



JUNE 16, 2025

KUVEYT TÜRK ASSET MANAGEMENT

PRIVATE BANKING

**WEEKLY
ECONOMIC
BULLETIN**



KUVEYTTÜRK



PRIVATE BANKING

RIISING RISKS AHEAD OF THE MPC MEETING



Escalating geopolitical tensions in the Middle East are driving increased demand for safe haven assets in global markets. While the negotiation process between Russia and Ukraine remains unresolved, the reciprocal attacks between Israel and Iran that began last Friday have further deteriorated risk sentiment. As a result of the heightened geopolitical strain, not only have precious metals gained traction, but concerns over supply security have also resurfaced, leading to a sharp rise of over 10% in oil prices. There are growing assessments that rising oil prices could negatively impact global inflation expectations and delay central banks' plans for monetary easing. This week, investor focus will be on developments in the Israel-Iran conflict. Entering the week in an environment of elevated uncertainty has led us to maintain a cautious stance in our fund allocation recommendations.

This week, domestic attention will be centered on the Monetary Policy Committee (MPC) meeting of the Central Bank of the Republic of Türkiye (CBRT), scheduled for Thursday, June 19. As of last week, the CBRT began to gradually lower the Weighted Average Cost of Funding, which had declined to 46% as of Friday. This development was interpreted by the markets as a signal of a potential monetary easing cycle. As highlighted in last week's bulletin, several factors—namely the inflation data coming in below expectations, the deceleration in the upward movement of exchange rates since March, renewed momentum in reserve accumulation, and the decline in residents' FX deposits—had increased the likelihood that the CBRT may initiate an easing cycle. However, entering this week amid rising geopolitical risks and surging oil prices has further heightened the importance of the upcoming policy decision. We believe that the Central Bank will implement any potential rate cuts in a gradual and cautious manner so as not to disrupt the disinflation process. Considering both domestic and global developments, we maintain our view that the real return potential of Turkish lira-denominated fixed-income assets remains preserved under the current outlook.

The industrial production data for April, released last week in Türkiye, showed a monthly decline of 3.1%. This contraction signals a slowdown in output



across many sub-sectors. Additionally, leading indicators such as Manufacturing PMI, confidence indices, and capacity utilization rates also pointed to a weak outlook for May. The effects of the tight monetary stance on economic activity are becoming more evident, and this is weighing on the outlook for the domestic equity markets. Borsa Istanbul is struggling to find direction, caught between expectations that the Central Bank of the Republic of Türkiye may enter a monetary easing cycle, weak macroeconomic data, and rising geopolitical risks stemming from the Middle East. In this period of ongoing uncertainty, we prefer to maintain a limited appetite for domestic equities. We plan to preserve our cautious stance until there is greater clarity in the outlook.

WEEKLY STATUS

	30.05.2025	10.06.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	10.023	9.931	-0,9%	5,6%	23,2%	32,6%	210,3%
XU100	9.487	9.312	-1,8%	-5,3%	31,6%	35,6%	196,6%
USDTRY	39,22	39,41	0,5%	11,4%	20,1%	57,5%	39,6%
DXY	99,19	98,14	-1,1%	-9,5%	7,1%	-2,1%	8,2%
US-10Y	4,51	4,42	-2,0%	-3,5%	18,0%	0,0%	156,3%
TR-10Y	33,49	33,93	1,3%	17,9%	7,6%	169,4%	-59,2%
TR-2Y	43,24	43,86	1,4%	8,1%	2,2%	298,0%	-56,1%
CDS (5Y)	296,54	291,26	-1,8%	12,2%	-6,6%	-45,2%	-10,5%
GOLD (OUNCE/USD)	3.314,00	3.433,00	3,6%	30,9%	27,2%	13,1%	-0,3%
GOLD (GRAM/TRY)	4.177,00	4.351,00	4,2%	45,8%	52,1%	78,9%	40,4%
SILVER (GRAM/TRY)	45,31	46,12	1,8%	40,4%	45,3%	57,1%	44,9%

GLOBAL

In the United States, the Consumer Price Index (CPI) increased by 2.4 percent year-on-year in May, remaining below expectations. According to the Consumer Price Index (CPI) data for May released by the United States Department of Labor, consumer prices rose by 0.1 percent on a monthly basis and 2.4 percent on an annual basis, both coming in below expectations. In the same period, core CPI increased by 0.1 percent month-on-month and 2.8 percent year-on-year. When subcategories are examined, it was observed that the increase in housing costs played a significant role in the monthly rise of the CPI.

The Producer Price Index (PPI) in the United States increased by 0.1 percent on a monthly basis and 2.6 percent on an annual basis in May. According to the Producer Price Index (PPI) data for May announced by the United States Department of Labor, PPI rose by 0.1 percent on a monthly basis, which was below expectations, and by 2.6 percent on an annual basis, in line with expectations. In the same period, core PPI, which excludes volatile food and energy items, increased by 0.1 percent compared to the previous month and by 3.0 percent compared to the previous year.

In April, industrial production in the Eurozone decreased by 2.4 percent on a monthly basis, while increasing by 0.8 percent on an annual basis. According to the Industrial Production data for April released by the European Statistical Office (Eurostat), industrial production in the Eurozone fell by 2.4 percent on a monthly basis, while increasing by 0.8 percent on an annual basis. Among the Eurozone countries, the largest monthly declines were observed in Ireland and Malta, while the biggest annual decreases were seen in Denmark and Bulgaria.

The Sentix Investor Confidence Index rose from minus 8.1 to 0.2 points in June. According to the Investor Confidence Index for June released by Sentix for the Eurozone, investor confidence rose from minus 8.1 points to 0.2 points, exceeding expectations and reaching its highest level since June 2024. Signals of recovery in the German economy contributed to the better-than-expected increase in investor confidence.

DOMESTIC

In April, industrial production decreased by 3.1 percent on a monthly basis, while increasing by 3.3 percent year-on-year. According to the Industrial Production Statistics for April released by TurkStat, industrial production dropped by 3.1 percent on a monthly basis but rose by 3.3 percent on an annual basis. When examining the annual changes in the sub-sectors, the mining and quarrying sector grew by 1.3 percent, the manufacturing industry by 3.0 percent, and the electricity, gas, steam, and air conditioning supply sector by 8.8 percent.

Construction costs increased by 1.7 percent on a monthly basis and 22.7 percent on an annual basis in April. According to the Construction Cost Index for April announced by TurkStat, construction costs rose by 1.7 percent on a monthly basis and 22.7 percent on an annual basis. In subcategories, material prices increased by 2.0 percent on a monthly basis and 18.0 percent on an annual basis, while labor costs rose by 1.1 percent on a monthly basis and 31.8 percent on an annual basis.

The Treasury cash balance posted a deficit of 247 billion Turkish lira in May. According to the Treasury Cash Statistics for May released by the Ministry of Treasury and Finance, the Treasury cash balance registered a deficit of 247 billion Turkish lira. In the same period, the non-interest cash balance of the Treasury posted a surplus of 349 billion Turkish lira. Thus, since the beginning of 2025, the Treasury cash balance has recorded a cumulative deficit of 838 billion Turkish lira.

During the week of June 5, foreign investors bought 51 million 300 thousand dollars worth of stocks and sold 1 billion 637 million dollars worth of government domestic borrowing securities (DIBS). According to the Securities Statistics for the week of June 5 released by the Central Bank of the Republic of Turkey (CBRT), foreign investors purchased stocks worth 51 million 300 thousand dollars and sold DIBS worth 1 billion 637 million dollars. As a result, foreign investors' stock holdings had a market value of 29 billion 29 million dollars, DIBS (Outright Purchase) holdings stood at 10 billion 269 million dollars, DIBS (Reverse Repo) at 1 billion 553 million dollars, and DIBS (Collateral) at 3 billion 246 million dollars.



LEADING INDICATORS

	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	April	3,3%	2,5%	
	Manufacturing PMI	May	47,2	47,3	50
	Capacity Utilization Rate (seasonally adj.)	April	74,6%	75,2%	
	Import - (capital goods) (annually)	April	14,5%	3,9%	
	Import - (intermediate goods) (annually)	April	12,5%	-0,4%	
	Import - (consumption goods) (annually)	April	10,3%	12,4%	
New	Credit Growth Weekly	June (Week 1)	0,1%	1,3%	
	Consumer Confidence Index	May	84,8%	83,9%	100
	Real sector confidence (seasonally adj.)	May	98,6	100,8	100
	Service sector confidence (seasonally adj.)	May	110,5	109,5	100
	Retail sector confidence (seasonally adj.)	May	111,2	110,6	100
	Construction sector confidence (seasonally adj.)	May	88,4%	85,1%	100
	Car Sales (annually)	May	7,4%	38,8%	
	House sales - total (annually)	April	56,6%	5,1%	
	House sales - mortgage (annually)	April	147,0%	41,5%	
	CPI	May	35,4%	37,9%	
	CPI expectations (year-end)	May	30,4%	29,9%	
	Current Year Growth Expectations	May	2,9%	3,0%	
	Retail Sales Volume (annually)	March	9,2%	12,2%	
	Current Account Balance (billion USD)	March	-4,1	-4,4	
	Unemployment Rate (seasonally adj.)	April	8,6%	7,9%	
New	Dollarization	June (Week 1)	2,60 Milyar (-)	0,52 Milyar (-)	

Indicates Decrease

Indicates Stability

Indicates Increase

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

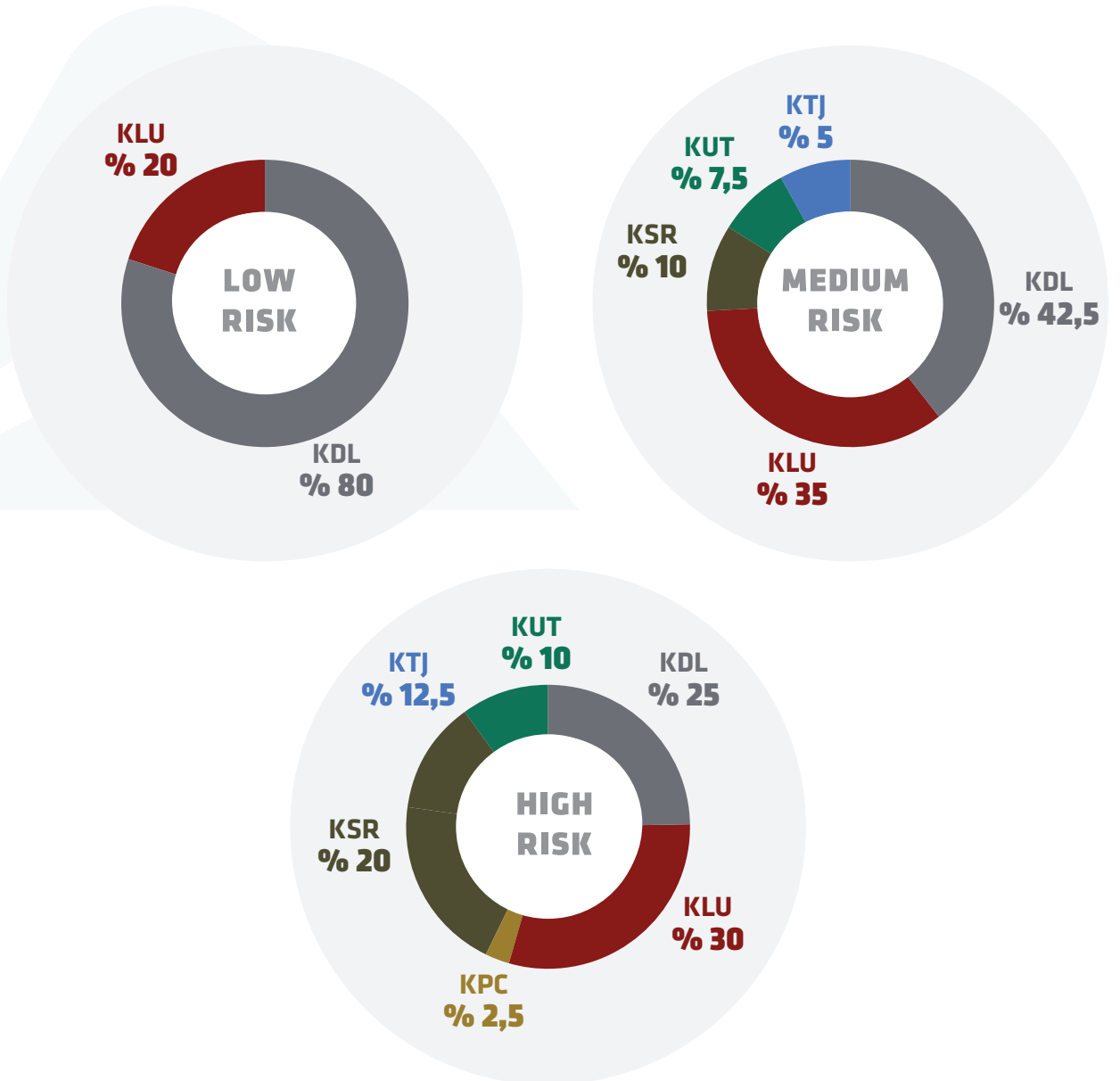
Our Fund Allocation Recommendations

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

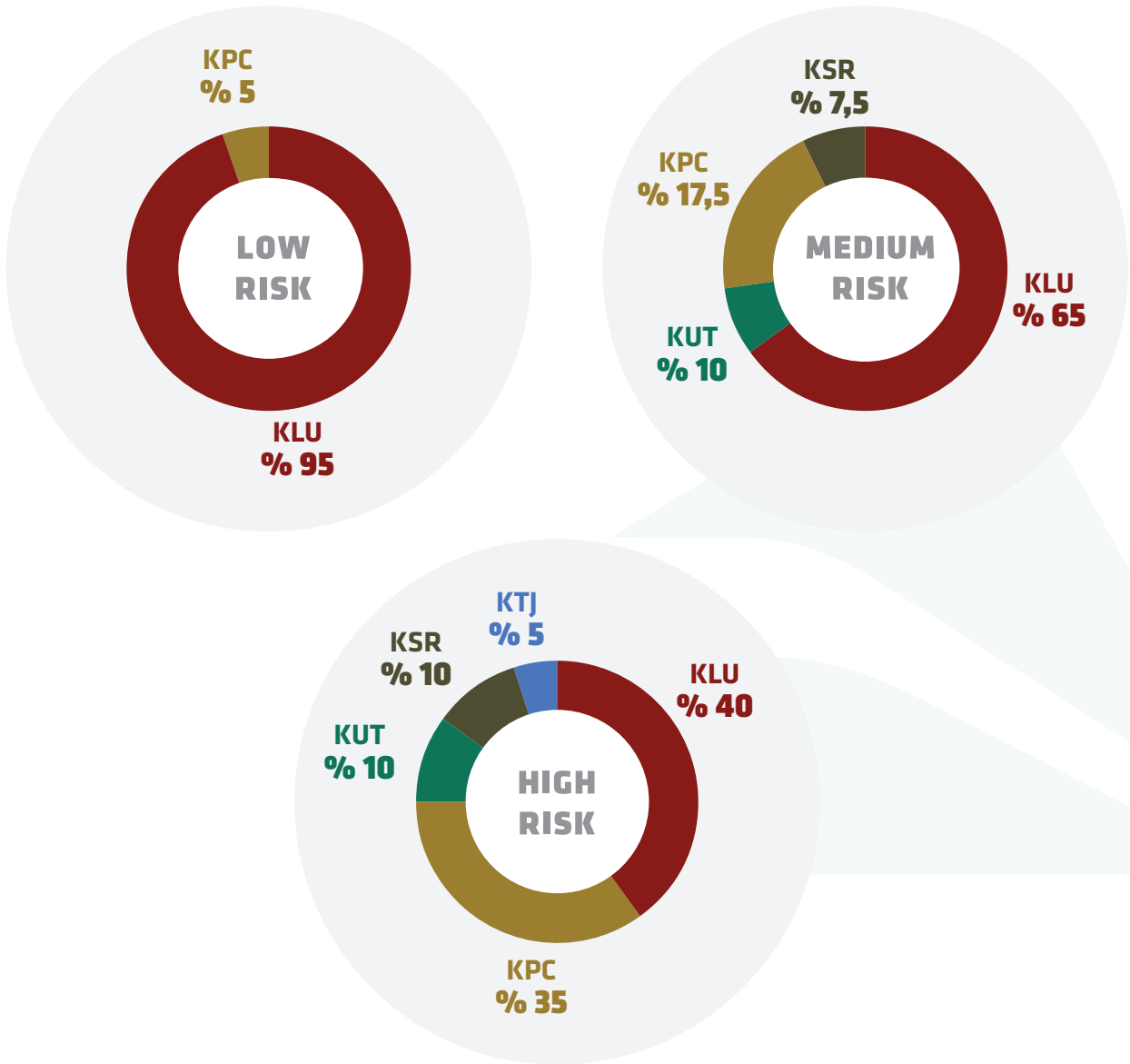
Figure 1. Fund Allocation Recommendations (For Those with USD as Their Base Currency)



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.

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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