

	6-Feb	12-Feb	Change		6-Feb	12-Feb	Change
BIST-100 Index	13.522	14.180	4,9 % ▲	EUR/USD	1,1816	1,1869	0,4 % ▲
TRY 2 Year Benchmark Rate	35,06 %	35,78 %	72 bp ▲	USD/TRY	43,5841	43,6435	0,1 % ▲
Türkiye 5-Year CDS Premium	219	215	-4 bp ▼	EUR/TRY	51,5231	51,8006	0,5 % ▲
MSCI EM Equity Index	1.506	1.570	4,3 % ▲	Gold (USD/ounce)	4.960	4.920	-0,8 % ▼
US 10-Year Bond Rate	4,21 %	4,10 %	-10 bp ▼	Brent Oil (USD/barrel)	68,1	67,5	-0,8 % ▼

bp: basis point

The higher-than-expected non-farm payroll data released in the United States this week weakened rate cut expectations. In China, annual CPI inflation came in at 0.2% in January, below market expectations, while the 1.4% annual decline in producer prices signaled the continuation of deflationary pressures. In its first Inflation Report of the year, the Central Bank of the Republic of Türkiye (CBRT) revised its inflation forecast range upward to 15%–21%, while maintaining the interim target at 16%. According to the CBRT Market Participants Survey, participants' year-end inflation expectation for 2026 compared to the previous survey round increased by 0.9 percentage points to 23.11%. The current account deficit became 7.3 billion USD in December, well above market expectations, bringing the full-year 2025 deficit to 25.2 billion USD. The industrial production index declined by 2.1% yoy in December, marking the first contraction in nine months. Next week, PMI data to be released in the United States and the Euro Area, along with the U.S. December core personal consumption expenditures (PCE) price index. In Türkiye, markets will monitor the central government budget, confidence indices, and the housing market will be announced.

#### Non-farm payrolls in the United States exceeded expectations in January.

The non-farm payroll data, whose release had been postponed due to the partial government shutdown, indicated an increase of 130 thousand jobs in January, well above the market expectation of 70 thousand. During the same period, the unemployment rate declined by 0.1 percentage points to 4.3%, contrary to expectations that it would remain unchanged at 4.4%. Average hourly earnings rose by 0.4% mom and 3.7% yoy in January, each coming in 0.1 percentage points above expectations. Following the release, which signaled a reduction in downside risks to employment compared to previous months, expectations of interest rate cuts by the Federal Reserve weakened. Meanwhile, retail sales in December remained unchanged on a monthly basis, against expectations of a 0.4% increase, while annual growth slowed to 2.4%, marking the weakest increase since September 2024.

#### Japan's early election results and China's inflation data were monitored.

The Liberal Democratic Party, led by Prime Minister Sanae Takaichi, emerged victorious from the early general election held in Japan last weekend. The outcome bolstered expectations for the Takaichi government's reforms and fiscal expansion aimed at stimulating the economy, supporting the markets as the Nikkei index hit a historic high.

China's annual CPI inflation came in below market expectations at 0.2% in January. In the same period, core CPI excluding food and energy increased 0.8% yoy and producer prices declined by 1.4% yoy, extending the deflationary trend into the 40th month. Following these data releases, expectations strengthened that more stimulus measures would be implemented to boost consumption and to mitigate the effects of ongoing deflationary risks.

#### CBRT raised inflation forecast range for 2026.

In the first Inflation Report of the year, CBRT raised inflation forecast range for 2026 from 13-19% to 15-21%, while maintaining the interim target at 16%. The interim target set at 8% for 2028, and remained unchanged at 9% for 2027. The forecast range for the end of 2027 was also maintained at 6%–12%. CBRT Governor Karahan stated that the cautious tight monetary policy stance will continue until price stability is achieved. Karahan also stated that the threshold required to increase the magnitude of interest rate cuts in the short term appears somewhat high.

US Labor Market



China Annual Inflation (%)



CBRT Survey of Market Participants



Source: CBRT, Datastream

According to the results of the Survey of Market Participants conducted by the CBRT, participants' inflation expectations for the end of 2026 compared to the previous survey round rose by 0.9 percentage points compared to the previous survey period to 23.11%, while expectations for 12 months ahead stood at 22.10%. Participants' USD/TRY expectations for the current year-end were recorded at 51.09 with a slight decrease. Participants' growth expectations for 2026 and 2027 remained at 3.9% and 4.3%, respectively, as in the previous survey period.

#### The current account deficit was 7.3 billion USD in December.

In December, the current account deficit became 7.3 billion USD, significantly above market expectations (5.2 billion USD). Thus, the current account deficit for 2025 as a whole increased by 142.0% yoy to 25.2 billion USD ([our Balance of Payments report](#)).

#### Industrial production increased by 1.2% mom in December.

Domestically, the industrial production index rose by 1.2% mom in December. During this period, manufacturing output increased by 1.0%, while electricity and gas production expanded by 4.1% on a monthly basis. Production increased in 15 of the 24 manufacturing sectors. The manufacturing of computers, electronic, and optical products recorded the fastest growth at 11.1%, whereas the sharpest decline was observed in the manufacture of tobacco products, which fell by 9.6%. On an annual basis, industrial production declined by 2.1% in December, marking the first contraction in nine months. The annual increase, nevertheless, was 6.7% in the final quarter of 2025 and 2.8% for the year as a whole.

#### Retail sales volume increased by 16.3% yoy in December.

The retail sales volume index rose by 1.7% mom in December. According to calendar-adjusted data, the annual increase reached 16.3%, the fastest rise in the past seven months. Excluding watches and jewelry, the annual increase in the retail sales volume index stood at 11.9%, remaining elevated despite a slight decline compared with November. On the other hand, wholesale trade volume increased by 2.8% mom in December but declined by 1% yoy. Consequently, the annual increase in the total trade sales volume index slowed to 3.8%, the weakest pace since July 2024.

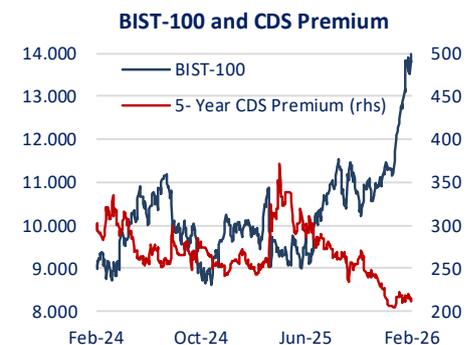
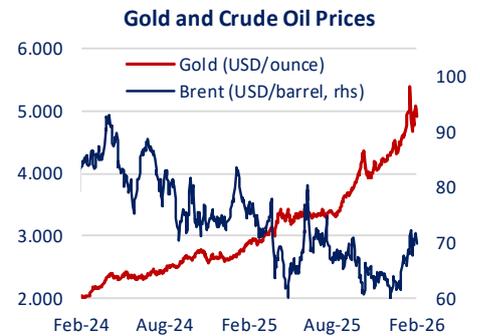
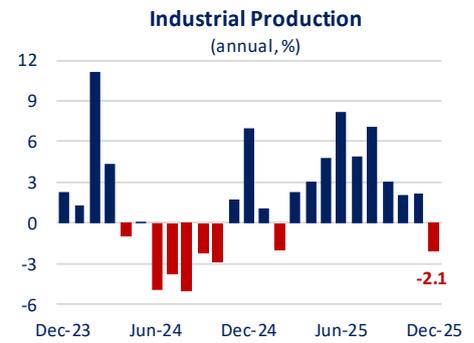
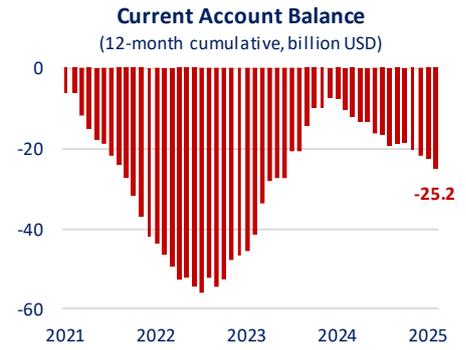
#### Financial markets...

Global risk appetite followed a mixed course this week, during which U.S. employment data were the primary focus. As of Thursday, the MSCI World Index declined by 0.3% compared with the previous week's close, while the MSCI Emerging Markets Index rose by 4.3%. Gold prices continued to decline this week (-0.8%) after ending the previous week lower, while silver prices, which reached 84.1 USD at Wednesday's close, fell by 3.6% compared with the previous week. Oil prices, which fluctuated during the week due to tensions between the United States and Iran and concerns that a possible attack could disrupt supply, decreased by 0.8% to 67.5 USD.

Domestically, equity markets generally trended upward during the week and strengthened their gains following the presentation of the Inflation Report, led by banking stocks. As of Thursday's close, the BIST-100 index increased by 4.9% compared with the previous week's close, reaching a new record high of 14,180. In parallel with the 0.4% rise in the EUR/USD parity, EUR/TRY increased by 0.5%. Türkiye's 5-year CDS premium declined by 4 basis points to 215 basis points, while the yield on the 2-year benchmark government bond rose by 72 basis points to 35.78%.

#### Next week's agenda...

A dense data calendar will be monitored in the markets next week. On the global front, preliminary PMI data to be released in the US and the Euro Area, as well as the U.S. December core PCE data, will be in focus. In Türkiye, the central government budget, confidence indices, and housing market data will be announced.



Source: BIST, CBRT, TurkSTAT, Datastream

Data Releases

		Period	Consensus	Prior
<b>16 February</b>	TR Budget Balance	January	-	-528.1 billion TRY
	Euro Area Industrial Production, yoy	December	-	2.5%
<b>17 February</b>	TR Housing Price Index, yoy	January	-	29.0%
	Euro Area ZEW Economic Sentiment	February	-	40.8
<b>18 February</b>	USA Durable Goods Orders, mom	December	-	5.3%
	USA Housing Starts, units	December	-	1.25 million units
	USA Industrial Production Index, mom	January	0.3%	0.4%
<b>19 February</b>	TR Consumer Confidence Index	February	-	83.7
	TR House and Commercial Property Sales	January	-	-
	Euro Area Consumer Confidence, flash	February	-	-12.4
<b>20 February</b>	TR Real Sector Confidence Index	February	-	101.6
	TR Foreign Visitors, yoy	January	-	5.0%
	TR Central Government Gross Debt Stock	January	-	13.7 trillion TRY
	USA Core PCE, mom	December	-	0.2%
	USA GDP Growth, final, yoy	2025 Q4	3.0%	4.4%
	USA Manufacturing PMI, flash	February	-	52.4
	USA Services PMI, flash	February	-	52.7
	USA Michigan Consumer Confidence, final	February	-	57.3
	USA New Home Sales, mom	December	-	-0.1%
	Euro Area Manufacturing PMI, flash	February	-	49.5
	Euro Area Services PMI, flash	February	-	51.6
	China Central Bank Meeting	February	-	3.0%

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