.83% in August to 1.22% in September, while the annual growth rate declined from 22.90% to 22.34%—the lowest level recorded since May 2020.

In real terms, housing prices fell by 5.7% year-on-year in September. Consequently, with the exception of November 2025, the nominal annual change in housing prices has remained below the annual inflation rate for the past 32 months.

Domestic vehicle sales, tracked using three-month moving averages to smooth out volatility, declined for the eighth consecutive month as of October, recording double-digit contractions in six of those months.

White goods sales, based on three-month moving averages, rose by 10.9% in September, ending a seven-month decline.

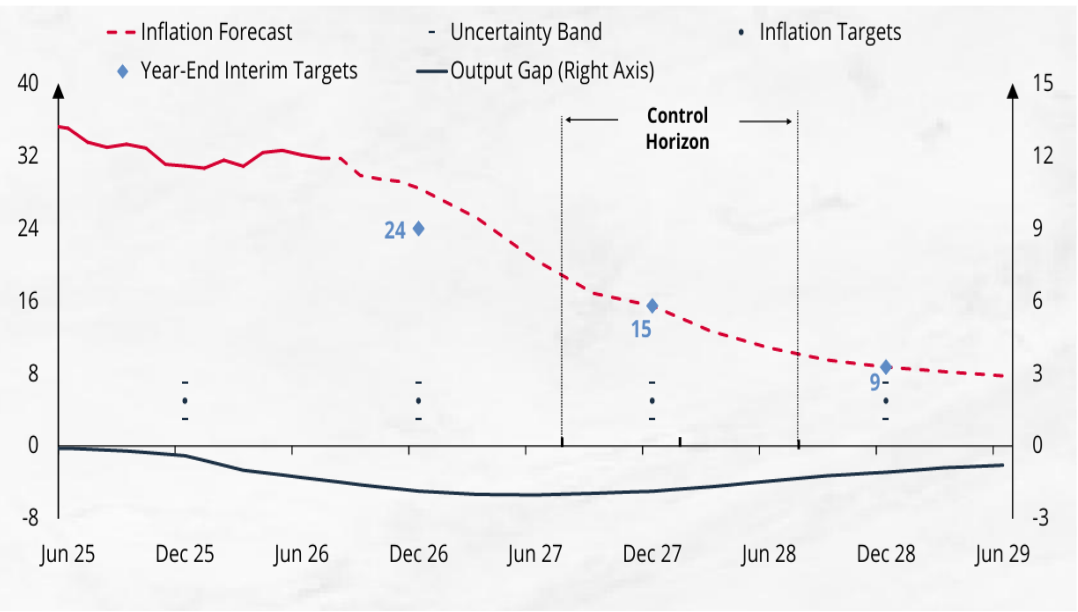
Medium Term Program (2027-2029)

	MTP				
Medium Term Program-Projections	**2025 (Realization)**	**2026**	**2027**	**2028**	**2029**
GDP (Billion TL, Current Prices)	63.241	85.346	111.207	133.184	153.141
GDP (Billion USD, Current Prices)	1.602	1.821	1.984	2.091	2.225
GDP Per Capita (USD)	18.040	20.523	22.285	23.419	24.842
GDP Growth (%)	3,7	3,3	4,2	4,6	5,0
Contribution of Net Exports to Growth	-1,1	-0,5	0,0	0,1	0,2
Unemployment Rate (%)	8,3	8,1	8,0	7,8	7,6
Exports (GTS defined, fob) (Billion USD)	273,2	282,0	292,0	302,5	316,0
Imports (GTS defined, cif) (Billion USD)	365,4	387,0	397,0	411,0	426,0
Foreign Trade Balance (GTS defined, Billion USD)	-92,2	-105,0	-105,0	-108,5	-110,0
Tourism Revenues (Billion USD)	65,2	65,0	70,0	73,5	78,5
Current Account Balance / GDP (%)	-1,9	-2,6	-1,9	-1,8	-1,6
Current Account Balance (Billion USD)	-30,3	-47,5	-38,5	-37,0	-35,5
Consumer Price Index (End of Year), % Change	30,9	28,4	21,0	13,5	9,0
Budget Balance/GDP (%)	-2,9	-3,1	-3,5	-3,1	-2,8
Primary Balance/GDP(%)	0,4	0,2	0,1	0,4	0,6
EU Defined General Government Debt Stock/GDP	23,7	21,8	21,7	22,8	23,9

In the Medium Term Program (MTP, 2027 - 2029) published by the government in September, a downward revision was observed in growth expectations, while an upward revision was seen in inflation forecasts.

CBRT Inflation Report (2026-III)

CBRT Inflation Forecast Path



Updates on Assumptions

		IR 2026-II	IR 2026-III
Global Production Index* (Average Annual % Change)	2026	1.7	1.6
	2027	2.5	2.5
Oil Prices (USD, Annual Average)	2026	89.4	87.8
	2027	75.4	76.4
Import Prices (USD, Average Annual % Change)	2026	6.3	6.9
	2027	-0.2	-0.4
Food Prices (Year-End, % Change)	2026	26.3	28.5
	2027	19.0	19.0

In the third Inflation Report of the year, the Central Bank of the Republic of Turkey (CBRT) maintained its interim inflation targets at 24% for the end of 2026, 15% for the end of 2027, and 9% for the end of 2028.

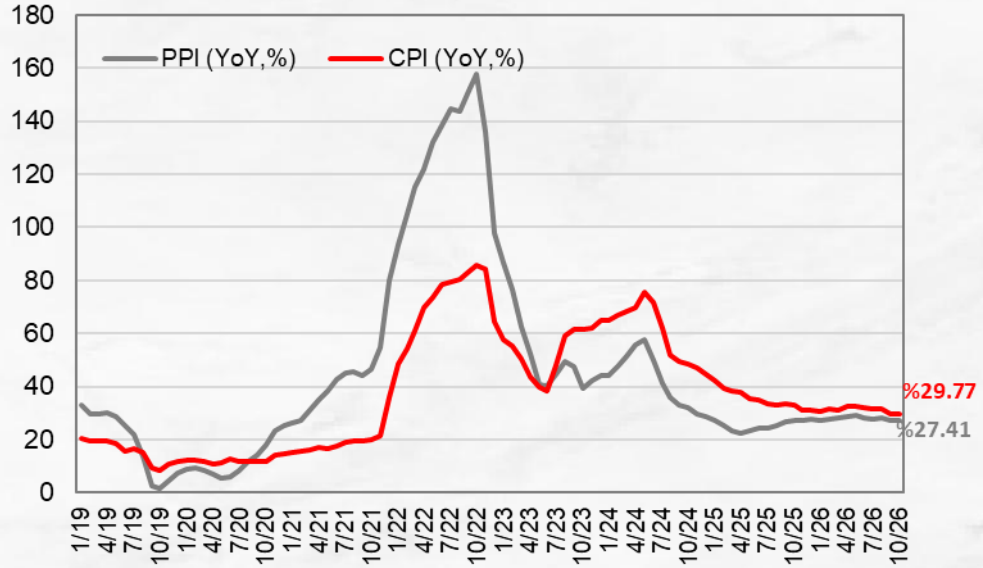
- **Furthermore, the CBRT revised its 2026 year-end forecast upwards from 26% to 28%, while maintaining its 2027 forecast at 15% and its 2028 forecast at 9%.** CBRT President Karahan stated that expectations regarding the global growth outlook remain weak due to the impact of geopolitical developments. In this context, they first updated their external demand assumptions downwards for 2026, albeit slightly. Karahan added that their second update concerned oil and import prices, assuming a gradual decline in oil prices during 2026, and updated their 2027 oil price assumptions upwards, taking into account the course of the war. On the other hand, Karahan stated that they have slightly revised upward their 2026 import price assumptions due to the impact of diesel refinery margins, natural gas, and some other commodity prices, while lowering their 2027 import price assumptions due to base effects. In addition, he emphasized that they have increased their food price assumptions based on actual figures and the outlook for agricultural commodity prices.

- Karahan noted that **the 2-point upward revision in the 2026 year-end forecast** was influenced by the outlook for diesel, natural gas, and non-energy commodity prices, and that they also reflected the impact of regulations regarding the sliding scale pricing system in their estimates. Furthermore, he stated that the upward revision in the food inflation assumption, along with administered/regulated prices, played a role in raising inflation forecasts. Regarding output gap estimates, he stated that there was no significant update compared to the previous reporting period and that they expect domestic demand to remain weak in the coming period due to the continued tightness in financial conditions.

- Furthermore, Karahan stated that they will **maintain a tight policy stance consistent with interim targets, and therefore a disinflation-focused tight stance**, but added that the risks to the medium-term inflation outlook have decreased, that **a return to 1-week repo is on their agenda, that they will evaluate market conditions and return when suitable conditions are met.**

Inflation and Inflation Expectations

Annual inflation edged up slightly but remained below 30%.



	CPI (Monthly)	CPI (Annual)
Jan-24	6,70%	64,85%
Feb-24	4,53%	67,07%
Mar-24	3,16%	68,49%
Apr-24	3,18%	69,79%
May-24	3,37%	75,44%
Jun-24	1,64%	71,59%
Jul-24	3,23%	61,78%
Aug-24	2,47%	51,97%
Sep-24	2,97%	49,38%
Oct-24	2,88%	48,58%
Nov-24	2,24%	47,09%
Dec-24	1,03%	44,38%

	CPI (Monthly)	CPI (Annual)
Jan-25	5,03%	42,11%
Feb-25	2,27%	39,04%
Mar-25	2,46%	38,10%
Apr-25	3,00%	37,86%
May-25	1,53%	35,41%
Jun-25	1,37%	35,05%
Jul-25	2,06%	33,52%
Aug-25	2,04%	32,95%
Sep-25	3,23%	33,29%
Oct-25	2,55%	32,87%
Nov-25	0,87%	31,07%
Dec-25	0,89%	30,89%
Jan-26	4,84%	30,65%
Feb-26	2,96%	31,53%
Mar-26	1,94%	30,87%
Apr-26	4,18%	32,37%
May-26	1,71%	32,61%
Jun-26	0,99%	32,11%
Jul-26	1,78%	31,75%
Aug-26	1,84%	31,51%
Sep-26	1,84%	29,73%
Oct-26	2,58%	29,77%
Dec-26	-	29,63%
Oct-27	-	23,89%
Dec-27	-	23,33%
Oct-28	-	17,94%

*Inflation expectations are the **monthly estimates in the latest Market Participants Survey published by the CBRT,** as well as the annual estimates for the end of this year and next year, and for the next 12 and 24 months.

October CPI rose **2.58% month on month**, above the Bloomberg consensus estimate of 2.4%. Annual inflation edged up from 29.73% to **29.77%**, also exceeding the 29.5% forecast.

October PPI inflation slowed from 2.07% to **1.65% month on month**, below its historical averages: 2.12% in 2024, 2.06% in 2025 and 1.83% since the data series began in 2010. Annual PPI inflation edged up from 27.38% to **27.41%**, remaining above its 2025 average.

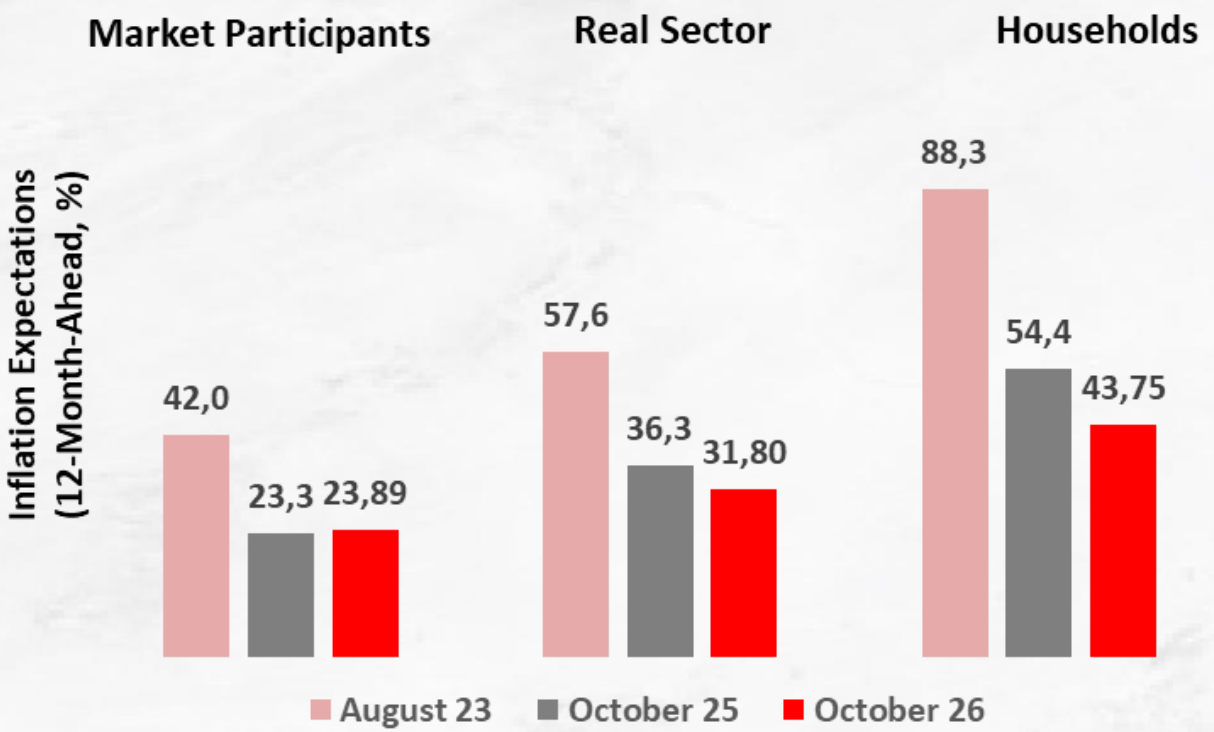
Inflation Expectations

In October, while a slight increase was observed in market participants' annual inflation expectations for the 12-month horizon, there was a partial improvement in the annual inflation expectations of households and the real sector for the same period.

Market participants' annual inflation expectation for the 12-month horizon rose slightly from 23.70% to 23.89% in October.

The real sector's inflation expectation for the 12-month horizon declined marginally from 32.50% to 31.80%.

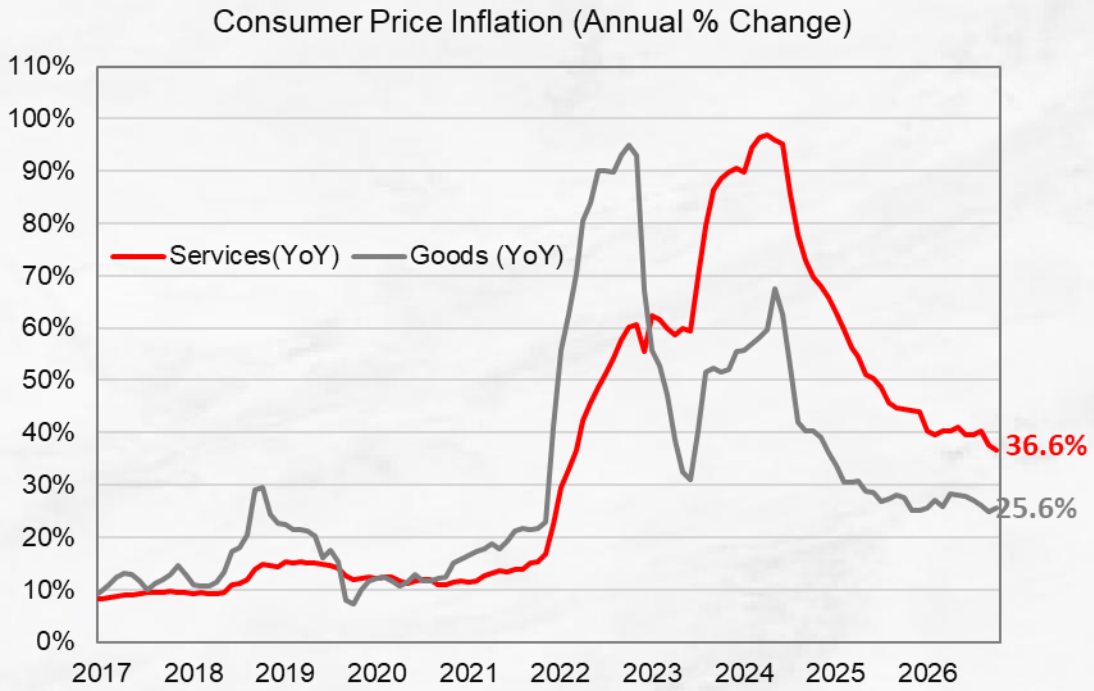
•Households—the segment representing the most persistent inflation expectations—also saw a partial decrease, with their expectations falling from 45.60% to 43.75%.

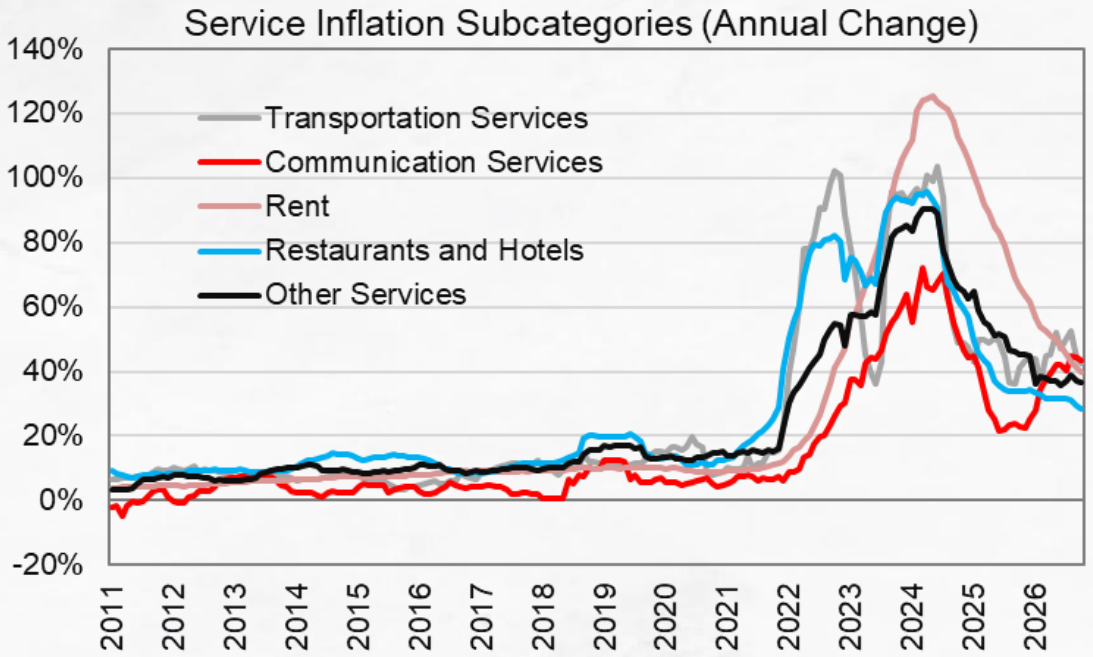


*Since June 2023, the policy rate has been raised from 8.50% to 15%, marking the beginning of a monetary tightening cycle.

Contributions of Main Groups to Inflation

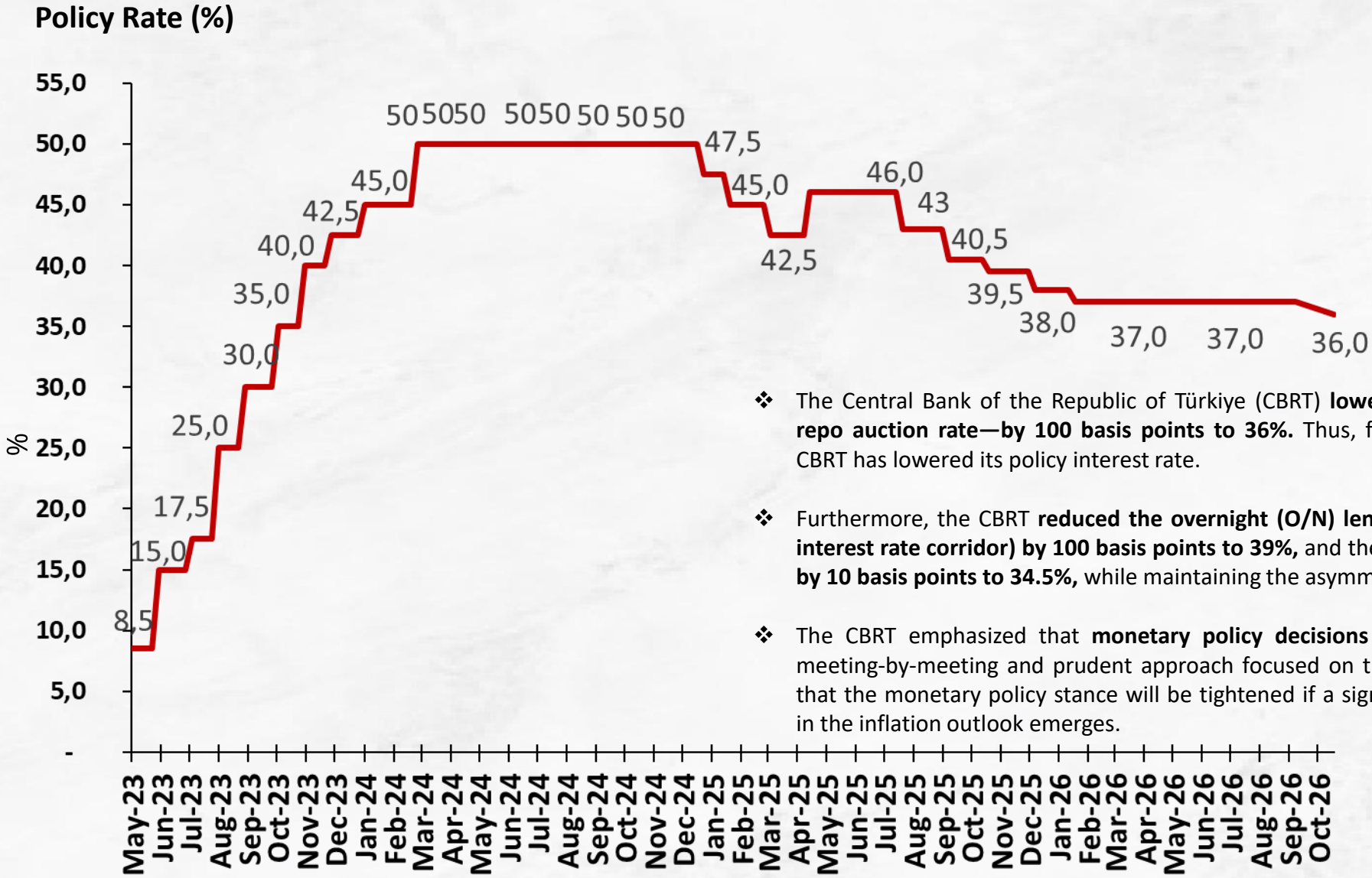
In October, CPI rose by 2.58% month on month, bringing annual inflation to 29.77%. After declining for the previous two months, food and non-alcoholic beverage prices increased by 3.50%, driven by a sharp rise in fresh fruit and vegetable prices. Energy prices rose by 4.92%, reflecting increases in fuel, LPG and bottled gas prices. Clothing prices picked up with the start of the new season, while monthly services inflation slowed to 0.99%. Prices of goods excluding energy and food rose by 3.45% month on month.





Policy Rate

CBRT Cut Interest Rates in October

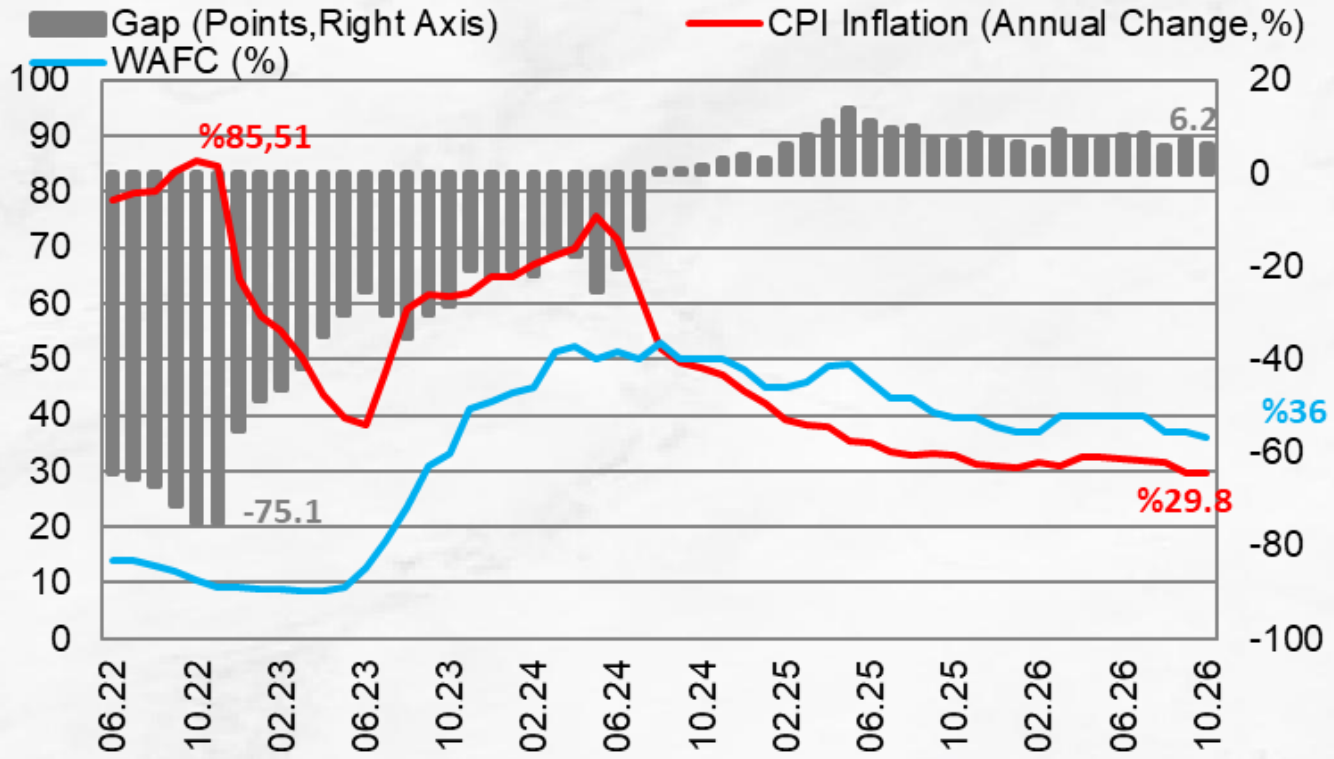


- The Central Bank of the Republic of Türkiye (CBRT) **lowered its policy rate—the one-week repo auction rate—by 100 basis points to 36%.** Thus, for the first time since January, the CBRT has lowered its policy interest rate.
- Furthermore, the CBRT **reduced the overnight (O/N) lending rate (the upper bound of the interest rate corridor) by 100 basis points to 39%,** and the **borrowing rate (the lower bound) by 10 basis points to 34.5%,** while maintaining the asymmetric structure of the corridor.
- The CBRT emphasized that **monetary policy decisions** will continue to be taken with a meeting-by-meeting and prudent approach focused on the inflation outlook, and reiterated that the monetary policy stance will be tightened if a significant and persistent deterioration in the inflation outlook emerges.

While quantitative tightening continues, the macroprudential framework remains intact.

Difference Between the CBRT Interest Rate and CPI Inflation Rate

Difference Between the Policy Rate and CPI Inflation



Tight monetary policy remains in place to ensure a lasting decline in inflation.

- **Since August**, **a positive real interest rate** has been maintained (the first time since post-2021).
- The positive real interest rate stood at 6.2 percentage points.

Macroprudential Measures

The tight monetary stance is supported by macroprudential measures.

TL Deposit Share Regulations

Calculation Period Extended to 8 Weeks
The calculation period for TL deposit rules was extended from 4 to 8 weeks.

Higher Growth Targets for Individuals' TL Deposits
For banks in the 60–65% band, the target rose from 0.2 to 0.4 percentage points; for banks below 60%, from 0.4 to 0.8 percentage points.

Lower Commission Rates
The commission rate based on the TL deposit share was reduced from 4% to 3%; for commercial loans, from 2% to 1.5%.

Exchange Rate Calculation Method Updated
Calculations will use the average exchange rate over the last 24 weeks instead of the last 12 weeks.

Credit Growth Limits and SME Definition

Commercial Credit Growth Limits
Over an 8-week period, limits were set at 5% for TL SME loans and 2% for non-SME commercial loans (excluding export, investment and agriculture).

Retail and Other Credit Limits
The growth limit for vehicle, personal and overdraft loans with more than 3 installments was set at 3%; for overdraft limits, at 1%.

Tighter FX Credit Limits
The foreign currency credit growth limit was reduced from 1.0% to 0.5%.

SME Turnover Threshold Raised to TL 1 Billion
The sales/assets threshold for SME classification was raised from TL 500 million to TL 1 billion (approximately $25 million).

Capital Adequacy Ratio (CAR) and Risk Weights

Simplified Calculations
Additional risk weights in CAR calculations were removed; negative valuations in the HTC&S portfolio were excluded from the capital calculation.

Fixed Exchange Rates Abolished (2026 Transition)
The fixed exchange rates used for credit risk (USD/TRY: 32.83; EUR/TRY: 35.13) and calculation flexibilities are being abolished as of 2026.

Reserve Requirement (RR) Ratios

TL Deposit Reserve Requirements
The RR ratio was set at 17% for demand, 1-month and 3-month TL deposits, and 10% for maturities longer than 3 months.

Foreign Currency and Repo Regulations
RR ratios for FX deposits and precious metals are 28–32%; overseas repos will be subject to 20% (up to 1 month) and 16% (up to 3 months).

Indexed Deposits
The reserve requirement ratio for CPI-, PPI- and TLREF-indexed deposits is 10%.

Credit Card and Fee Regulations

Tiered Maximum Credit Card Interest Rates
Below TL 30,000: 3.25% | TL 30,000–180,000: 3.75% | Above TL 180,000 and cash advances: 4.25%.

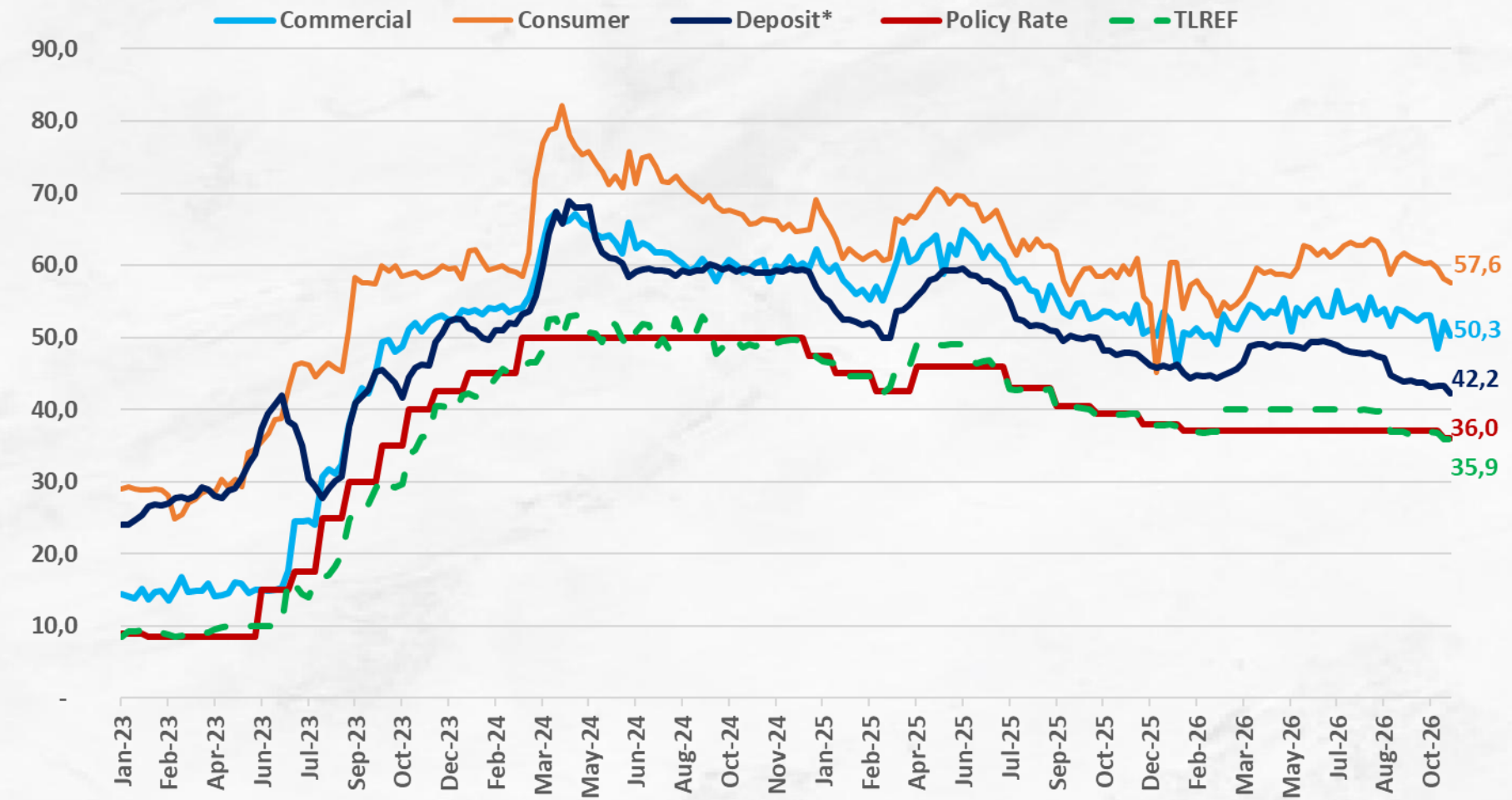
Limit Regulations and Restructuring
Overdraft limits were capped at twice monthly income; unpaid debts may be restructured for up to 48 months upon request.

Commercial Loan Fees
The loan allocation fee was set at 0.20%; loan disbursement and revolving loan fees at 1.10%.

The Trend of Interest Rates

The effects of the tight monetary stance are being seen in financial markets.

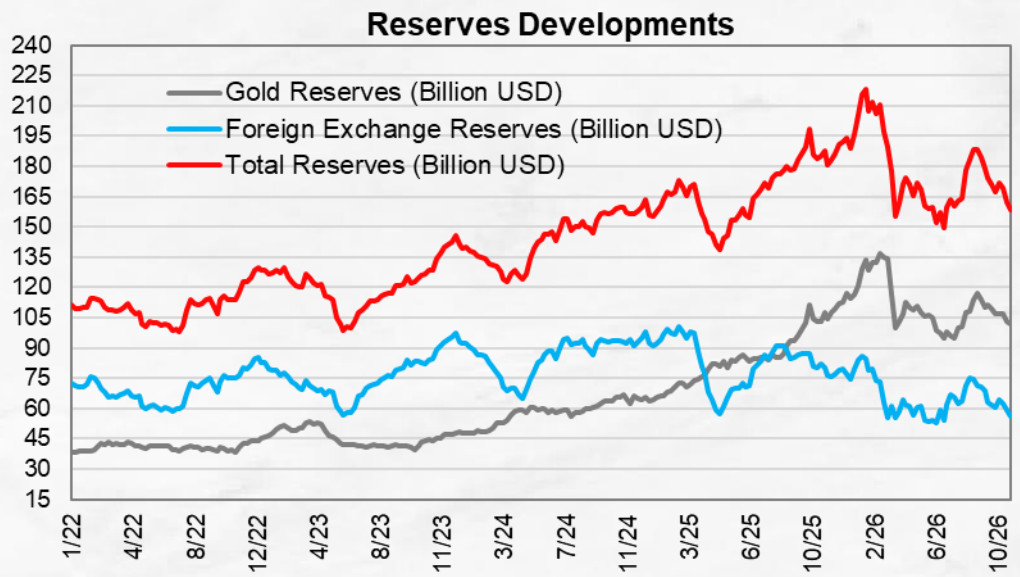
Interest Rates

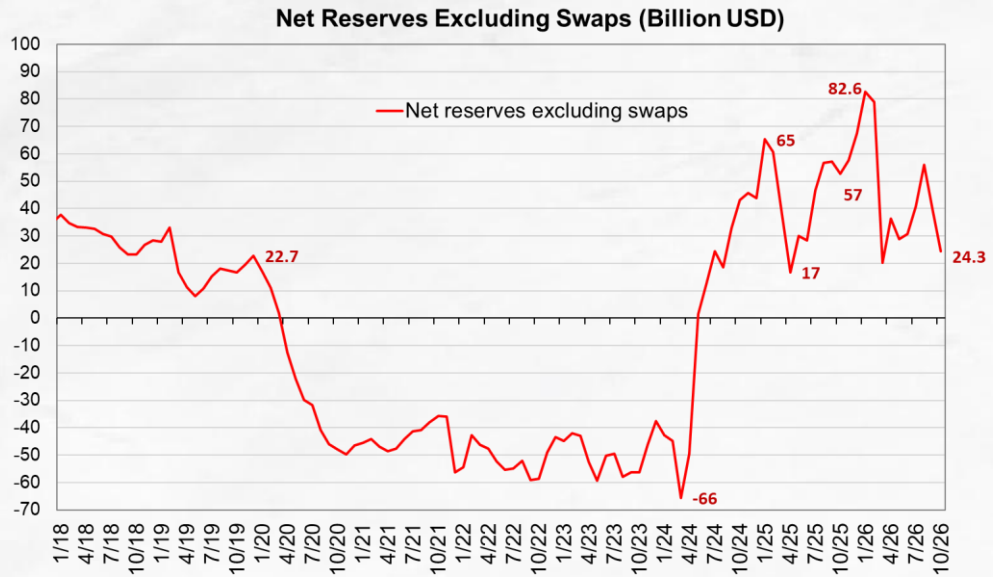


*1-3 Months Term TL Deposit

CBRT Reserves

Total reserves declined in October.





In 2025, total reserves increased by USD 39 billion year over year, ending the year at USD 193.9 billion. They had reached a record USD 218.2 billion in the week of January 30.

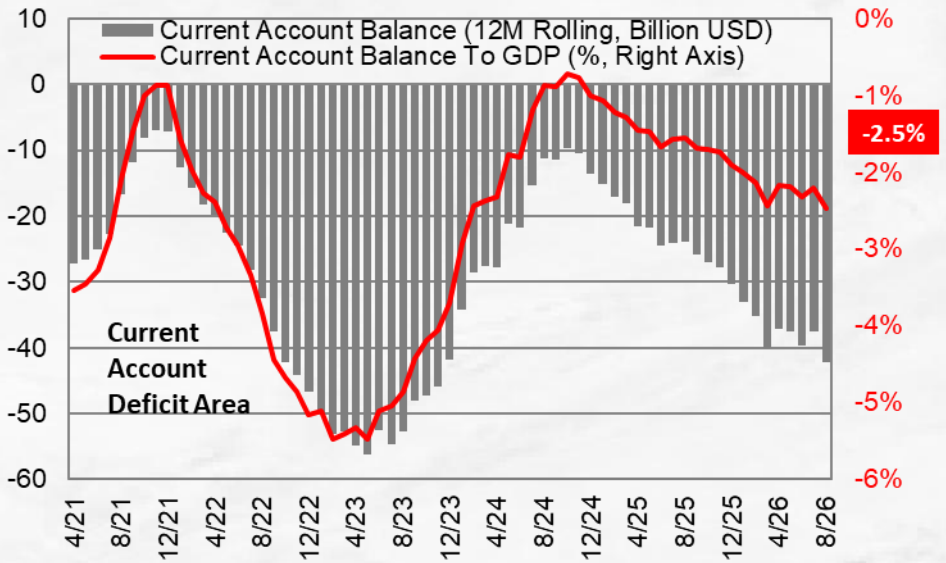
In the week of October 30:

- **The CBRT's total reserves fell to USD 162.2 billion from USD 158.1 billion (gold: USD 102.0 billion; foreign currency: USD 56.1 billion).**
- **Net reserves declined to USD 42.9 billion from USD 38.0 billion.**
- **Net reserves excluding swaps fell to USD 30.8 billion from USD 24.3 billion.**

Current Account Balance

The current account deficit-to-GDP ratio edged up, while remaining below historical averages.

Cumulative Current Account and Current Account / GDP Ratio



In August, the current account posted a monthly surplus of USD 4.05 billion, exceeding the market expectation of USD 3.80 billion. The balance improved markedly compared with the previous month, although the surplus narrowed somewhat from a year earlier. Despite a modest increase in net services income and a slight narrowing of the deficits in the primary and secondary income balances, a wider trade deficit resulted in a smaller year-on-year current account surplus.

The 12-month cumulative current account deficit widened slightly from USD 41.5 billion in July to USD 42.1 billion in August, reaching its highest level since November 2023. The current account deficit-to-GDP ratio edged up from 2.4% to 2.5%.

Foreign Trade Indicators (October 2026)

Foreign Trade Data (Billion USD)	October (Monthly)			October (12M Cumulative)		
	2025	2026	Change (%)	2025	2026	Change (%)
Exports	24,0	25,9	8,1%	270,1	285,6	5,8%
İmports	31,5	32,6	3,4%	361,1	380,8	5,4%
Foreign Trade Volume	55,5	58,5	5,4%	631,2	666,4	5,6%
Foreign Trade Balance	-7,6	-6,7	-11,4%	-91,0	-95,1	4,5%
Proportion of imports covered by exports (%)	76,0	79,4		74,8	75,0	

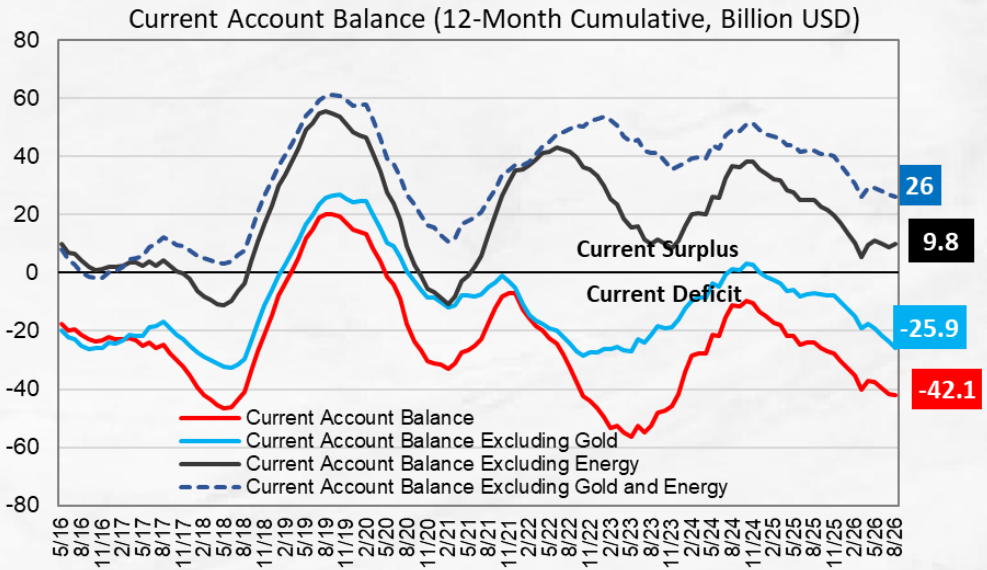
According to the preliminary foreign trade data released by the Ministry of Trade, the foreign trade deficit decreased by 11.4% year-on-year in October to USD 6.7 billion.

In October:

- **Exports increased by 8.1% year-on-year to USD 25,9 billion, marking the highest October figure on record.**
- **Imports rose by 3.4% year-on-year to USD 32.6 billion.**

Current Account Balance

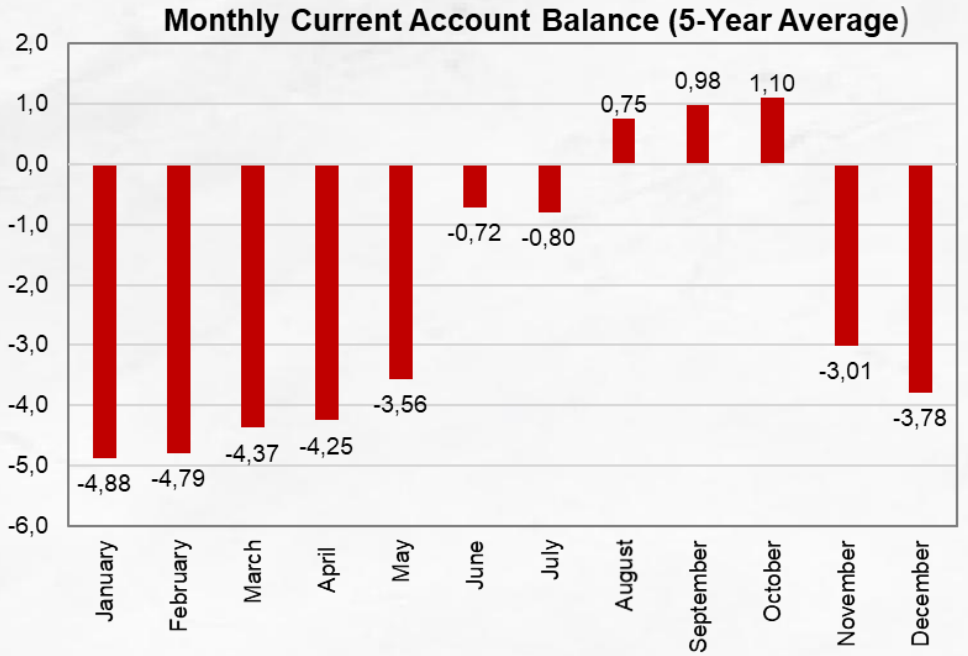
Monthly Historical Course of the Current Account Balance and Current Account Balance Excluding Gold and Energy.



In August, the current account balance excluding gold and energy posted a monthly surplus of USD 8.20 billion, marking the fifth consecutive month of surplus. The 12-month cumulative surplus excluding gold and energy declined modestly from USD 27 billion to USD 26 billion.

On a 12-month cumulative basis, energy imports remained relatively subdued compared with their record high of USD 96.5 billion in December 2022. Energy imports rose slightly from USD 65.2 billion in July to USD 66.8 billion in August.

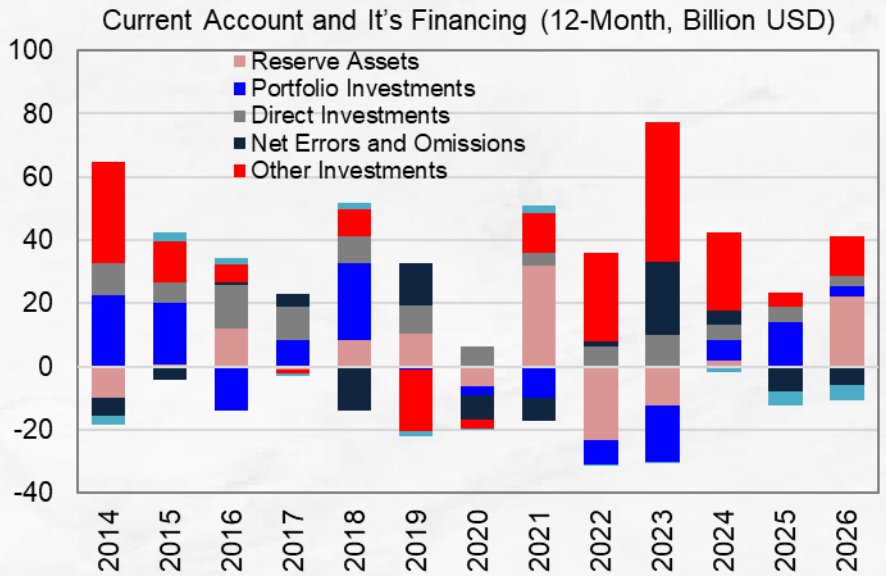
On a 12-month cumulative basis, gold imports remained below their record high of USD 33.7 billion in August 2023, but have exceeded USD 20 billion for the past 16 months. Gold imports edged down from USD 20.9 billion in July to USD 20.1 billion in August.



When monthly current account balance figures are examined historically on a 5-year average basis, it is observed that **the months with the largest current account deficit** are the first four months of the year, namely **January to April,** which include the winter period when fuel demand increases, while **the months with the largest current account surplus** are the period **between August and October**, which includes the summer months when the tourism season is lively.

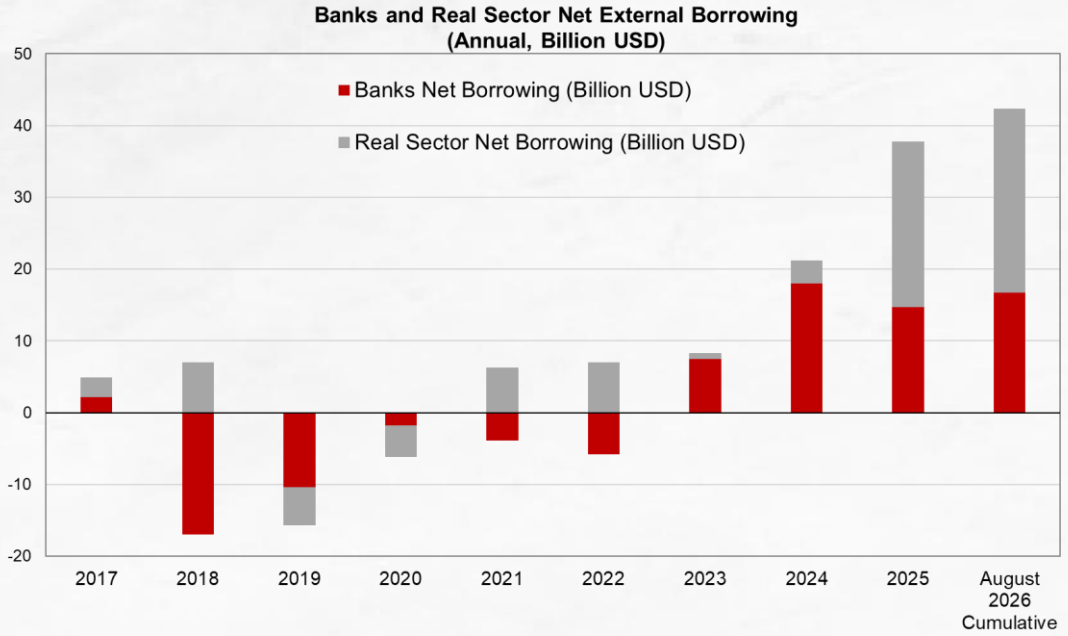
Financing of the C/A Deficit

Improvement in Current Account Deficit Financing



*(+) in reserves indicates a decrease, while (-) indicates an increase in reserves.

In August, the current account surplus narrowed compared with the same month a year earlier, while limited foreign capital outflows helped reserves increase by USD 7.14 billion. Net errors and omissions recorded an inflow of approximately USD 4.52 billion, also supporting reserve accumulation. The monthly current account surplus, together with direct investment inflows, contributed to the increase in reserves despite outflows in portfolio investment, financial derivatives and other investment.



As of August 2026, the banking sector and the corporate sector had cumulatively borrowed a net approximately USD 16,7 billion and USD 25,7 billion, respectively.

Türkiye's Import and Export Based on Top 10 Countries

Top 20 Countries with the Most Imports and Exports on an Annual Basis and Their Shares by Country (2024)

Rank	Country	Imports (Thousand USD)	Share in Imports (%)	Rank	Country	Exports (Thousand USD)	Share in Exports (%)
		344 017 272	**100,0%**			**261 801 501**	**100,0%**
1	China	44 930 563	13,1%	1	Germany	20 432 312	7,8%
2	Russia	44 018 616	12,8%	2	US	16 351 880	6,2%
3	Germany	27 084 551	7,9%	3	United Kingdom	15 289 517	5,8%
4	Italy	19 311 975	5,6%	4	Iraq	13 006 477	5,0%
5	US	16 227 487	4,7%	5	Italy	12 953 701	4,9%
6	France	12 499 806	3,6%	6	France	10 038 621	3,8%
7	Switzerland	11 173 800	3,2%	7	Spain	9 782 569	3,7%
8	Spain	9 362 742	2,7%	8	Netherlands	8 568 231	3,3%
9	South Korea	9 245 621	2,7%	9	Russia	8 563 001	3,3%
10	UAE	7 363 388	2,1%	10	UAE	8 294 361	3,2%

- **The US ranks second among the countries to which Türkiye exports the most with USD 16.4 billion (6.2% share), while it ranks fifth among the countries to which it imports the most with USD 16.2 billion (4.7% share).** In this context, it is observed that **Türkiye's annual foreign trade with the US is balanced.**

- **While the product groups that Türkiye imports the most from the US** are primarily machinery, iron and steel, fuels, energy products, etc.**; the product groups that it exports the most** are primarily machinery, precious stones and metals, motor vehicles, mineral fuels, energy products, etc.

CBRT - FED - ECB Meetings Dates Türkiye Credit Rating Calendar and Last Year's Status

	CBRT Monetary Policy Meetings		FED Monetary Policy Meetings	ECB Monetary Policy Meetings
	MPC Meetings	Inflation Report Information Meetings		
January	January 22, 2026	-	January 28, 2026	-
February	-	**I** - February 12,2026	-	Feb 5, 2026
March	March 12, 2026	-	March 18, 2026	Mar 19, 2026
April	April 22, 2026	-	April 29, 2026	Apr 30, 2026
May	-	**II** - May 14,2026	-	-
June	June 11, 2026	-	June 17, 2026	Jun 11, 2026
July	July 23, 2026	-	July 29, 2026	Jul 23, 2026
August	-	**III** - August 13,2026	-	-
September	September 10, 2026	-	September 16, 2026	Sep 10, 2026
October	October 22, 2026	-	October 28, 2026	Oct 29, 2026
November	-	**IV** - November 12,2026	-	-
December	December 10, 2026	-	December 9, 2026	Dec 17, 2026

Credit Rating Agencies' Calendar for Türkiye		
Fitch	**Moody's**	**S&P**
January 23, 2026	January 23, 2026	April 17, 2026
July 17, 2026	July 24, 2026	October 16, 2026

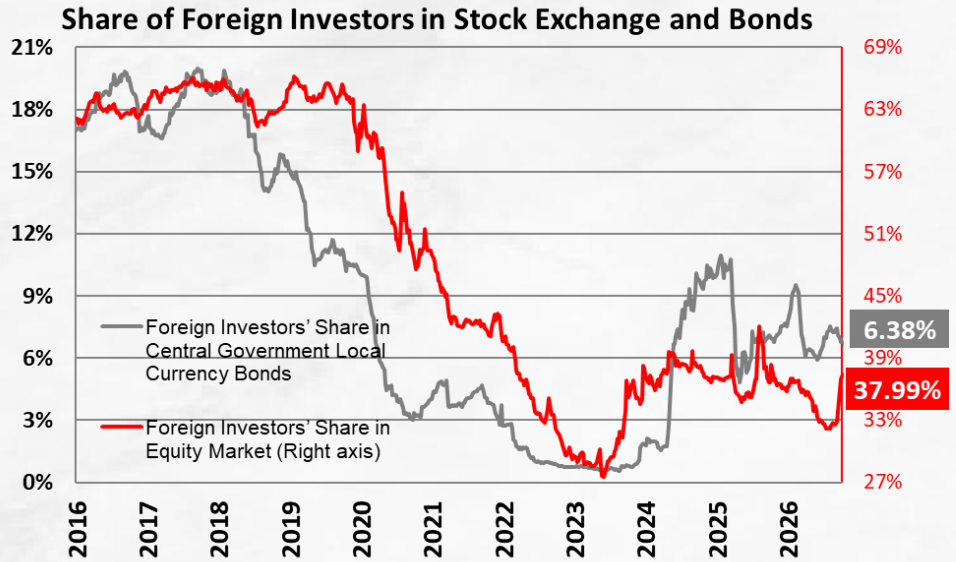
	Meeting Date	ECB Deposit Interest Rate	FED Federal Funds Rate (Lower-Upper Rates)	CBRT One Week Repo Rate
Year 2025	Jan.25	%2.75 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%45,00 (-250 bp rate cut)
	Feb.25	Month without meetings	Month without meetings	Month without meetings
	Mar.25	%2.50 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%42,50 (-250 bp rate cut)
	Apr.25	%2.25 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%46.00 (+350 bp Rate Hike)
	May.25	Month without meetings	Month without meetings	Month without meetings
	Jun.25	%2.00 (-25 bp rate cut)	%4.25 - %4.50 (Passed)	%46.00 (Passed)
	Jul.25	%2.00 (Passed)	%4.25 - %4.50 (Passed)	%43.00 (-300 bp rate cut)
	Aug. 25	Month without meetings	Month without meetings	Month without meetings
	Sep. 25	%2.00 (Passed)	%4 - %4.25 (-25 bp rate cut)	%40.50 (-250 bp rate cut)
	Oct. 25	%2.00 (Passed)	%3.75 - %4 (-25 bp rate cut)	%39.50 (-100 bp Cut)
	Nov. 25	Month without meetings	Month without meetings	Month without meetings
	Dec. 25	%2.00 (Passed)	%3.5 - %3.75 (-25 bp rate cut)	%38 (-150 bp cut)
Year 2026	Jan.26	Month without meetings	%3.5 - %3.75 (Passed)	%37 (-100 bp cut)
	Feb.26	%2.00 (Passed)	Month without meetings	Month without meetings
	Mar.26	%2.00 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	Apr. 26	%2.00 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	May.26	Month without meetings	Month without meetings	Month without meetings
	Jun. 26	%2.25 (25 bp rate hike)	%3.5 - %3.75 (Passed)	%37 (Passed)
	July 26	%2.25 (Passed)	%3.5 - %3.75 (Passed)	%37 (Passed)
	August 26	Month without meetings	Month without meetings	Month without meetings
	Sep 26	%2.5 (25 bp rate hike)	%3.75-4 (25 bp rate hike)	%37 (Passed)
	October 26	%2.5 (Passed)	%3.75 - %4 (Passed)	%36 (-100 bp cut)
Summary	One Year Summary	6 Passed, 2 Rate Hike (Total 50 bp rate hike)	1 rate cut, 6 Passed , 1 Rate Hike (Total neutral)	3 rate cut, 5 Passed, (Total 450 bp rate cut)
	Expectations for 2026	2.75%	25 bps rate hike -> %4 - %4.25*	100 bps cuts to 35%

*Fed September projections.

Portfolio Flows of Foreign Investors

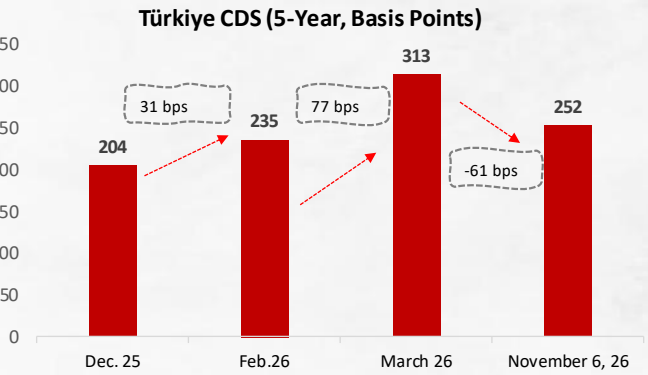
In the week ending 30 October, foreign investors recorded net sales of USD 66.3 million in the equity market. This brought their total net sales over the past five weeks to approximately **USD 693 million**. Their net purchases in the equity market since the beginning of the year stood at around **USD 1.24 billion**. **Foreign investors' share of the equity market rose to 38.0%**, up from 35.8% at the end of 2025.

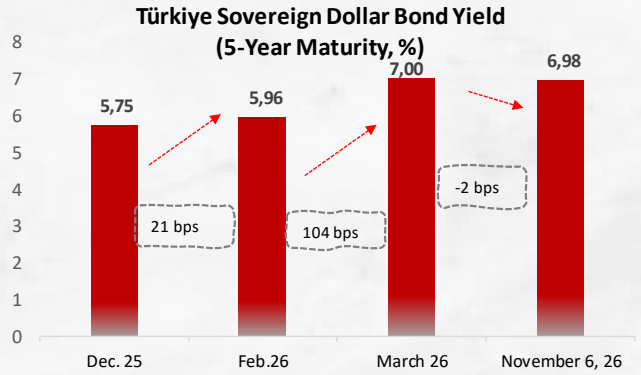
In the bond market, foreign investors recorded net sales of approximately USD 750.4 million in the week ending 30 October. Their net purchases in the bond market since the beginning of the year stood at around **USD 766 million**. **Foreign investors' share of government domestic debt securities (excluding repo holdings) fell to 6.38% as of 30 October**, down from 7.6% at the end of 2025.

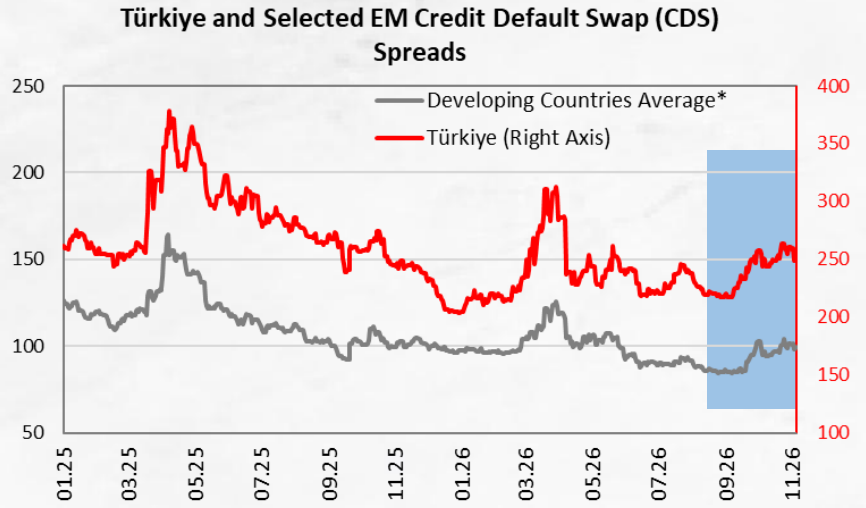


Net Purchases and Sales of Foreign Investors' in Equity And Goverment Currency Bonds				
USD Billion	**2023**	**2024**	**2025**	**As of the beginning of 2026**
Equities	1.389	-2.696	2.268	1.243
GDDS (Bonds)	2.004	16.088	2.865	766

Türkiye's CDS and Credit Rating







*EMs: Brazil, Colombia, Mexico, Chile, Indonesia, the Philippines, Malaysia, South Africa

Fitch	Moody's	S&P	
BBB+	Baa1	BBB+	Investment Grade
BBB	Baa2	BBB	
BBB-	Baa3	BBB-	
BB+	Ba1	BB+	Speculative Grade
BB	Ba2	BB	
BB-	**Ba3**	**BB-**	
B+	B1	B+	
B	B2	B	
B-	B3	B-	
Stable	*Stable*	*Stable*	

***The red-colored sections indicate Türkiye's credit rating.**

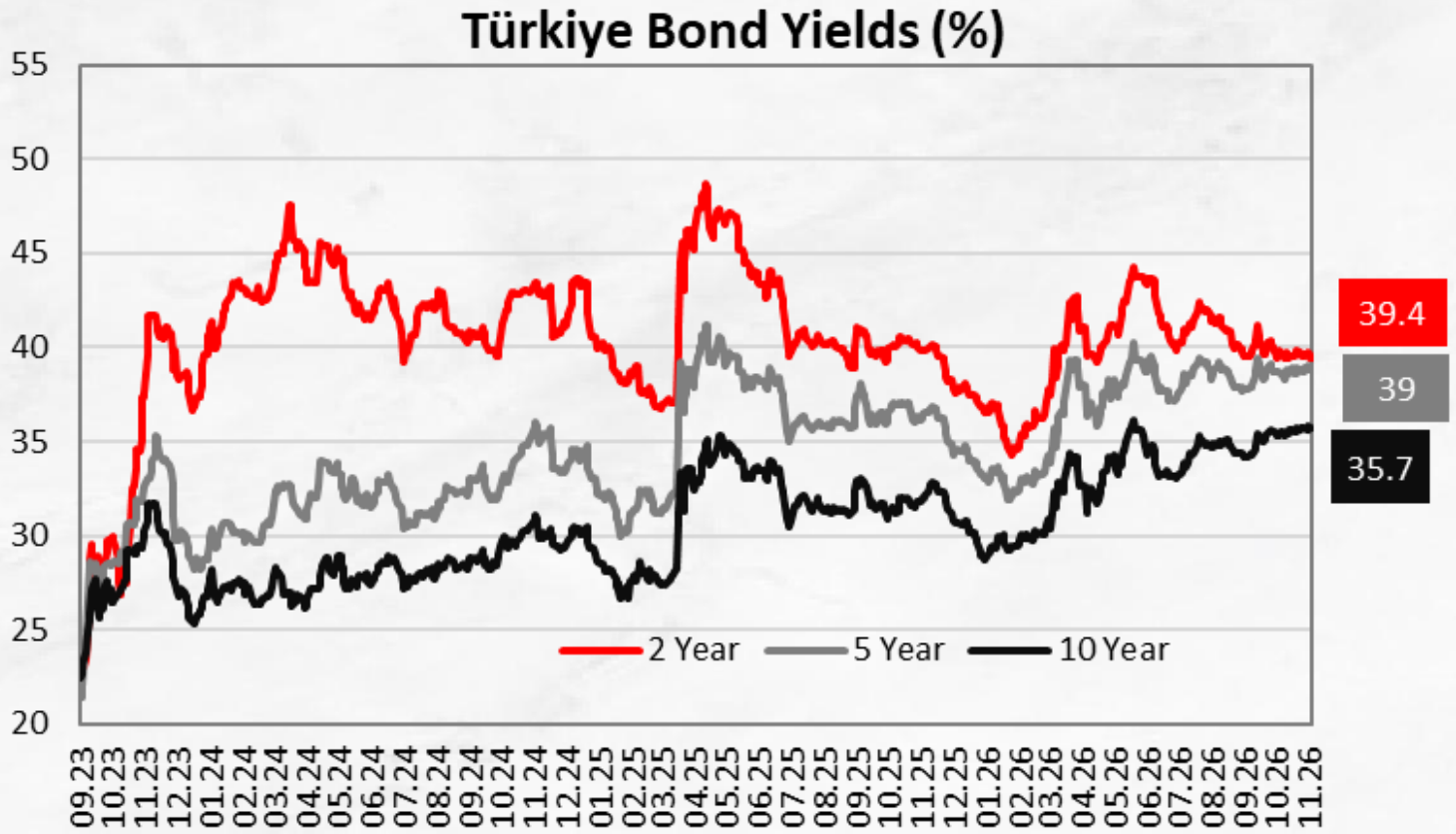
Türkiye's **5-year CDS** currently stands at around **252 basis points.**

- Türkiye's CDS premium recorded its **lowest level at 110.9 basis points on May 9, 2013**, while it reached its **highest level at 895.8 basis points on July 14, 2022**. A decline in CDS spreads facilitates **external borrowing at lower costs and with longer maturities**, easing access to international financing.

- **In 2024,** Türkiye was the only country to receive a two-notch upgrade from all **three major credit rating agencies.** In July 2025, Moody's upgraded Türkiye's sovereign credit rating from "B1" to "Ba3" and revised the outlook from "positive" to "stable".

- Fitch upgraded Türkiye's credit rating outlook from "stable" to "positive" at its January 2026 meeting. **In April 2026**, Fitch, in an unscheduled review, affirmed Türkiye's long-term foreign-currency sovereign credit rating at **BB-**, while revising the outlook from **positive to stable**.

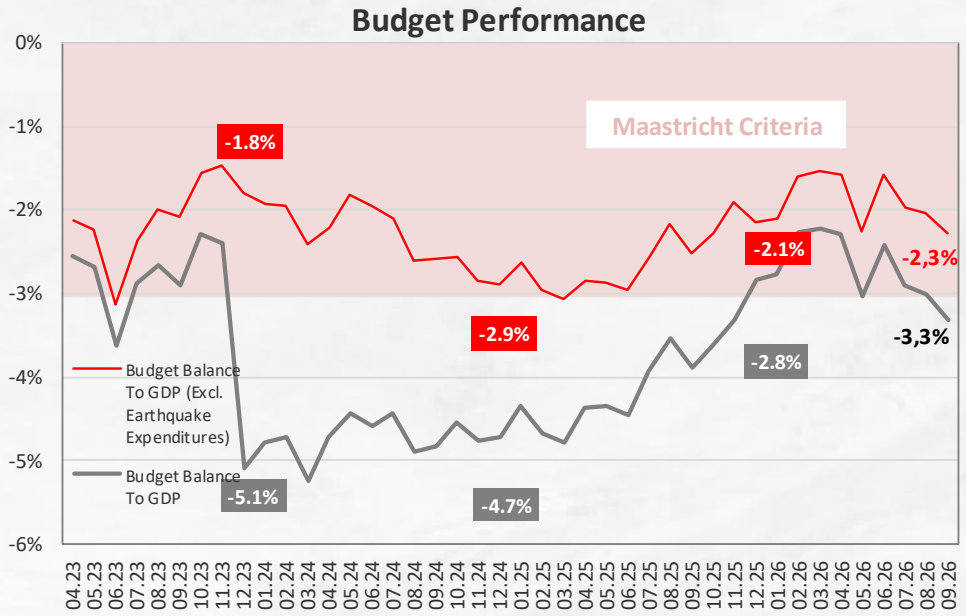
Türkiye Benchmark Goverment Bond Yields



Partly driven by lower oil prices, the Turkish bond market saw the 2-year benchmark yield fall to its lowest level since April, while the 10-year yield remained broadly unchanged.

Meanwhile, short-term Turkish lira bond yields remained above the approximately 36% level recorded before the escalation of geopolitical tensions on February 28.

Budget Balance and Fiscal Discipline



The budget balance recorded a significant deficit of 532.2 billion TL in September, following a modest surplus of 12.9 billion TL in August; in the same month of the previous year, it had posted a deficit of 309.6 billion TL. Consequently, the budget balance shows a marked deterioration compared to both the previous month and the same period last year.

The 12-month cumulative budget deficit-to-GDP ratio rose to 3.3% in September, up from 3% in August. Nevertheless, this figure remains well below the 4.7% projected for the end of 2024 and slightly above the 2.8% projected for the end of 2025. (Cumulative GDP data through the second quarter of 2026 were used for the GDP ratio calculation.)

The average budget deficit-to-GDP ratio for **2024 and 2025** stood at approximately 4.7% and 4%, respectively.

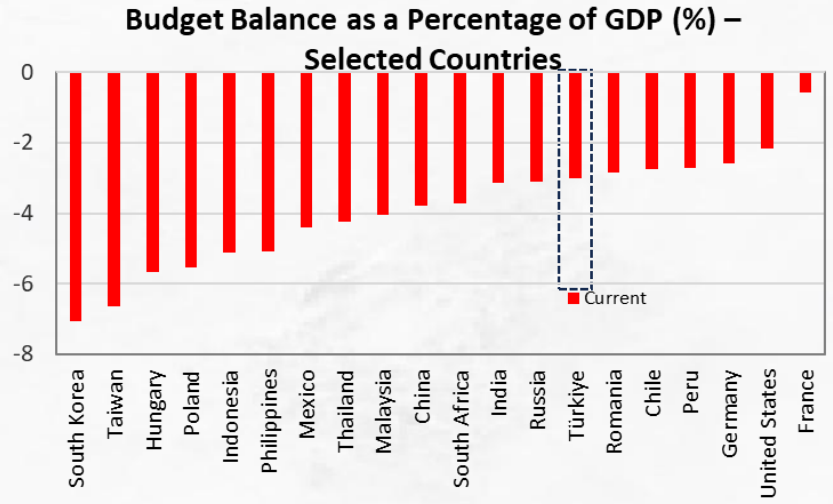
Outturns and Forecasts

	December-24	December-25	January-26	February-26	Mar.26	April-26	May-26	June-26	July-26	August-26	September-26
Budget Balance (Monthly, Billion TL)	- 831	- 528	- 215	24	- 230	- 339	- 298	114	- 378	13	- 532
Budget Balance (12-Month Cumulative, Billion TL)	- 2.108	- 1.799	- 1.874	- 1.540	- 1.508	- 1.672	- 2.206	- 1.761	- 2.116	- 2.200	- 2.422
Budget Balance/GDP Ratio (12-Month Cumulative)	-4,7%	-2,8%	-2,8%	-2,3%	-2,2%	-2,5%	-3,3%	-2,6%	-3,1%	-3,0%	-3,3%
Budget Balance Excluding Earthquake Expenditures / GDP Ratio	-2,9%	-2,1%	-2,1%	-1,6%	-1,5%	-1,7%	-2,4%	-1,7%	-2,1%	-2,0%	-2,3%

The MTP revised down its 2026 budget deficit-to-GDP target to 3.1%, from 3.5%.

At 2.8%, the 2025 budget deficit-to-GDP ratio was lower than the OVP's 3.6% year-end target. Excluding earthquake-related expenditure, the budget deficit-to-GDP ratio stood at 2.1% in 2025—well below the Maastricht criterion—and incresed to 2.3% as of September 2026.

Türkiye is exhibiting a relatively strong fiscal performance compared to its peers.



Summary of Developments in the Turkish Economy

CURRENT SITUATION

Data		End-2025	Last Week 30.10.2026	Latest Data 6.11.2026	Weekly Change (bps, USD, %)	Change Since End-2025 (bps, USD, %)	Latest Data (Date & Time)
Benchmark Bond Yield (%)	2-Year	36,84%	39,67%	39,48%	-0,19%	2,64%	6.11.2026 (13.40)
	5-Year	33,28%	38,96%	38,99%	0,03%	5,71%	6.11.2026 (13.40)
	10-Year	28,96%	35,76%	35,75%	-0,01%	6,79%	6.11.2026 (13.40)
Rate(%)	Policy Rate	38,00%	36,00%	36,00%	0,00%	-2,00%	6.11.2026 (13.40)
	Upper Bound	41,00%	39,00%	39,00%	0,00%	-2,00%	6.11.2026 (13.40)
	Lower Bound	36,50%	34,50%	34,50%	0,00%	-2,00%	6.11.2026 (13.40)
	TLRef	37,96%	35,86%	35,85%	-0,02%	-2,12%	5.11.2026 (23.59)
Credit Default Swap (CDS) (bps)	CDS	205	260	253	-7,5	48,4	6.11.2026 (13.40)
Reserves	Gross (Billion USD)	193,9	162,2	158,1	-4,1	-35,8	30.10.2026 (23.59)
	Excluding Swaps (Billion USD)	67,5	42,9	38,0	-4,9	-29,5	30.10.2026 (23.59)
Exchange Rates	USD/TRY	42,9557	49,9411	50,1578	0,43%	16,77%	6.11.2026 (13.40)
	EUR/TRY	50,5184	55,7452	56,0896	0,62%	11,03%	6.11.2026 (13.40)
	EUR/USD	1,1746	1,1160	1,1175	0,13%	-4,86%	6.11.2026 (13.40)
	Dollar Index	98,322	101,8790	102,0180	0,14%	3,76%	6.11.2026 (13.40)
Gold	Ounce (USD)	4.319	3.875	4.069	5,0%	-5,8%	6.11.2026 (13.40)
	Per Gram (TRY)	5.966	6.222	6.563	5,5%	10,0%	6.11.2026 (13.40)
BİST	BIST 100	11.262	10.760	11.309	5,1%	0,4%	6.11.2026 (13.40)
	BIST 30	12.224	13.420	14.084	4,9%	15,2%	6.11.2026 (13.40)
	Banking Index	16.540	14.608	16.220	11,04%	-1,9%	6.11.2026 (13.40)
Investment Funds (Million TRY)	Volume	8.467.696	9.520.220	9.597.696	0,8%	13,3%	5.11.2026 (23.59)

Banking Sector

Banking Sector Balance Sheet
The Trend of Loans
Distribution of Loans
Distribution of Commercial Loans
The Trend of Deposits
Dollarization
Investment Funds
Total Shareholders' Equity and Return on Equity (ROE)
Non-Performing Loan (NPL) Ratio
The Number of Concordatum and Debt Ratios
Protested Promissory Notes and Dishonored Checks
SWOT Analysis

Banking Sector Balance Sheet

The balance sheet of the banking sector continues to grow.

Selected balance sheet items
30.10.2026

	Bn TRY	Bn USD	Bn TRY
Liquid assets	4.745	143	11.859
Securities	5.341	56	8.099
Loans	18.536	211	29.001
Commercial Loans	11.495	210	21.948
Corporate Loans	5.055	183	14.148
SME Loans	6.440	27	7.800
Consumer Loans	7.041	0	7.053
Housing Loans	852	0	853
GPL	2.662	0	2.662
Vehicle Loans	43	0	43
Consumer Credit Cards	3.484	0	3.496
Non-Performing Loans	271	0	274
Gross NPL	971	0	983
Special Reserves (-)	701	0	709

	Bn TRY	Bn USD	Bn TRY
Deposits	20.240	252	32.739
Savings deposits	10.483	158	18.319
Commercial deposits	7.664	84	11.812
Public Sector and Other	2.093	10	2.608
FX-Protected TL Deposit (For information)	0	0	0
Non Deposit Funds	4.135	211	14.645
Foreign banks	226	131	6.737
Regulatory Capital	6.211	0	6.211

The Trend of Loans

TL loans slowed in 2024 but accelerated in 2025; conversely, FX loans slowed.
TL loans are performing moderately in 2026, whereas foreign currency (FC) loans follow a weak course.

Selected Balance Sheet Items of the Turkish Banking Sector (Change Compared to the Previous Year-End, %)	2023	2024	2025	Oct-26	Oct-26 (Annualized)
Total Loans	54,0	36,7	43,9	25,8	30,5
TRY	54,0	28,6	42,6	27,9	33,0
FX (TRY Equivalent)	53,0	55,2	46,0	22,2	26,3
FX (USD Equivalent)	-3,0	29,7	19,5	5,2	6,1
Commercial Loans	48,0	35,7	43,1	26,2	31,0
Corporate Loans	44,0	36,8	40,6	26,4	31,2
SME Loans	57,0	33,6	47,7	25,8	30,5
Consumer Loans	74,0	43,5	46,5	24,5	28,9

There is a limit on credit growth except for selected sectors:

Eight-week increase;

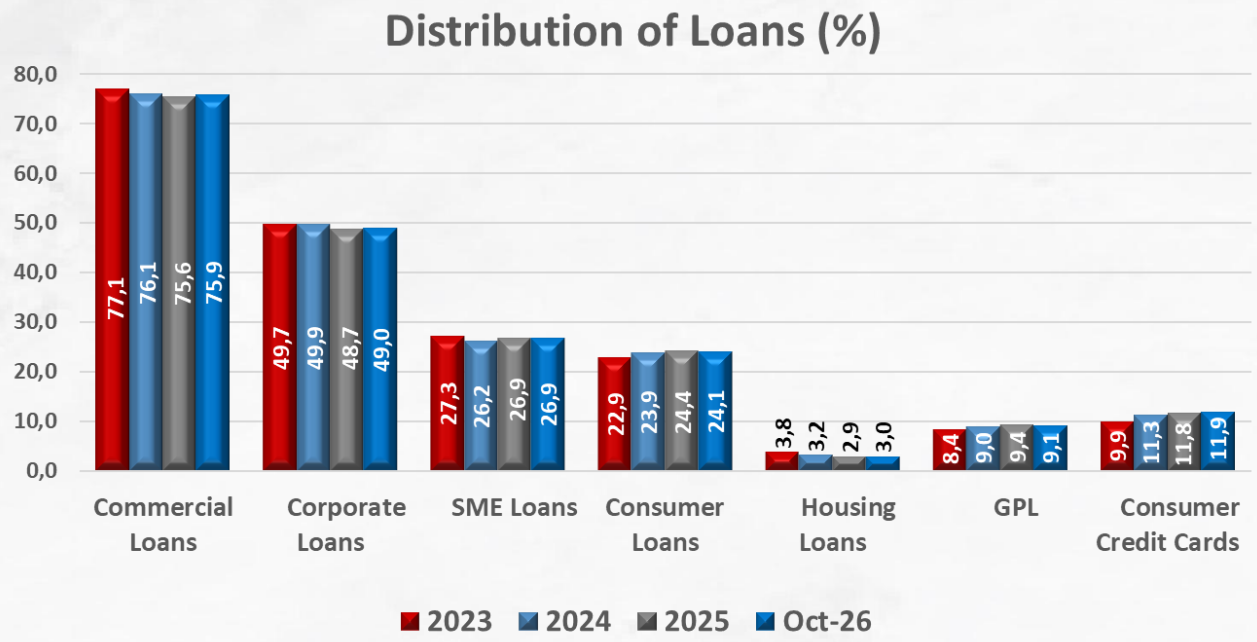
- 2,0% for **TL loans**; 5% for **SME loans**
- 3,0% growth limit for **consumer and vehicle loans**
- 0.5% on **FX loans**
- 1,0% on **Overdraft Account Limits**

Additionally, the total reserve requirement is at 15% of the loans.

Distribution of Loans

Compared to the end of last year, the share of commercial loans saw a slight increase, while the share of consumer loans showed a slight decline.

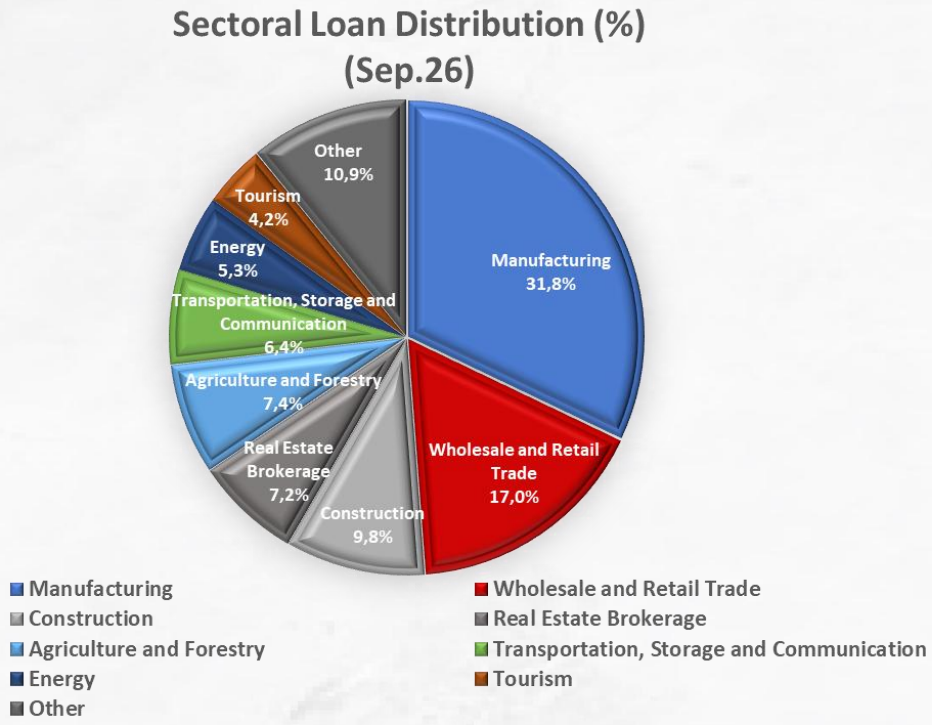
Distribution of Loans (%)	2023	2024	2025	Oct-26
Total Loans	100	100	100	100
Commercial Loans	77,1	76,1	75,6	75,9
Corporate Loans	49,7	49,9	48,7	49,0
SME Loans	27,3	26,2	26,9	26,9
Consumer Loans	22,9	23,9	24,4	24,1
Housing Loans	3,8	3,2	2,9	3,0
GPL	8,4	9,0	9,4	9,1
Vehicle Loans	0,8	0,5	0,2	0,1
Consumer Credit Cards	9,9	11,3	11,8	11,9



Distribution of Commercial Loans Based on Selected Sectors

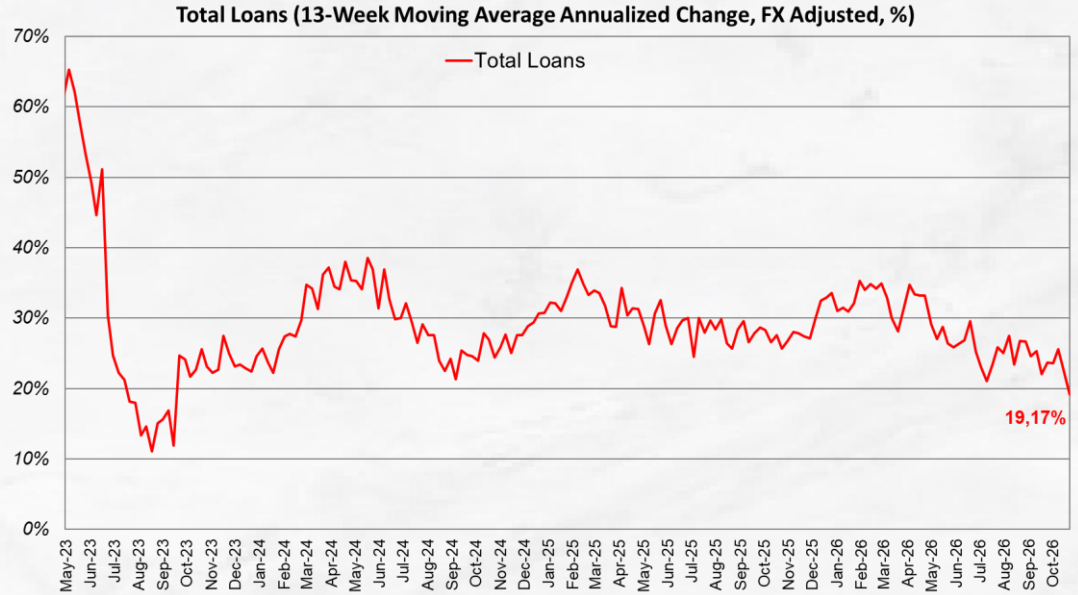
Compared to the end of the year, the share of the 'Construction', 'Wholesale and Retail Trade' and 'Tourism' sectors increased in commercial loans.

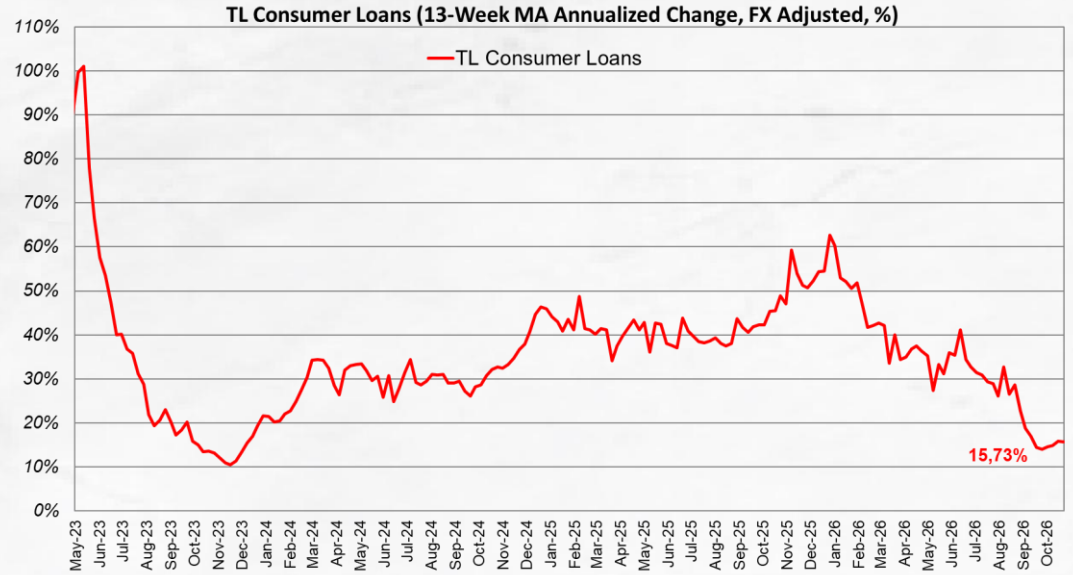
Sectoral Loan Distribution Selected Sectors (%)	2024	2025	Mar.26	Jun.26	Jul.26	Aug.26	Sep.26
Total Loans	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Manufacturing	32,5	32,3	32,4	32,3	32,1	32,0	31,8
Wholesale and Retail Trade	16,3	16,4	16,7	16,6	16,7	16,9	17,0
Construction	8,8	9,1	9,1	9,4	9,5	9,7	9,8
Real Estate Brokerage	7,6	7,6	7,2	7,2	7,2	7,2	7,2
Agriculture and Forestry	7,5	7,4	7,6	7,6	7,6	7,5	7,4
Transportation, Storage and Communication	6,7	6,8	6,6	6,5	6,4	6,4	6,4
Energy	6,0	5,3	5,3	5,2	5,2	5,3	5,3
Tourism	4,0	4,1	4,3	4,3	4,3	4,2	4,2
Other	10,8	10,9	10,8	10,9	10,9	10,9	10,9

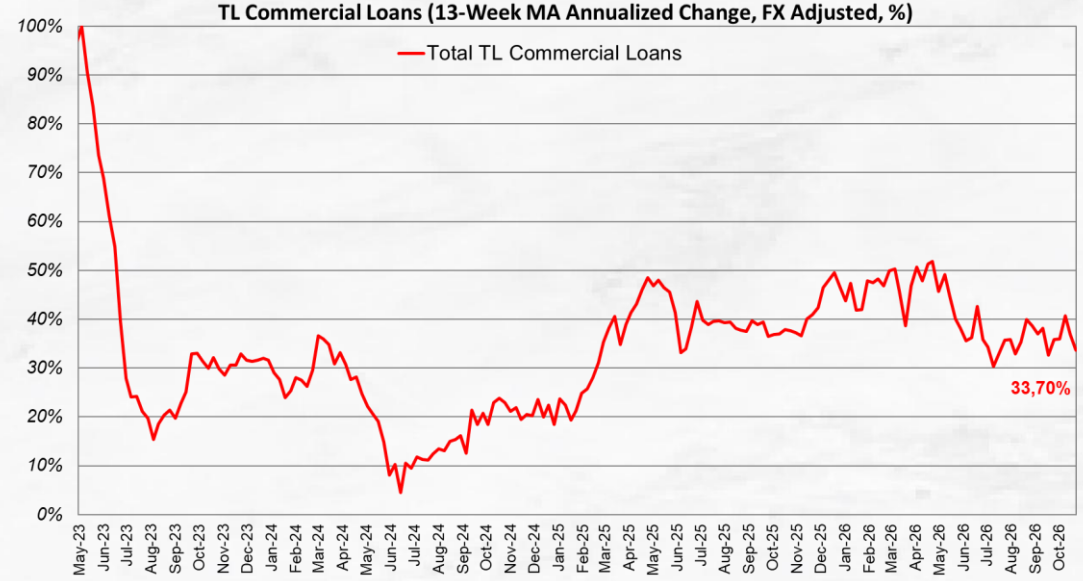


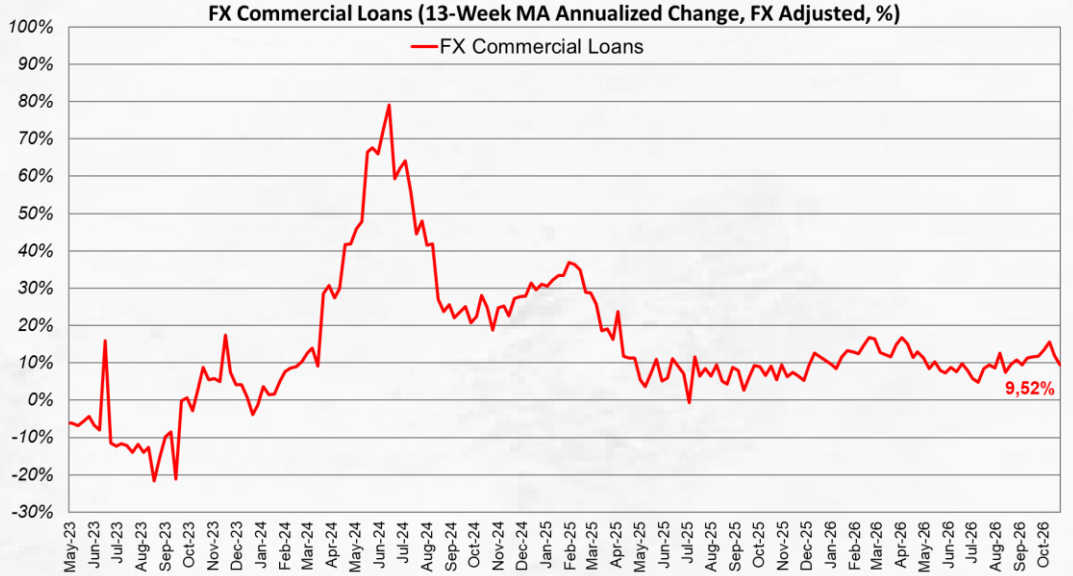
Loans Growth Trend

While the growth rates of TL commercial loans are moderate, the growth rate of FX commercial loans is at very low levels.



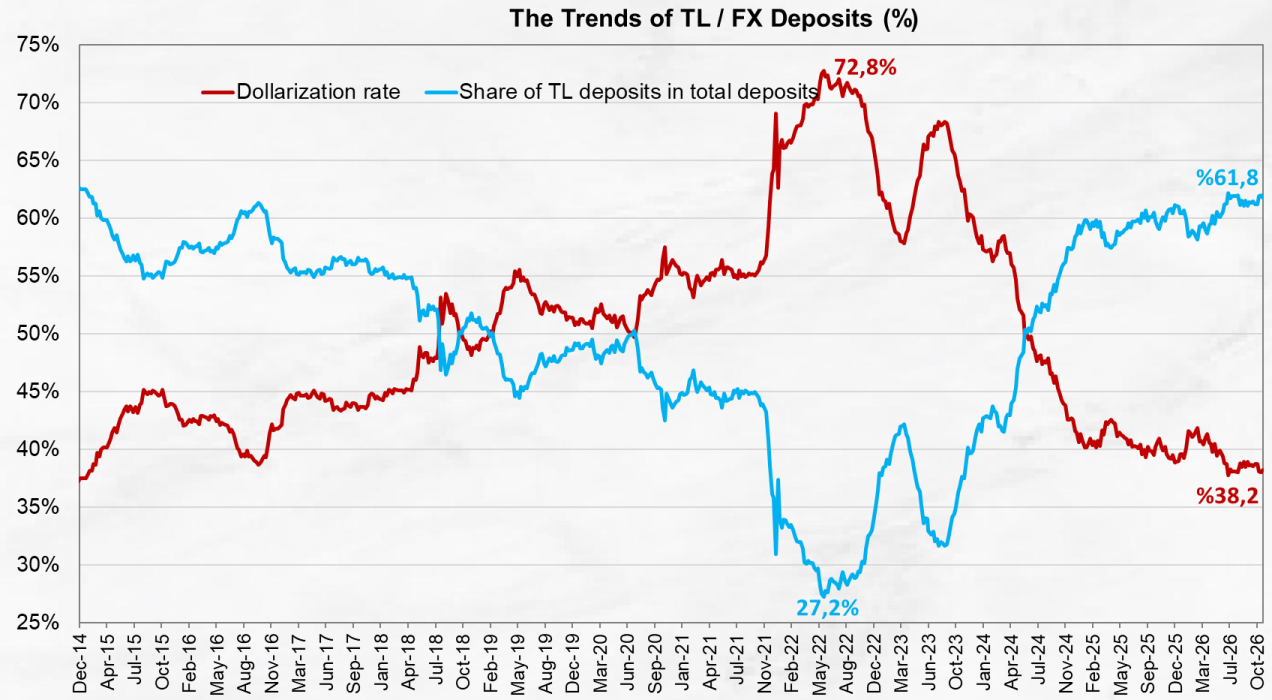


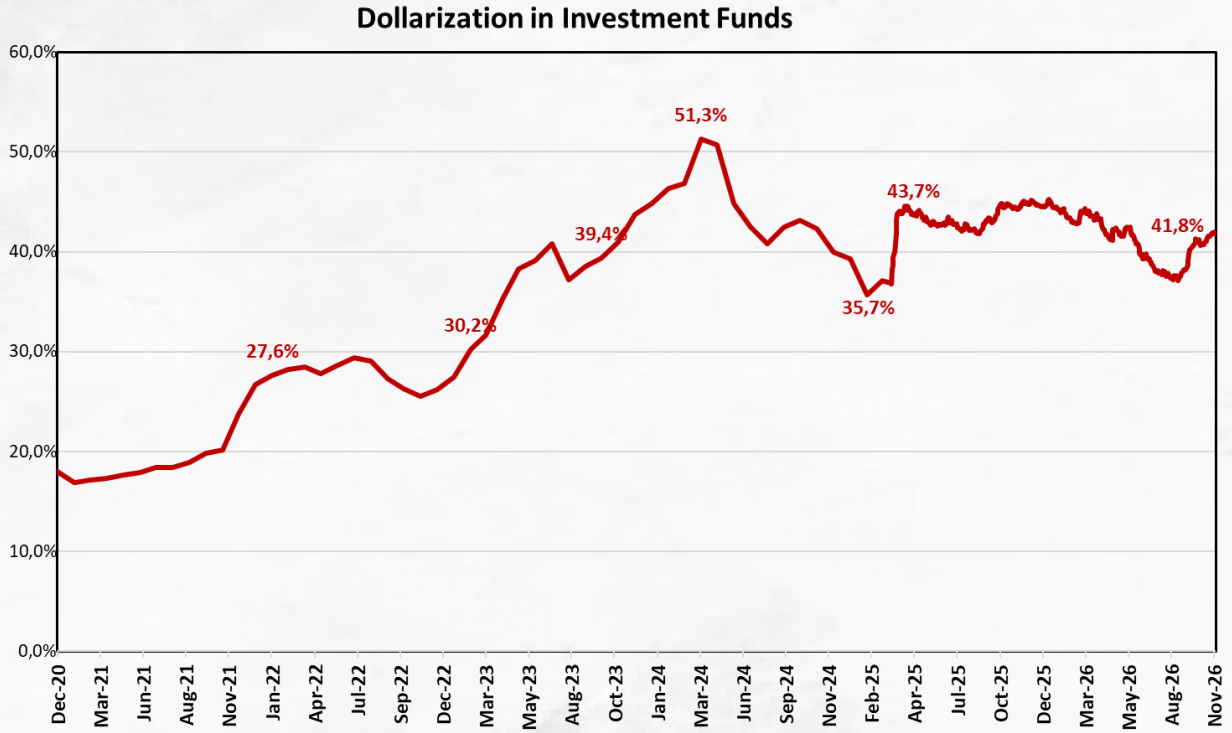




Dollarization in Deposits and Investment Funds

Dollarization in Deposits and Investment Funds are Following a Fluctuating Trend.





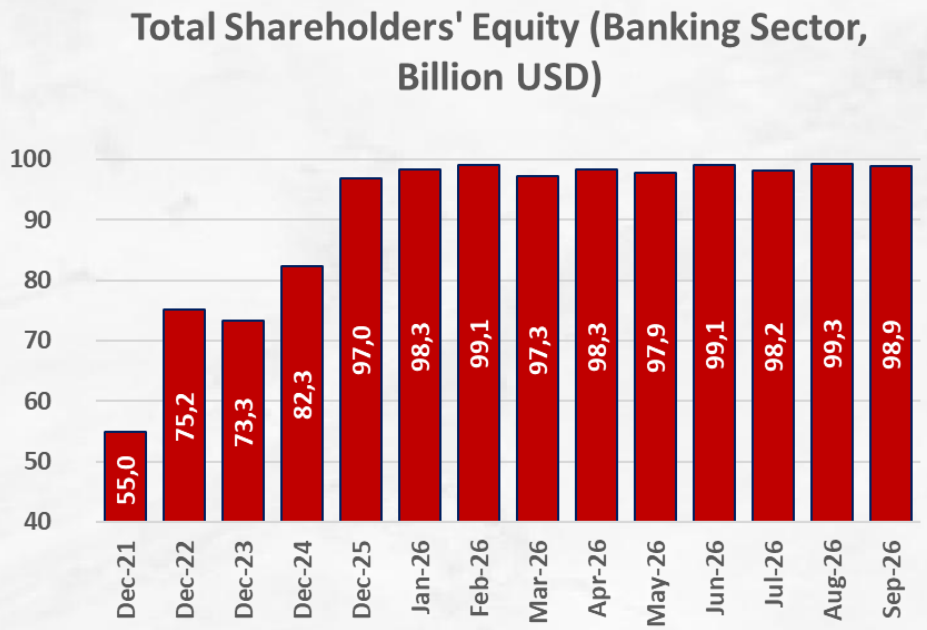
Investment Funds

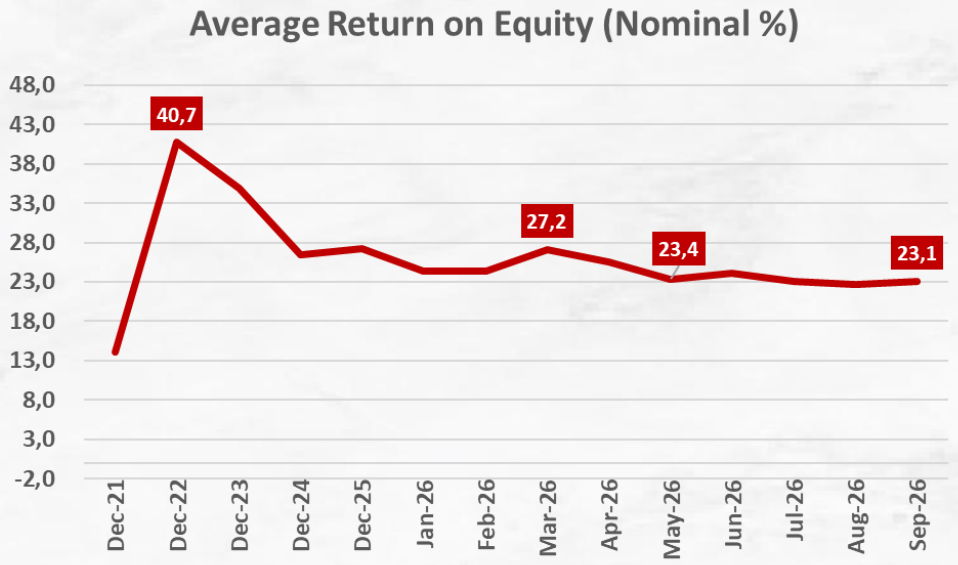
Money Market Funds and Hedge Funds have been decreasing since the end of August.

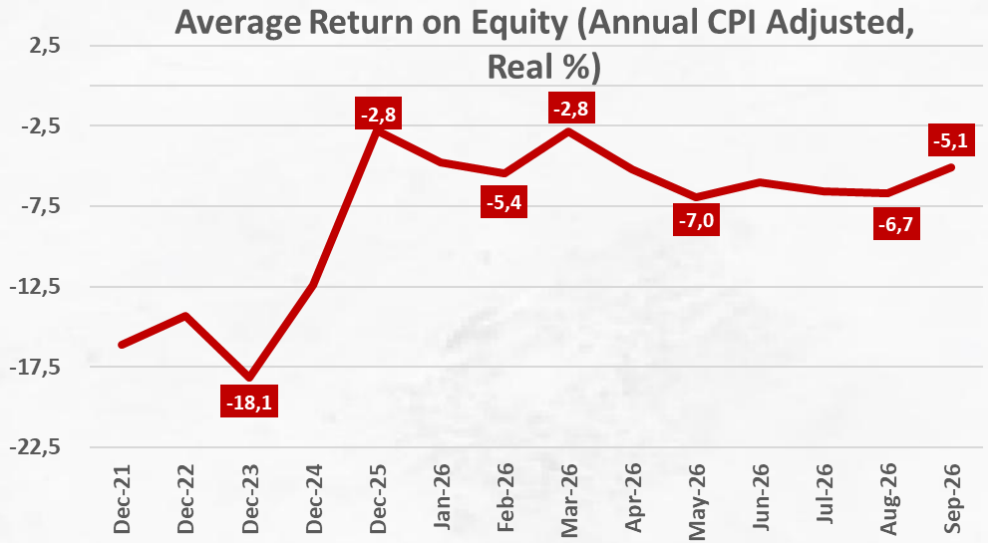
Investment Funds Volume (Million TL)										
	2025	Mar.26	Jun.26	Sep.26	Nov.26	Change From The End of The Year	Share of Total (%) - Dec.2025	Share of Total (%) - Nov.2026	Change in Share	YTD Growth Rate
Money Market Funds (I + II)	2.588.172	2.476.398	2.994.274	3.037.859	2.897.369	309.197	30,6	30,2	-0,4	11,9%
(I) Conventional Money Market Funds	1.470.416	1.291.562	1.691.282	1.647.416	1.747.566	277.150	17,4	18,2	0,8	18,8%
(II) Money Market Hedge Funds	1.117.756	1.184.835	1.302.991	1.390.443	1.149.803	32.047	13,2	12,0	-1,2	2,9%
Hedge Funds (Excluding Money Market Funds)	3.890.384	4.078.099	4.599.351	4.331.400	4.407.128	516.745	45,9	45,9	0,0	13,3%
Foreign Exchange (FX) Hedge Funds	2.908.702	2.856.418	2.990.452	3.029.270	3.070.501	161.799	34,4	32,0	-2,4	5,6%
Venture Capital Investment Funds	422.829	449.878	482.571	502.451	504.315	81.486	5,0	5,3	0,3	19,3%
Participation Funds	349.206	357.182	402.501	427.742	421.348	72.142	4,1	4,4	0,3	20,7%
Debt Instruments Funds	175.331	168.532	181.240	215.753	222.420	47.089	2,1	2,3	0,2	26,9%
Real Estate Investment Funds	205.376	212.864	226.403	234.992	237.490	32.114	2,4	2,5	0,0	15,6%
Stock Funds	155.082	173.948	234.035	159.056	148.263	-6.820	1,8	1,5	-0,3	-4,4%
Exchange Traded Funds (ETFs)	308.332	351.467	341.580	389.033	388.492	80.160	3,6	4,0	0,4	26,0%
Precious Metals Funds	179.560	219.339	184.233	184.992	179.589	29	2,1	1,9	-0,2	0,0%
Funds of Funds	108.589	130.550	116.431	105.912	95.424	-13.165	1,3	1,0	-0,3	-12,1%
Balanced and Flexible Funds	84.834	108.873	143.249	102.443	92.305	7.470	1,0	1,0	0,0	8,8%
Total	8.467.696	8.727.129	9.908.921	9.695.327	9.597.696	1.130.000	100,0	100,0	0,0	13,3%

- At the end of 2024, the CMB has introduced an obligation for money market funds, excluding funds that have the word "**participation**" in their title, to invest in **10% government domestic debt securities**. Following this regulation, it has been observed that the **demand for these funds** has decreased and interest has shifted to **hedge funds.**

Total Shareholders’ Equity and Return on Equity (ROE)



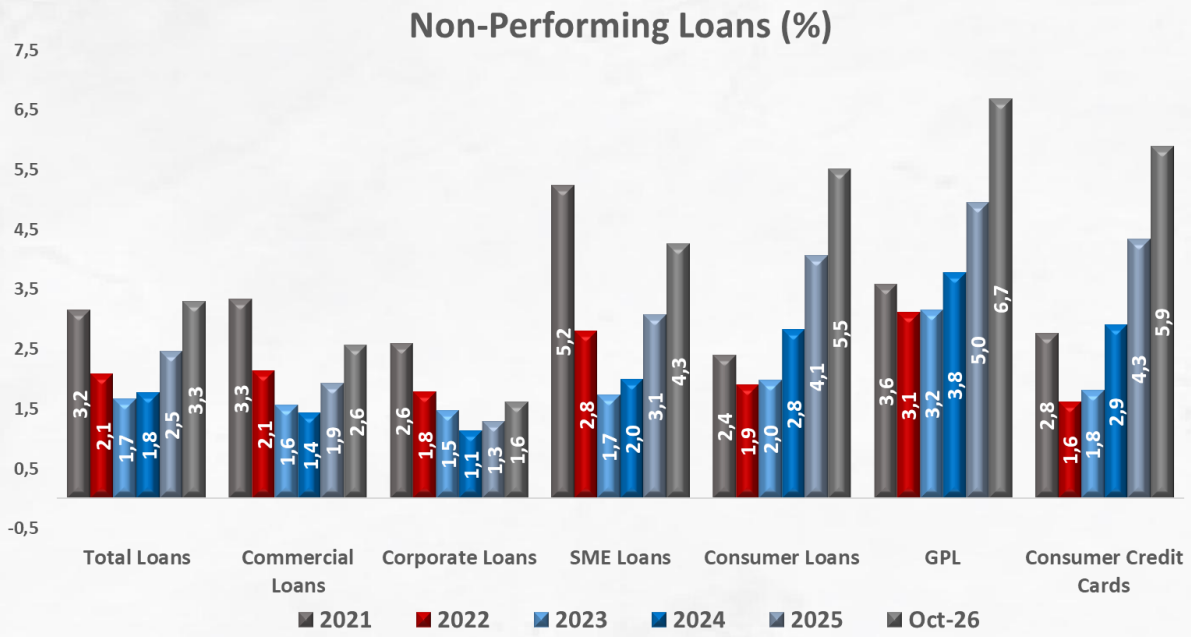




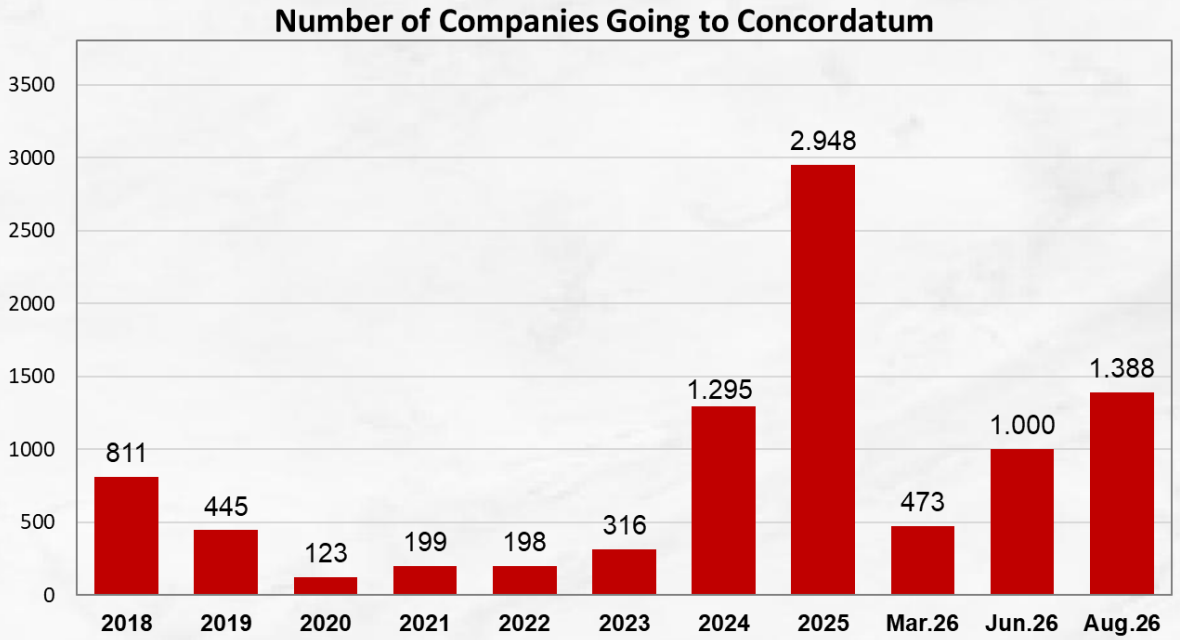
Non-Performing Loan Ratio (NPL Ratio)

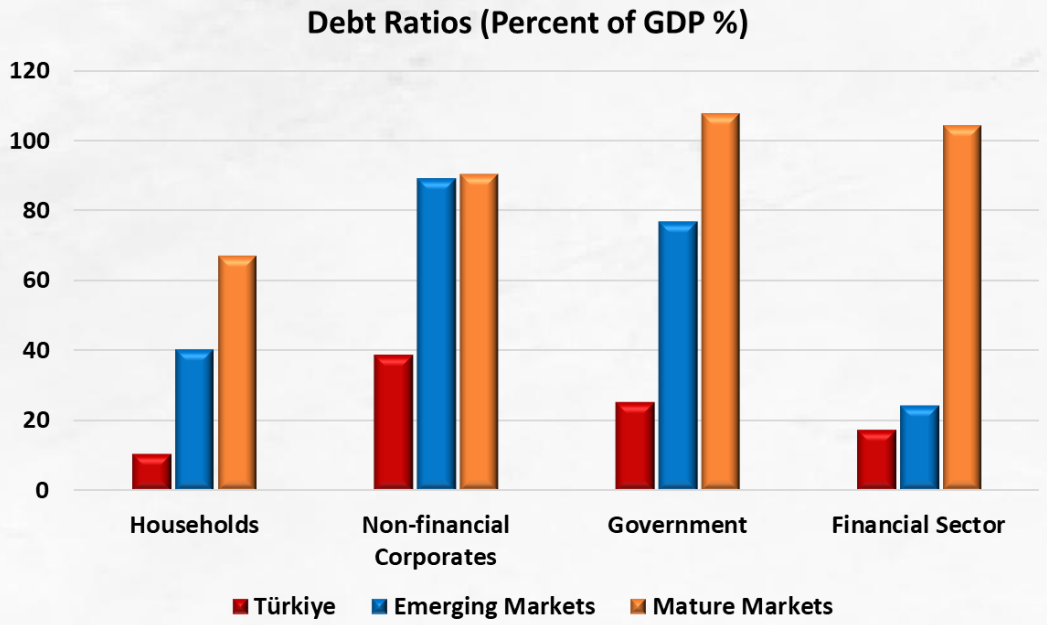
While the non-performing loan ratio showed a slight increase in commercial loans, it rose more rapidly in personal loans.

Non-Performing Loans (%)	2020	2021	2022	2023	2024	2025	Oct-26
Total Loans	4,2	3,2	2,1	1,7	1,8	2,5	3,3
Commercial Loans	4,9	3,3	2,1	1,6	1,4	1,9	2,6
Corporate Loans	3,9	2,6	1,8	1,5	1,1	1,3	1,6
SME Loans	6,9	5,2	2,8	1,7	2,0	3,1	4,3
Consumer Loans	2,2	2,4	1,9	2,0	2,8	4,1	5,5
Housing Loans	0,3	0,3	0,2	0,1	0,1	0,2	0,2
GPL	2,9	3,6	3,1	3,2	3,8	5,0	6,7
Vehicle Loans	0,9	1,1	0,2	0,2	0,4	0,6	1,3
Consumer Credit Cards	3,0	2,8	1,6	1,8	2,9	4,3	5,9



The Number of Concordatum and Debt Ratios

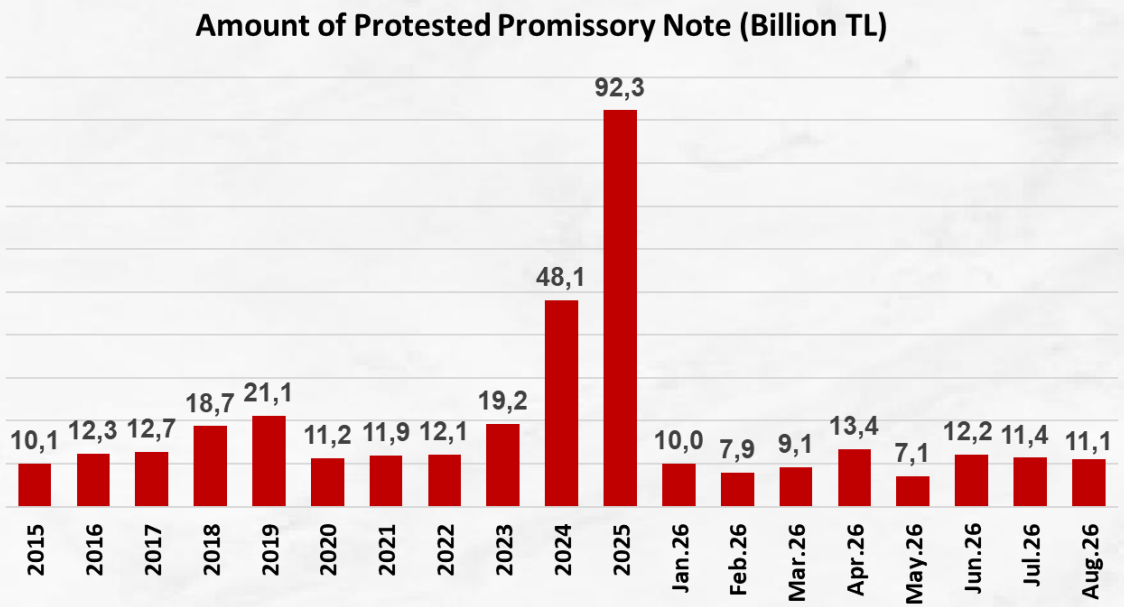




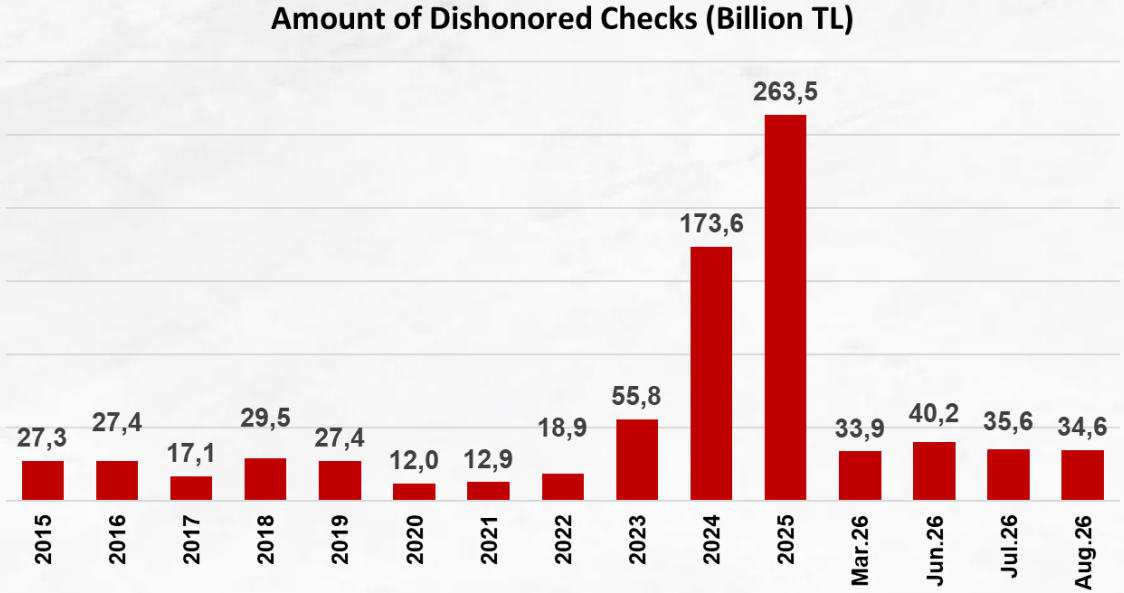
- When the status of the sectors is evaluated according to the concordatum applications, it is seen that the **construction and textile sectors** are the most risky sectors. However, it is observed that the **food, agriculture and manufacturing sectors** stand out as the most fragile sectors.

Debt Ratios (Percent of GDP %) June 2026	Türkiye	Emerging Markets	Mature Markets
Total	92	231	369
Households	11	40	67
Non-financial Corporates	38	89	90
Government	25	77	108
Financial Sector	17	24	104

Amounts of Protested Promissory Notes and Dishonored Checks



- The amount of protested bills of exchange **increased by 92.1%** in 2025 compared to the previous year, reaching a peak of **92.3 billion TL**.
- **In August 2026,** it was recorded at **11.1 billion TL,** representing a **58% increase** compared to the same period of the previous year.



- The amount of bounced checks **increased by 52%** in 2025 compared to the previous year, reaching a peak of **263.5 billion TL.**
- **In August 2026,** it was recorded at **34.6 billion TL,** representing a **83% increase** compared to the same period of the previous year.

2026: Opportunities and Threats

Global Economy – 2026

STRENGTHS

Differentiated Regional Growth



Economic growth outlooks vary significantly across different global regions.

Moderate Energy Prices



Stable energy costs are helping to support the global inflation outlook.

Growing Sustainability Awareness



Increased environmental consciousness is encouraging investment in the green economy

WEAKNESSES

Geopolitical Risks & Uncertainty



Political tensions and tariff disputes negatively impact global trade

High Debt & Inequality



Rising public and private sector debt threatens financial stability

Cautious Central Bank Policies



A "walt-and-see" approach to monetary policy creates market uncertainty

OPPORTUNITIES

Post-Pandemic Global Recovery



Revived economic activity is creating new market potential

Technology & Digitalization



Digital transformation is creating a foundation for increased productivity

Rise of Green Financing



Growing financial resources for sustainable projects are supporting growth

THREATS

Protectionism & Sanctions



Trade wars and economic sanctions risk disrupting global supply chains

Climate & Environmental Risks



Environmental challenges pose a serious and costly threat to economic activities

Increased Political Polarization



Divisions within and between countries are increasing global instability

2026: Opportunities and Threats

Turkish Economy – 2026

STRENGTHS



Growth Potential & Dynamic Private Sector

A strong domestic market and investment appetite support expansion, driven by innovative and competitive private companies.



Relatively Young Population

High potential for labor force participation and consumer demand provides a long-term demographic advantage.

WEAKNESSES



High Inflation & Weak Productivity

Rising prices negatively impact purchasing power and stability, while low productivity signals a need for structural reforms.



Dependency on Imports

Reliance on intermediate goods and energy imports leads to currency fluctuations and increased costs due to global price volatility.

OPPORTUNITIES



Global Recovery & Improved Credit Ratings

A revival in export markets boosts activity, while better credit ratings and CDS levels enhance international capital flows.



Green Finance Funds

New financing opportunities are emerging for sustainable development and environmentally-focused projects.

THREATS



Geopolitical & Trade Risks

Regional instabilities and trade wars put foreign trade and global supply chains at considerable risk.



Carbon Border Adjustment Mechanism

New environmental regulations may create extra costs and challenges for key exporting sectors.

ECONOMIC RESEARCH