

	20-Feb	26-Feb	Change		20-Feb	26-Feb	Change
BIST-100 Index	13,934	13,879	-0.4 % ▼	EUR/USD	1.1780	1.1797	0.1 % ▲
TRY 2 Year Benchmark Rate	36.29 %	36.25 %	-4 bp ▼	USD/TRY	43.8168	43.8991	0.2 % ▲
Türkiye 5-Year CDS Premium	223	231	7 bp ▲	EUR/TRY	51.6389	51.8068	0.3 % ▲
MSCI EM Equity Index	1,567	1,619	3.3 % ▲	Gold (USD/ounce)	5,103	5,187	1.6 % ▲
US 10-Year Bond Rate	4.09 %	4.02 %	-7 bp ▼	Brent Oil (USD/barrel)	71.8	70.8	-1.4 % ▼

bp: basis point

Following the US Supreme Court's decision last Friday to overturn the tariffs Trump had previously announced under IEEPA, the Trump administration implemented a new regulation based on the "1974 Trade Act," imposing an additional 10% tariff on all countries. Trump's "State of the Union" speech in Congress was closely watched for clues about the policies to be pursued in the coming period ahead of the midterm elections in November. This week, global stock markets experienced volatility due to the fluctuations in technology shares caused by the recent developments in artificial intelligence. In Türkiye, the results of the Household Expectations Survey, published for the first time this week by the CBRT, were followed. Next week's data agenda highlights GDP growth for the last quarter of last year, February inflation, and the Istanbul Chamber of Industry manufacturing PMI data. On the global front, the US non-farm payrolls data for January will be released.

#### The news flow on the import tariffs of the US, Trump's "State of the Union" speech and the negotiations with Iran were monitored.

Last Friday, the US Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA), which Trump cited as the basis for the tariffs he announced last April, does not grant the president the authority to set tariff rates. Thus, while some of the tariffs imposed by the Trump administration were canceled, the decisions to increase tariffs on certain products in the context of national security and those taken due to unfair competition remain in effect. In response to the ruling, the Trump administration decided to impose an additional 10% tariff on all countries. Furthermore, news flows indicate that efforts are underway to raise this rate to 15%.

As Trump has lost some of his voter support largely for economic reasons ahead of the November midterm elections according to polls, he placed the greatest emphasis on economic developments in his State of the Union speech. He stated that the US had entered a "golden age" with the economic policies pursued during his second term.

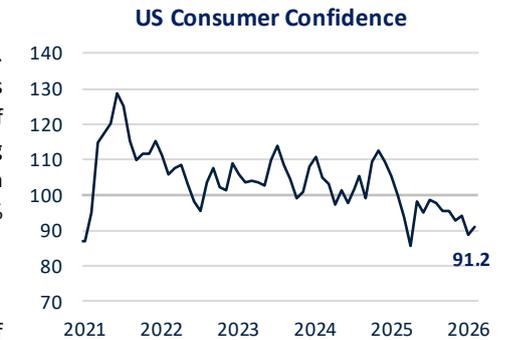
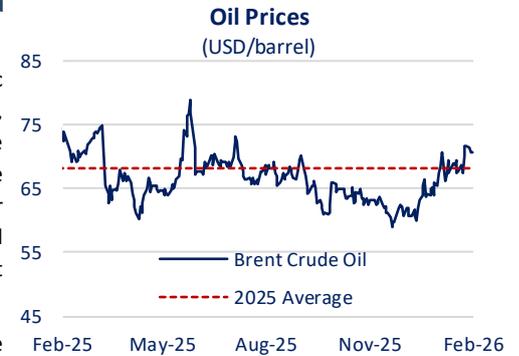
This week, the third round of negotiations between the US and Iran concluded in Geneva. Iranian Foreign Minister Erakçi stated that an agreement was close on some issues. Talks between the two countries are expected to continue in Vienna next week. In his State of the Union address to Congress, Trump stated that diplomacy was the priority regarding Iran, but also indicated that they would use military force if necessary. Oil prices, which have been trending upward due to geopolitical concerns, ended the week with a 1.6% increase as of Thursday's close, bringing the year-to-date increase to 19%.

#### Data releases on the U.S. economy...

Consumer confidence index in the US, which has been hovering near its lowest levels of the past 11 years since November, came in at 91.2 in February, exceeding both the previous month's reading and market expectations. According to data released today, monthly PPI inflation in the country was 0.5%, coming in 0.2 percentage points above expectations, while annual PPI inflation eased by 0.1 percentage points on a monthly basis to 2.9%.

#### News flow on Asian economies...

In China, PBoC left benchmark lending rates unchanged at its February meeting. Accordingly, the 1-year and 5-year loan prime rates remained stable at 3.0% and 3.5%, respectively. With a decision announced on Friday, the central bank also stated that it would reduce the foreign exchange risk reserve requirement ratio for certain forward contracts from 20% to 0%. This move aims to curb the appreciation trend in the yuan. The USD/CNY exchange rate declined by 4.2% last year and has fallen by 2.2% since the beginning of this year.



Source: Datastream

News flow indicating that Prime Minister Takaichi, who became the winner of the early election in Japan, conveyed her concerns regarding interest rate hikes to Bank of Japan (BoJ) Governor Ueda. This brought discussions on central bank independence back to the agenda. Meanwhile, annual Tokyo inflation, considered as a leading indicator for the headline inflation in the country, became 1.6% in February, signaling renewed momentum. The annual rise in nationwide retail sales also exceeded expectations, reaching 1.8% in January. In addition to the said data releases, the statements from BoJ officials suggested that despite Takaichi's views on interest rates, the BoJ may continue its rate-hiking cycle.

#### The CBRT released the Household Expectations Survey.

In the Household Expectations Survey, published for the first time by the CBRT, January and February results were released jointly. According to the survey, households' 12-month-ahead annual inflation expectation remained unchanged mom at 48.81% in February. In the previous series, derived from the Consumer Tendency Survey and published within the Sectoral Inflation Expectations, the corresponding household inflation expectation in January had been 52.08%. The share of households expecting inflation to decline over the next 12 months fell mom to 20.33%. In addition to the questions on perceived and expected price changes across selected product groups over the past and next year, the survey also included questions on investment preferences of the households. As of February, food group was identified by households both as the product group whose prices increased the most over the past year and as the group expected to record the fastest price increases over the next 12 months. In light of exchange rate and inflation expectations, households' most likely investment preference in the current period was gold accounting for 55.5% of the respondents and real estate with accounting 30% of the households.

According to the results of the Sectoral Inflation Expectations, the real sector's 12-month-ahead annual inflation expectation declined by 0.9 percentage points mom to 32.0% in February, marking the lowest level since January 2022. Data released last week also indicated that market participants' 12-month-ahead inflation expectation edged down by 0.1 percentage points to 22.10% in February.

#### The unemployment rate stood at 8.1% in January.

According to seasonally adjusted data, the unemployment rate increased by 0.3 percentage points mom to 8.1% in January. During this period, employment declined by 516 thousand persons, marking the fastest monthly drop since June 2024. However, the contraction in the labor force was 443 thousand limiting the increase in the number of unemployed to 73 thousand. The employment rate fell to 47.9%, the lowest level since February 2023, while the labor force participation rate declined to 52.1%, the lowest since November 2021. The underutilized labor rate, on the other hand, stood at 29.9% in this period.

#### Financial markets...

Global equity markets followed a volatile course led by the tech stocks due to the recent developments in the artificial intelligence. The impact of NVIDIA's strong earnings announcement on U.S. markets remained limited, and the S&P 500 and Nasdaq indices displayed a broadly flat performance as of Thursday's close compared to the previous week. Since the beginning of the year, the Dow Jones index, where industrial stocks are more heavily represented, has exhibited relatively stronger performance among U.S. equity indices.

The BIST-100 index, which also followed a volatile course this week, declined by 0.4% compared with the previous week as of Thursday's close. During the week, Turkish lira depreciated modestly against the USD and EUR, while Türkiye's 5-year CDS risk premium rose by 4 basis points to 219 as of Thursday's close.

#### Next week's agenda..

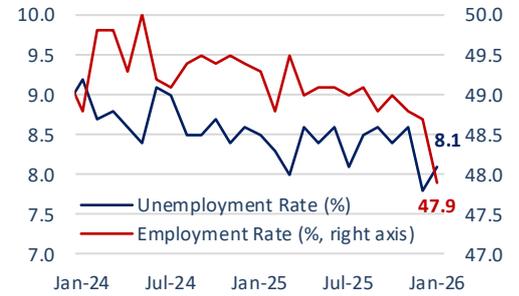
A heavy domestic data calendar will be monitored next week. Fourth-quarter GDP growth for last year, February inflation, and the Istanbul Chamber of Industry (ICI) manufacturing PMI will be at the forefront in Türkiye. In global markets, PMI data for major economies and the U.S. February nonfarm payrolls will be released.

**Household's Inflation Expectaiton**  
(12 months ahead, yoy, %)



**Labor Market**

(seasonally adjusted)



**US Stock Indices**

(31/12/2025 = 100)



**BIST-100 and CDS**



Source: Datastream, CBRT, Turkstat

## Data Releases

		Period	Consensus	Prior
<b>2 March</b>	TR GDP Growth	2025 Q4	-	3.7%
	TR Istanbul Chamber of Industry Manufacturing PMI	February	-	48.1
	US Manufacturing PMI, final	February	-	51.2
	US ISM Manufacturing PMI	February	52.3	52.6
	TR Household Expectations Survey	February	-	50.8
<b>3 March</b>	TR CPI Inflation, mom	February	-	4.84%
	TR D-PPI Inflation, mom	February	-	2.67%
	Euro Area CPI Inflation, flash, yoy	February	1.7%	1.7%
<b>4 March</b>	TR CPI Based Real Effective Exchange Rate	February	-	102.17
	US Services PMI, final	February	-	52.3
	US ISM Services PMI	February	54.0	53.8
	US ADP Employment Report	February	-	22K persons
	Euro Area Services PMI, final	February	-	51.8
	Euro Area PPI Inflation, yoy	January	-	-2.1%
	Euro Area Unemployment Rate	January	6.2%	6.2%
	China NBS Manufacturing PMI	February	-	49.3
	China NBS Non-Manufacturing PMI	February	-	49.4
	Euro Area Retail Sales, yoy	January	-	1.3%
<b>6 March</b>	TR Treasury Cash Balance	February	-	-246.2 billion TRY
	US Nonfarm Payrolls	February	60k persons	130K persons
	US Retail Sales, mom	January	-	0.0%
	Euro Area GDP Growth, revised, yoy	2025 Q4	-	1.3%

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