Weekly Bulletin

June 2026 / 23

	5-Jun	11-Jun	Change		5-Jun	11-Jun	Change
BIST-100 Index	13.694	13.744	0,4 % ▲	**EUR/USD**	1,1519	1,1577	0,5 % ▲
TRY 2 Year Benchmark Rate	43,69 %	43,52 %	-17 bp ▼	**USD/TRY**	46,0415	46,1810	0,3 % ▲
Türkiye 5-Year CDS Premium	242	241	-1 bp ▼	**EUR/TRY**	53,0514	53,5910	1,0 % ▲
MSCI EM Equity Index	1.717	1.665	-3,1 % ▼	**Gold** (USD/ounce)	4.329	4.214	-2,7 % ▼
US 10-Year Bond Rate	4,54 %	4,47 %	-7 bp ▼	**Brent Oil** (USD/barrel)	93,1	90,4	-2,9 % ▼

bp: basis point

This week, geopolitical developments stemming from the Middle East caused risk sentiment in global markets to fluctuate. However, on the final trading day of the week, growing expectations that an agreement would be reached in the region once again bolstered sentiment in global markets. In its June Global Economic Prospects report, the World Bank revised downward its economic growth forecasts for 2026. In the U.S., annual CPI inflation rose to 4.2% in May—the highest level since April 2023—while producer prices rose by 6.5% over the same period. At its monetary policy meeting, the ECB increased its benchmark interest rates by 25 basis points each. The CBRT made no changes to interest rates at its fourth Monetary Policy Committee (MPC) meeting of the year. According to the results of the CBRT's Market Participants Survey for June, participants' year-end CPI inflation expectations rose to 29.14%. The current account deficit stood at $5.7 billion in April. Next week, the markets will closely monitor meetings of the Fed, BoE, and BoJ. Key data releases include industrial production figures for the U.S. and the Euro Area, as well as U.S. retail sales data for May. In Türkiye , data on the industrial production index, real sector confidence, and the real estate market will be released.

Concerns regarding the Middle East have been fluctuating.

Over the past week, geopolitical developments in the Middle East caused high volatility in global markets. The week began with reciprocal attacks between Iran and Israel; however, U.S. President Donald Trump's call for a ceasefire between the parties and the subsequent halt in attacks eased tensions slightly. Trump's positive messages suggesting a ceasefire was imminent provided temporary relief to the markets.However, Iran's downing of a U.S. military helicopter and the U.S.'s retaliatory strikes against Iran reignited tensions in the region. As the situation unfolded, Trump stated that Iran had prolonged the negotiation process unnecessarily and warned that Tehran would be targeted again if no agreement was reached. In response, the Iranian government announced that it had closed the Strait of Hormuz to all maritime traffic, including oil tankers and commercial vessels. On Thursday evening, although Trump initially stated that the U.S. would "hit Iran very hard," he later announced, surprisingly, that the two countries had reached the final stage of the agreement and that the planned new airstrikes had been canceled. Following these announcements, while optimistic expectations that a diplomatic solution would be reached shortly gained momentum in the markets, oil prices, which had been under pressure throughout the week due to rising risks, saw a sharp decline.

The World Bank has lowered its growth forecasts for 2026.

The World Bank released its June Global Economic Prospects report this week. The organization noted that, prior to the tensions that began in the Middle East, strong investments in artificial intelligence and relaxed customs tariffs had led to an optimistic outlook for the global economy. However, the report emphasized that the escalating conflict has cast a shadow over these positive expectations, leading to downward revisions in growth forecasts for two-thirds of the countries included in the report compared to January. The Bank lowered its global growth projection for 2026 by 0.1% from the January report to 2.5%, while also revising its growth forecasts for Türkiye downward by 0.9 and 0.7% for 2026 and 2027, respectively, to 2.8% and 3.7%. In the report, based on the assumption that disruptions in the Strait of Hormuz will persist until July and that maritime traffic will not normalize until the end of the year, the forecast for the average price of Brent crude oil in 2026 was set at $94 per barrel.

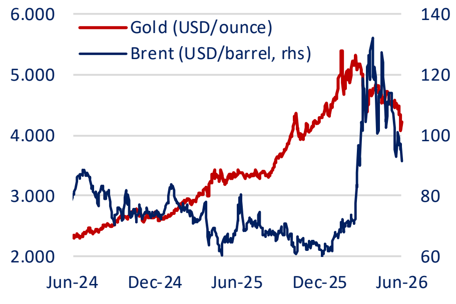
Core CPI in the U.S. fell below expectations in May.

In the US, CPI increased by 0.5% mom in May, in line with market expectations, while annual inflation rose to 4.2%, its highest level since April 2023. During the same period, energy prices increased by 3.9% monthly and by 23.5% annually. Core CPI, which excludes energy and food prices, rose by 0.2% mom, coming in below expectations, while annual core inflation increased to 2.9%. Although the lower-than-expected core inflation reading was viewed as a positive development, inflation concerns remained alive as producer prices exceeded forecasts, with PPI rising by 1.1% mom and 6.5% yoy in May. The increase in energy prices was the key factor behind annual PPI inflation reaching its highest level since November 2022. Meanwhile, core PPI rose by 0.4% on a monthly basis in May, losing some momentum compared to the previous month.

The ECB raised its key policy rates by 25 basis points each.

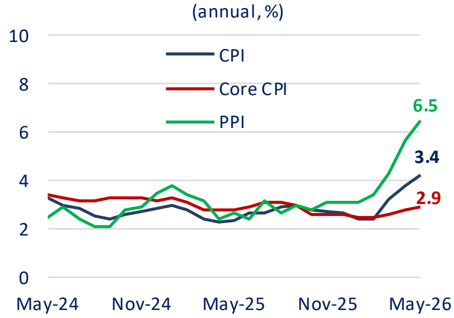
At its monetary policy meeting this week, the ECB increased its key policy rates by 25 basis points, in line with market expectations. Marking the first rate hike since September 2023, the decision raised the main refinancing rate, deposit facility rate, and marginal lending facility rate to 2.40%, 2.25%, and 2.65%, respectively. The decision statement emphasized that uncertainties regarding the economic outlook remain elevated, highlighting continued upward risks for inflation and downward risks for

Gold and Crude Oil Prices



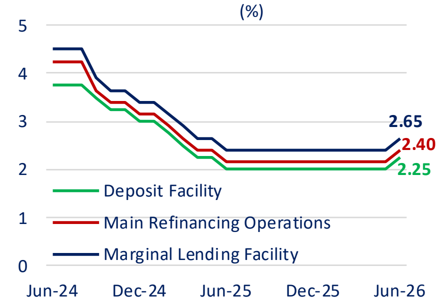
US CPI and PPI Inflation

(annual, %)



ECB Key Interest Rates

(%)



Source: Datastream

economic growth. The ECB also announced upward revisions to its macroeconomic projections. Accordingly, the Euro Area's year-end inflation forecast for 2026 was raised from 2.6% to 3.0%, and for 2027 year-end forecast from 2.0% to 2.3%. Speaking at the press conference, ECB President Lagarde stated that ongoing tensions in the Middle East are creating significant inflationary pressures and described the policy decision as a strong response to the energy shock. Noting that the decision was unanimous, Lagarde emphasized that the ECB stands ready to deploy all available policy instruments to ensure price stability under any scenario.

Euro Area Sentix investor confidence improved in June, rising by 3.0 points mom to -13.4, outperforming expectations. During the same period, the expectations index, which reflects investors' outlook for the next six months, increased from -11.3 to -6.5. The limited improvement in the current conditions index also pointed to a partial recovery in economic confidence across the region.

China's CPI declined in May.

Consumer prices in China fell by 0.1% mom in May, in line with market expectations, while annual CPI remained flat at 1.2%. Meanwhile, annual PPI inflation accelerated to 3.9%, reaching its highest level since July 2022.China's exports surged by 19.4% yoy to a record USD 376.8 billion in May, while imports also increased by 27.4% to USD 271.4 billion. As a result, the trade surplus widened to USD 105.4 billion, the highest level since January. The strong trade performance is attributed to increased stockpiling activity driven by Middle East-related risks, as well as robust demand for semiconductors and artificial intelligence hardware.

The CBRT kept its policy rate unchanged at 37%.

At its fourth Monetary Policy Committee meeting of the year, the CBRT left the policy rate unchanged at 37%, in line with market expectations. The Committee also maintained the overnight lending rate at 40% and the overnight borrowing rate at 35.5%. The decision statement noted that, while inflation, which had risen in the early months of the year and increased in April due to energy prices, showed a slight decline in May, the data for the first quarter, as well as leading indicators, pointed to a continued slowdown in economic activity. Nevertheless, the statement also reiterated that monetary policy would be tightened if a significant and persistent deterioration in the inflation outlook were to emerge.

Year-end inflation expectations rose to 29.14%.

Results of the CBRT's Survey of Market Participants indicated that the deterioration in inflation expectations extended into a fifth consecutive month. The market's year-end inflation expectation increased to 29.14%, while the year-end 2027 inflation forecast rose to 21.39%. Participants' expectation for monthly inflation in June was 1.36%. The market's USD/TRY forecast for end-2026 declined to 51.47, while it stood at 55.72 for 12 months ahead. Survey participants also revised their current account deficit expectations upward, projecting a deficit of USD 49.2 billion by the end of the year. Growth expectations for 2026, however, were revised down slightly from 3.3% to 3.2%.

The current account deficit stood at USD 5.7 billion in April.

The current account deficit amounted to USD 5.7 billion in April, close to market expectations. While front-loaded demand associated with geopolitical uncertainties supported exports, the relatively limited increase in imports contributed to this outcome. Excluding net gold and energy trade, the current account balance posted a surplus for the first time in four months. The current account deficit which had risen to 39.7 billion USD in March based on 12-month cumulative data declined to USD 37.0 billion in April (Our Balance of Payments Report).

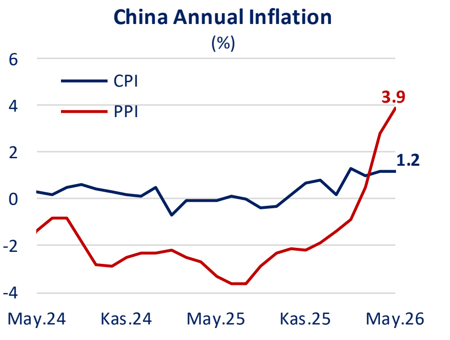
Financial markets…

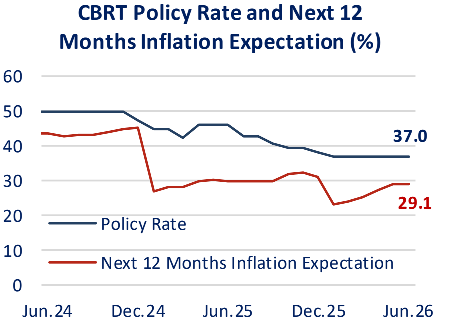
In a week closely watched by US inflation data, the volatile situation stemming from tensions in the Middle East led to high volatility in global markets. As of Thursday's close, the MSCI World Index had declined by 0.2% compared to the previous week, while the MSCI Emerging Markets Index fell by 3.1%. Gold and silver prices decreased by 2.7% and 0.7%, respectively, over the same period. On Friday, however, risk appetite improved, supporting gains in gold and silver prices as well as equity markets. Brent crude oil prices, which fluctuated throughout the week amid heightened uncertainty in the Middle East, fell by 2.9% to USD 90.4 per barrel as of Thursday's close and tested levels below USD 86 on Friday.

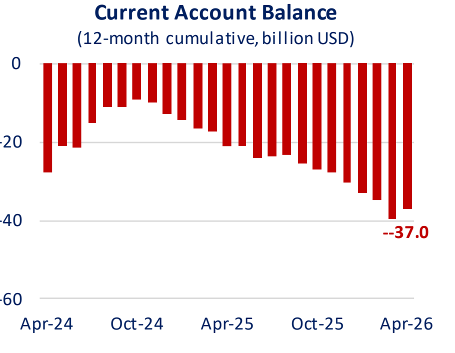
Domestically, equity markets followed a generally volatile course throughout the week. The BIST-100 Index rose by 0.4% from the previous week's close to 13,744 as of Thursday. USD/TRY edged slightly higher over the same period, while EUR/TRY increased by 1.0% in line with the appreciation of the EUR/USD parity. Türkiye's 5-year CDS premium declined by 1 basis point to 241 bps, while the yield on the 2-year benchmark government bond fell by 17 basis points to 43.52%.

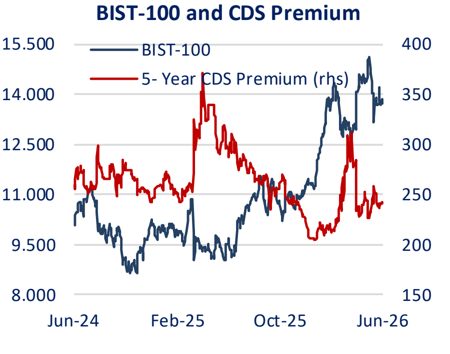
Next week's agenda…

While developments in the Middle East will remain the primary focus of markets next week, meetings of the Fed, BoE, and BoJ will also be closely monitored. On the data front, industrial production figures in the U.S. and the Euro Area, along with U.S. retail sales data for May, will be in focus. Domestically, the industrial production index, real sector confidence index, and indicators related to the real estate market will be released.









Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
15 June	TR Industrial Production, yoy	April	-	-1.1%
	USA Industrial Production Index, mom	May	0.2%	0.7%
	USA Capacity Utilization Rate	May	76.2%	76.1%
	Euro Area Industrial Production, yoy	April		-2.1%
16 June	TR Trade Sales Volume Index, yoy	April	-	1.7%
	TR Housing Price Index, yoy	May	-	26.6%
	USA Housing Starts, units	May	1.44 million	1.47 million
	China Retail Sales, yoy	May	0.0%	0.2%
	China Industrial Production, yoy	May	4.3%	4.1%
	BoJ Meeting	June	1.00%	0.75%
17 June	TR Services Production Index, yoy	April	-	3.2%
	TR Construction Production Index, yoy	April	-	-1.2%
	USA Retail Sales, mom	May	0.5%	0.5%
	USA Pending Home Sales, mom	May	-	1.4%
	Fed Meeting	June	3.50%-3.75%	3.50%-3.75%
18 June	TR House and Commercial Property Sales Statistics	May	-	-
	BoE Meeting	June	-	3.75%
19 June	TR Real Sector Confidence Index	June	-	103.3
	TR Capacity Utilization Rate	June	-	74.2%

Source: Datastream, TCMB, TÜİK

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