# World Economy: Current Indicators – Week of May 11

## Global Market Indicators

### Commodity & Energy Prices
Brent Crude stands at $105/bbl and Natural Gas at €45, following supply concerns and a 43% jump in oil prices earlier in the period.

### Currency & Digital Assets
The US Dollar Index (DXY) is at 98.1, while Bitcoin has reached a level of 80,903.

### Precious Metals
Gold continues to see high demand with Ounce Gold at $4,653 and Silver at $80.6.

| Market Data | |
|---|---|
| USD / TRY | 45.38 |
| EUR / TRY | 53.41 |
| EUR / USD | 1.1762 |
| BIST 100 | 15,063 |
| Gram Gold | 6,793 TL |

## United States Economic Profile

### Labor Market Resilience
Non-farm payrolls increased by 115k in April, significantly exceeding the 65k expectation, while unemployment remained steady at 4.3%.

### Consumer Confidence Hit
The Michigan Consumer Sentiment Index fell from 49.8 to 48.2, hitting a historic low due to concerns over high fuel prices and tariffs.

### Inflation and Interest Rates
The U.S. currently maintains a CPI of 3.3% with interest rates set at 3.75%.

## Geopolitical & Stability Risks

### U.S.-Iran Tension Escalation
President Trump rejected Iran's "unacceptable" counter-proposal for a ceasefire, renewing uncertainty regarding maritime security in the Strait of Hormuz.

### Saudi Aramco Profit Surge
The oil giant reported a 28% increase in profits, driven by high crude prices and the redirection of shipments to alternative Red Sea ports.

### Fed Financial Stability Report
The May report warns that Middle East conflicts and Ai integration could trigger long-term inflation and labor market disruptions.

## International Economic Performance

**China's Trade Momentum**: China saw record exports in April ($359.4B, up 14.1% YoY) and a trade surplus of $84.8B, though PPI rose sharply to 2.8%.

**Global Inflation/Rate Comparison:**
Europe: 3% CPI / 2% Rate;
China: 1.2% CPI / 3% Rate

### Eurozone Recovery Signals
The Sentix Index suggests the global economy is bottoming out, though Germany continues to lag with weak growth dynamics.

## Weekly Economic Agenda (May 11 Week)

### Monday & Tuesday
US Existing Home Sales (Mon); US CPI and German ZEW Indicator/CPI (Tue)

### Wednesday & Thursday
US PPI and Eurozone GDP Revision (Wed); US Retail Sales and Weekly Jobless Claims (Thu)

### Friday
NY Fed Empire State Manufacturing, US Industrial Production, and Capacity Utilization

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## Global Equity Markets

Record Highs for S&P 500 and Nasdaq

**S&P 500 +2.33%** (7,402 pts, 6th consecutive weekly gain) | **Nasdaq +4.51%** (26,249 pts)

### Mixed Performance in Europe

| Italy (MiB): **+2.2%** | Germany (DAX): **+0.19%** | UK (FTSE 100): **-1.26%** |
|---|---|---|

**AI Sector Boosts Asia:** South Korea **+5%** (Record High)

**AMD: +19%** Weekly (Strong earnings buoy Wall Street)

## Geopolitical & Trade Developments

**US-Iran Negotiations Stalled**

President Trump rejected Iran's peace proposal as 'unacceptable', causing immediate US futures drop.

**May 12-13:** US-China Economic Summit in South Korea

**Upcoming:** Direct Summit (Trump-Jinping) in Beijing

**UK Political Shift:** Gains for Reform UK, losses for Labour, questioning PM Starmer's leadership and creating bond market pressure.

## Energy and Commodities

**Brent Crude Volatility: $101.3 (-6.4%)** to **$104 (+3.3%)** following US-Iran talk breakdown

**European Natural Gas Prices:** Peaked at **69.5** EUR/MW, settled at **45** EUR/MW (41% increase since late Feb)

**Gold Price Correction: -1.3% to $4,653/oz** (Rising energy costs fuel interest rate fears)

## Monetary Policy & Macro Indicators

**Shift in Interest Rate Expectations (2026)**

**Fed:** From expecting cuts to expecting NO CUTS

**ECB:** Priced for at least two rate hikes (June, July, or Sept)

**Resilient US Labor Market:** April non-farm payrolls exceeded expectations; moderate wage growth suggests controlled inflation.

**Global Inflation Impact (IMF): 50%** rise in Brent projected to add 2 points to global inflation (Every 10% oil price increase adds 0.4 points to CPI)

# Turkish Economy: Current Indicators – Week of May 11

## Domestic Data Calendar (Week of May 11)

### Monday
**Commercial Sales & Turnover**

Release of March retail trade sales volume and tumover indices.

### Wednesday
**Balance of Payments**

Disclosure of critical March balance of payments data.

### Thursday
**Inflation Report & Housing**

April house sales data, the Central Bank's (TCMB) 2nd Inflation Report of the year, and Governor Karahan's policy presentation.

### Friday
**Budget & Market Survey**

April Central Government budget balance and the TCMB May Market Participants Survey results.

## Growth in Participation Finance

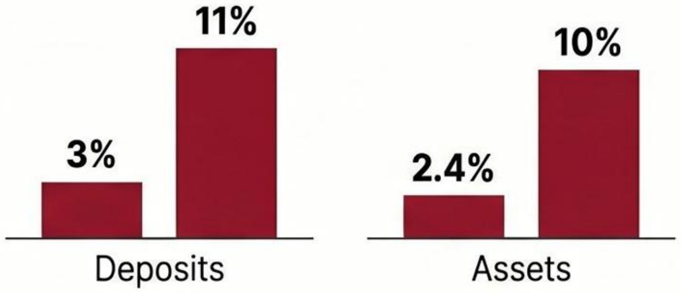
### Global Top 10 Standing
Turkey currently ranks in the top 10 of the Global Participation Finance Development Index, with a strategic goal to reach the top 5.

### $10 Trillion
**Global Market Potential**

The global participation finance sector is expected to grow from $6 trillion in 2024 to nearly $10 trillion by 2029-2030.

Over the last 20 years, participation banking's share in **deposits** rose from **3% to 11%**

**Participation Banking** and asset share grew from **2.4% to 10%**.




**Outperforming Traditional Banking**

## Macroeconomic Buffers & Market Indicators

### $165.5 Billion
**Gross Reserves**

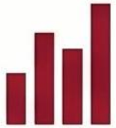
Total reserves consist of $108.9 billion in gold and $56.6 billion in foreign exchange, covering over 5 months of imports.


**2.9%** Budget Deficit-to-GDP Ratio


**Superior Fiscal Discipline**

**Market Data Table: Current Financial Market Benchmarks**

| Indicator | Current Value / Level |
|---|---|
| 5-Year CDS (Risk Premium) | 230 bps |
| 2-Year Benchmark Bond | 40.65% |
| 5-Year Benchmark Bond | 37.65% |
| 10-Year Benchmark Bond | 33.6% |
| Public Debt to GDP Ratio | 24% (Peer avg: 74%) |



### $516 Billion Market Valuation
The total value of companies on Borsa Istanbul has risen from $425 billion to $516 billion recently.

# Turkish Economy: Current Indicators – Week of May 11

## 1. Growth & Production

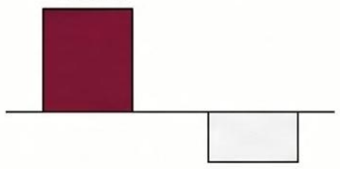
### GDP Growth Performance

**+3.4%**
Q4 2025

**+3.6%**
2025 overall

2026 forecast: 3.45%

### Demand Contribution (Q4 2025)




Domestic consumption contributed +3.5% to growth, while external demand had a negative impact of -1.4%

### Industrial & Sales Indicators

Industrial production fell:
**-0.8%** monthly
**-1.1%** yearly

Retail mixed results:
White Goods **+14%**
Vehicles **+2.3%**
Housing **-9%**

### Capacity Utilization

Current: 74%


Historical average: 76%

## 2. Inflation & Monetary Policy

### CBRT Policy Interest Rates

**37%**

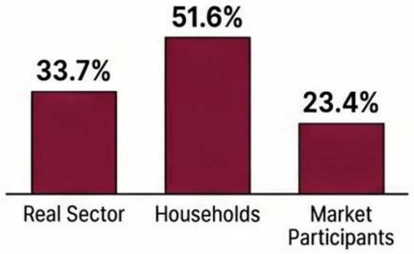
Policy rate is held at 37% as of April 22 meeting (Upper Band: 40%, Lower Band: 35.5%)

### April 2026 Inflation Realizations

CPI rose
**4.18%** monthly
(32.37% yearly)

PPI rose
**3.17%** monthly
(28.59% yearly)

### 12-Month Inflation Expectations




### Interest Rate & Inflation Forecasts (Market Participants Survey)

| Period | Policy Rate Expectation | CPI (Inflation) Expectation |
|---|---|---|
| Year-end 2026 | 32.94% | 27.53% |
| 12 Months Ahead | 29.56% | 23.39% |
| Year-end 2027 | 24.51% | 20.13% |
| 24 Months Ahead | 21.83% | 18.02% |

Purpose: Shows the projected downward trend for interest rates and inflation over a 24-month horizon.

## 3. Fiscal, External & Labor Markets

### Current Account Balance

**-$7.5 billion**
Monthly deficit

12-month cumulative deficit: $35.4 billion (2.2% of GDP)

### Budget Balance & Debt

**-1.5 trillion TL**
12-month cumulative budget deficit (2.4% of GDP)

Excluding earthquake-related spending, the ratio is 1.6%

### Unemployment Rate

**8.1%**
Remaining near historically low levels

### Global Central Bank Status

Fed ECB CBRT

In recent meetings, the Fed, ECB, and CBRT all decided to keep interest rates stable.

## 4. Market Sentiment & Ratings

### Credit Ratings (Fitch & S&P)

**Fitch: "BB-"**
(Outlook: Stable)

**S&P: "BB-"**

Both Fitch and S&P rate Turkey at "BB-". Fitch recently revised the outlook from "Positive" to "Stable"

### Foreign Investor Participation

Bond Market: **6.33%** foreign share

Stock Market: 35% foreign share

### Tourism Sector

**+1.3%**
Tourism revenue increase in March

Despite geopolitical tensions, tourism revenue increased 1.3% in March, though the tourist composition is shifting

# Banking Sector: Current Indicators – Week of May 11 (Data of April 30)

## Core Balance Sheet Metrics

**Total Assets:**
**49,731 Billion TL**
As of March 2026, representing a **5.9%** increase compared to the end of the previous year.

**Total Loans:**
**25,555 Billion TL**
Data as of April 30 shows an **11.7% growth** since year-end.

**Total Deposits:**
**29,168 Billion TL**
Data as of April 30 shows a **6.5% growth** since year-end.

**Total Equity:**
**4,316 Billion TL**
Recorded in March 2026, reflecting a **3.9% increase** compared to year-end figures.

## Loan Growth and Distribution

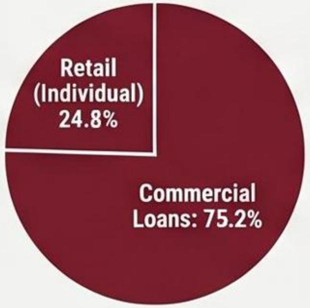
### Annualized Credit Growth Trends

Total loans grew by **33.8%** (annualized): however, adjusting for currency effects and using a 13-week average, the growth rate is **33.2%.**

### Commercial vs. Retail Growth


| Commercial Loans | Retail Loans |
|---|---|
| **32.0%** annualized growth (51.8% excluding FX effects) | **39.4%** (35.3% on a 13-week average) |

### Commercial Loans Dominate the Market

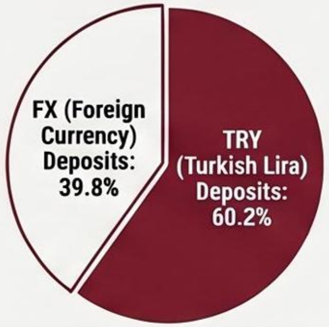



**Commercial Loan Distribution by Sector**

| | |
|---|---|
| Manufacturing Industry | 32.4% |
| Trade | 16.7% |
| Construction | 9.1% |
| Agriculture | 7.6% |

## Deposit Ratios and Investment Funds

### Local Currency Preference Increases




### Total Investment Funds

**9.5 Trillion TL**
A growth of **1,038** billion TL (**12.3%**) since the end of the year.

### Dollarization in Investment Funds

The dollarization ratio for Securities Mutual Funds is currently **42.4%.**

**Investment Fund Breakdown**

| | |
|---|---|
| Free Funds (excl. Money Market) | **4.3 Trillion TL** (11.8% Growth) |
| Money Market Funds | **2.8 Trillion TL** (9.8% Growth) |

## Risk and Asset Quality Indicators

### Non-Performing Loan (NPL) Ratios

**Total NPL: 2.7%**

**Retail Loans: 4.3%**

**Specific NPL Ratios**

| | |
|---|---|
| Commercial Loans: | 2.1% |
| SME (KOBİ) Loans: | 3.4% |
| Individual Credit Cards: | 4.6% |
| Personal (Need) Loans: | 5.3% |

### Significant Rise in Bad Checks

**33.4 Billion TL**
(March 2026)
A **175.9%** increase over the previous year.

### Protested Bills and Concordats

Protested bills rose **47.3%** to **9.1 billion TL**

**473** firms filed for concordat in Q1 2026 (**16%** of the 2,948 total cases in 2025)