World Economy: Current Indicators – Week of May 4

Global Equity Markets

US Indices Reach Record Highs

S&P 500
+0.91%
(Record Level)

Nasdaq
+1.49%
(Record Level)

Despite mixed Friday trading

Weekly Gain for Dow Jones

Closing value
49,499 points
+0.55%

Weekly Gain despite late-week dip

AI Boom Drives Asian Markets

South Korea & Taiwan Stock Exchanges: Surged over 4%, reaching record highs fueled by AI sector resurge

Energy and Commodities

Brent Petrol at $107.4 per Barrel

Peaked at >$119 during conflict

48% Rise since Feb 28th

Natural Gas Price Volatility

Peak: 69.5 EUR/MW
Current: 45 EUR/MW
Pre-War: 32 EUR/MW

Down from peak but still significantly higher

Gold Experiences Weekly Decline

$4,585/oz
-2% Fall

Pressured by rising bond yields and delayed rate cut expectations

Pre-Conflict vs. Current Commodity Prices

Commodity	Pre-Conflict Level	Peak Level (Tested)	Current Level
Brent Petrol	$72.5	$119.0	$107.4
European Natural Gas	32 EUR/MW	69.5 EUR/MW	45 EUR/MW

Monetary Policy & Bonds

Fed Rate Cut Expectations Vanish

2026 Rate Cut Expectations **Abandoned**

Pricing in **Hikes** for **2027**

Following cautious statements from Chair Powell

Hawkish Shift for the ECB

ECB

Moving away from rate cut predictions

Pricing in at least **two ECB rate hikes** (June, July, September eyeing)

US 10-Year Treasury Yields Rise

4.37%
(7-basis point increase)

Recession fears eased due to accelerating economic growth

Geopolitical Impacts

Oil-Driven Inflation Impact

IMF Estimates: **10% rise** in oil prices adds adds **0.4 points to CPI**

50% rise since war's start

Expected impact: **Adds 2 points** to global inflation

Middle East Negotiation Uncertainty

Trump dissatisfied with Iran's latest offers

Recent aid to neutral ships in Strait of Hormuz slightly improved market risk appetite

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Central Bank Decisions & Stance

Federal Reserve
3.50% – 3.75% (Hold)

Despite the hold, internal divisions have grown; three members favor ending the easing bias while inflation remains labeled as "high."

Bank of England (BOE)
3.75% (Hold)

Decision was 8-1; Governor Bailey warned that energy price hikes and supply shocks from the Iran conflict have pushed inflation expectations up by 1.4 points.

European Central Bank (ECB)
2.00% (Hold)

President Lagarde adopted a hawkish tone, noting that a rate hike is being actively discussed for June as the Eurozone deviates from baseline scenarios.

Bank of Japan (BOJ)
0.75% (Hold)

A 6-3 split vote suggests strengthening hawkish sentiment, with markets pricing in a potential rate hike in June.

Macroeconomic Performance

U.S. Q1 GDP
2.0% Growth

While below the 2.3% expectation, growth was supported by strong private investment (+8.7%) and public spending (+4.4%).

U.S. Manufacturing PMI
54.5

Manufacturing saw its strongest growth since May 2022, though input prices have reached a 10-month high due to conflict-related supply pressures.

Eurozone Inflation
3.0% (Headline)

Driven by soaring energy prices, headline inflation rose from 2.6%, staying well above the ECB's 2% target.

Geopolitical & Trade Developments

U.S.–Iran Negotiations & Hormuz Strait
While U.S. leadership remains dissatisfied with current offers, talks continue; neutral ships in the Strait of Hormuz will receive passage assistance to ease the Middle East crisis.

UAE Strategic Exit from OPEC
The UAE's departure from OPEC reflects a major rift with Saudi Arabia over production strategies and regional influence.

U.S.–EU Trade Tensions
The U.S. administration has announced plans to increase tariffs on EU-imported cars and trucks to 25%, citing non-compliance with trade agreements.

Global Economic Calendar (Week of May 4)

United States: Labor and Service Sector Focus

- **Mon:** March Factory Orders
- **Tue:** ISM Non-Manufacturing & JOLTS Job Openings
- **Wed:** ADP Private Employment
- **Fri:** April Non-Farm Payrolls & Unemployment Rate

Europe & Germany: Manufacturing and Trade Data

- **Mon:** April HCOB Manufacturing PMI
- **Wed:** Services PMI
- **Thu:** German Factory Orders
- **Fri:** Industrial Production

Asia: China Service Sector

- **Wed:** Caixin Services PMI for April

Market Indicators & Prices

Market Prices and Regional Economic Benchmarks

Indicator	Current Value	Gold (Ounce)	$ 4.585
Brent Oil	$107,4	Gold (Gram)	6,683 TL
Natural Gas	€45	Silver	$74.8
USD / TRY	45.20	BIST100	14,443
DXY (Dollar Index)	53.05	Bitcoin	$79.816

Summary of Regional CPI and Interest Rates

Region	CPI (TÜFE)	Interest Rate
United States	3.3%	3.75%
China	1.0%	3.00%
Europe	3.0%	

Turkish Economy: Current Indicators – Week of May 4

Foreign Trade Performance

Annualized Exports Reach Record $275.8 Billion

Minister Şimşek noted that exports grew by 22.3% compared to the same month last year, marking a historic high.

Imports Growth Limited to 3.1%

The narrow growth in imports contributes to a stronger trade outlook, though calendar effects may cause Q2 fluctuations.

Focus on Competitiveness and Production: Structural steps to increase production transformation and competitiveness will continue despite challenging global conditions.

Financial Indicators

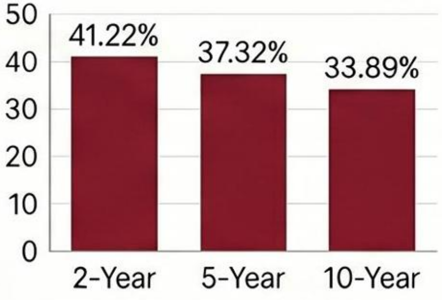
Gross Reserves at $171.1 Billion

- Gold: $110.1 Billion
- Foreign Exchange: $61 Billion

CDS Level at 246

The Credit Default Swap (CDS) reflects the current market risk perception for Turkey.

Benchmark Bond Yields



Tourism & Services Sector

$65.6 Billion Annualized Tourism Revenue

Tourism remains resilient with March revenues increasing by 1.3% year-on-year.

64.1 Million Annualized Visitors

The sector is being bolstered by the "Tourism Support Package" providing additional collateral and credit facilities.

Domestic Data Calendar (Upcoming Week)

- **Monday: Inflation & Manufacturing**
  Release of April CPI (TÜFE), PPI (ÜFE), and Turkey ISO Manufacturing PMI.
- **Tuesday: Exchange Rate Index**
  Release of the April Real Effective Exchange Rate Index.
- **Friday: Production & Treasury Balance**
  Release of March Industrial Production and April Treasury Cash Balance.

Turkish Economy: Current Indicators – Week of May 4

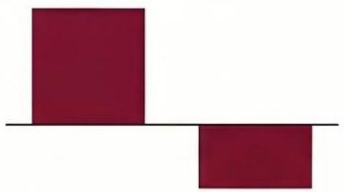
Economic Growth & Industrial Activity

GDP Growth: +3.6% for 2025

Q4 2025 Growth: +3.4%
2026 Forecast: +3.45%
(Market Participants Survey)

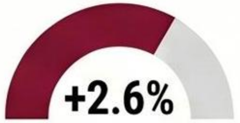
Domestic Consumption vs. External Demand

Domestic Consumption: +3.5% Contribution

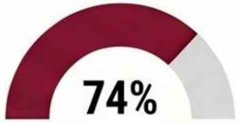


External Demand: -1.4% Drag

Industrial Performance & Capacity



Industrial Production: +2.6% Monthly (2.2% Annually)



Capacity Utilization: 74% (Below 76% Historical Average)

Sectoral Sales Trends

-9% Monthly Housing Sales

+16% Vehicle Sales

+14% White Goods

Inflation & Monetary Policy

April 2026 Inflation Levels

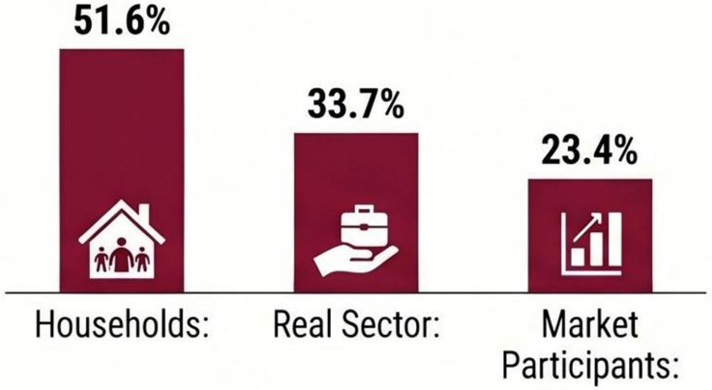
Annual CPI: 32.37% (4.18% Monthly)

Annual PPI: 28.59% (3.17% Monthly)

CBRT Policy Rate: 37% (Steady)

Upper Band: 40%, Lower Band: 35.5%
Fed, ECB, CBRT held rates constant

12-Month Inflation Expectations Gap



Upcoming Critical Policy Dates

Inflation Report: **May 14** — MPC Meeting: **June 11**

Fiscal Balance & External Position

Current Account Deficit: $35.4 Billion

-2.2% of GDP (12-month cumulative) | Monthly Deficit: $7.5 Billion

Budget Balance & Debt

Monthly Budget Deficit: 230 Billion TL
12-Month Cumulative Deficit: 1.5 Trillion TL (2.4% of GDP)

Labor Market Strength

Unemployment Rate: 8.1% (Near Historically Low Levels)

Tourism & Foreign Investment

March Tourism Revenue: +1.3% Annually
Foreign Investors Share: Equities 35.3%, Bonds 6.45%

Credit Ratings & Market Forecasts

Metric	2026 End	12 Months Later	2027 End	24 Months Later
Expected Policy Rate	32.94%	29.56%	24.51%	21.83%
Expected CPI	27.53%	23.39%	20.13%	18.02%

Credit Ratings: BB- (Stable)

Fitch & S&P: BB-, Stable Outlook | Fitch Review: July 17

Banking Sector: Current Indicators – Week of May 4 (Data of April 24)

Core Balance Sheet Aggregates

Total Assets: **49,731** Billion TL
A **5.9% increase** compared to the end of the previous year (Data as of March 2026)

Total Loans: **25,290** Billion TL
A **10.5% growth** since the end of the year (Data as of April 24)

Total Deposits: **29,043** Billion TL
A **6.1% increase** from the end of the previous year (Data as of April 24)

Total Equity: **4,316** Billion TL
Grew by **3.9%** relative to the end of the year (Data as of March 2026)

Deposit Composition and Dollarization

TL Deposit Ratio: 59.5%

FX Deposit Ratio: 40.5%

Mutual Fund Dollarization: 41.2%
The current ratio of dollarization within securities investment funds

Economic Stress Indicators

Concordat Filings: 282 Cases (Feb 2026)
While the 2025 total was 2,948, the 2026 trend appears more moderate so far

Protested Notes: 7.9 Billion TL
An increase of 56.4% compared to the previous year (Data as of Feb 2026)

Bounced Checks: 21.9 Billion TL
The value of checks subject to non-payment procedures rose by 47.9% YoY (Data as of Feb 2026)

Loan Growth and Distribution

Total Loans: 32.3% Annualized Growth

The 13-week average growth rate is 33.4% when excluding currency effects.

Commercial vs. Individual Loans

Commercial Loans 75.4% | Individual Loans 24.6%

Individual Loan Growth: 35.5% Annualized
The 13-week average for individual loans is **36.8%**

Commercial Loan Growth: 31.2% Annualized
The 13-week average (excluding currency effects) stands significantly higher at 47.9%

Sectoral Distribution of Commercial Loans

Asset Quality (NPL Ratios)

Total NPL Ratio: 2.7%
The overall non-performing loan ratio for all credits

Commercial NPL: 2.1%
Credit risk remains lower in the commercial sector compared to SMEs (3.4%)

Individual NPL Risks
- Risk is highest in Personal Loans (5.3%)
- Credit Cards (4.7%)

Total individual NPL of **4.4%**

Investment Fund Performance

Total Investment Funds: 9.5 Trillion TL
Increased by 995 billion TL (+11.8%) since year-end

Money Market Funds: 2.9 Trillion TL
Grew by 291 billion TL (+11.2%) since the end of the year

Free Funds (Excl. Money Market): 4.3 Trillion TL
Grew by 415 billion TL (+10.7%) since the end of the year