# Weekly Bulletin

July 2026 / 26

TÜRKİYE İŞ BANKASI | research.isbank

| | 26-Jun | 2-Jul | Change | | 26-Jun | 2-Jul | Change |
|---|---|---|---|---|---|---|---|
| **BIST-100 Index** | 14.274 | 14.455 | 1,3 % ▲ | **EUR/USD** | 1,1383 | 1,1430 | 0,4 % ▲ |
| **TRY 2 Year Benchmark Rate** | 40,59 % | 40,13 % | -46 bp ▼ | **USD/TRY** | 46,6146 | 46,7172 | 0,2 % ▲ |
| **Türkiye 5-Year CDS Premium** | 222 | 222 | 0 bp ● | **EUR/TRY** | 53,0654 | 53,5198 | 0,9 % ▲ |
| **MSCI EM Equity Index** | 1.706 | 1.684 | -1,3 % ▼ | **Gold** (USD/ounce) | 4.088 | 4.123 | 0,8 % ▲ |
| **US 10-Year Bond Rate** | 4,37 % | 4,48 % | 11 bp ▲ | **Brent Oil** (USD/barrel) | 72,0 | 71,8 | -0,3 % ▼ |

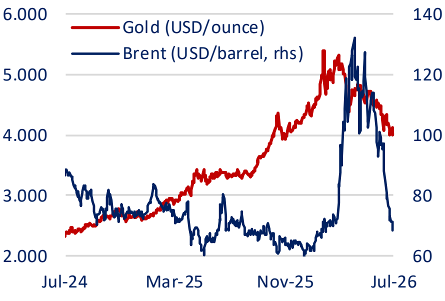
bp: basis point

*Easing geopolitical tensions in the Middle East, coupled with shifting expectations over the Fed's policy path, drove global markets this week. Expectations of near-term rate hikes were sharply curbed after June's weaker-than-expected US payroll growth of just 57,000, compounding Fed Chair Warsh's remarks at the ECB Forum that inflation risks are subsiding. Meanwhile, Eurozone inflation cooled faster than expected, with preliminary annual CPI dropping to 2.8% in June from 3.2% previously. In China, June's NBS and RatingDog PMIs both remained in expansionary territory (above 50), pointing to a sustained economic recovery. On the domestic front, June's CPI inflation matched forecasts at 0.99% month-on-month (32.11% y-o-y). However, supply chain and demand disruptions from regional tensions dragged the ICI Türkiye Manufacturing PMI down to 47.1. Elsewhere, May's seasonally adjusted unemployment rate held steady at 8.2%. Looking ahead, markets will closely monitor geopolitical developments alongside a packed agenda featuring the landmark NATO Summit in Ankara, the latest IMF and OECD global outlooks, and the Fed's June meeting minutes.*

### US–Iran negotiations continue.

Geopolitical tensions in the Middle East eased sharply early in the week as the US and Iran agreed to halt reciprocal strikes and return to the negotiating table. Rather than direct, high-level engagement, the diplomatic process this week shifted toward indirect, technical talks facilitated by Qatar and Pakistan. Discussions in Doha focused primarily on securing maritime traffic through the Strait of Hormuz, de-escalating regional tensions, and implementing the temporary ceasefire agreement. While a comprehensive deal remains elusive, mediators reported 'constructive progress' in the talks—an optimism echoed by US President Trump, who noted that negotiations are moving in the right direction. Currently, these technical talks are temporarily suspended for the state funeral of Iran's former leader Khamenei (assassinated in February), which is scheduled to conclude on July 9. However, both parties have reportedly agreed to resume indirect contacts immediately after the ceremony.

**Gold and Crude Oil Prices**

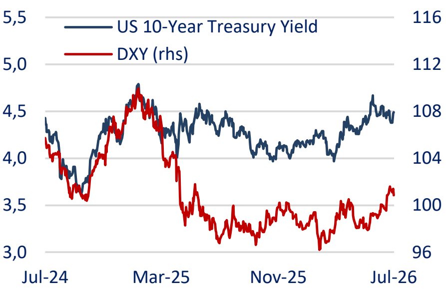



### Fed Chairman Warsh's remarks at the ECB forum were closely watched.

At the ECB's Forum on Central Banking, Fed Chair Warsh outlined a new monetary policy roadmap for the upcoming period while reaffirming the central bank's operational independence. True to his stance of avoiding forward guidance, Warsh offered no clues regarding the Fed's late-July FOMC meeting. However, his admission that inflation risks have receded in recent weeks—despite still-high price levels—helped soothe market anxiety over further rate hikes. Regarding artificial intelligence, the Fed Chair noted that while AI is currently boosting the demand side, he expects a matching surge in supply-side productivity over the longer term.

Echoing Warsh's sentiments, ECB President Christine Lagarde noted that risks to growth and inflation have become more balanced in recent weeks. Reaffirming the ECB's data-dependent commitment, Lagarde stated the central bank will reject rigid, pre-committed guidance in favor of a flexible, meeting-by-meeting approach.

**US 10-Year Treasury Yield and DXY**

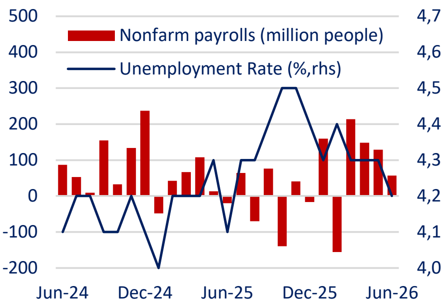



### Nonfarm payroll growth in the U.S. fell short of expectations.

Nonfarm payrolls in the U.S. rose by only 57k in June, falling well below the market expectation of 110k and signaling a slowdown in the labor market. Downward revisions totaling 74k to the previous two months' figures confirmed a loss of momentum in job growth. The unemployment rate declined from 4.3% to 4.2% in June, largely due to a lower labor force participation rate. Average hourly earnings rose by 0.3% mom and 3.5% yoy, matching expectations, while ADP private-sector employment grew by a weak 98k. This weaker-than-expected labor data reduced expectations of a near-term Fed rate hike, supporting global markets.

Meanwhile, other leading indicators of US economic activity showed a more balanced trend. The ISM Manufacturing PMI fell slightly to 53.3 in June from May's four-year high of 54.0, but remained in expansion territory for the sixth consecutive month. The consumer confidence index rose slightly to 91.2 in June as falling gasoline prices eased inflation concerns, though it fell short of expectations. Despite this modest increase, concerns about job availability rose, reaching their highest level in 5.5 years.

**US Labor Market**




Source: Datastream

**According to preliminary data, the annual CPI in the Eurozone stood at 2.8% in June.**

According to preliminary data, annual CPI inflation in the Euro Area declined from 3.2% to 2.8% in June, driven by easing energy and food prices. The reading came in below the market expectation of 3.0%. Core inflation also fell to 2.4%, indicating that underlying inflationary pressures are easing. In the manufacturing sector, the preliminary June PMI, initially reported at 51.3, was revised upward to 51.4 in the final reading. As a result, the sector remained in expansion territory for the fifth consecutive month, confirming resilient economic activity in the second quarter. Meanwhile, the seasonally adjusted unemployment rate remained at a record low of 6.2% in May, coming in below the market expectation of 6.3%

**The unemployment rate in Türkiye stood at 8.2% in May.**

The seasonally adjusted unemployment rate held steady at 8.2% in May, unchanged from the previous month. During the month, employment rose by 285,000, pointing to a positive labor market outlook. Similarly, the labor force participation rate rose by 0.4 percentage points to 52.8%. Despite these gains, the labor underutilization rate—a broader measure of the job market—rose by 0.9 percentage points to 31.0%, remaining near historical highs.

**Monthly CPI inflation came in at 0.99% in June.**

In June, CPI rose by 0.99% mom, in line with market expectations. This brought annual CPI inflation down to 32.11%. Meanwhile, monthly D-PPI inflation was 1.80%—the lowest rate recorded this year—bringing annual D-PPI inflation down to 28.09% (see our Inflation Report).

**ICI Türkiye Manufacturing PMI declined to 47.1 in June.**

The ICI Türkiye Manufacturing PMI fell by 2.7 points mom to 47.1 in June, remaining below the 50-point threshold for the 27th consecutive month. The slowdown in production and new orders was primarily driven by geopolitical uncertainties in the Middle East and weak demand. Consequently, firms continued to reduce employment, purchasing activity, and inventory levels. At the sectoral level, only the chemical, plastic, and rubber products sector (51.2) remained in expansion territory among the ten monitored sectors. Meanwhile, easing inflationary pressures provided some relief for firms, though the electrical and electronics sector continued to face the strongest cost pressures.

**Economic confidence index rose to 98.9 in June.**

The economic confidence index rose by 1.8% mom to 98.9 in June, reaching its highest level in four months. All sub-indices contributed positively to the main index during the month. Specifically, the construction and services confidence indices, which declined in May, returned to positive territory in June.

According to preliminary data from the Ministry of Trade, June exports rose by 21.9% yoy to 24.9 billion USD, while imports increased by 23.1% to 35.3 billion USD. Consequently, the trade deficit widened by 26.3% yoy to 10.4 billion USD. During the first half of the year, exports and imports rose by 3.6% and 4.6% yoy, respectively, while the trade deficit expanded by 7.4% to 53.1 billion USD.

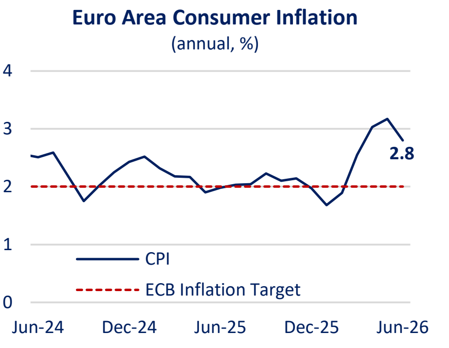
**Financial markets…**

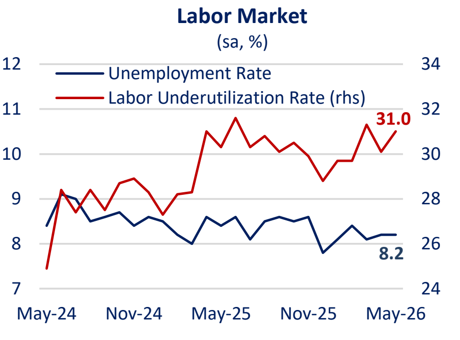
Weakening U.S. employment data, along with Fed Chair Warsh's remarks at the ECB Forum indicating that inflationary risks had eased, supported global risk appetite this week. As of Thursday's close, the MSCI World Index rose by 1.8% compared to the previous week's close, while the MSCI Emerging Markets Index declined by 1.3%. Precious metals posted gains over the week, with gold rising by 0.8% and silver by 3.1%. Brent crude oil prices fluctuated throughout the week amid indirect and technical diplomatic talks regarding the Middle East, ending Thursday down 0.3% compared to the previous Friday's close.

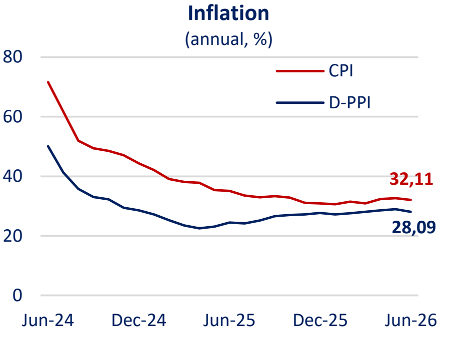
Domestically, equity markets were generally volatile during the week ahead of the release of June inflation data. As of Thursday's close, the BIST-100 Index rose by 1.3% from the previous Friday to 14,455. USD/TRY edged slightly higher over the period, while EUR/TRY rose by 0.9% in line with the rise in the EUR/USD exchange rate. Türkiye's 5-year CDS premium remained flat at 222 basis points, while the two-year benchmark bond yield declined by 46 basis points to 40.13%.

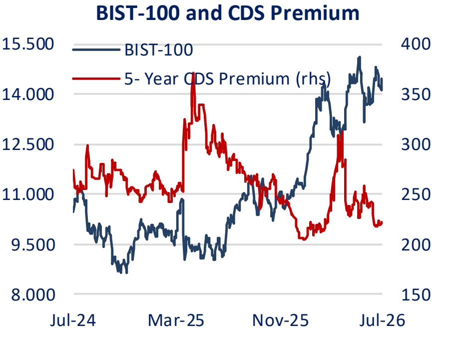
**Next week's agenda…**

Next week, the NATO Summit in Ankara (July 7–8), hosted by Türkiye, will take center stage in international diplomacy. In financial markets, the Fed meeting minutes, US ISM Services PMI, and Euro Area retail sales will be in focus. The OECD Employment Outlook and the IMF World Economic Outlook Update will also be closely watched for the latest global growth forecasts. On the domestic front, industrial production, the real effective exchange rate, and construction cost data will be released.




Source: Datastream, Turkstat

## Data Releases

| | | Period | Consensus | Prior |
|---|---|---|---|---|
| **6 July** | TR Real Effective Exchange Rate | June | - | 105.55 |
| | USA Services PMI, final | June | - | 51.3 |
| | USA ISM Services PMI | June | 54.1 | 54.5 |
| | Euro Area PPI Inflation, yoy | May | - | 4.9% |
| | Euro Area Retail Sales, mom | May | 0.3% | -0.4% |
| **7 July** | TR Treasury Cash Balance | June | - | -252.3 billion TRY |
| | Germany Industrial Production, yoy | May | - | -0.5% |
| **8 July** | Fed Minutes | July | - | - |
| | IMF World Economic Outlook | July | - | - |
| **9 July** | TR Construction Cost Index, yoy | May | - | 28.6% |
| | USA Existing Home Sales, units | June | 4.20 million | 4.17 million |
| | China CPI Inflation, yoy | June | 1.2% | 1.2% |
| | China PPI Inflation, yoy | June | 4.1% | 3.9% |
| **10 July** | TR Industrial Production, yoy | May | - | 6.0% |

Source: Datastream,Turkstat

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