

| | 19-Dec | 25-Dec | Change | | 19-Dec | 25-Dec | Change |
|-----------------------------------|---------|---------|--------|--------------------------|---------|---------|--------|
| BIST-100 Index | 11,342 | 11,346 | 0.0 % | ● EUR/USD | 1.1708 | 1.1782 | 0.6 % |
| TRY 2 Year Benchmark Rate | 37.85 % | 37.80 % | -5 bp | ▼ USD/TRY | 42.7427 | 42.8409 | 0.2 % |
| Türkiye 5-Year CDS Premium | 207 | 206 | -1 bp | ▼ EUR/TRY | 50.0493 | 50.4653 | 0.8 % |
| MSCI EM Equity Index | 1,368 | 1,392 | 1.7 % | ▲ Gold (USD/ounce) | 4,338 | 4,479 | 3.3 % |
| US 10-Year Bond Rate | 4.15 % | 4.13 | -2 bp | ▼ Brent Oil (USD/barrel) | 60.5 | 62.3 | 3.0 % |

bp: basis point

In the week marked by a relatively quiet data agenda in global markets due to the Christmas holiday, the US growth data and the minimum wage announcement in Türkiye stood out on the agenda. The US economy grew at an annualized rate of 4.3% in Q3 2025, exceeding expectations. Preliminary indicators for the Q4 pointed to a positive trend in production but a weak outlook for consumer confidence. In Japan, industrial production declined sharply mom in November, while the BoJ Governor signaled that interest rate hikes would continue. In Türkiye, the net minimum wage for 2026 was raised to 28,075 TRY, with an increase of 27%. In addition to the real sector confidence index, sectoral confidence indices also presented a generally positive outlook in December. Next week, PMI data will be monitored in Türkiye and in major economies. Labor force statistics will also be announced in Türkiye.

U.S. economy grew above expectations in Q3.

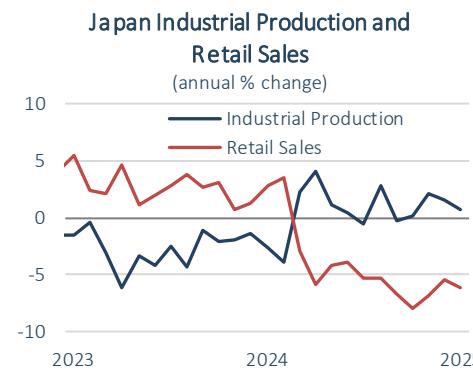
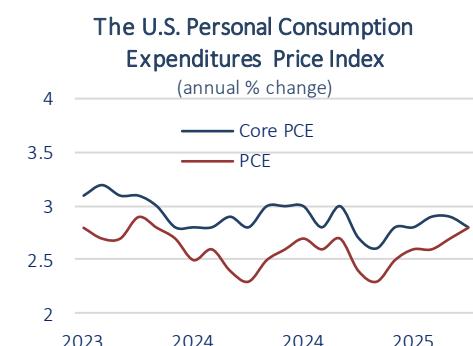
The U.S. economy grew at an annualized rate of 4.3% in Q3 of the year, significantly above the expectations of 3.3%. This outlook, which points to the highest growth level in the last two years, was driven by strong consumption spending and net exports. With exports increasing by 8.8% and imports declining by 4.7% during this period, net exports contributed 1.6 percentage points to growth. During the same period, the personal consumption expenditure price index rose by 2.8%, in line with expectations. Following the release of the data, US President Donald Trump stated on social media that strong growth was due to tariffs, adding that he expected the Fed chair to lower interest rates if markets performed well. Trump also said that anyone who disagreed with him could never be Fed chair.

Data released for the last quarter of the year pointed to a positive trend in production, while consumer confidence remained weak. Industrial production rose by 0.2% mom in November, exceeding expectations, and increased by 2.5% yoy. Although the seasonally adjusted capacity utilization rate for the period was 76.0%, exceeding market expectations, it remained below the long-term average of 79.5%. Meanwhile, in December, the consumer confidence index fell from 92.9 in November to 89.1, extending its decline to a fifth month. During this period, the current situation index fell by 9.5 points to 116.8, while the expectations index remained flat at 70.7.

Developments in Asian economies...

In Japan, industrial production fell sharply by 2.6% mom in November, while the annual increase in the index declined from 1.7% in October to 0.7%. During this period, when retail sales rose by 1% yoy, the unemployment rate in the country remained flat at 2.6%, in line with expectations. However, in a speech on Thursday, BoJ Governor Ueda signaled that they would continue to raise interest rates in line with developments in the economy and wages, drawing attention to low interest rates, albeit rising to its highest level in 30 years. The Japanese government raised its growth forecast for the 2025 fiscal year, which began in March, from 0.7% in August to 1.1%, pointing to the lower-than-expected impact of tariffs. The growth forecast for the 2026 fiscal year was also revised from 0.9% to 1.3%.

At its meeting this week, the People's Bank of China kept its benchmark interest rates unchanged for the seventh consecutive month, maintaining the 1-year and 5-year lending rates at 3% and 3.5%, respectively.



Source: Datastream

The net minimum wage has been set at 28,075 TRY.

The monthly net minimum wage for 2026 has been increased by 27% to 28,075 TRY. The gross minimum wage is 33,030 TRY, and the cost to the employer is 39,553 TRY. The 2026 Central Government Budget Law proposal was approved this week in a vote by TBMM. Furthermore, according to the regulation approved by the TBMM, the application of inflation accounting for the 2025, 2026, and 2027 accounting periods and the provisional tax processes related to these periods has been postponed, except for certain taxpayers.

Sectoral inflation expectations declined in December.

In December, the annual inflation expectation for 12 months ahead declined from 23.49% to 23.35% among market participants, from 35.70% to 34.80% in the real sector, and from 52.24% to 50.90% among households. Meanwhile, the percentage of households expecting a decline in inflation continued to be low, falling by 0.30 percentage points mom to 24.53%.

Real sector confidence index at its highest level in two years...

The seasonally adjusted real sector confidence index rose by 0.5% mom in December to 103.7, its highest level since November 2023. On the other hand, according to sectoral confidence indices, operating conditions deteriorated slightly in the construction sector in December, while continuing to improve in the retail trade and services sectors, offering their most positive outlook since February and March, respectively. The capacity utilization rate in the manufacturing industry increased by 0.10 points mom, to 74.2% in December.

Number of foreign visitors increased by 2.6% yoy in November.

The number of foreign visitors to Türkiye increased by 2.6% yoy in November, reaching 2.8 million. During this period, the number of visitors from Russia increased by 13.1%, with 52.1% of visitors choosing Istanbul. In the January-November period, the total number of foreign visitors was realized as 50.1 million similar to last year's figures.

CBRT's gross reserves rose to 192.3 billion USD.

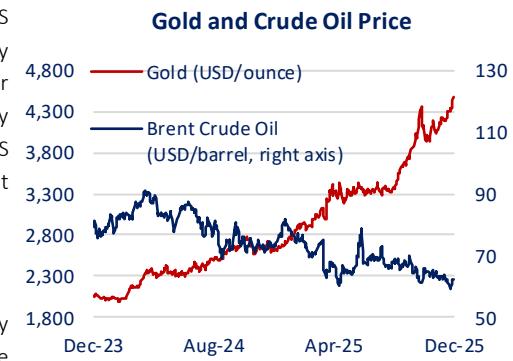
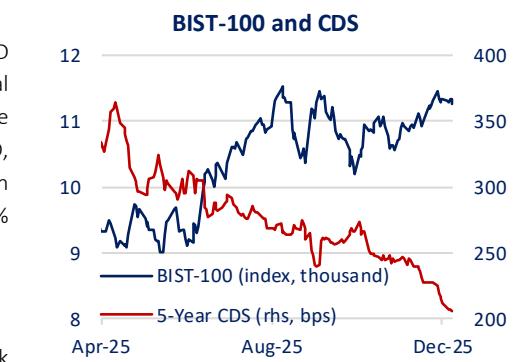
In the week ending December 19, non-residents made net purchases of 354.5 million USD in the stock market and a total of 1.5 billion USD (firm purchases, reverse repos, collateral purchases, and loan purchases) in the government securities market. During the same period, CBRT's gross total reserves increased by 1.5 billion USD w/w to 192.3 billion USD, partly due to the rise in gold prices, while net international reserves reached 80.4 billion USD. Due to price developments, gold's share in gross international reserves stood at 59% as of the latest data.

Financial markets...

As we approach the end of 2025, global stock markets generally showed a bullish outlook this week, supported by risk appetite driven by expectations that the Fed will continue cutting interest rates next year, despite growth data exceeding expectations in the third quarter in the US. The price of Brent crude oil, which hit its lowest level since February 2021 at 58.9 USD last week, closed the week up 3% at 62.3 USD on Thursday due to US interventions in Venezuelan oil and Ukraine's attacks on Russian oil tankers. Driven by increased risk appetite and geopolitical tensions, the ounce prices of gold and silver surpassed 4,500 USD and 75 USD, respectively, for the first time before retreating slightly due to profit-taking. BIST-100 index presented a volatile picture this week. The 5-year CDS premium decreased by 1 basis point on a weekly basis, falling to 206 basis points at Thursday's close.

Next week...

In Türkiye, labor force statistics and the ICI manufacturing PMI data will be closely monitored next week. On the global front, December PMI data for major economies will be followed.



Source: Datastream, CBRT, Turkstat

| | | Data Releases | | |
|--------------------|---|---------------|-----------|------------------|
| | | Period | Consensus | Prior |
| 29 December | US Dallas Fed Manufacturing Index | December | - | -10.40 |
| | US Pending Home Sales, mom | November | %1.0 | %1.9 |
| 30 December | TR Unemployment Rate | November | - | 8.5% |
| | TR Economic Confidence | December | - | 99.5 |
| 31 December | TR Trade Balance | November | - | -7.6 billion USD |
| | China NBS Manufacturing PMI | December | 49.2 | 49.2 |
| | China NBS Non-Manufacturing PMI | December | - | 49.5 |
| | TR Istanbul Chamber of Industry Manufacturing PMI | December | - | 48.0 |
| 1 January | China RatingDog Manufacturing PMI | December | 49.8 | 49.9 |
| | US Manufacturing PMI, final | December | - | 51.8 |
| | Euro Area Manufacturing PMI, final | December | 49.2 | 49.2 |
| | Germany Manufacturing PMI, final | December | 47.7 | 47.7 |

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