# World Economy: Current Indicators – Week of July 20

## United States Market Performance

### Nasdaq Index Falls by 2.90%

Technology stocks led the market decline, while the Dow Jones fell 0.93% and the S&P 500 dropped 1.55%.

### Tech Giants Face Heavy Sell-Offs

- Netflix reported slowing revenue growth
- SpaceX cancelled a Starship launch due to engine failure
- Google's Gemini 3.5 Pro faced development delays

### AI and Chip Sector Under Pressure

Concerns over the return on massive AI investments and overvaluation led to significant selling pressure on semiconductor manufacturers.

## Global Equity Markets

### Mixed Results Across Europe

France's CAC 40 0% (Flat)

Germany's DAX -0.90%

Italy's MIB 30 -1.40%

UK's FTSE 100 +1%

### Sharp Declines in Asian Markets

South Korea's Kospi -8.90%

Japan's Nikkei -6.44%

Hong Kong's Hang Seng +1.60%

### Tech Pivot in Asia

Investors shifted from chips to banking; SK Hynix fell 15.7% and Samsung Electronics dropped 8.3%.

## Commodities and Energy

### Brent Oil Surges 15.9%

Prices hit $88.1 USD per barrel, marking the fastest weekly rise in 19 weeks due to U.S.-Iran tensions and shipping concerns in the Strait of Hormuz.

### Precious Metals Lose Value

Gold prices fell by 2.5% to $4,017 USD per ounce, while Silver dropped 6.6% to $55.9 USD per ounce.

### Energy Price Trends

| Indicator | Pre-Conflict Level | Current Level | Peak Level (March 9) |
|---|---|---|---|
| Brent Crude Oil | $72.5 USD | $90.5 USD | $119 USD |
| EU Natural Gas | 32 EUR/MW | 60.2 EUR/MW | 69.5 EUR/MW |

## Shifting Monetary Policy (2026 Outlook)

### Fed Pivot from Cuts to Hikes

25 %

Previous expectations of two 25 bps rate cuts have shifted to a projected 25 bps hike, with a 90% probability for October.

### ECB Follows Restrictive Path

25 %

Markets now price in at least one 25 bps rate increase for the remainder of the year, with a 90% probability for a September hike.

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## Global Market Snapshot

### Commodity & Energy Prices

**Brent Oil:** 90.5 USD
**Natural Gas:** 60.2 EUR
**Gold (ONS):** 4.025 USD

### Currency & Digital Assets

**USD/TRY:** 47.18
**EUR/TRY:** 54.02
**Bitcoin:** 64,825 USD

### Major Economic Indices

**BIST100:** 13,981
**Dollar Index (DXY):** 100.7

| Region | CPI (Inflation) | Interest Rate |
|---|---|---|
| United States | 3.5% | 3.75% |
| China | 1.0% | 3.00% |
| Europe | 2.8% | 2.25% |

## US Economy & Federal Reserve Outlook

### US Inflation Shows Signs of Cooling

Headline CPI fell from 4.2% to 3.5% annually, driven by a 9.7% drop in gasoline prices and weakening service inflation.

### "The Fight is Not Over" (Warsh)

Emphasized that inflation has exceeded the 2% target for 63 months; advocates for a smaller Fed balance sheet and interest rates as the primary tool.

### The Dual Nature of AI Investments

Fed analysis suggests AI is inflationary in the short term due to high demand, but potentially disinflationary in the long term through productivity gains.

## Global Geopolitics & Regional Trends

### Hormuz Strait Tensions Escalate

US air strikes targeted Iranian military and civilian infrastructure, while Iran retaliated against US bases in Kuwait, Jordan, and Bahrain.

### China's Growth Misses Targets

Q2 2026 growth hit 4.3%, falling below the 4.5%-5.0% target due to weak domestic credit demand despite strong high-tech exports.

### Major Corporate Earnings

**Alphabet**, **Tesla**, and **Intel** are set to report Q2 results, with a heavy focus on **Alphabet**'s capital expenditure for AI.

## Upcoming Agenda – The Week Ahead

### Tuesday - Wednesday

**United States (Thursday - Friday)**

- Focus on Thursday's **Weekly Unemployment Claims** and Friday's S&P Global Manufacturing/Services PMI and June New Home Sales

### Tuesday - Wednesday

**European Central Bank (Thursday)**

- The ECB will announce its **Interest Rate Decision**
- President Lagarde's press conference
- **Eurozone Consumer Confidence** data

### Tuesday - Wednesday

- **Europe & UK:** Germany's ZEW Indices release Tuesday
- **United Kingdom** June CPI data arrives Wednesday

### European Data (Friday)

- **HCOB Manufacturing & Services** Preliminary PMI for Europe
- **Germany's GfK Consumer Confidence** data

# Turkish Economy: Current Indicators – Week of July 20

## STRATEGIC SUPPORT & PROJECTIONS

### 1 Trillion TL Economic Support Package

Investment Advance Loans
**750B TL**

Manufacturing Credit
**250B TL**

### CDS Premium at 239 Points

Reflecting current market sentiment regarding Turkey's sovereign credit risk

| Government Bond Yields (%) | |
|---|---|
| 2-Year Benchmark Bond | 41.49% |
| 5-Year Benchmark Bond | 38.89% |
| 10-Year Benchmark Bond | 34.43% |

## $163.3 Billion
### Total Gross Reserves

Foreign Exchange — Foreign **$67.1B**

Gold — Gold **$96.2B**

## CREDIT RATINGS & KEY INDICATORS

**Fitch & S&P**
**BB-** (Stable)

**Moody's**
**Ba3** (Upgraded July 2025)

### Fitch Forecasts

**4.4% GDP Growth Projected for Next Year**

**Inflation: 29.5% by End-2026**
Forecasted to drop significantly from the June level of 32%.

**$167B Gross Reserves by 2026**
International reserves are expected to see a partial recovery and steady growth.

## WEEKLY ECONOMIC CALENDAR (JULY 20 WEEK)

**MONDAY**

**CBRT Market Participants Survey**
Release of July inflation and macroeconomic expectations

**WED-THU**

**Confidence Indices & CBRT Meeting**
Real sector/capacity data (Wed) and Consumer Confidence & MPC Meeting (Thu)

**FRIDAY**

**Inflation Expectations & Moody's Review**
Household inflation data release; Moody's may announce a credit rating assessment post-market

# Turkish Economy: Current Indicators – Week of July 20

## Growth and Economic Activity

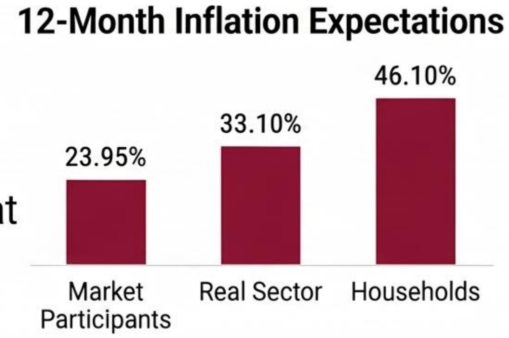
### GDP Growth: +2.5% (Q1 2026)

Annual growth slowed compared to the 3.6% recorded in 2025.

## Inflation and Expectations

### CPI Annual Inflation: 32.11%

June MoM inflation stood at **0.99%**, with PPI at **28.09%**.




## Labor Market Indicators

### Unemployment Rate: 8.2%

Near historical low levels.

## Internal Demand and Sectoral Indicators

### Manufacturing PMI Drops to 47.1

The June index fell from 49.8, signaling a contraction.

**Capacity Utilization: 74.3%**
Below historical average of 76%

**+39.0%**
**Housing Sales**
Monthly increase recorded in May

**Consumption (+3.7%)** drove Q1 growth, while **External Demand (-2.5%)** hindered it.

## Monetary Policy and Interest Expectations

### Tight Monetary Policy Sustained

CBRT kept the policy rate at **37%** during its June 11 meeting.

## Budget Balance

### Budget Deficit Improves to 2.6%

Cumulative 12-month deficit to GDP ratio fell from 3.3% in June.

# Banking Sector: Current Indicators – Week of July 20 (Data of July 10)

## 1. Core Financial Performance & Funding

### Total Assets Reached 51,761 Billion TL

**51,761 Billion TL**

### Deposit Mix

61.9% TL

38.1% FX

### Investment Funds Grew by 21.1%

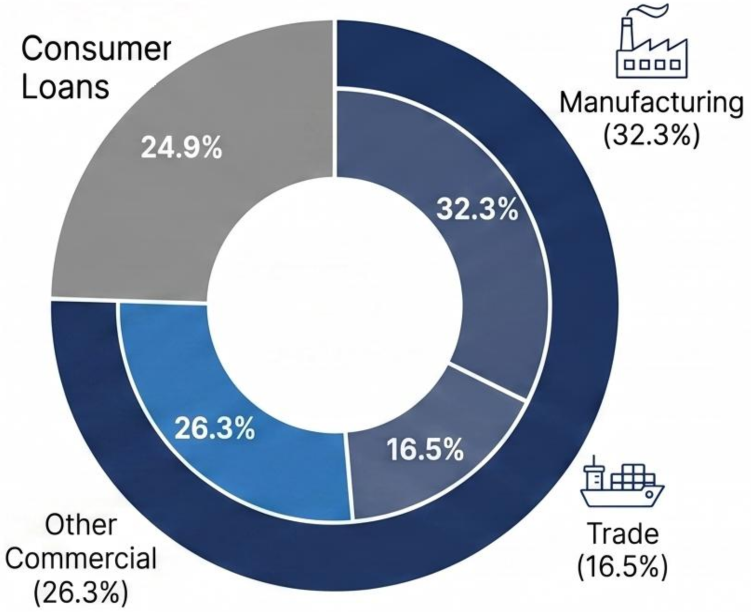
**10.3 Trillion TL**
with Diversification

| Key Balance Sheet Growth | | |
|---|---|---|
| **Indicator** | **Value (Billion TL)** | **Change vs. Year-End (%)** |
| Total Loans | 26,817 | +17.2% |
| Total Deposits | 30,052 | +9.8% |
| Total Equity | 4,467 | +7.5% |

**Shift Toward Core Banking Activities**

## 2. Credit Composition & Asset Quality

### Commercial Loans Dominate at 75.1%




### Moderate Increase in Financial Risk

Bad Checks: 18.2bn TL

Protested Bills: 7.1bn TL

Bad checks and protested bills show moderate year-over-year growth.

**Pressure on Real Sector**

### Rising NPLs in Retail Segments

Personal Loans (5.6%)

Credit Cards (5.0%)

### Non-Performing Loan (NPL) Ratios by Category

| Loan Category | NPL Ratio (%) |
|---|---|
| Total Loans | 2.8% |
| SME Loans | 3.7% |
| Individual Loans | 4.7% |

## 3. Strategic Outlook & Projections

**Shift Toward Asset Quality**

Future success depends on proactive risk management rather than high-volume credit growth.

**Digital & Fund-Based Evolution**

Banking is transitioning into integrated investment management and financial advisory services.