



ECONOMIC BULETTIN



Fed Keeps Monetary Stance Unchanged

- Last week, the Fed in the U.S. kept interest rates steady at the 4.25%-4.50% range, without making any changes to its monetary stance. The reason given for this decision was that more evidence is needed for inflation to approach the target. As a result, market expectations for a rate cut have been postponed to the second half of the year. While there were no changes to the Fed officials' interest rate expectations for 2025, their inflation expectations were revised upwards. The median federal funds rate forecast for 2025 was set at 3.9%, while the core PCE inflation expectation increased from 2.5% to 2.8%. This week, key economic data in the U.S. will include Conference Board (CB) Consumer Confidence, New Home Sales, Durable Goods Orders, Gross Domestic Product (GDP), and Core PCE. In the Eurozone, ECB President Lagarde's speech and Manufacturing PMI will be closely monitored.
- In the Eurozone, final consumer prices increased by 0.4% month-on-month and 2.3% year-on-year in February, surpassing the European Central Bank's target. In the same period, core inflation rose by 0.5% month-on-month and 2.6% year-on-year. When examining the main components of inflation, it was observed that the services sector continued to drive inflation higher.
- In Asia, in Japan, the headline CPI decreased by 0.1% month-on-month but increased by 3.7% year-on-year. In the same period, core inflation, which excludes fresh food and energy prices and is closely monitored by the Central Bank in setting its monetary policy, increased by 2.6% year-on-year. After the CPI data release, market expectations for a rate hike strengthened.

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





24 MARCH



ECONOMIC BULETTIN



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

- The Central Bank of the Republic of Turkey (CBRT) convened urgently in response to turbulence in the financial markets and suspended one-week repo auctions to support its tight monetary stance.
- The Consumer Confidence Index increased by 3.8 points in March, reaching a level of 85.9.
- In January, the export unit value remained unchanged, while the import unit value decreased by 1.1% year-on-year, and the foreign trade terms improved to 87.9 points.

Weekly Status

	14.03.2025	21.03.2025	Weekly Change	Change in 2025	Change in 2024	Change in 2023	Change in 2022
XK050	10.509	9.241	-12,1%	-1,7%	23,2%	32,6%	210,3%
Bist100	10.841	9.045	-16,6%	-8,0%	31,6%	35,6%	196,6%
USDTRY	36,53	37,83	3,6%	6,9%	20,1%	57,5%	39,6%
DXY	103,77	104,15	0,4%	-4,0%	7,1%	-2,1%	8,2%
US-10Y	4,32	4,28	-0,9%	-6,6%	18,0%	0,0%	156,3%
TR-10Y	27,93	33,38	19,5%	16,0%	7,6%	169,4%	-59,2%
TR-2Y	38,07	50,36	32,3%	24,2%	2,2%	298,0%	-56,1%
CDS (5Y)	259,70	300,20	15,6%	15,6%	-6,6%	-45,2%	-10,5%
Gold (Ounce/USD)	2.985,00	3.024,00	1,3%	15,3%	27,2%	13,1%	-0,3%
Gold (Gram/TRY)	3.506,00	3.678,00	4,9%	23,3%	52,1%	78,9%	40,4%
Silver (Gram/TRY)	39,81	40,54	1,8%	23,4%	45,3%	57,1%	44,9%

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



KUVEYTTÜRK



ÖZEL BANKACILIK



ECONOMIC BULETTIN



Global



The Fed held interest rates steady in March, stating that more evidence is needed for inflation to approach the target, and postponed interest rate cut expectations to the second half of the year. The Federal Reserve (Fed) kept interest rates unchanged in its March meeting. Following the decision, Fed officials stated that more evidence is needed for inflation to approach the target level. The markets have postponed expectations for an interest rate cut to the second half of the year. Fed Chairman Powell emphasized that economic growth continues, and the labor market remains strong. After the announcement, fluctuations were observed in the dollar index and U.S. Treasury yields.

In the U.S., retail sales increased by 0.2 percent on a monthly basis in February. According to the retail sales data for February released by the U.S. Department of Commerce, retail sales increased by 0.2 percent on a monthly basis, falling short of the market expectations of a 0.6 percent increase. When examining the subcomponents, sales at non-store retailers showed the largest increase at 2.4 percent, followed by health and personal care stores with a 1.7 percent increase, while food services and drinking places saw the biggest decrease at 1.5 percent.

In the U.S., the Manufacturing Index increased by 18.3 points, reaching a level of 5.7 points. According to the manufacturing index report for March released by the New York Fed, the New York Fed Manufacturing Index increased by 18.3 points, reaching a level of 5.7 points, which was significantly above market expectations. Since the index remained above the neutral level of 0, it signaled growth in the manufacturing sector. During the same period, the New Orders Index rose by 20 points to 11.4 points, and the Shipments Index increased by 15.9 points to 14.2 points.

In the U.S., industrial production increased by 0.7 percent on a monthly basis in February. According to the Industrial Production and Capacity Utilization data for February released by the Federal Reserve, industrial production increased by 0.7 percent on a monthly basis, surpassing expectations, while the capacity utilization rate also increased by 0.5 percentage points to 78.2 percent. During the same period, the production in the manufacturing sector also increased by 0.9 percent on a monthly basis, which was above expectations.

In the US, the manufacturing index decreased from 18.1 points to 12.5 points in March, surpassing expectations. According to the Manufacturing Index data for March, published by the Philadelphia Fed in the United States, the manufacturing index declined from 18.1 points to 12.5 points, exceeding expectations. Since the index remained above zero, it indicated expansion in the manufacturing sector. During the same period, the new orders index fell by 13.2 points to 8.7 points.

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





ECONOMIC BULETTIN



In the US, unemployment claims for the second week of March totaled 223,000, below market expectations. According to the U.S. Department of Labor's report on unemployment benefit claims for the second week of March, the number of individuals filing for unemployment benefits came in below market expectations at 223,000. Meanwhile, the number of continuing unemployment claims increased by 33,000, reaching 1,892,000. The previous week's unemployment claims data was revised upward from 220,000 to 221,000.

In the Eurozone, the Consumer Price Index (CPI) increased by 0.4 percent on a monthly basis and 2.3 percent on an annual basis in February. According to the Consumer Price Index (CPI) data for February released by Eurostat, the CPI in the Eurozone increased by 0.4 percent on a monthly basis and 2.3 percent on an annual basis. During the same period, the core CPI, excluding volatile items such as food and energy, increased by 0.5 percent on a monthly basis and 2.6 percent on an annual basis.

In Germany, investor confidence expectations rose by 25.6 points, reaching a level of 51.6 in March. According to the ZEW Economic Confidence Index for March released by the Centre for European Economic Research (ZEW), investor confidence in Germany, the locomotive economy of the Eurozone, increased by 25.6 points, reaching a level of 51.6, marking the highest increase since January 2023. In the previous month, investor confidence was at a level of 26. The Current Situation Index also increased by 0.9 points to -87.6 points.

In Japan, the Consumer Price Index (CPI) decreased by 0.1 percent month-on-month, while it increased by 3.7 percent year-on-year. According to the CPI data for February released by the Bank of Japan (BOJ), the headline CPI increased by 0.1 percent year-on-year and 3.7 percent month-on-month. The consumer price index excluding fresh food increased by 3.0 percent compared to the same period last year, surpassing market expectations of a 2.9 percent increase. Additionally, the core inflation, which excludes fresh food and energy prices and is closely monitored by the central bank in its policy decisions, rose by 2.6 percent year-on-year, increasing the market's expectation for interest rate hikes.

In Japan, the service PMI for March decreased by 4.2 points to 49.5, while the manufacturing PMI dropped by 0.7 points to 48.3. According to the service PMI data for March released by Jibun Bank, the service PMI decreased by 4.2 points compared to the previous month, reaching 49.5 points. This marked the first contraction in the service sector after five months. During the same period, the manufacturing PMI decreased by 0.7 points, reaching 48.3 points, and the index remained below the neutral 50 level for the ninth consecutive month.

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





ECONOMIC BULETTIN



Domestic



In February, the Agricultural Producer Price Index (Agricultural PPI) increased by 2.70 percent on a monthly basis and 29.89 percent on an annual basis. According to the Agricultural Producer Price Index (Agricultural PPI) released by Turkstat for February, the index showed an increase of 2.70 percent on a monthly basis and 29.89 percent on an annual basis. When examining the subcomponents, the rise in the index's main groups on an annual basis was driven by perennial (long-lived) plant products, live animals and animal products, as well as agriculture and hunting products and related services sectors. During the same period, on a monthly basis, the increase in the index's subgroups was influenced by tropical and subtropical fruits, other tree and shrub fruits, and nuts.

In February, the number of vehicles registered to traffic decreased by 17.5 percent. According to the Motor Vehicle Statistics released by Turkstat for February, the number of vehicles registered to traffic decreased by 17.5 percent compared to the previous month. When examining the subcomponents, the number of vehicles registered to traffic increased by 61.9 percent for motorcycles, 52.6 percent for buses, 47.2 percent for tractors, 41.2 percent for special-purpose vehicles, and 16.8 percent for minibuses. On the other hand, there was a decrease of 48.3 percent for pickup trucks, 34.1 percent for cars, and 21.4 percent for trucks. Thus, cars accounted for 50.2 percent of the vehicles registered to traffic, motorcycles for 32.7 percent, pickup trucks for 9.2 percent, tractors for 3.3 percent, trucks for 2.2 percent, minibuses for 1.5 percent, buses for 0.8 percent, and special-purpose vehicles for 0.1 percent.

The Foreign Producer Price Index (YD-PPI) increased by 2.05 on a monthly basis and 20.08 on an annual basis in February. The Foreign Producer Price Index (FD-PPI) for February, published by the Turkish Statistical Institute (TurkStat), increased by 2.05 percent on a monthly basis and 20.08 percent on an annual basis. During the same period, the manufacturing products sub-index of the FD-PPI rose by 20.03 percent annually, while the durable consumer goods sub-index recorded an annual increase of 20.76 percent. When examining the annual changes in FD-PPI by sector, other manufactured goods increased by 41.26 percent, tobacco products by 34.64 percent, and rubber and plastic products by 28.72 percent, contributing significantly to the overall rise in the index.

In 2024, the number of unemployed decreased by 151,000 to 3 million 113 thousand, while the unemployment rate fell to 8.7 percent. According to the Labor Force Statistics for 2024, published by TurkStat, the number of unemployed individuals aged 15 and above decreased by 151,000 compared to the previous year, reaching 3,113,000 people. Consequently, the nationwide

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





ECONOMIC BULETTIN



unemployment rate declined by 0.7 points to 8.7 percent. Additionally, the labor force participation rate increased by 0.9 points to 54.2 percent, while the youth unemployment rate decreased by 1.1 points to 16.3 percent.

In January, the Agricultural Input Price Index (Agriculture-IPI) increased by 5.89 percent month-on-month and 30.49 percent year-on-year. According to the Agricultural Input Price Index (Agri-IPI) for January, published by TurkStat, the index increased by 5.89 percent on a monthly basis and 30.49 percent on an annual basis. When analyzing the main groups, the index for materials and services used in agriculture rose by 5.95 percent monthly, while the index for materials and services contributing to agricultural investment increased by 5.56 percent. Among the subcategories, veterinary expenses increased by 32.87 percent, other goods and services by 19.79 percent, and buildings by 8.15 percent.

In March, the Consumer Confidence Index rose by 3.8 points to reach 85.9. According to the Consumer Confidence Index published by Turkstat for March, consumer confidence increased by 3.8 points, rising from 82.1 to 85.9. When examining sub-indices, the current household financial situation and the general economic outlook for the next 12 months increased by 5.3 points each, reaching 70.9 and 84.6, respectively. Additionally, the intention to spend on durable goods in the next 12 months increased by 2.9 points to 103.2.

In January, the export unit value remained unchanged, while the import unit value decreased by 1.1 percent year-on-year, and the foreign trade terms improved to 87.9 points. According to the Foreign Trade Indices published by Turkstat for January, the export unit value index showed no change year-on-year, while the import unit value index decreased by 1.1 percent. During the same period, the export quantity index increased by 5.8 percent year-on-year, while the import quantity index rose by 10.8 percent year-on-year. Thus, the foreign trade terms, calculated by dividing the export unit value index by the import unit value index, increased by 1.0 points compared to the previous year, reaching 87.9 points.

In February, the Housing Price Index (HPI) increased by 2.8 percent on a monthly basis and 31.3 percent on an annual basis. According to the Housing Price Index (HPI) released by the Central Bank of the Republic of Turkey (CBRT) for February, the national housing price index increased by 2.8 percent on a monthly basis and 31.3 percent on an annual basis, reaching a level of 170.5. During the same period, the index decreased by 5.6 percent on an annual basis in real terms. When examining the price changes of housing in Istanbul, Ankara, and Izmir, the prices increased by 28.4 percent, 37.2 percent, and 32.7 percent, respectively, on an annual basis.

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





ECONOMIC BULETTIN



The CBRT held an extraordinary meeting to address the turbulence in financial markets and temporarily suspended one-week repo auctions to support a tight monetary stance. The Central Bank of the Republic of Turkey (CBRT) Monetary Policy Committee held an extraordinary meeting in response to financial market turbulence following recent news flows. In the meeting, risks that recent developments could pose to the inflation outlook were assessed, and measures were taken to support a tight monetary stance. In this context, it was decided to temporarily suspend one-week maturity repo auctions, while the overnight lending interest rate was increased to 46 percent. Additionally, measures were taken to limit market volatility by addressing Turkish lira and foreign exchange liquidity. It was also stated that if a significant and permanent deterioration in inflation is foreseen, the monetary policy stance will be tightened.

According to TCMB data, the equity position of non-resident individuals was recorded as 480 million 100 thousand dollars, and the purchase of government domestic debt securities (DİBS) was 465 million 300 thousand dollars. According to the Securities Statistics for the week of March 14, published by the Central Bank of the Republic of Turkey (CBRT), the net purchases of equities by non-residents amounted to 480.1 million dollars, while net purchases of government domestic debt securities (GDDS) reached 465.3 million dollars. As a result, the stock position of non-residents in equities stood at 35.8 billion dollars, while the stock position in GDDS reached 20.875 billion dollars.

In January, the short-term external debt stock reached 174.6 billion dollars, with an increase in bank borrowings and a decrease in the Central Bank's liabilities. According to the Short-Term External Debt Statistics released by Turkstat for January, the short-term external debt stock increased by 0.9 percent compared to the previous month, reaching a level of 174.6 billion dollars. When examining the subcomponents, short-term external debt sourced from banks increased by 5.9 percent, reaching 79.7 billion dollars, while liabilities from the Central Bank decreased by 9.3 percent, falling to 31.5 billion dollars. Additionally, short-term debt sourced from other sectors increased by 0.4 percent, reaching 63.4 billion dollars.

In January, Turkey's foreign assets were 378.4 billion dollars, and liabilities were 665.1 billion dollars, while the net International Investment Position (IIP) gap increased to 286.6 billion dollars. According to the International Investment Position (IIP) report released by Turkstat for January, Turkey's foreign assets increased by 3.1 percent compared to the end of 2024, reaching a level of 378.4 billion dollars, while liabilities increased by 0.8 percent, reaching 665.1 billion dollars. As a result, the net IIP, defined as the difference between Turkey's foreign assets and liabilities, rose from -292.8 billion dollars in 2024 to -286.6 billion dollars.

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





ECONOMIC BULETTIN



In January, the total credit debt of the private sector from abroad increased by 5.2 billion dollars. According to the Private Sector's Foreign Credit Debt report released by the Central Bank of the Republic of Turkey (CBRT) for January, the total credit debt of the private sector from abroad increased by 5.2 billion dollars compared to the previous month, reaching a level of 177 billion dollars. When examining the private sector's foreign credit debt by maturity, long-term credit debt increased by 2.7 billion dollars to reach 159.1 billion dollars, while short-term credit debt increased by 2.5 billion dollars to reach 17.9 billion dollars.

In February, the central government budget deficit was 310.1 billion lira, and the non-interest deficit was 170.4 billion lira. According to the central government budget balance released by the Ministry of Treasury and Finance for February, the budget deficit was 310.1 billion lira. During the same period, the non-interest deficit was 170.4 billion lira. When examining the revenue subcomponents, budget revenues amounted to 723.4 billion lira, and tax revenues were 585 billion lira, while in the expenditure subcomponents, budget expenditures reached 1 trillion 30 billion lira, and interest expenditures were 139.7 billion lira.

Minister Şimşek stated that the necessary steps have been taken for financial stability and that economic policies will be pursued with determination. Minister of Treasury and Finance Mehmet Şimşek stated that everything necessary for the healthy functioning of financial markets has been done. Şimşek emphasized that price stability is the primary goal, and to stabilize inflation expectations and strengthen the confidence environment, economic policies will be pursued with determination. The Minister also stated that fiscal discipline would be maintained, and structural reforms would continue to increase investor confidence.

CBRT Governor Fatih Karahan emphasized that necessary steps will be taken within the framework of market rules, and communication channels will remain continuously open. During a meeting with the bank's executives, Karahan stated that all measures taken would be market-friendly and that all tools would be used proactively. He also noted that communication channels would remain continuously open in a two-way manner. Attendees of the meeting indicated that the CBRT would adopt a resolute stance and take any necessary measures when required.

In February, the number of tourists visiting Turkey decreased by 5.34 percent, reaching 2.17 million. According to the foreign tourist entry data published by the Ministry of Culture and Tourism for February, the number of tourists visiting Turkey decreased by 5.34 percent compared to the same period last year, amounting to 2.17 million people. During the same period, the countries sending the most visitors were Iran, Germany, Russia, Bulgaria, and the United Kingdom.

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





ECONOMIC BULETTIN



The Banking Regulation and Supervision Agency (BRSA) determined credit limits by linking them to leverage ratios to manage the credit risks of banks and directed development and investment banks to grant loans within specific limits. According to the statement made by the Banking Regulation and Supervision Agency (BRSA), credit limits have been determined for banks by linking them to leverage ratios to contribute to the management of credit risk concentrations. In this context, development and investment banks have been limited in the amount of loans they can provide to a single person or group, in relation to their core capital. The statement also mentioned that Istanbul Clearing and Settlement Bank (İstanbul Takas ve Saklama Bankası AŞ) and Municipalities Bank of Turkey (İller Bankası AŞ) were excluded from this application.

Leading Indicators



	Indicator	Period	Data	Previous Data	Benchmark Value
	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 2)	1,1%	1,2%	
New	Consumer Confidence Index	March	85,9	82,1	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%	
	House sales - total (annually)	February	20,1%	39,7%	
	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%	
	Retail Sales Volume (annually)	January	12,5%	13,5%	
	Current Account Balance (billion USD)	January	-3,8	-4,7	
	Unemployment Rate (seasonally adj.)	January	8,4%	8,5%	
New	Dollarization	March (Week 2)	0,67 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.

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

