



DECEMBER 29, 2025

KUVEYT TÜRK ASSET MANAGEMENT
PRIVATE BANKING
WEEKLY ECONOMIC BULLETIN



KUVEYTTÜRK



PRIVATE BANKING

SECTORAL CONFIDENCE INDICES AND INFLATION EXPECTATIONS: MODERATE OPTIMISM



Sectoral confidence indices, which improved in the third quarter, point to a relatively positive outlook for the fourth quarter as well. The real sector confidence index has remained above the threshold level of 100 for the past two quarters, indicating supported expectations for economic activity. After falling below 74 percent in the third quarter, the manufacturing capacity utilization rate showed a limited recovery in the fourth quarter. In non-manufacturing sectors, confidence indices increased in the fourth quarter, with the exception of construction. Against this backdrop, we expect quarterly GDP growth recorded at 1.6 percent in the second quarter and 1.1 percent in the third quarter to slow slightly in the fourth quarter but remain positive.

The improvement in sectoral inflation expectations continues, albeit at a gradual pace. Households' 12-month-ahead inflation expectation declined by 1.3 percentage points to 50.9 percent, while market participants' 12-month-ahead expectation stands at 23.35 percent. Although the improvement in household expectations remains more limited compared to market participants, we view the rising confidence in the continuation of the disinflation trend as positive. Under this outlook, we maintain our view that Turkish lira-denominated fixed-income assets will continue to offer real return potential.

On the global front, the U.S. economy grew at an annualized rate of 4.3 percent in the third quarter, outperforming expectations by around one percentage point. While the growth outlook for the fourth quarter of 2025 appears relatively weak due to the government shutdown, growth expectations for 2026 remain strong. In U.S. equity markets, which have shown volatility amid valuation debates around artificial intelligence and technology companies, risk appetite has periodically regained strength. Meanwhile, precious metals continue their upward trend toward year-end, supported by a weaker U.S. dollar, expectations of Fed rate cuts, rising geopolitical tensions, and ongoing gold demand from central banks.

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.

GLOBAL

In the United States, advance GDP grew by 4.3 percent quarter on quarter in the third quarter of 2025, exceeding market expectations. In the same period, personal consumption expenditures increased by 2.8 percent, supporting economic growth. In addition, the core PCE price index, excluding food and energy, rose by 2.9 percent on an annual basis.

Core PCE inflation in the United States eased to 2.8 percent in the third quarter, pointing to a limited moderation in inflationary pressures. The combination of easing inflation and strong growth supported the Fed's cautious wait-and-see policy stance. Following the data releases, risk appetite in financial markets increased modestly.

In December, the Conference Board consumer confidence index in the United States declined by 3.8 points month on month to 89.1 points. Over the same period, the present situation index fell by 9.5 points to 116.8 points, while the expectations index remained unchanged at 70.7 points.

Industrial production in the United States rose by 0.2 percent on a monthly basis and by 2.5 percent on an annual basis in November. The increase followed a decline in October and exceeded expectations. Manufacturing output remained unchanged compared with the previous month, while the capacity utilization rate stayed at 76.0 percent, below its long-term average.

In Japan, the government prepared a record-high budget of 122 trillion 300 billion yen for fiscal year 2026. Tax revenues are projected to rise by 7.6 percent to 83 trillion 700 billion yen, while the share of new bond issuance in the budget is targeted to decline to 24.2 percent, the lowest level since 1998.

In China, the People's Bank of China kept its benchmark loan prime rates unchanged, leaving the one-year and five-year rates at 3.0 percent and 3.5 percent, respectively. With this decision, the central bank maintained policy rates unchanged for the seventh consecutive meeting, signaling a cautious monetary policy stance despite weak domestic demand and ongoing softness in the property sector.

DOMESTIC

In December, the seasonally adjusted Real Sector Confidence Index increased by 0.5 points month on month to 103.7 points. Over the same period, the non-seasonally adjusted real sector confidence index remained unchanged at 110.8 points.

The manufacturing capacity utilization rate rose by 0.1 point month on month to 74.2 percent in December. Reaching its highest level since June. The seasonally adjusted capacity utilization rate remained unchanged at 74.4 percent.

According to the December sectoral inflation expectations survey, twelve-month-ahead inflation expectations stood at 23.35 percent for market participants. In the same period, real sector expectations declined to 34.8 percent, while household expectations remained elevated at 50.90 percent. The share of households expecting inflation to decline over the next twelve months fell to 24.53 percent.

In December, the services sector confidence index increased by 0.4 percent month on month to 112.3, while the retail trade confidence index rose by 1.1 percent to 115.4. In contrast, the construction sector confidence index declined by 0.5 percent to 84.5. Within the construction sector, the current level of registered orders increased by 1.9 percent, while expectations for total employment over the next three months decreased by 2.5 percent.

For 2024, the average monthly labor cost was calculated at 45,777 Turkish lira. The highest labor costs were recorded in financial and insurance activities at 119,868 Turkish lira, followed by information and communication at 94,096 Turkish lira and education at 67,397 Turkish lira. The lowest labor cost was observed in the construction sector at 26,047 Turkish lira. In terms of components, gross wages accounted for 85.7 percent of total costs, while social security contributions represented 13.9 percent.

For 2026, the minimum wage was increased by 27.0 percent compared with the previous year and set at a net level of 28,075 Turkish lira, effective from January 1. Employer support related to the minimum wage was also increased and will continue. Labor unions, however, questioned the adequacy of the new level in light of inflation and rising living costs.

WEEKLY STATUS

	19.12.2025	26.12.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050*	12.380	12.423	0,3%	32,2%	23,2%	32,6%	210,3%
XU100*	11.342	11.294	-0,4%	14,9%	31,6%	35,6%	196,6%
USDTRY	42,7	42,8	0,2%	21,1%	20,1%	57,5%	39,6%
DXY*	98,6	98,0	-0,6%	-9,7%	7,1%	-2,1%	8,2%
US-10Y*	4,2	4,1	-0,4%	-9,7%	18,0%	0,0%	156,3%
TR-10Y*	28,2	27,7	-1,7%	-3,6%	7,6%	169,4%	-59,2%
TR-2Y*	34,8	34,5	-0,9%	-14,9%	2,2%	298,0%	-56,1%
CDS (5Y)	208,6	205,8	-1,3%	-20,7%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	4.338,6	4.532,6	4,5%	72,8%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	5.967,1	6.245,7	4,7%	109,3%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	92,4	109,2	18,2%	232,3%	45,3%	57,1%	44,9%

***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	October	2,2%	2,9%	
	Manufacturing PMI	November	48,0	46,5	50
New	Capacity Utilization Rate (seasonally adj.)	December	74,2%	74,1%	
	Import - (capital goods) (annually)	October	16,0%	14,9%	
	Service sector confidence (seasonally adj.)	October	68,3%	69,1%	
	Import - (consumption goods) (annually)	October	15,5%	15,5%	
New	Credit Growth Weekly	December (Week 4)	0,5%	1,2%	
	Consumer Confidence Index	December	83,5	85,0	100
New	Real sector confidence (seasonally adj.)	December	103,7	103,2	100
New	Service sector confidence (seasonally adj.)	December	112,3	111,8	100
New	Retail sector confidence (seasonally adj.)	December	115,4	114,2	100
New	Construction sector confidence (seasonally adj.)	December	84,5	84,9	100
	Car Sales (annually)	November	9,8%	19,9%	
	House sales - total (annually)	November	-7,8%	-0,5%	
	House sales - mortgage (annually)	November	-1,4%	11,5%	
	CPI	November	31,1%	32,9%	
	CPI expectations (year-end)	December	31,2%	32,2%	
	Current Year Growth Expectations	December	3,5%	3,4%	
	Retail Sales Volume (annually)	October	7,4%	14,3%	
	Current Account Balance (billion USD)	October	0,5	1,1	
	Unemployment Rate (seasonally adj.)	October	8,5%	8,6%	
New	Dollarization	December (Week 4)	0,5 Billion (+)	0,6 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
30.12.2025	Turkey	Economic Confidence Index
30.12.2025	Turkey	Unemployment Rate
30.12.2025	US	House Price Index
30.12.2025	US	FOMC Meeting Minutes
31.12.2025	China	Manufacturing PMI
31.12.2025	Turkey	Trade Balance
02.01.2026	Turkey	ISO Manufacturing PMI
02.01.2026	Germany	Manufacturing PMI
02.01.2026	US	Manufacturing PMI

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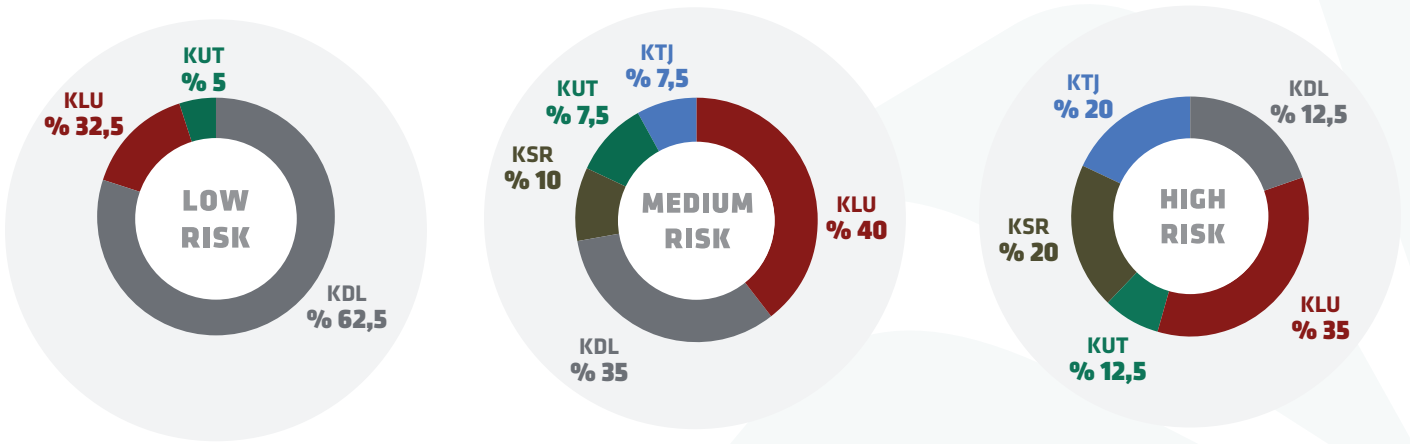
Our Fund Allocation Recommendations

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.

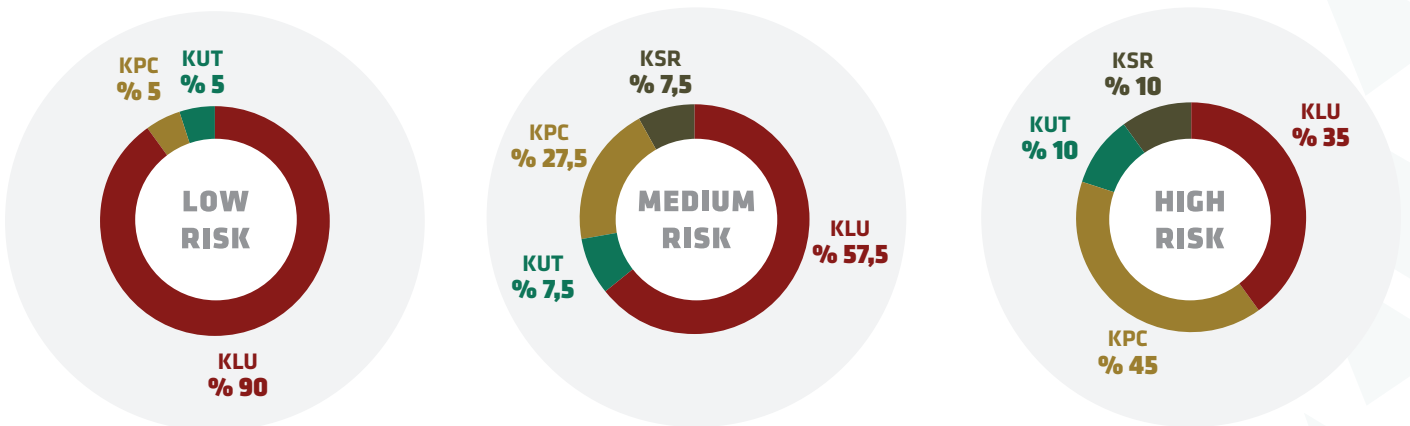
General Investment Recommendations for Those with USD as Their Base Currency

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.*

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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