

	30-Jan	5-Feb	Change		30-Jan	5-Feb	Change
BIST-100 Index	13,838	13,589	-1.8 % ▼	EUR/USD	1.1848	1.1775	-0.6 % ▼
TRY 2 Year Benchmark Rate	34.61 %	35.00 %	39 bp ▲	USD/TRY	43.4771	43.5263	0.1 % ▲
Türkiye 5-Year CDS Premium	219	222	2 bp ▲	EUR/TRY	51.5328	51.2669	-0.5 % ▼
MSCI EM Equity Index	1,528	1,508	-1.3 % ▼	Gold (USD/ounce)	4,864	4,770	-1.9 % ▼
US 10-Year Bond Rate	4.24 %	4.21 %	-3 bp ▼	Brent Oil (USD/barrel)	70.7	67.6	-4.4 % ▼

bp: basis point

This week, amid a busy data agenda in global markets, the focus was on the interest rate decisions of Europe's leading central banks and the trajectory of US-Iran relations. While the ECB and BoE kept interest rates unchanged, the US and Iran decided to meet in Oman today. This week, stock and commodity markets, which presented a highly volatile picture due to the impact of geopolitical developments on expectations, were also closely monitored. There was also an important data agenda domestically. The revised January CPI inflation rate was announced at 4.84% monthly, exceeding expectations, while the ICI Türkiye Manufacturing PMI fell to 48.1, indicating continued pressure on real sector activities. Next week, CBRT will publish its first Inflation Report of the year, while domestically the balance of payments statistics and the results of the Survey of Market Participants will also be announced. In addition, the impact of geopolitical developments on financial markets will be closely monitored.

Domestic CPI rose above expectations in January.

In January, CPI inflation reached 4.84%, exceeding market expectations. This development was largely driven by a 6.59% increase in food prices, the highest January increase in the last three years. In addition, price adjustments made at the beginning of the year were clearly felt in the transportation and health sub-groups. During this period, the seasonally adjusted monthly CPI increase was 2.88%. Annual CPI inflation declined slightly to 30.65% compared to December, while domestic producer price inflation (PPI) rose by 2.67% on a monthly basis and 27.17% on an annual basis in the first month of the year ([Our Inflation Report](#)).

The ICI Türkiye Manufacturing PMI fell to 48.1 in January.

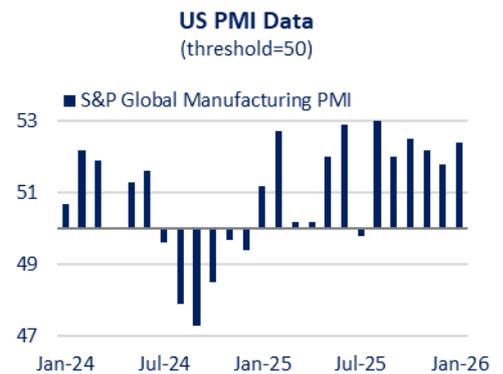
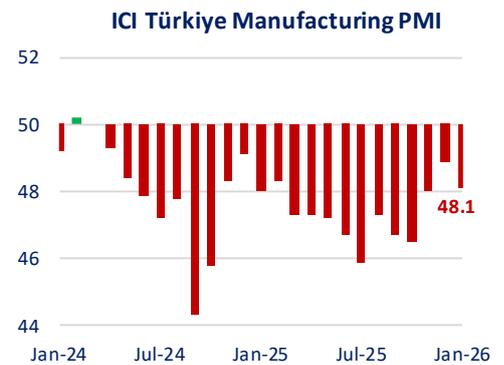
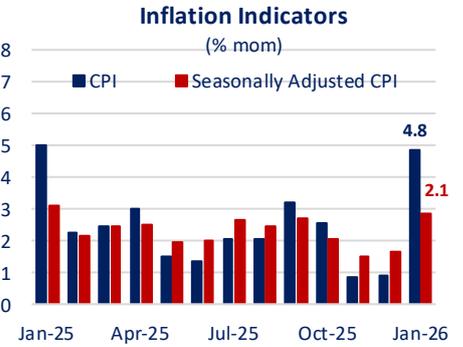
The Türkiye Manufacturing PMI, published by the Istanbul Chamber of Industry, stood at 48.1 in January. Thus, while the contraction that began in July 2023 continued in the sector, the outlook for operating conditions also deteriorated somewhat compared to December. In January, companies reduced their production, purchasing, and employment activities, while new orders continued to slow down in line with weak demand conditions. Sectoral PMI data showed that the index remained below the threshold value in 6 of the 10 sectors monitored, while 4 sectors pointed to an improvement in operating conditions. Chemical, plastic, and rubber products emerged as the sector with the highest PMI value in January.

The CPI-based real effective exchange rate rose to 102.2 in January.

According to TCMB data, the CPI-based real effective exchange rate, with the base year updated to 2025, increased by 3.2 points mom in January, reaching 102.2, the highest level in the last 10 months. During the same period, the domestic PPI-based index also increased by 1.0 points compared to the previous month, rising to 99.95.

Manufacturing PMI data in the US presented a positive outlook.

Despite the expectations of a contraction, the ISM manufacturing PMI in the US reached 52.6 in January, its highest level since August 2022. This development was driven by a strong increase in new orders. The final manufacturing PMI data for the same period was also revised from 51.9 to 52.4. ADP private sector employment, considered one of the main indicators for the country's labor market, rose by 22,000 in January, slower than market expectations, while the number of JOLTS job openings fell by 386,000 in December to 6.5 million. These figures pointed to a weakening in the labor market. January unemployment and nonfarm payroll data, which were delayed due to the partial shutdown of the federal government, are expected to be released next week.



Source: Datastream

US President Trump announced that a trade agreement had been reached between the US and India. Under the agreement, India will stop purchasing oil from Russia and remove customs duties on US products in exchange for a reduction in the tariff rate on products imported from India from 50% to 18%.

Monetary policy decisions by Europe's leading central banks...

At its meeting this week, the ECB kept its key interest rates unchanged, in line with market expectations. Thus, the main refinancing, deposit, and marginal lending rates remained at 2.15%, 2.00%, and 2.40%, respectively. The statement released after the meeting noted that the outlook remains uncertain due to changes in global trade policy and geopolitical developments, while stating that the regional economy has maintained its resilience in a challenging global environment.

The BoE kept its policy rate unchanged at 3.75%, in line with expectations. The decision was taken by a vote of 5 to 4, with 4 members voting to cut the rate by 25 basis points. BoE Governor Bailey, who voted to keep the rate unchanged, said in a statement after the meeting that he could change his position if the forecast that inflation would fall below the 2% target from April onwards appeared sustainable. The Bank also lowered its growth forecast for the UK economy to 0.9% this year from 1.2% and to 1.5% in 2027 from 1.6%.

Annual CPI inflation in the Euro Area was 1.7%.

According to preliminary data, CPI inflation in the Eurozone was -0.5% mom in January, while on an annual basis it was 1.7%, the lowest level since September 2024. Producer prices in the region also declined by 0.3% and 2.1% mom and yoy, respectively, in December. During the same period, retail sales in the region contracted by 0.5% mom, exceeding expectations. In Germany, industrial production declined by 1.9%, faster than expected, while factory orders recorded their highest monthly increase since December 2023 at 7.8%, contrary to expectations of a decline.

China's manufacturing PMIs presented a mixed picture.

China's manufacturing PMI, announced this week, came in at 50.3, in line with expectations, while the services PMI rose 0.3 points mom in January to 52.3, its highest level in the last three months. This development was driven by improvements in the new orders and employment sub-indices. Meanwhile, the NBS manufacturing PMI in the country came in at 49.3, below expectations and the previous month's figure, presenting a mixed picture of the state of the manufacturing industry in the country.

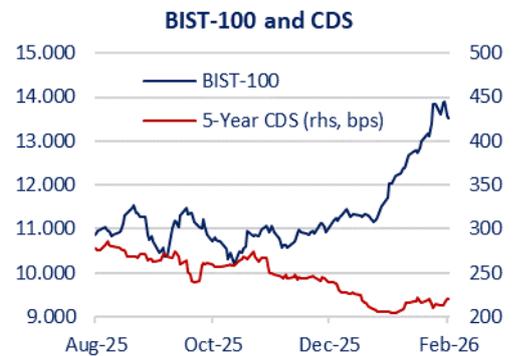
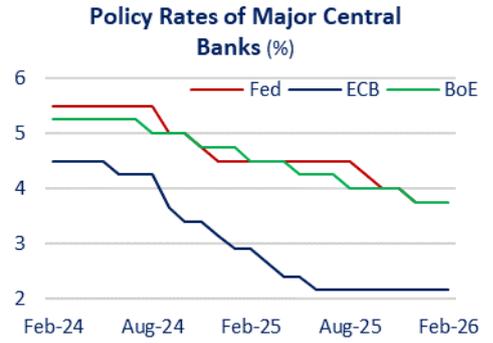
Financial markets...

The upward trend in global markets, particularly in precious metals, which lasted until last Friday, turned into a sell-off this week. The nomination of Kevin Warsh for the Fed chair negatively affected risk perception, while the partial easing of geopolitical tensions led to a decline in commodity prices, particularly oil and gold. In addition, a slight shift in investment sentiment towards technology companies and profit-taking from recent high levels also increased selling pressure in the markets. The price of gold fell 1.9% compared to last week at Thursday's close, while silver prices, which were more volatile throughout the week, also fell 15.8% to 71.2 USD/ounce. The price of Brent crude oil also fell from the 70 USD level it tested last week following the announcement of a meeting between the US and Iran in Oman today.

The BIST-100 index, which rose 22.9% last month, its strongest January performance since 1997, closed Thursday at 13,589, down 1.8% compared to last week, partly due to inflation data presenting a more negative outlook than expected.

Next week's agenda...

Next week, the CBRT's Inflation Report and the messages delivered by CBRT Governor Karahan will be closely monitored. In addition, domestic balance of payments statistics and the results of the CBRT Survey of Market Participants will be announced. Inflation data to be released in the US and China, along with Q4 growth data to be published in the Euro Area and the UK will also be in the spotlight for markets.



Source: TURKSTAT, CBRT, BIST, Datastream

Data Releases

		Period	Consensus	Prior
February 9	Euro Area Sentix Index	February	-	-1.8
February 10	TR Industrial Production, yoy	December	-	2.40%
	US Retail Sales, mom	December	0.5%	0.6%
February 11	TR Retail Sales, yoy	December	-	14.2%
	US Nonfarm Payrolls	January	70K	50K
	US Unemployment Rate	January	4.4%	4.4%
	China CPI Inflation, yoy	January	-	0.8%
	China PPI Inflation, yoy	January	-	-1.9%
February 12	CBRT Inflation Report	2026 Q1	-	-
	US Existing Home Sales, units	January	4.25 mln units	4.35 mln units
	UK GDP Growth, flash, yoy	Q4	-	1.3%
February 13	TR Current Account Balance	December	-	-4.0 bln USD
	CBRT Survey of Market Participants	February	-	-
	US CPI Inflation, yoy	January	-	2.7%
	Euro Area GDP Growth, flash, yoy	Q4	-	1.3%
	Euro Area Trade Balance	December	-	10.7 bln EUR

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