



ECONOMIC BULETTIN



U.S. CPI Below Expectations

- Consumer prices in the U.S. increased by 0.2 percent month-on-month and 2.8 percent year-on-year in February, showing a rise below market expectations. During the same period, producer prices increased by 0.0 percent month-on-month and 3.2 percent year-on-year, also coming in below market expectations. Although the CPI and PPI data being below market expectations creates a positive impression regarding price stability, concerns about inflation related to the high tariffs planned by Trump continue to dominate the agenda. This week, the economic data calendar for the U.S. includes Retail Sales, New York Empire State Manufacturing Index, Atlanta FED Leading GDPNow, Industrial Production, Interest Rate Decision, and Philadelphia Fed Manufacturing Index. In the Eurozone, ECB President Lagarde's speech, ZEW Economic Sentiment, and Consumer Price Index (CPI) will be closely watched.
- Last week in the Eurozone, ECB President Lagarde mentioned in her remarks on the macroeconomic outlook that political and economic uncertainties in the U.S., as well as shocks from trade, defense, and climate, could increase inflation in the Eurozone. The Sentix investor confidence index for March, published last week, rose by 9.8 points on a monthly basis to minus 2.9, coming in significantly below expectations. The positive deviation from expectations in this data was influenced by the announcement of billions of dollars worth of investment packages planned by the European Union and Germany for defense industry and infrastructure.
- In Asia, China announced a comprehensive stimulus package to revive the economy and increase consumption. The current stimulus package includes measures to ensure price stability in the stock market, tourism incentives, and steps for employment policies. In Japan, GDP for the fourth quarter of 2024 increased by 2.2 percent year-on-year, falling well below market expectations.

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

- In January, trade sales volume decreased by 4.1 percent month-on-month, but increased by 5.3 percent year-on-year.
- In January, industrial production decreased by 2.3 percent month-on-month but increased by 1.2 percent year-on-year.
- In February, nationwide housing sales increased by 20.1 percent year-on-year, reaching 112,818 units.

Weekly Status

	7.03.2025	14.03.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	10.095	10.509	4,1%	11,8%	23,2%	32,6%	210,3%
Bist100	10.507	10.841	3,2%	10,3%	31,6%	35,6%	196,6%
USDTRY	36,48	36,53	0,1%	3,3%	20,1%	57,5%	39,6%
DXY	103,91	103,77	-0,1%	-4,4%	7,1%	-2,1%	8,2%
US-10Y	4,30	4,32	0,5%	-5,7%	18,0%	0,0%	156,3%
TR-10Y	27,44	27,93	1,8%	-3,0%	7,6%	169,4%	-59,2%
TR-2Y	38,18	38,07	-0,3%	-6,1%	2,2%	298,0%	-56,1%
CDS (5Y)	257,90	259,70	0,7%	0,0%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	2.909,44	2.985,00	2,6%	13,8%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.415,61	3.505,92	2,6%	17,5%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	38,10	39,81	4,5%	21,2%	45,3%	57,1%	44,9%

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Global



In February, consumer inflation in the United States increased by 0.2 monthly and 2.8 annually. According to the US Department of Labor, the Consumer Price Index (CPI) increased by 0.2 monthly and 2.8 annually, coming in below market expectations. Excluding volatile food and energy prices, core CPI rose by 0.2 monthly and 3.1 annually, marking its lowest level since 2021.

In the United States, producer prices remained unchanged in February on a monthly basis but increased by 3.2 annually. According to Producer Price Index (PPI) data for February, published by the US Department of Labor, producer prices remained unchanged on a monthly basis but increased by 3.2 annually, falling below market expectations. During the same period, Core PPI, which excludes volatile food and energy prices, decreased by 0.1 monthly but increased by 3.4 annually, also below market expectations.

In the United States, job openings increased by 232,000 in January, reaching 7.74 million. According to data from the US Department of Labor, the number of job openings nationwide rose by 232,000, exceeding market expectations and reaching 7.74 million. During the same period, the number of hires increased by 19,000 to 5.393 million, while the total number of people leaving jobs, including resignations and layoffs, grew by 170,000 to 5.252 million.

Investor confidence in the Eurozone rose by 9.8 points in March, reaching negative 2.9. According to the Sentix Investor Confidence Index for March, investor sentiment improved by 9.8 points, exceeding market expectations of negative 8.0. Sentix stated that the announcement of multi-billion-euro investment plans by the European Union and Germany for defense infrastructure provided an initial signal of economic recovery and improved expectations.

In the Eurozone, industrial production increased by 0.8 on a monthly basis compared to the previous period, while it remained unchanged annually. According to Industrial Production data for January, published by the European Statistics Office (Eurostat), industrial production in the Eurozone increased by 0.8 on a monthly basis, exceeding expectations, while remaining flat on an annual basis. Among Eurozone countries, Portugal recorded the highest monthly increase at 3.7, while Malta saw the largest decline at 12.9.

ECB President Lagarde warned that political and economic uncertainties in the US, along with trade, defense, and climate-related shocks, could drive inflation higher in the Eurozone. Speaking at the Monetary and Financial Stability Institute's ECB and Observers conference at Goethe University in Frankfurt, Lagarde noted that ongoing political and economic uncertainties in the

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United States pose challenges for the European Central Bank. She emphasized that trade, defense, and climate-related shocks could contribute to higher inflation in the Eurozone.

Industrial production in Germany increased by 2.0 monthly. According to January's industrial production data published in Germany, overall production rose by 2.0, surpassing expectations and signaling positive momentum in the manufacturing sector. However, on an annual basis, industrial production declined by 1.6, falling short of expectations. While recent indicators point to positive developments in the sector, risks such as potential US trade tariffs remain a concern.

In Germany, the consumer price index reached 0.4 percent monthly and 2.3 percent annually in February. According to the Consumer Price Index (CPI) published by the German Federal Statistical Office (Destatis) for February, consumer inflation met market expectations, reaching 0.4 percent monthly and 2.3 percent annually. When examining subcategories, food prices increased by 2.4 percent monthly, and service prices rose by 3.8 percent. Additionally, the EU-harmonized CPI increased by 0.5 percent monthly and 2.6 percent annually.

In the United Kingdom, the export credit capacity of UK Export Finance will be increased to support defense industry exports. UK Chancellor Rachel Reeves stated that the total amount of credit provided to other countries would be increased to strengthen defense industry exports. Regarding the issue, Reeves remarked, "This increase in UK Export Finance's lending capacity is part of our industrial strategy that strengthens our defense industry and supply chains, creates jobs, and supports growth across the country."

Japan's GDP grew by 2.2 annually in the fourth quarter of 2024. According to data released for the fourth quarter of 2024, Japan's Gross Domestic Product (GDP) increased by 2.2 annually, falling short of the previously estimated 2.8. Meanwhile, household spending declined by 4.5 monthly but increased by 0.8 annually, remaining below expectations of negative 1.9 and 3.7, respectively.

Domestic



According to the Central Bank of the Republic of Turkey (CBRT), global uncertainties are affecting growth, while Turkey's external demand is recovering slowly, and central banks are maintaining cautious policies. The summary of the Monetary Policy Committee meeting indicates that uncertainties in global trade are negatively impacting growth, and Turkey's external demand is expected to recover more slowly than anticipated. While the positive trend in the services sector continues, the manufacturing sector remains weak. CBRT's gross foreign exchange reserves

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increased to 97.8 billion, and gold reserves rose to 72.1 billion. While global interest rate cuts continue, central banks are maintaining cautious policies.

In January, the current account deficit stood at 3.8 billion, while the surplus excluding gold and energy was 2.4 billion, and reserve assets increased by 6.4 billion. According to the Balance of Payments data published by the Central Bank of the Republic of Turkey (CBRT), the current account recorded a deficit of 3.795 billion. During the same period, the balance excluding gold and energy posted a surplus of 2.403 billion. On the financial account side, net inflows from direct investments amounted to 504 million, while net inflows from portfolio investments were recorded at 2.182 billion. Additionally, reserve assets increased by 6.430 billion.

In February, housing sales across the country increased by 20.1 annually, reaching 112,818 units. According to the Housing Sales Statistics published by Turkstat, housing sales increased by 20.1 annually, reaching 112,818 units. Among the subcategories, mortgage-backed home sales rose by 90.1 annually to 16,778 units. During the same period, first-hand home sales increased by 18.2 annually to 33,784 units, while second-hand home sales grew by 21.0 annually, reaching 79,034 units. Additionally, the total number of homes sold to foreign buyers decreased by 21.1 annually, falling to 1,457 units.

In January, the total amount of cow's milk collected increased by 2.3 annually, reaching approximately 941,377 tons. According to the Dairy and Dairy Products Production Statistics published by Turkstat, the amount of cow's milk collected by commercial dairy enterprises increased by 2.3 annually, reaching approximately 941,377 tons. During the same period, drinking milk production declined by 2.0, falling to approximately 150,681 tons. Additionally, the amount of yogurt produced increased by 2.7 annually, reaching approximately 105,000 tons.

In January, chicken meat production increased by 14.9 annually, reaching approximately 233,000 tons. According to the Poultry Production Statistics published by Turkstat, the amount of chicken meat produced increased by 14.9 annually, reaching approximately 233,223 tons. During the same period, the number of chickens slaughtered rose by 11.8, reaching approximately 123.747 million. Meanwhile, egg production declined by 10.1 annually, reaching approximately 1.652 billion units.

In January, the total turnover index increased by 1.6 on a monthly basis and 35.4 on an annual basis. According to the Turnover Index data published by the Turkish Statistical Institute (TÜİK), the total turnover index for the industry, construction, trade, and services sectors rose by 1.6 monthly and 35.4 annually. Among the subcategories, the annual turnover index increased by 25.6 in the industry sector, 54.2 in construction, 35.9 in trade, and 47.6 in services. On a monthly basis, the

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turnover index increased by 0.6 in trade, 10.2 in construction, and 5.0 in services, while the industry sector turnover index declined by 0.3.

In January, trade sales volume decreased by 4.1 on a monthly basis but increased by 5.3 on an annual basis. According to the Trade Sales Volume Index data published by TÜİK, the trade sales volume dropped by 4.1 compared to the previous month but rose by 5.3 annually. During the same period, the retail trade sales volume increased by 2.0 monthly and 12.5 annually. Among the subcategories, the annual increase in retail sales was driven by higher demand for computers, books, communication devices, non-food items, food, beverages, and tobacco products.

The Construction Cost Index increased by 9.10 monthly in January. TÜİK data indicated that the Construction Cost Index rose by 9.10 monthly and 26.61 annually. Among the subcategories, material and labor cost indices increased by 1.96 and 23.58 monthly, and by 22.39 and 34.37 annually, respectively. During the same period, the building construction cost index increased by 9.39 monthly and 27.09 annually, while the cost index for non-building structures rose by 8.13 monthly and 25.05 annually.

In January, service production increased by 2.5 percent on a monthly basis and 6.0 percent on an annual basis. According to the Service Production Index published by the Turkish Statistical Institute (TurkStat) for January, service production rose by 2.5 percent monthly and 6.0 percent annually. When examining the annual changes in subcategories, the largest contributions to the index's increase came from information and communication services with 9.9 percent, accommodation and food services with 9.6 percent, and real estate services with 8.9 percent. On a monthly basis, production increased by 12.4 percent in professional, scientific, and technical services and by 6.4 percent in information and communication services.

In January, the number of paid employees increased by 2.2 percent on an annual basis. According to the Paid Employee Statistics published by TurkStat for January, the total number of paid employees in the industry, construction, and trade-service sectors increased by 2.2 percent annually, reaching 15 million 407 thousand 625 people. When examining subcategories, the number of paid employees in the industrial sector decreased by 1.4 percent, while the construction and trade-service sectors saw increases of 6.4 percent and 3.5 percent, respectively.

In January, construction production increased by 5.5 percent on a monthly basis and 15.5 percent on an annual basis. According to the Construction Production Index published by TurkStat for January, construction production rose by 15.5 percent annually and 5.5 percent monthly. Examining annual subcategory data, building construction increased by 18.2 percent, non-building construction by 12.3 percent, and special construction activities by 8.5 percent.

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Industrial production declined by 2.3 monthly in January but increased by 1.2 annually. According to the Industrial Production Index published by TÜİK, industrial production decreased by 2.3 compared to the previous month but showed an annual increase of 1.2. Among the subcategories, annual growth was recorded in high technology, energy, durable consumer goods, and electricity, gas, and steam sectors, while medium-high technology, non-durable consumer goods, and mining and quarrying sectors declined.

In February, the export climate index remained above the threshold at 51.1. According to the Turkey Manufacturing Sector Export Climate Index data published by the Istanbul Chamber of Industry (ISO), the index remained above the critical threshold of 50 for the 14th consecutive month, reaching 51.1. In January, it stood at 51.2. Subcategory analysis indicated that economic activity increased in most of Turkey's key export markets, presenting a positive outlook for exporters.

Finance Minister Şimşek stated that the decline in the current account deficit reduced external financing needs and strengthened economic resilience. In a statement on social media regarding January's balance of payments data, Finance Minister Mehmet Şimşek highlighted that the ratio of gross external financing needs to national income improved by 5.4 points over the past two years, falling to 18.6, below the long-term average. He emphasized that this helped mitigate external balance vulnerabilities, making the economy stronger and more resilient. He also reiterated the government's commitment to achieving a sustainable current account balance and improving the quality of external financing through long-term funding sources.

Turkey Insurance Association President Gülen emphasized that the insurance sector continues to grow and is expected to maintain strong expansion in 2025. Speaking at a press event organized by the association's board, Uğur Gülen stated that the sector's total assets exceed 2.2 trillion liras and that efforts to strengthen equity structures and financial resilience continue. He added that the insurance sector experienced strong growth in 2024 and is expected to expand by 35 to 40 in 2025.

The Banking Regulation and Supervision Agency adjusted credit maturities for electric vehicle purchases based on vehicle value to 24, 36, and 48 months. According to the new regulation, the loan term is set at 36 months for vehicles with a final invoice value of up to 5 million liras and at 48 months for vehicles priced below 2.5 million liras. For vehicles valued between 5 million and 6.5 million liras, the loan term is limited to 24 months.

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17 MARCH



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Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
New	Industrial Production	January	1,2%	7,0%	
	Manufacturing PMI	February	48,3	48,0	50,0
	Capacity Utilization Rate (seasonally adj.)	February	74,9%	74,8%	
	Import - (capital goods) (annually)	January	1,7%	-6,4%	
	Import - (intermediate goods) (annually)	January	9,2%	11,6%	
	Import - (consumption goods) (annually)	January	20,6%	27,0%	
New	Credit Growth Weekly	March (Week 1)	1,2%	1,0%	
	Consumer Confidence Index	February	82,1	81,0	100,0
	Real sector confidence (seasonally adj.)	February	102,8	102,6	100,0
	Service sector confidence (seasonally adj.)	February	114,2	116,5	100
	Retail sector confidence (seasonally adj.)	February	116,3	114,5	100,0
	Construction sector confidence (seasonally adj.)	February	89,3	91,7	100
	Car Sales (annually)	February	-14,4%	-13,9%	
New	House sales - total (annually)	February	20,1%	39,7%	
New	House sales - mortgage (annually)	February	90,1%	182,8%	
	CPI	February	39,1%	42,1%	
	CPI expectations (year-end)	March	28,0%	28,3%	
	Current Year Growth Expectations	March	3,1%	3,0%	
New	Retail Sales Volume (annually)	January	12,5%	13,5%	
New	Current Account Balance (billion USD)	January	-3,8	-4,7	
	Unemployment Rate (seasonally adj.)	December	8,5%	8,6%	
New	Dollarization	March (Week 1)	2,49 Billion (+)	1,35 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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