

	23-Jan	29-Jan	Change		23-Jan	29-Jan	Change
BIST-100 Index	12,993	13,831	6.5 % ▲	EUR/USD	1.1826	1.1969	1.2 % ▲
TRY 2 Year Benchmark Rate	34.77 %	34.50 %	-27 bp ▼	USD/TRY	43.3722	43.4366	0.1 % ▲
Türkiye 5-Year CDS Premium	215	221	6 bp ▲	EUR/TRY	51.2924	51.8976	1.2 % ▲
MSCI EM Equity Index	1,501	1,555	3.6 % ▲	Gold (USD/ounce)	4,983	5,395	8.3 % ▲
US 10-Year Bond Rate	4.24 %	4.23 %	-1 bp ▼	Brent Oil (USD/barrel)	65.9	70.7	7.3 % ▲

bp: basis point

Global markets followed a busy data agenda last week. The Fed kept its policy rate unchanged, while Fed Chair Powell noted that risks related to inflation and employment had eased. On the trade front, the European Union and India signed a comprehensive trade agreement, whereas the Trump administration raised tariffs on a wide range of imports from South Korea. Meanwhile, rising tensions between Iran and the US fueled geopolitical concerns. Against this backdrop, precious metals posted strong gains, with gold, silver, and copper reaching record highs over the course of the week. In Türkiye, household inflation expectations deteriorated, while expectations continued to improve among firms and market participants. Fitch revised Türkiye's credit rating outlook to "positive" from "stable," and the unemployment rate declined to 7.7% in December. Looking ahead, global PMI releases as well as BoE and ECB policy meetings will be closely watched. On the domestic front, inflation data will be the key item on Türkiye's economic calendar.

The Fed kept its policy rate unchanged.

At its January meeting, the Fed left the policy rate unchanged at 3.50–3.75%, in line with market expectations. Ten of the 12 FOMC members backed the decision. In the post-meeting statement, Fed Chair Powell noted that economic activity had outperformed expectations, while downside risks to inflation and employment had eased. The meeting minutes underlined that future monetary policy decisions would remain strictly data-dependent. Against this backdrop, market pricing for a rate cut at the March meeting edged lower, reflecting a slightly more cautious reassessment of the rate-cuts.

US consumer confidence deteriorated sharply in January.

According to November data, US durable goods and factory orders rose by 5.3% mom and 2.7% mom, respectively, both exceeding market expectations. Notably, core durable goods orders, which exclude transportation equipment, also posted a stronger-than-expected increase.

In contrast, consumer confidence fell by around 10 points to 84.5 in January, significantly below consensus forecasts and marking its lowest level since May 2014. The sharp decline appears to have been driven by a softening labor market and persistently elevated inflation, which continue to weigh on household sentiment.

Trade wars and geopolitical risks have dominated the agenda.

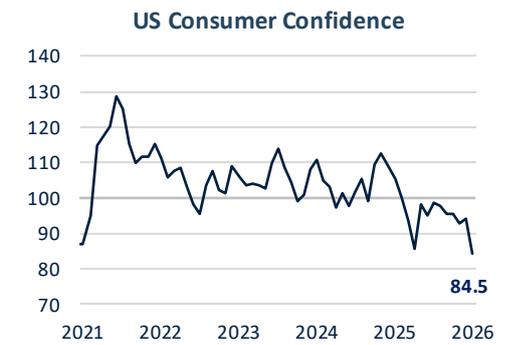
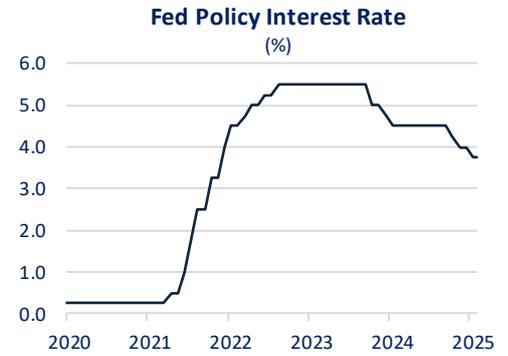
US President Trump said that tariffs on many products imported from South Korea would be raised from 15% to 25% on the grounds that they had not implemented the most recent agreement reached in July. Trump announced in his statement that the new tariff rate would apply to all items subject to reciprocal tariffs, primarily automobiles, medicines, and lumber. In this context, it was reported that South Korea would prepare a bill related to the trade agreement with the US by the end of February.

The possibility of military action against Iran increased with the deployment of a US Navy aircraft carrier and its accompanying fleet to the Gulf of Oman, along with Donald Trump's statement on social media that "time is running out for Iran." Another development that increased geopolitical concerns during the week was the European Union's decision to add Iran's Revolutionary Guards to its list of terrorist organizations. These developments created upward pressure on commodity prices in global markets, particularly for precious metals and oil.

A comprehensive trade agreement has been signed between the European Union and India.

The European Union and India have reached an agreement on a comprehensive free trade agreement after nearly 20 years of negotiations. The parties have announced the agreement as a turning point, which plans mutual reductions in customs duties for many products. Accordingly, India is expected to become competitive in the European market in chemicals, textiles, leather, food, and jewelry products.

On the other hand, preliminary data shows that GDP growth in the Eurozone was 0.3% in the last quarter of 2025 compared to the previous period, slightly above expectations. Thus, annual GDP growth in 2025 was 1.5%.



Source: Datastream

The domestic unemployment rate fell to its lowest level since 2005.

According to data published by the TURKSTAT, the seasonally adjusted unemployment rate stood at 7.7% in December, the lowest level since 2005, the starting year of the data set. However, the decline in employment by 42,000 people during this period indicated that the rapid drop in the unemployment rate was due to a contraction in the labor force. Indeed, in December, the labor force decreased by 328,000 people on a monthly basis to 35.4 million people, while the labor force participation rate also decreased by 0.5 points to 53.2%. However, the underutilized labor force rate, consisting of time-related underemployment, potential labor force, and unemployed persons, decreased by 0.3 percentage points on a monthly basis in December to 28.6%.

Sectoral inflation expectations diverged in January.

According to data published by the CBRT, annual inflation expectations for 12 months ahead rose by 1.2 points to 52.08% in January, following a two-month decline, signaling that expectations had deteriorated again. In contrast, the proportion of households expecting inflation to decline rose slightly to 26.2%. The real sector's inflation expectation for the same period improved by 1.9 points to 32.90%, continuing its steady decline since April. Market participants' annual inflation expectation for 12 months ahead also declined by 1.2 points to 22.20%.

Sectoral confidence indices failed to show a clear direction in January.

The sectoral confidence indices published by TURKSTAT showed that the divergence among the three main sectors continued. The construction confidence index, which declined by 0.5% on a monthly basis in December, rose by 1.5% in January, indicating an improvement in sector activity in the first month of the year. During the same period, sectoral confidence continued its upward trend in the service sector at 1.3%, while the retail trade sector recorded a decline of 2.4% for the first time in five months. On the other hand, the economic confidence index derived from consumer, real sector, and sectoral confidence indices remained unchanged in January at 99.4.

Tourism revenue increased by 6.8% overall in 2025.

According to TURKSTAT, tourism revenue reached 15.2 billion USD in the last quarter of the year, marking a 9.9% increase compared to the same period last year. Thus, tourism revenue in 2025 increased by 6.8% compared to the previous year, reaching 65.2 billion USD. Furthermore, on an annual basis, the number of visitors increased by 2.7%, while the average expenditure per visitor in USD terms also increased by 3.7 in 2025.

Financial markets...

Commodity price increases, particularly in precious metals, dominated global markets this week. Ongoing geopolitical risks, particularly in Iran and Greenland, and Trump's new tariffs against South Korea increased demand for gold and silver, while copper price volatility increased due to the expected medium-term supply shortage. As a result, all three metals reached all-time highs this week. As of Thursday's end, the price of gold per ounce was up 8.3% from the previous week. Despite approaching the 5,600 USD mark during the week, it fell to about 5,100 USD on Friday owing to profit-taking. Concerns about probable military action against Iran, as well as an ongoing snowstorm in the United States that is hampering production activities, caused the price of Brent crude oil to jump 7.3% on a weekly basis to 70.7 USD per barrel, according to Thursday's closing data. This week, U.S. stock markets saw mixed trading due to the impact of earnings reports and the Fed meeting.

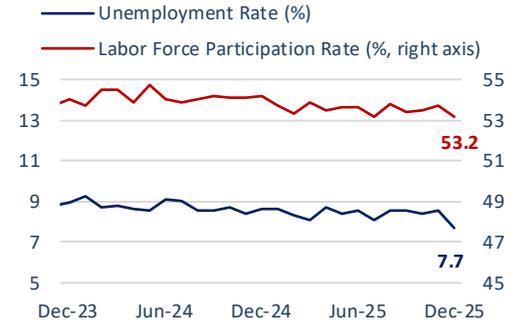
International credit rating agencies Fitch and Moody's confirmed Türkiye's credit rating at "BB-" and "Ba3" levels, respectively, in their assessments published last Friday. Meanwhile, Moody's maintained its rating outlook as "stable," while Fitch upgraded its rating outlook from 'stable' to "positive." According to Fitch's statement, the revision was driven by the increase in CBRT reserves exceeding expectations and the decline in external vulnerabilities.

This week, the BIST-100 index showed a general positive outlook, supported by positive news flow regarding domestic markets. According to Thursday's closing data, the index rose 6.5% compared to the previous Friday's close. The index, which reached a historic high of 13,831 during the week, is set to close the week around 13,700. This week, the Turkish lira remained flat against the USD, while losing value against the euro in line with global developments.

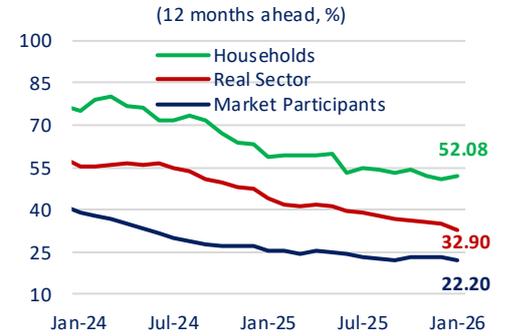
Next week's agenda...

Next week, the final PMI data and the meetings of the ECB and BoE will be monitored in global markets. In Türkiye, additionally, January inflation figures and the Istanbul Chamber of Industry Manufacturing PMI will be followed next week.

Labor Market Indicators



Sectoral Inflation Expectations



Gold and Silver Prices



BIST-100 and CDS



Source: CBRT, TURKSTAT, Datastream

Data Releases

		Period	Consensus	Prior
February 2	US Manufacturing PMI, final	January	-	51.9
	US ISM Manufacturing PMI	January	48.3	47.9
	Euro Area Manufacturing PMI, final	January	49.4	48.8
	China RatingDog Manufacturing PMI	January	50.3	50.1
	TR Istanbul Chamber of Industry Manufacturing PMI	January	-	48.9
February 3	US JOLTs Job Openings, units	December	-	7.1 million
	TR CPI Inflation, mom	January	4.32%	0.89%
	TR D-PPI Inflation, mom	January	-	0.75%
February 4	US ADP Employment Report	January	-	41 thousand
	US Services PMI, final	January	-	52.5
	US ISM Services PMI	January	-	53.8
	Euro Area HICP Inflation, flash, yoy	January	1.7%	1.9%
	Euro Area Services PMI, final	January	51.9	52.4
	China RatingDog Services PMI	January	-	52.0
	TR CPI Based Real Effective Exchange Rate	January	-	71.11
February 5	ECB Meeting	February	2.15%	2.15%
	BoE Meeting	February	3.75%	3.75%
	Euro Area Retail Sales, mom	December	0.0%	0.2%
February 6	US Nonfarm Payrolls	January	70 thousand	50 thousand
	US Unemployment Rate	January	4.4%	4.4%
	US Michigan Consumer Confidence, final	January	-	54.0
	TR Treasury Cash Balance	January	-	-333.1 billion TRY

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