

	31-Oct	6-Nov	Change		31-Oct	6-Nov	Change
BIST-100 Index	10,972	11,073	0.9 % ▲	EUR/USD	1.1534	1.1547	0.1 % ▲
TRY 2 Year Benchmark Rate	40.01 %	%39,89	-12 bp ▼	USD/TRY	42.0171	42.0930	0.2 % ▲
Turkey 5-Year CDS Premium	246	246	0 bp ●	EUR/TRY	48.5208	48.6200	0.2 % ▲
MSCI EM Equity Index	1,402	1,394	-0.6 % ▼	Gold (USD/ounce)	4,002	3,978	-0.6 % ▼
US 10-Year Bond Rate	4.10 %	%4.40	-3 bp ▼	Brent Oil (USD/barrel)	65.1	63.4	-2.6 % ▼

bp: basis point

This week, October inflation and the CBRT's Inflation Report dominated economic agenda in Türkiye. In October, monthly CPI inflation came in at 2.55%, below market expectations. The CBRT revised its 2025 year-end annual CPI inflation forecast range upward but did not change the intermediate targets it set at its previous meeting. In the US, where the government shutdown reached a record length this week, ADP private sector employment data exceeded expectations but pointed to a weakening in the job market. Next week, in Türkiye industrial production, the balance of payments, and the results of the CBRT Market Participants Survey will be closely monitored.

#### CBRT did not revise its interim inflation targets.

CBRT published its final Inflation Report of the year this week. Maintaining its interim annual CPI inflation targets of 24%, 16%, and 9% for 2025, 2026, and 2027, respectively, the CBRT raised its year-end inflation forecast range from 25%-29% to 31%-33%. It was noted that the increase in the food price estimation played a significant role in the revision of the 2025 forecast range, while the higher-than-forecast output gap influenced the forecast range upwards as well. CBRT reiterated that the medium-term forecasts, grounded on the assumption that fiscal policy coordination will contribute to the disinflation process, are based on an outlook that tight monetary policy will be maintained until price stability is achieved.

#### CPI inflation was below expectations in October.

In Türkiye, monthly CPI inflation came in at 2.55% in October, below market expectations of 2.83%. Thus, annual CPI inflation, which interrupted its downward trend due to monthly inflation exceeding expectations in September, lost momentum again in October with the support of base effect, falling to 32.87%. Prices rose across all 12 main expenditure groups that make up the CPI, while prices in the clothing and footwear group, where seasonality became more evident, increased by 12.42% mom, contributing 0.69 percentage points to inflation. Seasonally adjusted monthly CPI inflation in October decreased by 0.64 percentage points compared to the previous month, stood at 2.07%, its lowest level in the last four months. During this period, producer prices recorded their lowest monthly increase of 1.63% in 2025, while annual PPI inflation stood at 27% (Our Inflation Report).

#### ISO manufacturing PMI showed that the contraction in sector's activity continued in October.

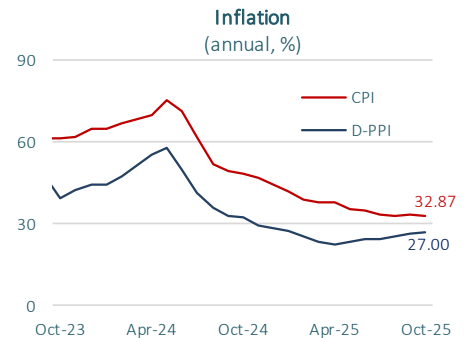
The ISO manufacturing PMI fell down to its lowest level in three months at 46.5 in October (previous: 46.7), indicating that the sector's operating conditions continued to weaken for the 19th month. During this period, new orders and output sub-indices pointed to a rapid contraction, while input cost inflation slowed. On a sectoral basis, production slowed in all 10 sectors monitored in the survey, with the sharpest contraction recorded in land and sea vehicles. During this period, the new export orders sub-item fell below the 50 threshold in all sectors except food.

#### The US job market continues to show signs of weakening.

While many data releases have been delayed due to the ongoing government shutdown in the US, the ADP private sector employment growth, released on Wednesday, came in at 42k in October and pointed to a fragile outlook in the labor market, despite exceeding expectations. It was noted that the education, healthcare, and trade sectors led the increase in employment in October, while job losses

#### CBRT Revisions in Assumptions 2025-IV

	2025	2026
<b>Export-weighted Global Growth Index</b> (annual average % change)	2.0	2.2
2025-III	2.0	2.3
<b>Oil Prices</b> (average, USD)	69.0	62.4
2025-III	69.8	64.4
<b>Import Prices</b> (annual average % change, USD)	0.8	-0.6
2025-III	0.3	-1.3
<b>Food Price Inflation</b> (year-end % change)	32.3	18.0
2025-III	26.5	17.0



#### ICI Türkiye Sector PMI Production Subindex



Source: Datastream, Fed

continued in the professional services, IT, and entertainment-hospitality sectors. Meanwhile, according to data released by Challenger, Gray & Christmas, the number of layoffs rose to 153,074 in October, the highest October level since 2003. This brings the total number of layoffs since the beginning of the year to 1.1 million.

Falling by 0.4 points mom to 48.7, the ISM manufacturing index in the US was realized below market expectations. Meanwhile, the ISM services index rose to 52.4 and exceeded market expectations.

#### Data releases in the Euro Area...

Producer prices in the Euro Area fell by 0.1% mom and 0.2% yoy in September. Thus, producer prices recorded a year-on-year decline for the second consecutive month. Retail sales in the Euro Area fell by 0.1% mom in September, despite expectations of a 0.2% increase. Industrial production in Germany, which contracted by 3.7% in August, recorded a 1.3% increase on a monthly basis in September, falling short of expectations.

#### BoE did not change its policy rate.

At its meeting this week, Bank of England (BoE) kept its policy rate unchanged at 4.0% in line with expectations. BoE had its last rate cut by 25 basis points at its August meeting. In its statement following the meeting, BoE emphasized that further rate cuts in the coming period would depend on the continuation of disinflation. Annual core CPI inflation in the country had lost momentum in August and September.

#### China's foreign trade data presented a negative outlook in October.

In China, RatingDog manufacturing PMI remained in growth territory at 50.6 in October, albeit below market expectations. RatingDog services PMI came in at 52.6 and signaled continued growth in sector's activity. NBS PMI data released last week painted a relatively weaker picture for both sectors. Foreign trade data in China was closely monitored today. Exports of the country fell by 1.1% yoy in October, recording their first annual decline since February 2024, contrary to expectations of an increase. The negative impact of tariffs was a decisive factor in this decline, with China's exports to the US continuing their downward trend, falling by 25% yoy. During this period, China's imports recorded an annual increase of 1%, well below market expectations. Following the trade agreement reached between Trump and Xi last week, China announced that the 24% additional tariff imposed on the US would be suspended for one year, while the 10% tariff would remain in place.

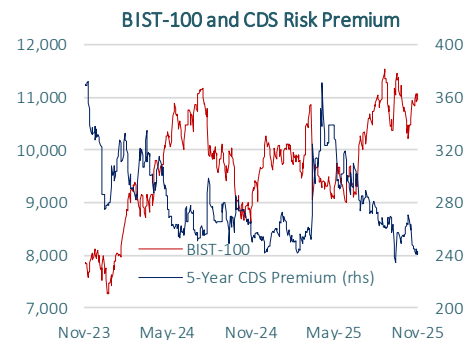
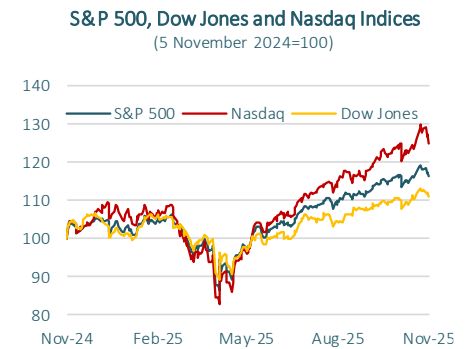
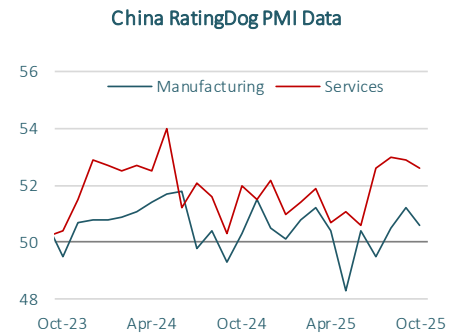
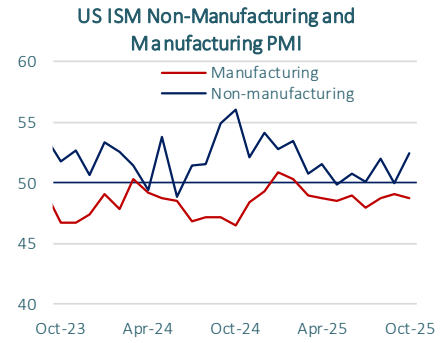
#### Financial markets...

Declining expectations of a December interest rate cut by the Fed and uncertainties caused by unpublished data due to the US government shutdown are putting downward pressure on global stock markets. Expectations of a possible correction in US technology stocks are also limiting risk appetite. In this environment, the MSCI World Index ended Thursday down by 1.5% compared to last Friday. The MSCI Emerging Markets Index also fell by 0.6% during this period. Gold prices, which have been declining on a weekly basis for the past two weeks, continued to fell down by 0.6% this week compared to last Friday's close.

The BIST-100 index ended the week up by 0.9% at Thursday's close. Türkiye's 5-year CDS premium remained flat at 246 basis points, while USD/TRY and EUR/TRY rose by 0.2%. The interest rate of the 2-year benchmark bond closed at 39.8% on Thursday, its lowest level since the first days of October, while the interest rate of the 10-year benchmark bond stood at 32.05%, its highest level since mid-September.

#### Next week's agenda...

Next week industrial production, the balance of payments, and the results of the CBRT Market Participants Survey will be at the forefront of the data agenda in Türkiye. Abroad, industrial production in the Euro Area and preliminary third-quarter GDP data in the UK are expected. In the US, October inflation data is not expected to be released on schedule.



Source: Datastream, CBRT, Turkstat

## Data Releases

		Period	Consensus	Prior
10 November	TR Industrial Production, yoy	September	-	7.10%
	Euro Area Sentix Index	November	-4.0	-5.4
12 November	TR Current Account Deficit	September	-	5.5 billion USD
13 November	Euro Area Industrial Production, yoy	September	2.1%	1.1%
	UK GDP Growth, preliminary, yoy	2025 Q3	-	1.4%
14 November	CBRT Survey of Market Participants	November	-	-
	Euro Area GDP Growth, revised, yoy	2025 Q3	1.3%	1.3%
	China Industrial Production, yoy	October	5.5%	6.5%
	China Retail Sales, yoy	October	2.8%	3.0%

## USA Data Releases

3-10 November	USA Industrial Production, mom	September	0.0%	0.1%
3-10 November	USA Capacity Utilization Rate	September	77.3%	77.4%
4-10 November	USA PPI Inflation, mom	September	0.3%	-0.1%
4-11 November	USA Retail Sales, mom	September	0.4%	0.6%
7-14 November	USA Nonfarm Payrolls	September	50k	22k
13-20 November	USA CPI Inflation, mom	October	-	0.3%

---

## Economic Research Division

---

Alper Grler  
Division Head  
alper.gurler@isbank.com.tr

Gamze Can  
Asst. Manager  
gamze.can@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Esra Mine Gngr  
Asst. Economist  
mine.gungor2@isbank.com.tr

---

Our reports are available on our website <https://research.isbank.com.tr>

### LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.ř. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.ř. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A.ř, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.