

World Economy: Current Indicators – Week of August 10

UNITED STATES MARKET DYNAMICS

Labor Market Cooling Reduces Rate Hike

Weaker ADP and non-farm payroll data have significantly decreased market expectations for a Fed rate hike in September or October.

Major U.S. Indices Close with Strong Gains



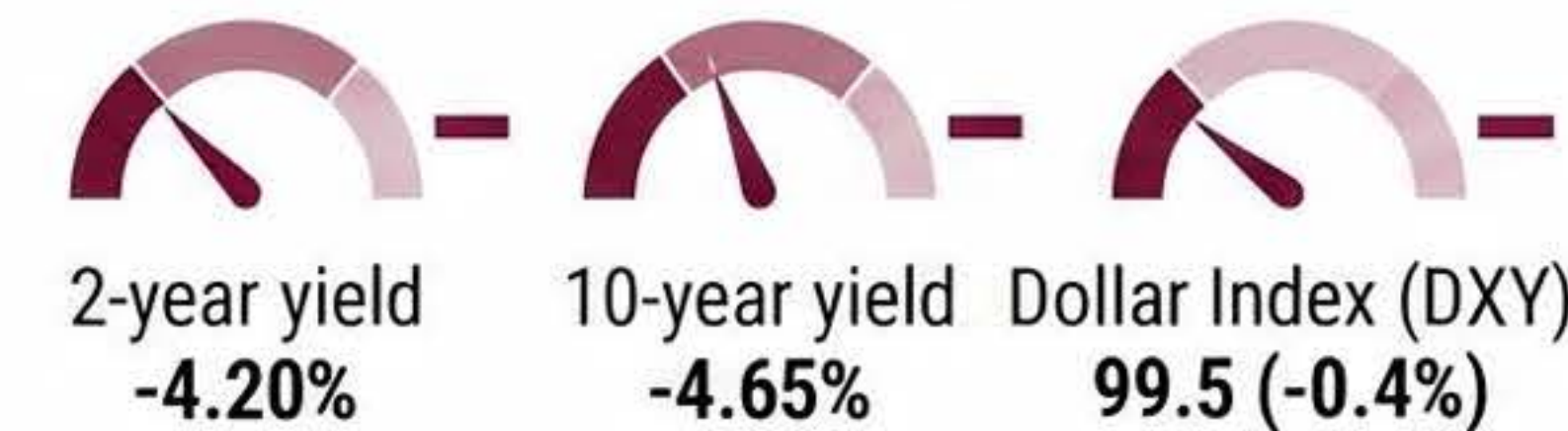
Tech Sector Revenue Surges

SPACEX — Palantir —

SpaceX reported a 92% annual revenue increase to \$7.81 billion.

Palantir Technologies saw 93% growth, reaching \$1.9 billion.

Treasury Yields and Dollar Index Retreat



GLOBAL EQUITY PERFORMANCE (EUROPE & ASIA)

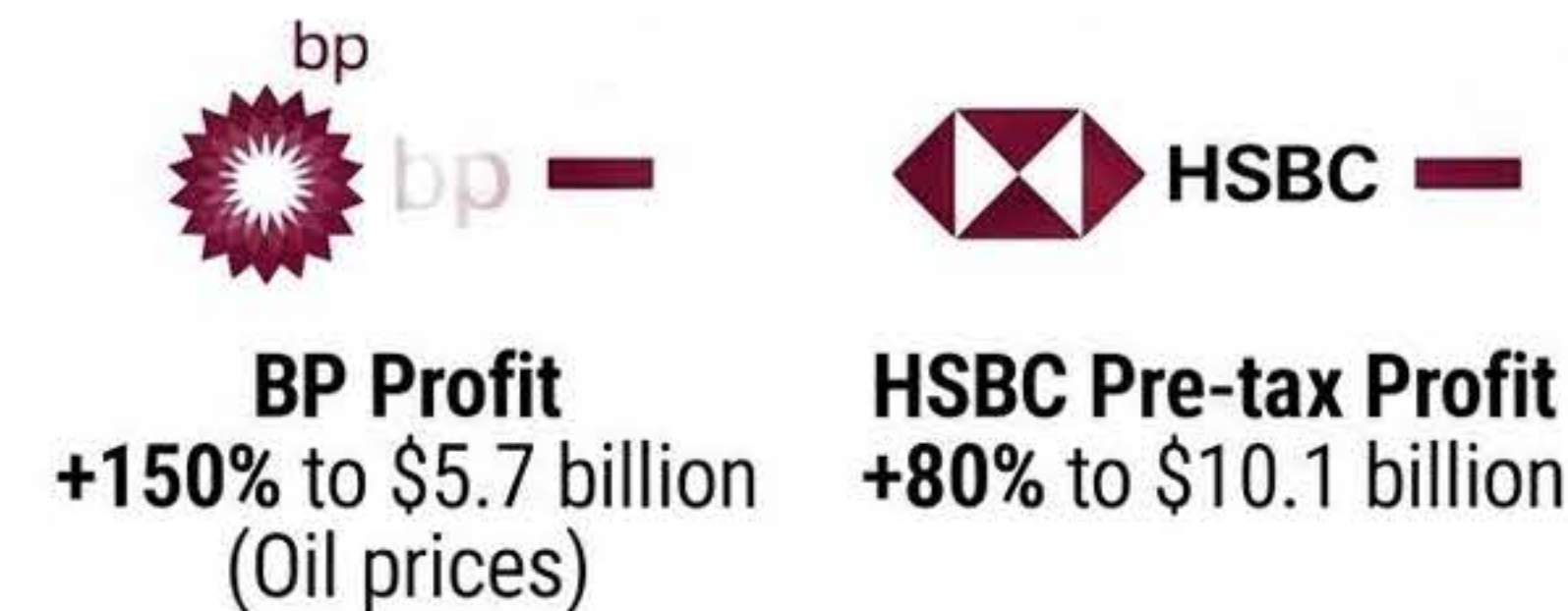
European Markets Buoyed by Corporate Earnings



Economic Clusomate Indices



Strong Profits in Energy and Banking



Mixed Performance Across Asia



COMMODITIES & PRECIOUS METALS

Precious Metals Reach 28-Week Highs



Driven by a weaker dollar.

Brent Crude Prices Decline



Energy Price Trajectory

Energy Source	Pre-War Level	March 9 Peak	Current Level (Aug 10 Week)
Brent Petrol (USD/bbl)	\$72.5	\$119.0+	\$83.9
European Natural Gas (EUR/MW)	32.0	69.5	56.7

FUTURE MONETARY OUTLOOK (2026 PROJECTIONS)

Shift in Fed Interest Rate Expectations



Expectations have shifted from two 25-basis point cuts to at least one 25-basis point hike (70% probability for December).

ECB Policy Outlook Tightens



Markets now price in at least one 25-basis point hike for the remainder of the year, with a 90% probability for September.

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WEEKLY ECONOMIC AGENDA (AUGUST 10 WEEK)

US Economic Releases



Tue: Existing Home Sales;
Wed: CPI;
Thu: PPI & Initial Jobless Claims;
Fri: Retail Sales & Univ. of Michigan Consumer Sentiment.

European Economic Releases



Mon: Sentix Investor Confidence;
Wed: Germany Final CPI;
Thu: Eurozone Industrial Production;
Fri: Q2 GDP Growth.



MARKET & COMMODITY PRICES

Energy Prices



Brent Oil: \$83.9 USD
Natural Gas: 56.7 EUR

Precious Metals & Crypto



Gold (ONS): \$4,340
Gram Gold: 6,658 TL
Silver: \$63.9
Bitcoin: 65,026

Currency & Equity



USD/TRY: 47.72
EUR/TRY: 55.18
DX: 99.7
EUR/USD: 1.1553
BIST100: 13,779

REGIONAL ECONOMIC INSIGHTS



US Labor Market Cooling

Non-farm payrolls fell by 23,000 in July (well below the 80,000 expected), marking the first drop in five months.

US PMI Trends

Manufacturing PMI held steady at 53.9, while Services PMI rose to 54.6



GLOBAL MACROECONOMIC INDICATORS

Region	Last CPI (Inflation)	Interest Rate
United States	3.5%	3.75%
China	1.0%	3.00%
Europe	2.9%	2.25%

China's Disinflation

Annual CPI slowed to **0.5%** in July (6-month low), and PPI slowed to **3.5%** (3-month low).



Services PMI remains in contraction (<50) for Germany and France, but shows growth (>50) for the Eurozone and UK.

GEOPOLITICAL IMPACT: HORMUZ STRAIT



Diplomatic Negotiations

US-Iran talks regarding the opening of the Hormuz Strait are progressing; a "temporary route" lasting 2-4 months is being negotiated.



Brent crude dipped below \$80 on hopes of normalization but stabilized above \$80 as uncertainty regarding the final US stance persists.

Turkish Economy: Current Indicators – Week of August 10

Inflation & Price Stability



Annual Inflation Eases to 31.8%

July saw a 0.4 point decline, with significant cooling in education (down 31 points) and rent (down 34 points).

Disinflation Trend Gains Momentum

Broad-based decline since May 2024, supported by balanced domestic demand and improving expectations.



Sectoral Price Dynamics

While clothing and footwear prices fell due to seasonal discounts, services like transportation and health saw increases, and energy prices rose due to geopolitical factors.

Record-Breaking Foreign Trade

Monthly Export Record

\$25.6 Billion

July exports rose by 2.9%, marking the highest July export figure in Turkish history.

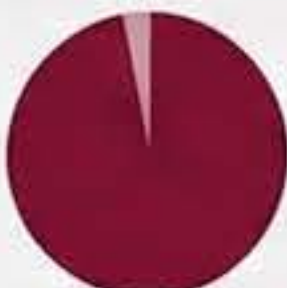
Total Annualized Exports

\$401.1 Billion

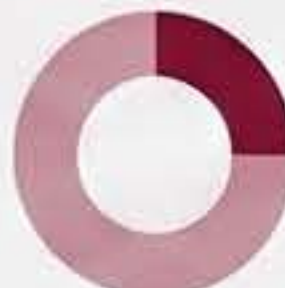
Combined goods and services exports reached an all-time high, up from \$400.3 billion.

Export Growth by Market

Significant 7-month increases



Italy
(+118%)



China
(+35%)



USA
(+8.1%)

Combined goods and services exports reached an all-time high, up from \$400.3 billion.

Trade & Support Metrics

Trade Deficit (July)	\$7.3 Billion
Annualized Goods Export	\$278.6 Billion
CBRT FX Conversion Support	Extended for 6 months
Export Revenue Sale Requirement	Maintained at 35% until Jan 2027

Financial Indicators & Reserves

Gross Reserves

\$164.5 Billion



\$100.6 billion in gold

\$63.9 billion in foreign exchange

Net Reserves (Excl. Swaps)

\$40.8 Billion

Indicates a strengthening of the Central Bank's independent liquidity position.

CDS Premium at 226

Reflects the current market perception of Turkey's sovereign risk.

Benchmark Bond Yields



Maturity	Yield (%)
2-Year Benchmark	41.30%
5-Year Benchmark	38.95%
10-Year Benchmark	34.79%

Weekly Economic Agenda (Week of August 10)



Monday:

Industrial Production



Tuesday:

Trade & Turnover Indices



Thursday:

Critical Trio of Reports



Friday:

Market Expectations



Release of June industrial production data to gauge manufacturing health.



June data for trade sales volume and turnover indices will be published.



The CBRT will release the 3rd Inflation Report, July housing sales, and the June Balance of Payments.



The CBRT August Market Participants Survey will provide insight into professional inflation and exchange rate forecasts.

Turkish Economy: Current Indicators – Week of August 10

Growth & Production Indicators

Q1 2026 GDP Growth: +2.5%

Annual growth slowed compared to the 3.6% realized throughout 2025; the year-end forecast for 2026 stands at 3.1%.

Manufacturing PMI: +47.7



Increased from 47.1 in July, suggesting that the contraction in the manufacturing sector is beginning to slow down.

Industrial Production & Capacity

Annual industrial production decreased (-1,4%), while capacity utilization reached 73.8%, currently below the historical average of 76%.

Growth Drivers (Q1 2026)

Domestic consumption contributed +3.7% to growth, while external demand had a negative impact of -2.5%.

Inflation & Monetary Policy

CBRT Policy Rate: 37.00%

Policy rate remains fixed as of July 23, with an interest rate corridor of 35.5% (lower) to 40.0% (upper).

Inflation Targets & Forecasts

The CBRT Enflation Interim Target was revised from 16% to 24%; market participants expect 29.21% inflation by the end of 2026.

Interest Rate & Inflation Expectations (Survey of Market Participants)

Purpose: To show the projected downward trend of rates and inflation over the next 24 months.

Period	Policy Rate Expectation	CPI (Inflation) Expectation
Year-end 2026	34.70%	29.21%
12 Months Ahead	29.44%	23.95%
Year-end 2027	25.81%	21.47%
24 Months Ahead	21.76%	17.83%

July 2026 Inflation (CPI & PPI)

Monthly CPI rose by 1.78% (31.75% annually), while monthly PPI increased by 1.52% (27.83% annually).

Domestic Sales & Tourism

Mixed Monthly Sales Performance



+39%

Housing sales surged by +39%



-23.1%

vehicle sales dropped by -23.1%



-18.7%

white goods decreased by -18.7%



Tourism Recovery (June)

Monthly foreign visitors rose 14% to 5.5 million due to seasonality, despite a 4.02% decrease compared to June of the previous year.

External Balance & Fiscal Health

Current Account Deficit

The 12-month cumulative deficit reached \$37 billion (2.3% of GDP), which remains below the 20-year historical average of 3.6%.

Record Low Unemployment

The unemployment rate has reached a historical low of 7.6%.

Budget Performance

The 12-month cumulative budget deficit improved to 2.6% of GDP in June (down from 3.3%); excluding earthquake expenditures, the ratio is 1.7%.

Foreign Investor Activity

Foreigners have been net buyers of stocks and bonds since mid-June; foreign share in the bond market is 7.5% and 32.3% in the stock market.

Sovereign Credit Ratings

Agency	Rating	Outlook
Fitch	BB-	Stable
S&P	BB-	Stable
Moody's	Ba3	Stable

Banking Sector: Current Indicators – Week of August 10 (Data of July 31)

Key Balance Sheet Figures



Total Assets:
52,728 Billion TL

Represents a **12.3% increase** compared to the end of the previous year (as of June 2026).



Total Loans:
27,434 Billion TL

Significant growth of **18.6%** since year-end, reflecting active lending as of July 31.



Total Deposits:
30,915 Billion TL

Up **13.5%** from year-end figures, showing steady liquidity inflow.



Total Equity:
4,612 Billion TL

Equity grew by **11.0%** since the end of the previous year (as of June 2026).

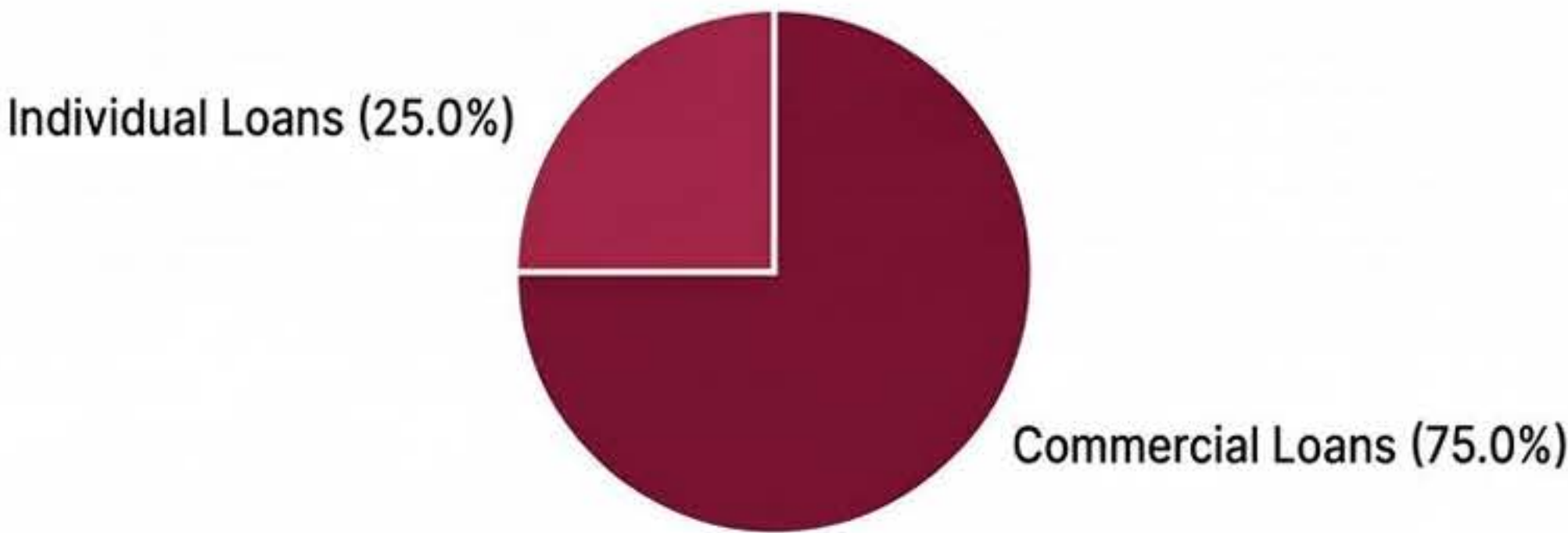
Credit Growth & Distribution

33.4% Annualized Total Loan Growth

When adjusted for a 13-week average and excluding currency effects, growth remains robust at **25.8%**.



Credit Portfolio Mix



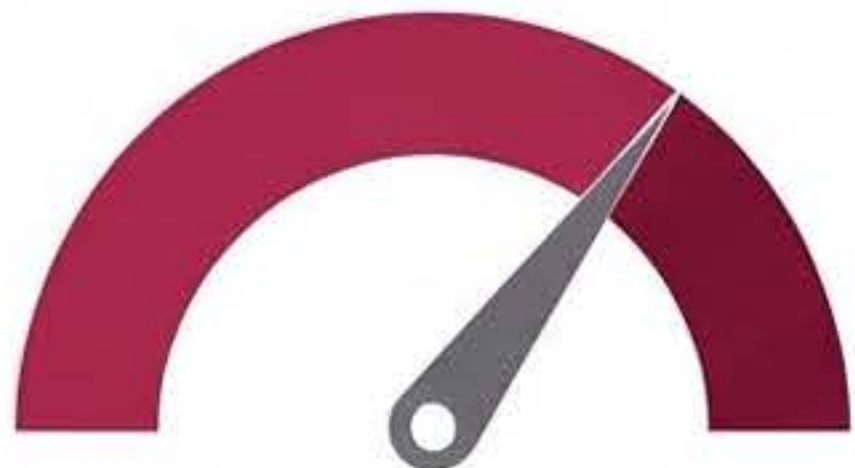
Commercial Sector Breakdown



Deposit Composition & Dollarization



Risk Indicators & Asset Quality



Total NPL Ratio: 2.9%

Overall non-performing loan ratio across the entire credit portfolio.

High-Risk Credit Segments
Personal Loans: 5.8%
Credit Cards: 5.0%
Individual/Consumer: 4.7%

Low-Risk Credit Segments
Commercial Loans: 2.3%
SME/KOBİ Loans: 3.8%



Moderate Increase in Concordats

1,000 firms filed for concordat by June 2028; though growth continues, the pace is more moderate at **34%** of 2025's total (2,948 firms).



Surge in Protested Notes and Bad Checks

Protested notes reached **12.3B TL (+86.1% YoY)** and had checks reached **39.8B TL (+62.1% YoY)** as of June 2026.