	1-May	7-May	Change		1-May	7-May	Change
BIST-100 Index*	14,443	15,040	4.1 % ▲	**EUR/USD**	1.1720	1.1725	0.0 % ●
TRY 2 Year Benchmark Rate*	41.22 %	40.70 %	-52 bp ▼	**USD/TRY**	45.1670	45.2919	0.3 % ▲
Türkiye 5-Year CDS Premium	244	228	-16 bp ▼	**EUR/TRY**	52.7486	52.9296	0.3 % ▲
MSCI EM Equity Index	1,601	1,724	7.6 % ▲	**Gold** (USD/ounce)	4,614	4,685	1.6 % ▲
US 10-Year Bond Rate	4.38 %	4.39 %	2 bp ▲	**Brent Oil** (USD/barrel)	108.2	100.1	-7.5 % ▼

bp: basis point *Compared to 30 April

While markets generally followed a positive trend this week following Trump's positive statements regarding the ceasefire and peace talks, news of clashes in the Strait of Hormuz on Thursday slightly limited the improvement in risk sentiment on the final trading day. In the U.S., non-farm payrolls rose by 115,000 in April, significantly exceeding expectations. In Türkiye, CPI rose by 4.18% mom in April, surpassing expectations, while the annual CPI inflation climbed to 32.37%. In the first quarter of the year, industrial production contracted by 0.3% yoy. ICI Türkiye Manufacturing PMI data indicated that the weakness in the sector's operating conditions has deepened in April. Next week, balance of payments and central government budget data, as well as the results of the CBRT Market Participants Survey, will be released in Türkiye. Additionally, the CBRT's second Inflation Report of the year will be closely monitored. On the global data agenda, inflation data to be released in the U.S. stands out. Developments in the Middle East and Trump's expected visit to China will also be in the spotlight.

Uncertainty persists in the Middle East.

Earlier this week, U.S. President Trump announced the launch of an operation called "Project Freedom" to rescue ships stranded in the Strait of Hormuz; in the days that followed, he stated that "great progress" had been made toward a comprehensive agreement with Iran and indicated that a deal would likely be reached within a week. Despite these statements, which had a positive impact on global risk appetite, reports of renewed clashes emerged from the Strait of Hormuz on Thursday. Trump stated that Iran had opened fire on three U.S. destroyers as they transited the Strait of Hormuz, though no damage was reported; the Tehran government, however, claimed that the U.S. had violated the ceasefire. Consequently, the optimistic mood that had prevailed throughout the week began to deteriorate by Thursday evening.

PMI data points to an acceleration in the global manufacturing sector.

PMI data for April indicated an acceleration in manufacturing activity across major economies. This development was largely driven by orders brought forward due to concerns over supply shortages and rising prices stemming from tensions in the Middle East. In April, the S&P Manufacturing PMI reached 54.5 in the U.S. and 52.2 in the Euro Area, marking the highest levels since May 2022. The Manufacturing PMI in Japan accelerated as well, reaching its highest level since January 2022. On the other hand, amid developments in the Middle East that negatively impacted household confidence, the services sector generally presented a weak outlook in April.

Nonfarm payrolls in the U.S. rose above expectations.

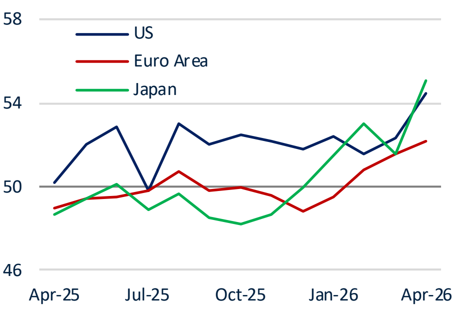
In the U.S., factory orders rose by 1.5% mom in March, marking the fastest increase since November 2025. This increase was driven by a 3.6% rise in orders for computers and electronic products, fueled by accelerating investments in artificial intelligence. During the same period, new home sales in the country reached their highest level of the year at an annualized rate of 682,000 units.

In the U.S., nonfarm payrolls increased by 115,000 in April, significantly exceeding market expectations, while the March increase was revised upward from 178,000 to 185,000. The unemployment rate remained at 4.3% during this period. These figures indicated that the labor market maintained its relatively strong outlook during this period.

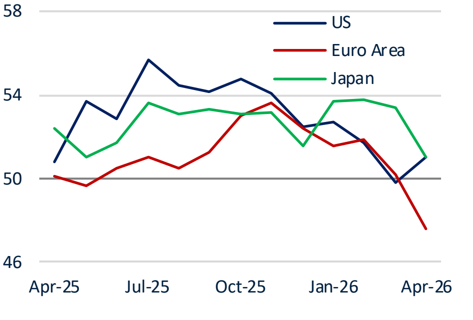
PPI in Euro Area rose by 3.4% on a monthly basis.

Driven by rising energy prices, the Euro Area's producer price index surged by 3.4% mom in March, recording its fastest monthly increase since August 2022. As a result, annual PPI inflation also reached its highest level in the past year at 2.1%. During the same period, retail sales contracted by 0.1% mom, a lower-than-expected rate, with the most significant decline of 1.6% occurring in automotive fuel sold at specialty stores. In May, the Sentix index, which measures investor confidence in the region, continued to hover near its lowest levels in the past one year.

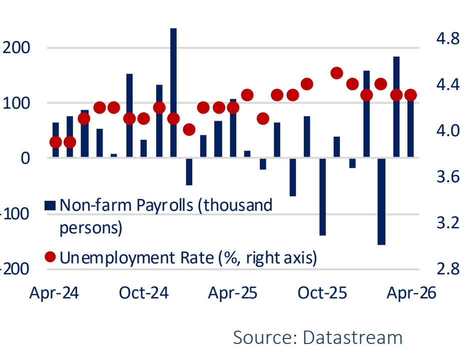
Manufacturing PMI
(treshold=50)



Services PMI
(treshold=50)



US Labor Market



Source: Datastream

In Turkiye, CPI rose above expectations in April.

In April, the CPI rose by 4.18% mom, exceeding market expectations. Driven by this higher-than-expected increase, annual CPI inflation rose to 32.37%. Seasonally adjusted indicators also pointed to an upward trend in consumer inflation in April. During this period, goods prices rose by 3.93%, while services prices increased by 2.57%. Although the monthly increase in the Producer Price Index (PPI) in April was 3.17% -below the CPI- it reached its highest level in the past two years. Consequently, annual PPI inflation rose to 28.59% (see our Inflation report).

Industrial production contracted by 0.3% yoy in the first quarter.

According to seasonally and calendar-adjusted data, industrial production index fell by 0.8% on a monthly basis in March. During this period, production expanded by 3.9% in the electricity, gas, steam and air conditioning supply sector, but it contracted by 1.6% in the mining and quarrying sector and by 1.1% in the manufacturing sector. In March, production declined in 11 of the 24 sectors within the manufacturing industry. As a result, total industrial production contracted by 1.1% yoy in March and by 0.3% in the first quarter compared to the same period of last year.

ICI Türkiye Manufacturing PMI fell to 45.7 in April.

Istanbul Chamber of Industry Türkiye Manufacturing PMI fell to 45.7 in April -its lowest level since September 2024- and signaled a deepening weakness in the sector's operating conditions. During this period, as the inflationary effects of developments in the Middle East on the manufacturing sector intensified, input cost inflation reached its highest level in the past 27 months, and production slowed to its lowest level since the pandemic -as seen in September 2024- due to sluggish demand, shortages of raw materials, and rising prices. The decline in new orders led to a continued contraction in employment and purchasing activity. According to sectoral results, the PMI data exceeded the threshold value only in the apparel and leather goods sector. Similarly, production and new orders increased only in this sector. Meanwhile, it was notable that input costs in the chemical, plastic, and rubber products sector recorded its fastest increase in the past 27 months, while final product prices reached its fastest rise in over four years.

The upward trend in the real effective exchange rate continues.

According to data released by the CBRT, the CPI-based real effective exchange rate rose to 106.30 in April. Accordingly, the Turkish lira recorded a real appreciation of 1.5% on a monthly basis and 5.8% on annual annual basis, reaching its highest level since February 2020. During the same period, the PPI-based real effective exchange rate climbed to 102.16, marking its highest level in the past 14 months.

Financial markets…

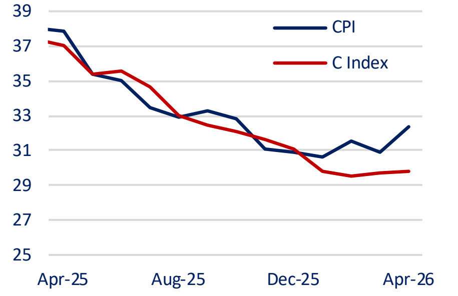
Oil prices continue to exhibit a volatile course in parallel with developments in the Middle East. Following the OPEC+ decision at its May 3 meeting to increase June production by 188,000 barrels per day, and amid rising optimism during the week that an agreement could be reached between the U.S. and Iran, Brent crude oil prices declined by 7.5% compared to previous Friday, falling to around 100 USD/barrel as of Thursday's close, and continue to fluctuate around these levels today. On the other hand, gold prices moved inversely to oil prices amid inflation concerns triggered by escalating tensions in the Middle East. As of Thursday's close, gold prices increased by 1.6% to 4,689 USD/ounce. In the same period, the MSCI World and MSCI Emerging Markets indices rose by 1.4% and 7.6%, respectively.

As of Thursday's close, the BIST-100 index increased by 4.1% compared to the previous week, reaching 15,040, while Türkiye's 5-year CDS premium declined by 16 basis points to 228 bps in line with easing geopolitical risks. Turkish lira depreciated slightly against the U.S. dollar and the euro during the week, yields on 2-year and 10-year government bonds declined by 52 and 63 basis points to 40.70% and 33.26%, respectively.

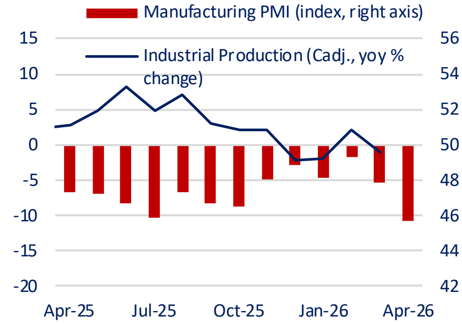
Next week's agenda…

Alongside the developments in the Middle East, markets will focus on President Trump's expected visit to China next week. On the global data agenda, April inflation figures to be released in the U.S. will stand out. In Türkiye, the balance of payments data, central government budget figures, and the results of the CBRT Survey of Market Participants will be announced. In addition, the CBRT's second Inflation Report of the year will be closely monitored.

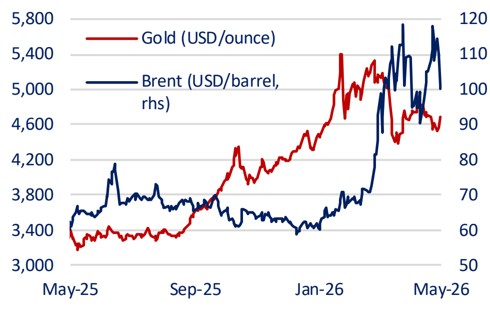
Inflation Indicators
(yoy %)



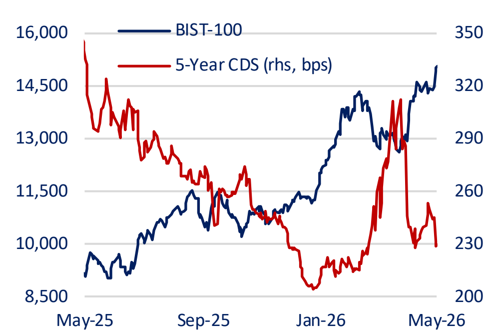
Industrial Production



Gold and Oil Prices



BIST-100 and CDS



Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
11 May	TR Retail Sales, yoy	March	-	15.6%
	US Existing Home Sales, mom	April	-	-3.6%
	China CPI Inflation, yoy	April	0.9%	1.0%
	China PPI Inflation, yoy	April	1.6%	0.5%
12 May	TR Construction Cost Index, yoy	March	-	25.7%
	US CPI Inflation, yoy	April	-	3.3%
	Germany CPI Inflation, final, yoy	April	2.9%	2.9%
	Germany ZEW Economic Sentiment	May	-20.0	-17.2
13 May	TR Current Account Balance	March	-	-7.5 blln USD
	US PPI Inflation, yoy	April	-	4.0%
	Euro Area GDP Flash Estimate, yoy	2026 Q1	0.8%	0.8%
	Euro Area Industrial Production, yoy	March	-	-0.6%
14 May	CBRT Inflation Report	2026 Q2	-	-
	TR House Sales, yoy	April	-	-2.1%
	US Retail Sales, mom	April	-	1.7%
	UK GDP Growth, flash, yoy	2026 Q1	-	1.0%
15 May	TR Budget Balance	April	-	-229.9 blln TRY
	CBRT Survey of Market Participants	May	-	-
	TR Services Production, yoy	March	-	2.3%
	TR Construction Production, yoy	March	-	5.9%
	US Industrial Production, mom	April	-	-0.5%
	US NY Fed Manufacturing Index	May	-	11.0

Source: Datastream, TCMB, TÜİK

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