



ECONOMIC BULETTIN



Trump Announced New Global Tariffs

- According to the announced tariff package, the base tariff rate was set at 10 percent for all countries, while reciprocal tariff rates to be applied by country varied based on trade deficits with the U.S. In reciprocal tariffs, China and Vietnam faced the highest customs duties with rates of 34 percent and 46 percent respectively, while for Turkey, the rate was determined at 10 percent. Following Trump's new tariff announcement, Fed Chair Powell stated in his remarks on the macroeconomic outlook that the tariffs could mean higher inflation and lower growth for the U.S. economy. Markets reacted sharply to the tariffs, with a strong downward trend. As of this morning, Asian markets continue to experience heavy selling pressure. On the economic calendar this week, the Federal Open Market Committee (FOMC) Meeting Minutes, Consumer Price Index (CPI), and Producer Price Index (PPI) will be followed in the U.S. In the Eurozone, investor focus will be on the Sentix Investor Confidence and the speech by ECB President Lagarde.
- The Eurozone signaled its first retaliation against the tariff package announced by U.S. President Trump. It was announced that a 20 percent customs duty would be imposed on products imported from the Eurozone in retaliation. Following these developments, European Commission President Ursula von der Leyen stated that the announced tariffs would deal a blow to the global economy and that they were preparing additional measures in case negotiations failed.
- On the Asian front, China responded with its first retaliation against the tariffs announced by Trump. As part of the retaliation, an additional 34 percent tax will be applied to products imported from the U.S. Furthermore, in a statement by the official news agency Xinhua, it was announced that export controls would also be imposed on rare earth metals.

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➤ Domestically, the Central Bank, TurkStat, and other institutions released various data:

- Consumer Price Index (CPI) in March rose by 2.46 percent on a monthly basis and by 38.10 percent on an annual basis, remaining below expectations.
- Producer Price Index (PPI) in March increased by 1.88 percent monthly and by 23.50 percent annually.
- ISO Manufacturing PMI declined to 47.3 in March, indicating contraction in the manufacturing sector.

Weekly Status

	28.03.2025	4.04.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	9.925	9.634	-2,9%	2,5%	23,2%	32,6%	210,3%
Bist100	9.659	9.380	-2,9%	-4,6%	31,6%	35,6%	196,6%
USDTRY	37,99	37,99	0,0%	7,4%	20,1%	57,5%	39,6%
DXY	104,01	103,02	-1,0%	-5,0%	7,1%	-2,1%	8,2%
US-10Y	4,26	4,00	-6,1%	-12,7%	18,0%	0,0%	156,3%
TR-10Y	33,58	32,39	-3,5%	12,5%	7,6%	169,4%	-59,2%
TR-2Y	49,10	46,13	-6,0%	13,7%	2,2%	298,0%	-56,1%
CDS (5Y)	312,79	319,78	2,2%	23,1%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	3.085,00	3.037,00	-1,6%	15,8%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.768,00	3.710,00	-1,5%	24,3%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	41,72	36,35	-12,9%	10,6%	45,3%	57,1%	44,9%

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Global



Trump announced global base and additional tariffs in his Independence Day speech. U.S. President Donald Trump has unveiled a new tax package. Accordingly, the base tariff rate was set at 10 percent, while reciprocal tariff rates to be applied on a country-by-country basis were also announced. In the reciprocal tariffs, China and Vietnam were subjected to the highest customs duties at rates of 34 percent and 46 percent respectively, while the rate for Turkey was set at 10 percent. During his Independence Day speech, Trump stated that reciprocal tariffs would offer U.S. consumers stronger competition and lower prices.

Fed Chair Jerome Powell made remarks regarding the economic outlook. Powell emphasized that the impact of tariffs on the economy would be greater than expected, stating, "There will be higher inflation and lower growth. We need to wait and see what happens." Regarding monetary policy in light of recent developments, Powell summarized his views as, "It's a good time to watch the waters settle. Once we have visibility, we'll take the right policy steps."

Private sector employment in the U.S. increased by 155,000 in March. According to the ADP report on private sector employment for March, the number of people employed in the private sector increased by 155,000 compared to the previous month, surpassing the market expectation of a 120,000 increase. Alongside the release of this data, February's figures were also revised upward from an increase of 77,000 to 84,000. As a result, leading employment indicators pointed to a positive outlook amid growing recession concerns in the U.S.

Unemployment claims in the U.S. came in below expectations at 219,000 in the last week of March. According to data released by the U.S. Department of Labor for the last week of March, the number of individuals filing for unemployment benefits stood at 219,000, below market expectations. During the same period, continued unemployment claims increased by 56,000 to 1,903,000. The previous week's unemployment claims figure was also revised upward from 224,000 to 225,000.

Non-farm payrolls in the U.S. rose by 228,000 in March while the unemployment rate stood at 4.2 percent. According to non-farm payroll data released for March, total non-farm employment increased by 228,000, exceeding expectations. During the same period, the unemployment rate also exceeded forecasts, recorded at 4.2 percent. Hourly earnings, which are critical for inflation, rose by 0.3 percent on a monthly basis, in line with market expectations.

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In the Eurozone, PPI increased by 0.2 percent monthly and 3.0 percent annually in February. According to Producer Price Index (PPI) data published by Eurostat for February, producer inflation in the Eurozone rose by 0.2 percent on a monthly basis and 3.0 percent on an annual basis. During the same period, the European Union's (EU) PPI increased by 0.3 percent monthly and 3.1 percent annually. Among EU countries, the highest increases were recorded in Estonia (9.5 percent), Romania (4.8 percent), and Bulgaria (2.5 percent).

The EU signaled retaliation against Trump's tariffs. The European Union announced it would retaliate against U.S. President Trump's 20 percent tariff on products imported from the EU. European Commission President Ursula von der Leyen stated that Trump's announcement has harmed the global economy and that additional measures were being prepared in case negotiations fail. She had previously indicated that American tech companies might be targeted in retaliation.

Fitch downgraded China's credit rating from A+ to A while maintaining a stable outlook. International credit rating agency Fitch Ratings downgraded China's Long-Term Foreign Currency Issuer Default Rating (IDR) from A+ to A, assigning a stable outlook. The downgrade was attributed to the rapid rise in public debt in China and the negative impact of the tariffs announced by President Trump. On the other hand, Fitch expects the Chinese economy to grow by 4.4 percent in 2025.

China announced retaliatory measures against U.S. tariffs. According to China's official news agency Xinhua, following Trump's imposition of a 34 percent tariff on Chinese goods, China will impose the same rate on U.S. products. In addition to the tariff, 11 U.S. companies were added to the "unreliable entities list," and export controls were implemented on rare earth elements. Moreover, China has filed a case against the U.S. tariffs with the World Trade Organization.

Global food prices rose by 6.9 percent in March while Turkey's food prices increased by 37.12 percent. According to the United Nations Food and Agriculture Organization (FAO), the global food price index—which tracks monthly changes in prices of cereals, oilseeds, dairy, meat, and sugar—rose by 6.9 percent year-over-year in March to reach 127.1. During the same period, food prices in Turkey increased by 37.12 percent, creating an inflation gap of nearly 30 percentage points between Turkey and the world. Among sub-indices, global grain and sugar prices showed limited declines, while vegetable oil and meat prices increased.

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Domestic



The CBRT's gross reserves dropped by 8 billion dollars in the last week of March, marking one of the steepest weekly losses. According to international reserve data released by the Central Bank of the Republic of Turkey (CBRT) for the last week of March, gross reserves fell by 8 billion dollars to 163.1 billion dollars, marking the fastest weekly decline since May 2023. Net reserves fell by 6.014 billion dollars, reaching 56.082 billion dollars. This brought the total reserve loss over the past two weeks to 17.818 billion dollars.

CPI increased by 2.46 percent monthly and 38.10 percent annually in March, coming in below expectations. According to the Consumer Price Index (CPI) published by TurkStat for March, CPI rose by 2.46 percent month-on-month and 38.10 percent year-on-year, falling short of expectations. The food and non-alcoholic beverages category made the largest monthly contribution to the increase, while annually, food and housing were the biggest contributors. During the same period, the Core CPI—which excludes energy, food and non-alcoholic beverages, alcoholic beverages, tobacco, and gold—rose by 1.46 percent monthly and 37.42 percent annually.

PPI rose by 1.88 percent monthly and 23.50 percent annually in March. According to the Producer Price Index (D-PPI) published by TurkStat for March, D-PPI increased by 1.88 percent on a monthly basis and 23.50 percent on an annual basis. In subcategories, water supply rose by 2.92 percent, capital goods by 2.53 percent, and non-durable consumer goods by 2.26 percent. Annually, the main industry group changes were: intermediate goods (19.78 percent), durable consumer goods (32.91 percent), non-durable consumer goods (30.89 percent), energy (16.98 percent), and capital goods (23.14 percent).

ISO Manufacturing PMI fell to 47.3 in March, indicating contraction in the manufacturing sector. According to the Istanbul Chamber of Industry (ISO)'s Manufacturing Sector Purchasing Managers' Index (PMI) report for March, the headline PMI declined by 1.0 point compared to the previous month, falling below the threshold level of 50.0 to 47.3, indicating a contraction in the manufacturing sector. The contraction was mainly driven by a slowdown in production, new orders, employment, and purchasing activities, while the downward trend in inventories came to an end.

White goods production and sales dropped sharply in February. According to data published by the Turkish White Goods Manufacturers Association (TÜRKBEŞD) for February, production in four main

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product groups decreased by 8 percent annually to 2.104 million units, while domestic sales fell by 25 percent to 560,400 units. During the same period, exports in four main product groups decreased by 12 percent to 1.314 million units, while imports declined by 53 percent to 19,115 units.

Mehmet Şimşek commented on foreign trade data via his social media account. Treasury and Finance Minister Mehmet Şimşek commented on foreign trade data via his social media account. In the reported data, the annual foreign trade deficit fell by 7.3 billion dollars year-over-year in March to 84.5 billion dollars. In his statement, he mentioned that tariff hikes have increased market risk perception and put downward pressure on commodity prices. He also noted that Turkey's relatively low tariff rate could provide a comparative advantage in some sectors, and that falling commodity prices and tightening domestic financial conditions are expected to weaken imports.

Trade Minister Ömer Bolat made statements regarding the additional tariffs to be imposed by the U.S. Trade Minister Ömer Bolat stated that Turkey was subject to the minimum 10 percent tariff applied to all countries. "In this case, our country is among the group of countries with the lowest additional tax," he said. He also noted that the U.S. had a 2.4 billion dollar surplus in trade with Turkey in 2024 and that Turkey would like to discuss the possibility of lifting these tariffs in negotiations with the U.S. Department of Commerce and the U.S. Trade Representative.

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Leading Indicators



New

Indicator	Period	Data	Previous Data	Benchmark Value
Industrial Production	January	1,2%	7,0%	
Manufacturing PMI	March	47,3	48,3	50
Capacity Utilization Rate (seasonally adj.)	March	75,2%	74,9%	
Import - (capital goods) (annually)	February	-21,0%	1,7%	
Import - (intermediate goods) (annually)	February	8,2%	9,2%	
Import - (consumption goods) (annually)	February	-0,8%	20,6%	
Credit Growth Weekly	March (Week 3)	1,4%	1,1%	
Consumer Confidence Index	March	85,9	82,1	100,0
Real sector confidence (seasonally adj.)	March	103,2	102,8	100,0
Service sector confidence (seasonally adj.)	March	114,4	114,2	100,0
Retail sector confidence (seasonally adj.)	March	113,4	116,3	100
Construction sector confidence (seasonally adj.)	March	88,9	89,3	100
Car Sales (annually)	February	-14,4%	-13,9%	
House sales - total (annually)	February	20,1%	39,7%	
House sales - mortgage (annually)	February	90,1%	182,8%	
CPI	March	38,1%	39,1%	
CPI expectations (year-end)	March	28,0%	28,3%	
Current Year Growth Expectations	March	3,1%	3,0%	
Retail Sales Volume (annually)	January	12,5%	13,5%	
Current Account Balance (billion USD)	January	-3,8	-4,7	
Unemployment Rate (seasonally adj.)	February	8,2%	8,4%	
Dollarization	March (Week 3)	5,86 Billion (+)	0,67 Billion (+)	

	Indicates decrease
	Indicates stability
	Indicates increase

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

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