



MAY 25, 2026

KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN

GLOBAL RISK APPETITE STRENGTHENS AS GEOPOLITICAL RISKS EASE



Statements suggesting that the U.S. and Iran are moving closer to an agreement that could end the conflict are supporting global risk appetite. Brent crude oil, which traded above USD 100 last week, has declined to around USD 95 at the start of the new week. Growing expectations that the Strait of Hormuz could reopen in the near term are helping ease concerns over energy supply. If the recent decline in oil prices proves sustainable, expectations that the U.S. Federal Reserve may gain more room for rate cuts could further support global risk appetite. In this context, global equity markets and spot gold are both moving higher on the first trading day of the week.

Domestically, financial market volatility has increased following the absolute nullity ruling. In response to this volatility, the Financial Stability Committee convened on Friday. In the statement released after the meeting, authorities emphasized that all necessary steps would be taken to preserve macro-financial stability, ensure the uninterrupted continuation of the disinflation process, and maintain the healthy functioning of the financial system. In this context, messages and policy measures from economic authorities will continue to play a key role in shaping market direction in the period ahead.

GLOBAL

The minutes of the latest Fed meeting showed that most members believe rate hikes could return to the agenda if inflation remains persistently above the 2.0 percent target.

While some members still think rate cuts may be needed later on, the majority currently see maintaining policy tightness, and even additional tightening if necessary, as the more likely path. The minutes also showed that many officials argued the Fed should abandon guidance suggesting an easing bias and instead signal that the next move could be a rate hike. Inflationary pressures stemming from the Iran war, the continued closure of the Strait of Hormuz, and rising bond yields worsening the price outlook all suggest that the Fed is shifting toward a more cautious and hawkish policy stance.

In the US, the preliminary manufacturing PMI rose by 0.8 points to 55.3 in May, pointing to a temporary acceleration in manufacturing activity supported by war-related supply disruptions and inventory buildup.

By contrast, the input prices indicator jumped by more than 11 points to its highest level since June 2022, signaling a clear strengthening in cost pressures. The composite PMI, which also includes services, remained unchanged in May, showing that overall economic activity stayed limited. S&P Global emphasized that renewed price increases weighing on demand, order growth falling to its lowest average in the past two years, and firms remaining cautious due to higher costs all raise the risk of a loss of momentum in the coming period.

In the Euro Area, annual inflation rose from 2.6 percent to 3.0 percent in April, while monthly inflation came in at 1.0 percent, in line with market expectations.

During the same period, core inflation was measured at 2.2 percent year-on-year and 0.9 percent month-on-month. The rise in inflation in April was driven mainly by higher prices in services and energy, while annual inflation in the EU as a whole also climbed to 3.2 percent. The persistently high inflation backdrop in Germany, France, Italy, and Spain is keeping alive the need for a cautious stance at the European Central Bank.

In March, EU exports fell by 8.7 percent year-on-year to 233 billion 900 million euro, while imports rose by 2.7 percent to 228 billion euro, causing the trade surplus to narrow sharply to 5 billion 900 million euro.

In the Euro Area as well, exports declined by 5.5 percent to 265 billion 200 million euro, while imports increased by 4.4 percent to 257 billion 400 million euro, bringing the trade surplus down from 34 billion 100 million euro a year earlier to 7 billion 800 million euro. The deterioration in the EU and Euro Area trade balance was driven mainly by a wider deficit in energy products, while weaker external demand also weighed on export performance. In March, the US, the UK, and Switzerland stood out among the top importers from the EU, while China ranked first among the countries exporting the most to the EU.

Japan's economy grew by an annualized 2.1 percent and by 0.5 percent quarter-on-quarter in the first quarter of 2026, outperforming market expectations. Growth was driven mainly by private consumption, automotive and machinery exports, and stronger corporate investment, while private consumption rose by 0.3 percent quarter-on-quarter. However, the disruption to energy supply chains caused by escalating conflict in the Middle East is making the growth outlook more fragile for Japan, which remains highly dependent on imported oil. Rising energy costs are also strengthening pressure on inflation and corporate profitability, reinforcing expectations that the Bank of Japan may shift toward a tighter monetary policy stance in the near term.

The investment, information, comments, and recommendations presented here are prepared by Kuveyt Türk Portfolio for Kuveyt Türk Private Banking clients and **are not within the scope of investment advisory services**. Investment advisory services are provided by authorized institutions based on individuals' risk and return preferences and are tailored to each person. The comments and recommendations here are of a general nature. These recommendations may not be suitable for your financial situation or risk and return preferences. Therefore, making investment decisions based solely on the information provided here may not yield results that align with your expectations.

DOMESTIC

In the first quarter of 2026, the number of unemployed fell by 52 thousand from the previous quarter to 2 million 894 thousand, while the unemployment rate declined by 0.1 points to 8.2 percent. During the same period, employment fell by 301 thousand to 32 million 221 thousand and the employment rate dropped by 0.5 points to 48.3 percent, while the labor force participation rate declined by 0.7 points to 52.6 percent. Youth unemployment remained flat at 15.2 percent, while job losses were most visible in the services sector. Meanwhile, the underutilized labor rate rose by 0.6 points to 30.4 percent, indicating that fragility in the labor market persists despite the decline in headline unemployment.

The consumer confidence index rose by 0.3 percent in May to 85.8, pointing to a limited improvement in household expectations. Expectations for household financial conditions over the next 12 months increased from 87.5 to 87.9, while expectations for the general economic situation rose from 78.3 to 81.4. The willingness to spend on durable goods also edged up slightly from 104.4 to 104.5. The data suggest that while consumers remain cautious overall, a gradual recovery in expectations is continuing.

The House Price Index rose by 1.8 percent month-on-month and 26.6 percent year-on-year in April, but in real terms it declined by 4.3 percent year-on-year, indicating that housing prices continue to lose value relative to inflation. Monthly price increases in the three largest cities were 1.6 percent in Istanbul, 2.6 percent in Ankara, and 2.1 percent in Izmir. The New Tenant Rent Index also rose by 1.7 percent month-on-month and 31.7 percent year-on-year in April, but declined by 0.5 percent in real terms. The data show that the real loss in home sale prices has deepened, while nominal rent increases continue but the real picture has weakened.

In April, exports rose by 22.3 percent year-on-year to 25 billion 408 million dollar, while imports increased by 3.1 percent to 33 billion 909 million dollar. As a result, the foreign trade deficit narrowed by 29.8 percent from a year earlier to 8 billion 500 million dollar, while the export-to-import coverage ratio improved from 63.2 percent to 74.9 percent. The foreign trade deficit excluding energy and gold came in at 2 billion 486 million dollar, pointing to a more favorable picture in the core external balance. However, the fact that the foreign trade deficit widened by 7.3 percent to 37 billion 137 million dollar in the January-April period indicates that a cautious external balance outlook continues for the year as a whole.

In May, the seasonally adjusted Real Sector Confidence Index rose by 2.4 points from the previous month to 101.0, signaling a limited improvement in manufacturing sector expectations. More positive assessments regarding the general outlook, export orders, production volume, employment, and fixed capital investment spending supported the increase in the index, while the outlook for finished goods inventories limited it on the downside. During the same period, the non-seasonally adjusted Real Sector Confidence Index rose by 2.7 points to 103.3, while the seasonally adjusted capacity utilization rate increased by 0.1 points to 74.1 percent. The data show that after the weak picture in April, a partial improvement in real sector confidence and capacity utilization took place in May.

WEEKLY STATUS

	15.05.2026	22.05.2026	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	17.761	16.985	-4,4%	37,0%	31,9%	23,2%	32,6%
XU100*	14.368	13.808	-3,9%	22,6%	14,6%	31,6%	35,6%
USDTRY	45,5	45,7	0,5%	6,4%	21,4%	20,1%	57,5%
DXY*	99,3	99,2	0,0%	0,9%	-9,4%	7,1%	-2,1%
US-10Y*	4,6	4,6	-0,5%	10,1%	-9,3%	18,0%	0,0%
TR-10Y*	32,4	33,4	2,9%	22,8%	-5,6%	7,6%	169,4%
TR-2Y*	39,1	40,4	3,3%	17,8%	-15,4%	2,2%	298,0%
CDS (5Y)	233,5	251,2	7,6%	22,6%	-21,1%	-6,6%	-45,2%
GOLD (OUNCE/USD)	4.540,1	4.509,4	-0,7%	4,5%	64,5%	27,2%	13,1%
GOLD (GRAM/TRY)	6.650,8	6.630,2	-0,3%	11,4%	99,4%	52,1%	78,9%
SILVER (GRAM/TRY)	111,3	111,0	-0,2%	13,3%	198,3%	45,3%	57,1%

***XK050**: BIST Participation 50 Index

***Bist100**: BIST 100 Index

***DXY**: Dollar Index

***US-10Y**: US 10-Year Treasury Yield

***TR-10Y**: TR 10-Year Treasury Yield

***TR-2Y**: TR 2-Year Treasury Yield

LEADING INDICATORS

Indicator	Period	Data	Previous Data	Benchmark Value
Industrial Production	March	-1,1%	2,2%	
Manufacturing PMI	April	45,7	47,9	50
Capacity Utilization Rate (seasonally adj.)	May	74,1%	74,0%	
Import - (capital goods) (annually)	April	1,6%	7,8%	
Service sector confidence (seasonally adj.)	April	5,6%	11,2%	
Import - (consumption goods) (annually)	April	-6,8%	-5,3%	
Credit Growth Weekly	May (Week 3)	0,2%	0,3%	
Consumer Confidence Index	May	85,8	85,5	100
Real sector confidence (seasonally adj.)	May	101	98,6	100
Service sector confidence (seasonally adj.)	May	109,0	109,7	100
Retail sector confidence (seasonally adj.)	May	112,5	111,6	100
Construction sector confidence (seasonally adj.)	May	82,1	83,6	100
Car Sales (annually)	March	-6,1%	12,7%	
House sales - total (annually)	April	2,6%	-2,1%	
House sales - mortgage (annually)	April	40,5%	35,9%	
CPI	April	32,4%	30,9%	
CPI expectations (year-end)	May	28,9%	27,5%	
Current Year Growth Expectations	May	3,3%	3,5%	
Retail Sales Volume (annually)	March	21,2%	15,6%	
Current Account Balance (billion USD)	March	-9,7	-7,5	
Unemployment Rate (seasonally adj.)	March	8,1%	8,4%	
Dollarization	May (Week 3)	0,5 Billion (+)	0,01 Billion (-)	

Indicates Decrease

Indicates Stability

Indicates Increase

It has been prepared by Kuveyt Türk Asset Management by taking data from reliable sources.

ECONOMIC CALENDAR

Date	Country	Data to be Announced
25.05.2026	Turkey	Economic Confidence Index
26.05.2026	Japan	Core CPI
26.05.2026	Euro Zone	Financial Stability Report
26.05.2026	US	House Price Index
26.05.2026	US	Conference Board Consumer Confidence
28.05.2026	Euro Zone	CPI Expectation
28.05.2026	Euro Zone	Industrial Sentiment
28.05.2026	Euro Zone	Consumer Confidence
28.05.2026	US	Preliminary GDP
28.05.2026	US	Core PCE Price Index
29.05.2026	Japan	CPI
29.05.2026	Japan	Retail Sales
29.05.2026	Germany	CPI

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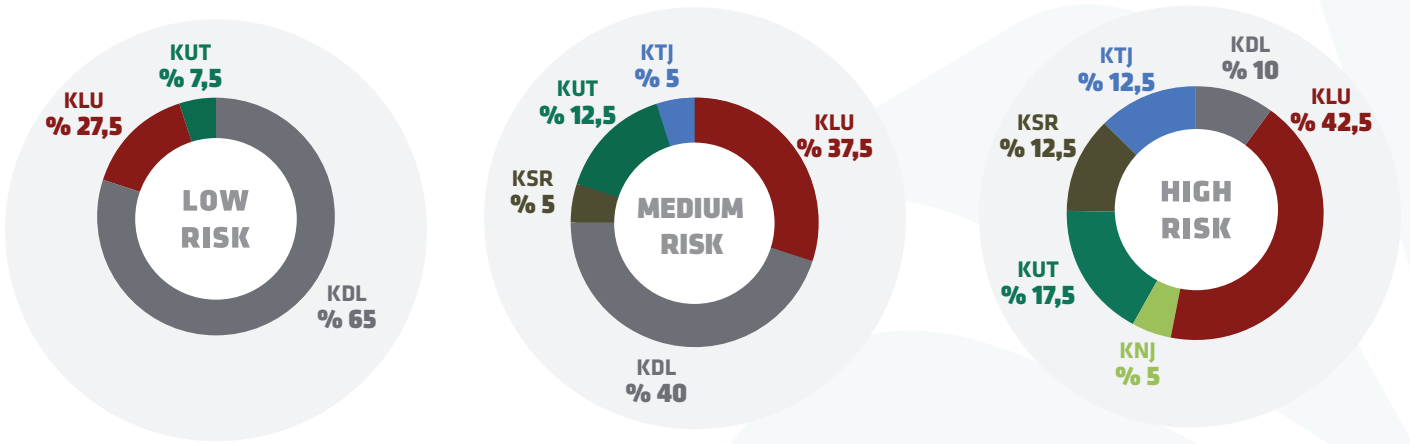
Our Fund Allocation Recommendations

We make our fund recommendations based on our investors' base currencies. The base currency is the currency in which investors track their savings. An investor who tracks USD as their base currency prefers their investments to grow in U.S. dollars rather than in Turkish Lira. Conversely, an investor who looks at their investments in TL aims for an increase in their savings in Turkish Lira.

Below are our General Investment Recommendations based on base currencies.

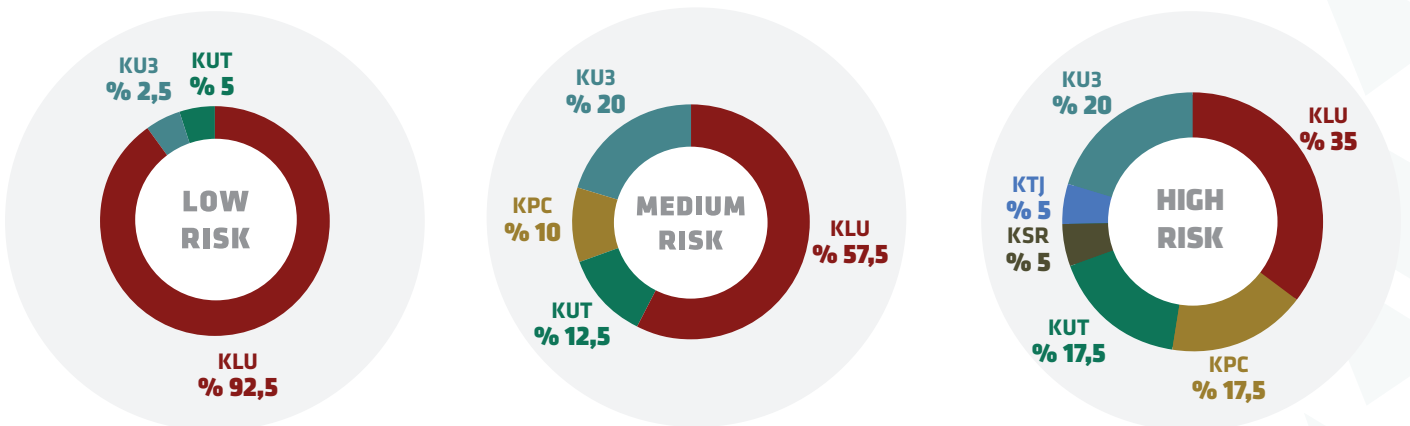
General Investment Recommendations for Those with USD as Their Base Currency

Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



General Investment Recommendations for Those with Turkish Lira as Their Base Currency

Figure 2. Fund Allocation Recommendations (For Those with Turkish Lira as Their Base Currency)



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Information Regarding Funds:

KLU Fund: Kuveyt Türk Asset Management Money Market Participation Fund

KUT Fund: Kuveyt Türk Asset Management Precious Metals Participation Fund

KPC Fund: Kuveyt Türk Asset Management Equity Participation Fund

KDL Fund: Kuveyt Türk Asset Management Fifth Participation Hedge (Currency) Fund

KSR* Fund: Kuveyt Türk Asset Management Sustainability Participation Fund

KNJ* Fund: Kuveyt Türk Asset Management Energy Participation Fund

KTJ* Fund: Kuveyt Türk Asset Management Technology Participation Fund

** These funds may hold up to 80% foreign equities.*

KU3 Fund:** Kuveyt Türk Asset Management Third Participation Fund

*** These funds may hold up to 80% foreign equities.*

Explanations of Risk Levels:

Relatively Low Risk: Refers to investors who are not keen on experiencing losses to their principal and have limited knowledge and experience regarding investment products.

Medium Risk: Refers to investors who are willing to accept some level of loss to their principal and have some knowledge and experience regarding investment products.

High Risk: Refers to investors who are willing to take on high risk for the potential of high returns, accepting the possibility of significant losses to their principal and possessing substantial knowledge and experience regarding investment products.

Disclaimer Notification:

Warning Note Published in Accordance with the Capital Markets Board's "Regulation on Principles Related to Investment Services and Activities and Ancillary Services":

The information, comments, and recommendations regarding **the investment products presented here do not constitute investment advisory services**. Investment advisory services are provided by authorized institutions tailored to individuals based on their risk and return preferences. The comments and recommendations offered here are general and may not be appropriate for your specific financial situation or risk-return profile. Therefore, making investment decisions solely based on this information may not yield results that meet your expectations. By confirming your understanding and acceptance of this information, you may proceed with your transactions.

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