

World Economy: Current Indicators – Week of August 31

Key Market Drivers



Hawkish Fed Signals at Jackson Hole

Fed Chair Kevin Warsh's Friday speech strengthened rate hike expectations, driving short-term US Treasury yields higher and causing the yield curve to flatten significantly.



Nvidia Earnings Bolster Risk Appetite

Strong financial results from Nvidia supported equity markets, helping to offset the downward pressure from tightening monetary policy expectations.



Escalating US-Iran Tensions

Direct military exchanges occurred in the Strait of Hormuz and Jordan, keeping energy supply risks high despite a weekly drop in oil prices.



Monetary Policy Outlook

Federal Reserve (Fed) Pivot



60%

Probability of a 25-basis-point hike in September

Markets now price in a 60% probability of a 25-basis-point hike in September, a sharp reversal from earlier expectations of two rate cuts in 2026.

European Central Bank (ECB) Tightening



96%

Probability of a 25-basis-point hike in September

Markets are pricing in a 96% probability of a 25-basis-point hike in September, with a 58% chance of another hike in December.

Global Asset Performance (Weekly Change)

Tracks weekly percentage change in currencies, precious metals, and energy benchmarks (Aug 21 – Aug 28, 2026)

US Dollar Index (DXY)	+0.91%	Value: 99.7
Gold (USD / Oz)	-3.21%	Value: 4,455
Silver (USD / Oz)	-3.79%	Value: 66.4
Brent Petrol (USD / Bbl)	-5.38%	Value: 89.31
USD/TL	+0.43%	Value: 48.2387
EUR/USD	-0.80%	Value: 1.1585

Global Equity Indices

Divergence in performance between major Western and Asian stock indices

DAX	+1.7%	Value: 26,570
NASDAQ	+0.8%	Value: 26,402
Dow Jones	+0.5%	Value: 53,560
S&P 500	+0.5%	Value: 7,712
Hang Seng	-1.6%	Value: 25,585
KOSPI	-1.8%	Value: 6,789

Energy Price Context

Natural Gas Surges Since Conflict Start

European natural gas prices have increased by 115% since the beginning of the war (February 28), currently trading near 69 EUR/MW.

Brent Crude Volatility

Brent petrol has risen 25% since the war began, peaking at over 126 USD in April 2026 before settling near the 90 USD level.

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Global Economic Calendar (Week of August 31)



Monday & Tuesday

Germany's Preliminary CPI
China's Mfg PMI, Eurozone Inflation
US JOLTS Job Openings/ISM
Manufacturing

Final mfg PMI data for Germany, France, Eurozone, UK, and USA will also be finalized on Tuesday.



Wednesday & Thursday

US ADP Private Sector Employment
China's Service PMI and US ISM
Non-Manufacturing/Jobless
Claims

Thursday also features major economies' final Service PMI data and US Foreign Trade Balance figures.



Friday

US Labor Market Data & Germany
Factory Orders

The week concludes with critical US Non-Farm Payrolls, Unemployment Rate, and Average Hourly Earnings data.

Central Bank Policy & Outlook



Federal Reserve

Fed President Warsh reaffirms a 2% inflation target, citing a lack of meaningful improvement in core trends.

Probability of a September rate hike has surged from 36% to nearly 60% following hawkish commentary.



ECB

July minutes suggest a potential September hike as members remain cautious about inflation risks.

Governing Council members noted that current rates may not yet be sufficiently restrictive to limit demand.



BOJ & Bank of Korea

BOJ officials remain open to a September hike; Bank of Korea raised its policy rate to 3%.

Japan spent a record 15.4 trillion yen (\$96.4 billion) in one month to intervene in the currency market as the yen approached 160 vs USD.

Regional & Geopolitical Developments



China's Economic Struggles

Manufacturing PMI rose slightly to 49.8 but remains in contraction territory.

PBOC has extended maximum mortgage terms from 30 to 40 years to support the cooling property market.



US-China Trade Tension

The US is preparing a 7.5% additional tariff on Chinese goods, potentially raising total tariffs to 20%.

This move aims to address excess production capacity ahead of the planned Trump-Xi summit in September.



Geopolitical Risks

US imposes secondary sanctions on over 60 entities linked to Iran; Russia intensifies focus on Ukraine's infrastructure.

Iran and Oman are discussing a temporary maritime corridor in the Strait of Hormuz to restore shipping traffic.

Market Snapshot & Indicators



Nvidia Growth Forecast

Nvidia expects fiscal 2028 revenue to grow by 70%, significantly beating analyst estimates of 45%.

This signal confirms that global demand for AI technology remains exceptionally strong.



US Consumer & Housing

Consumer Confidence fell to 89.4 (a year-to-date low) while New Home Sales dropped 10.5%.

High mortgage rates and rising living costs are actively suppressing household demand and retail performance.

Market Data Table (As of Week of Aug 31)

Brent Oil	90.8 USD	DXY	99.6
Natural Gas	69.6 EUR	EUR/USD	1.1587
Gold (OZ)	4,437 USD	USD/TRY	48.26
Silver	66.6 USD	EUR/TRY	55.95
Bitcoin	\$77,963	BIST100	14,642
DXY	99.6	Gram Gold	6,886 TL

Macro Comparison Table

Region	CPI (Inflation)	Interest Rate
USA	3.4%	3.75%
China	0.5%	3.00%
Europe	2.9%	2.25%

Turkish Economy: Current Indicators – Week of August 31

Weekly Economic Agenda

Monday, August 31

- Q2 GDP Growth Data
- July Labor Statistics
- BDDK releases profitability, asset growth, NPL ratios at 14:00
- Treasury announces Oct-Dec borrowing strategy at 17:00

Tuesday, September 1

Istanbul Chamber of Industry (ISO)
Turkey Manufacturing PMI for August

Wednesday, September 2

-

Thursday, September 3

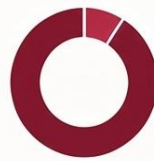
Consumer Price Index (CPI) &
Producer Price Index (PPI) inflation data for August

Friday

August Real Effective Exchange Rate Index

New SPK Regulations for Hedge Funds

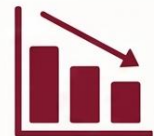
Share Acquisition Limits Based on Free Float



Individual hedge funds cannot exceed **2% to 8%** ownership of a company's free-float shares, depending on public listing rate.

Total ownership by all funds under same manager capped between **4% and 16%**.

Concentration Risk Controls



Positions exceeding **5%** of a fund's value cannot collectively surpass **20%** of the total portfolio.

Individual managers limited to managing a maximum of **7 funds** (transitioning by 2031).

Capital Requirements for Management Companies



Portfolio Management Companies (PYS) must have minimum capital of **250M to 500M TL**.

Companies with over 50% hedge fund weight must increase cash capital by an additional **10%**.

Macroeconomic Indicators & Reserves

Total Gross Reserves: **\$188.4 Billion**



\$114.2 Billion
Gold



\$74.2 Billion
Foreign Exchange

Net reserves excluding swaps stand at **\$55.9 Billion**.

CDS & Benchmark Yields

Turkey's 5-Year CDS: **219**

Benchmark Bond Yields:

2-Year **40.1%**

5-Year **37.9%**

10-Year **34.3%**

KKM Accounts Exit

KKM balance has successfully reached zero.

Minister Simsek: Completes major goal, strengthening macro-financial stability.

Foreign Trade Targets

Syria Trade Goal:
\$10 Billion



Aiming to increase volume from **\$3.7 Billion (2025)** to **\$10 Billion** target.

40 Turkish companies participated in 63rd Damascus International Fair.

Qatar Trade Goal: **\$5 Billion**



Seeking to increase trade from current **\$1.3 Billion** to **\$5 Billion** target.

250 Qatari firms have **\$7.8 billion** investments in Turkey.

Economy Coordination Council (EKK) Updates



Support for Exporters

Daily rediscount credit limits increased from **4.5 Billion TL** to **5 Billion TL**.

Additional **60 Billion TL** Treasury-backed financing for tourism sector.



Industrial Support

250 Billion TL in new credit support allocated for manufacturing industry.

Premium support per worker in labor-intensive sectors increased to **3,500 TL**.

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Growth & Industrial Production



GDP Growth Rate (Q22026): +2.3%

Annual growth slowed from the 3.7% realized across 2025; the 2026 year-end forecast stands at 3.1%

Mixed Demand Contributions

+3.7%



Domestic Consumption

External Demand



-2.5%

(2026 Q1)

Industrial Production & Capacity



Production contracted 1.4% annually



Capacity Utilization: 73.5% below the historical average of 76%



Manufacturing PMI (July): 47.7

An increase from 47.1 indicates that while the sector remains in contraction territory, the weakening trend is slowing

Tourism & External Balance



7.1 Million Foreign Visitors

July saw a 28% monthly increase; top visitor sources were Russia (14.38%), Germany (13.64%), and the UK (7.67%)

Unemployment Rate: 8,1%

The labor market remains strong, sitting at a historical low level



Current Account Deficit

The 12-month cumulative deficit is **\$38.9 billion (2.4% of GDP)**, which is below the 20-year average of 3.6%

Inflation & Monetary Policy



Central Bank Policy Rate: 37%

The CBRT kept the rate constant on July 23, with an upper band of 40% and a lower band of 35.5%



Inflation (July): CPI 31.75% | PPI 27.83%

Monthly increases were 1.78% for consumer prices and 1.52% for producer prices

CBRT Inflation Forecast Revision

The 2026 year-end inflation forecast was revised upward from 26% to 26%

Sectoral Confidence & Consumption

Confidence Indices (August)



Services: 111.9 (-0.1%)



Retail Trade: 110.1 (-0.8%)



Construction: 83.1 (-0.4%)

Monthly Sales Performance

Sharp declines were noted in:



Vehicle sales (-23.1%)



White Goods (-18.7%)



Housing (-4.9%)

12-Month Inflation Expectations

45.58%



Households

32.80%



Real Sector

23.69%



Market Participants

Capital Markets & Credit Ratings



Foreign Investment Flows (Aug 21 Week)

+ \$150 million in net equity purchases
- \$1 million sale in bonds



Foreign Share in Markets

Foreign ownership in equities rose to **32.76%**, the share in Government Debt Securities (DIBS) fell to **7.27%**

Sovereign Credit Ratings

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