

	20-Mar	26-Mar	Change		20-Mar	26-Mar	Change
BIST-100 Index*	13,048	12,727	-2.5 % ▼	EUR/USD	1.1570	1.1526	-0.4 % ▼
TRY 2 Year Benchmark Rate*	39.90 %	41.72 %	182 bp ▲	USD/TRY	44.2942	44.3242	0.1 % ▲
Türkiye 5-Year CDS Premium	311	296	-15 bp ▼	EUR/TRY	51.2569	51.1202	-0.3 % ▼
MSCI EM Equity Index	1,463	1,448	-1.0 % ▼	Gold (USD/ounce)	4,488	4,379	-2.4 % ▼
US 10-Year Bond Rate	4.39 %	4.42 %	2 bp ▲	Brent Oil (USD/barrel)	112.2	108.0	-3.7 % ▼

*As of March 19

bp: basis point

This week, the ongoing conflict in the Middle East and the ceasefire talks between the U.S. and Iran remained the main focus of the markets. In a report released this week, the OECD maintained its global growth forecast at 2.9%. While manufacturing PMI data for March in the U.S. and the Eurozone painted a positive picture, services PMI data fell short of expectations. Domestically, confidence indices and sectoral inflation expectations data took center stage. Amid the escalating tensions in the Middle East, inflation expectations rose across all sectors, while consumer confidence fell to 85.0 in March. Next week, domestic labor market statistics for February, inflation data for March, and the ICI manufacturing PMI data will be in the spotlight. Additionally, labor market statistics and final PMI data for major economies will be released.

Ceasefire on the agenda in the Middle East...

Throughout the week, news regarding ceasefire talks between the U.S. and Iran was closely followed. US President Trump, commenting on the talks, stated that the discussions with Iran were going "very well," and announced that Iran had suspended its threat to attack energy infrastructure for 10 days. However, Iran emphasized that concrete mechanisms must be established to ensure the ceasefire. In this context, the price of Brent crude oil, which fluctuated throughout the week, fell below 100 USD per barrel midweek but closed at 108 USD on Thursday—a 3.7% decline from the previous week’s closing price.

The OECD has published its Interim Global Economic Outlook.

In its report, the OECD noted that economic activity, supported by continued technology-related investments, lower effective tariffs, and generally supportive fiscal and monetary policies, will be constrained by global demand due to tensions in the Middle East leading to increased energy prices and disruptions to supply chains. Consequently, the OECD maintained its global economic growth forecast for 2026 at 2.9%.

March PMI data from the U.S. painted a mixed picture.

This week, preliminary PMI data for March were released for major economies. In the U.S., the manufacturing PMI rose by 0.8 points to 52.4, defying expectations of a 0.3-point decline. During this period, which saw the strongest increase in new orders since October 2025, business confidence reached a 13-month high as concerns over tariffs eased. However, the services PMI’s decline to 51.1—its lowest level since April—signaled a loss of momentum in overall economic activity.

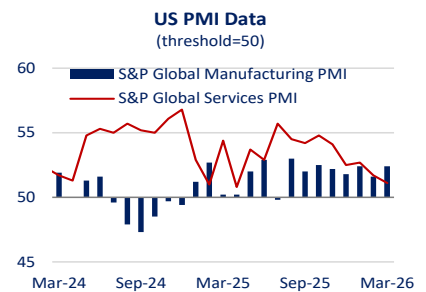
Developments in the Euro Area economy...

According to preliminary data, the Euro Area manufacturing PMI rose to 51.4 in March—the highest level in the past 45 months—contrary to expectations of a decline, while the services PMI came in at 50.1, below expectations. However, in parallel with rising energy prices and supply chain disruptions caused by the war, companies’ costs rose at the fastest pace seen in over three years. The consumer confidence index in the region fell by 4.0 points in March compared to the previous month, dropping to -16.3—below market expectations and the lowest level since October 2023. In Germany, the Ifo Business Climate Index also declined by 2.0 points month-over-month in March, falling to 86.4. In this development, the deterioration in companies’ future expectations due to geopolitical developments was the key factor. During this period, the expectations sub-index fell sharply by 4.2 points compared to the previous month, while the current conditions sub-index remained unchanged compared to February.

The European Commission announced that the trade agreement signed between the EU and the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay) will be provisionally implemented as of May 1 for those Mercosur countries that complete their ratification processes by the end of March.

OECD Growth Projections

	March Projections		Difference from December 2025	
	2026	2027	2026	2027
World	2.9	3.0	0.0	-0.1
The U.S.	2.0	1.7	0.3	-0.2
Euro Area	0.8	1.2	-0.4	-0.2
China	4.4	4.3	0.0	0.0
Türkiye	3.3	3.8	-0.1	-0.2



Source: Datastream

Under the agreement, customs duties on approximately 90% of goods traded between the parties will be phased out, while high tariffs on industrial products—particularly in the automotive, machinery, and chemical sectors—will be eliminated.

Consumer price inflation in Japan fell to its lowest level in 47 months.

Japan's annual CPI inflation fell for the fourth consecutive month in February, reaching 1.3% -the lowest level since March 2022. The country's core CPI also fell to 1.6%, dropping below the Bank of Japan's 2% target for the first time since March 2022. The manufacturing PMI, which reached 53.0 in February -its highest level since May 2022- fell by 1.6 points in March to 51.4.

An increase was observed in sectoral inflation expectations in Türkiye.

According to the Sectoral Inflation Expectations data published by the CBRT, annual inflation expectations for 12 months ahead rose by 0.07 percentage points to 22.17% among market participants, by 0.90 percentage points to 32.90% in the real sector, and by 1.08 percentage points to 49.89% among households compared to the previous month. Additionally, according to the Household Expectations Survey, the proportion of households expecting inflation to decline over the next 12 months decreased by 5.2 percentage points compared to the previous month, falling to 15.1%. The product/service groups for which participants expect prices to rise the most over the next 12 months were "food" and "fuel and energy."

Confidence indices painted a negative picture.

In March, the consumer confidence index fell by 0.8% to 85.0. A closer look at the index's sub-components revealed that consumers' expectations regarding changes in consumer prices over the next 12 months deteriorated the most rapidly.

In the same period, the real sector confidence index decreased by 4.1 points on a monthly basis, settling at the threshold value of 100.0, while it was observed that all sub-indices contributing to the index had a downward impact on the main index. On the other hand, the seasonally adjusted capacity utilization rate remained unchanged from the previous month, recording 74.0%.

The decline in sectoral confidence indices was observed across all sectors. The sectoral confidence index for the construction sector fell by 3.9% to 80.6, reaching its lowest level since May 2021, while the retail trade sector fell by 2.0% to 113.6 and the services sector fell by 0.5% to 113.2.

Moderate increase in the number of foreign visitors in the first two months of the year...

The number of foreign visitors to Türkiye fell by 2.1% year-over-year in February, reaching 2.1 million people. During this period, 58% of visitors preferred Istanbul, while Iran was the top source country, sending 205,000 visitors. However, the total number of foreign visitors to Türkiye in the first two months of the year rose by 0.7% to 4.4 million people.

In February, the central government's gross debt stock stood at 14.4 trillion TRY.

According to data released by the Ministry of Treasury and Finance, the central government's gross debt stock increased by 45.3% year-over-year in February, reaching 14.4 trillion TRY. Of this debt stock, 6.8 trillion TRY was denominated in Turkish Lira, while 7.6 trillion TRY consisted of foreign currency-denominated debt.

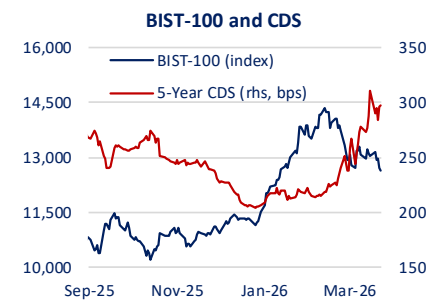
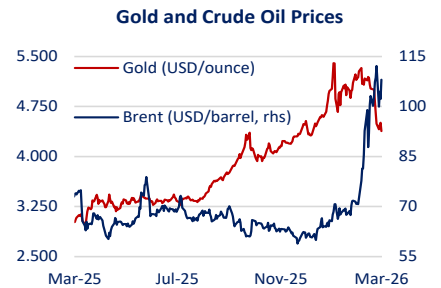
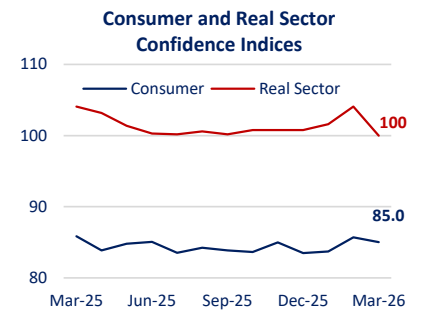
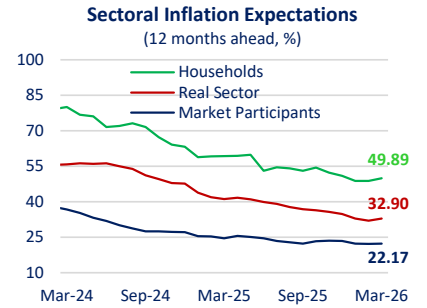
Financial markets...

This week, uncertainty over when the ongoing war in the Middle East will end continued to dampen risk appetite in global markets. As of Thursday's close, the MSCI World Index was down 0.1% compared to last week's close, while the MSCI Emerging Markets Index fell by 1.0%. During the same period, gold prices fell by 2.5%.

The BIST-100 index closed the week with a 2.5% loss at 12,727. Türkiye's 5-year CDS spread fell by 15 basis points to 296, while 2-year and 10-year bond yields rose by 182 and 53 basis points, respectively, to 41.72% and 33.92%.

Next week's agenda...

Next week, Türkiye's agenda will be dominated by February labor force statistics, March CPI inflation figures, and the Istanbul Chamber of Industry's manufacturing PMI data. In addition, final PMI data for major economies will be closely monitored alongside the course of geopolitical developments.



Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
March 30	US Dallas Fed Manufacturing Index	March	-	0.2
	Euro Area Consumer Confidence, final	March	-	-16.3
	Germany CPI Inflation, flash, yoy	March	-	1.9%
	TR Economic Confidence	March	-	100.7
March 31	US Consumer Confidence	March	-	91.2
	JOLTS Job Openings, units	February	-	6,9 million units
	Euro Area HICP Inflation, flash, yoy	March	-	1.9%
	UK GDP Growth, yoy, final	2025 Q4	-	1.0%
	China NBS Manufacturing PMI	March	50.0	49.0
	China NBS Non-Manufacturing PMI	March	-	49.1
	TR Unemployment Rate	February	-	8.1%
	TR Trade Balance	February	-	-8.38 billion USD
April 1	US Retail Sales, mom	February	-	-0.2%
	US Manufacturing PMI, final	March	-	-0.3%
	US ISM Manufacturing PMI	March	-	52.4
	Euro Area HCOB Manufacturing PMI, final	March	-	51.4
	Euro Area Unemployment Rate	February	-	6.1%
	China RatingDog Manufacturing PMI	March	-	52.1
	TR Istanbul Chamber of Industry Manufacturing PMI	March	-	49.3
April 3	US Nonfarm Payrolls	March	48K persons	-92K persons
	US Unemployment Rate	March	4.5%	4.4%
	US Services PMI, final	March	-	51.1
	US ISM Services PMI	March	-	56.1
	China RatingDog Services PMI	March	-	56.7
	TR CPI Inflation, mom	March	-	56.8
	TR D-PPI Inflation, mom	March	-	2.96%

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