Weekly Bulletin
October 2025 / 41

TÜRKİYE İŞ BANKASI | research.isbank

	3-Oct	9-Oct	Change		3-Oct	9-Oct	Change
BIST-100 Index	10,859	10,727	-1.2 % ▼	**EUR/USD**	1.1741	1.1563	-1.5 % ▼
TRY 2 Year Benchmark Rate	39.93 %	40.11 %	18 bp ▲	**USD/TRY**	41.6541	41.4528	-0.5 % ▼
Türkiye 5-Year CDS Premium	258	259	1 bp ▲	**EUR/TRY**	48.9404	48.0197	-1.9 % ▼
MSCI EM Equity Index	1,374	1,372	-0.1 % ▼	**Gold** (USD/ounce)	3,886	3,975	2.3 % ▲
US 10-Year Bond Rate	4.12 %	4.15 %	3 bp ▲	**Brent Oil** (USD/barrel)	64.5	65.2	1.1 % ▲

bp: basis point

The Fed minutes and developments regarding Trump's plan to secure a ceasefire in the Middle East dominated the global agenda this week during which most US data releases postponed due to the government shutdown. U.S. equity markets, which had seen strong gains in recent weeks on positive expectations for AI-related sectors and forecasts that the Fed would continue cutting interest rates, presented a mixed picture this week. Gold prices, which had surpassed the 4,000 USD/ounce level this week, are now trending downward as the ceasefire in the Middle East somewhat alleviated geopolitical concerns. In Türkiye, expectations for the pace of policy rate cuts are being revised downward following last week's higher-than-expected inflation data. Next week, the current account balance and budget balance data, as well as the construction and services production indices and the results of the CBRT's Survey of Market Participant, will be closely monitored.

The minutes of the Fed's September meeting were released.

This week, which marked the second week of the government shutdown in the US, statements of the Fed officials and the minutes of the Fed's September 16-17 meeting were closely followed. The minutes, which included assessments that the inflationary effects of tariffs would gradually diminish, highlighted the downside risks to the labor market and showed that the forecast for a stronger economic growth next year was maintained. In the days following the release of the minutes, New York Fed President Williams and San Francisco Fed President Daly expressed their view that the deterioration in the labor market conditions could become alarming if no action is taken against the weakening trend in the employment. On the other hand, Fed official Michael Barr pointed to the disruption in data releases, stating that the Fed should act cautiously.

New developments regarding trade policies...

The 25% tariff on heavy truck imports, which US President Donald Trump announced last month and was to take effect on October 1, is delayed. The new tariff rate will come into force on November 1. This week, the US also granted the first permits for Nvidia to sell chips to the United Arab Emirates (UAE) as part of the artificial intelligence partnership announced in May. In return, the UAE is expected to make significant investments in the US in the coming years. Meanwhile, China has taken new steps to restrict exports of rare earth elements and related production technologies. This decision, taken ahead of talks between the US and China at the end of this month, could strengthen China's position in the negotiations.

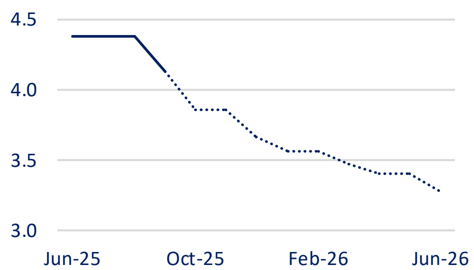
The World Trade Organization has revised its global trade growth forecast upward for this year.

The World Trade Organization has revised its 2025 global trade volume growth forecast upward to 2.4% due to the impact of increased trade in AI-related sectors and demand brought forward due to tariffs. In its April Report, the Organization predicted a 0.2% decline in global trade this year, while in August it shared a growth forecast of 0.9%. The Organization pointed out that the negative effects of the tariffs will become more pronounced in 2026 and that global trade volume will see a limited increase of 0.5% next year. It estimates that the weakest export performance during this period will be seen in the South America region, with a 1.9% decline.

Data releases on the Euro Area economy...

In the Euro Area, in line with expectations, retail sales in August showed a limited monthly increase of 0.1%. Thus, the volume of retail sales expanded by 1.0% yoy, recording the lowest rate of increase since July 2024. On the other hand, the Sentix investor confidence index rose to -5.4 in October, showing some improvement. Participants reported increases in both their assessment of the current situation (+2.8 points) and their expectations for the next six months (+5 points). Meanwhile, industrial production data released this week in Germany signaled a weakening in economic activity. Industrial production in the country declined by 4.3% month-on-month in August, exceeding forecasts and marking the highest rate of decline since March 2022.

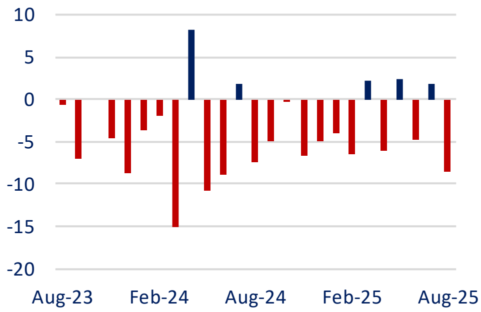
Market Expectations for Interest Rate Cuts (%)



World Trade Organization Forecasts

(goods trade, annual % change)		October Forecasts		April Forecasts	
	2024	2025	2026	2025	2026
World Trade	2.8	2.4	0.5	-0.2	2.5
Export					
North America	2.3	-3.1	-1.0	-12.6	-1.2
South and Central America	6.2	2.4	-1.9	0.6	0.9
Europe	-1.7	0.7	2.0	1.0	2.5
Asia	8.0	5.3	0.0	1.6	3.5
Middle East	3.7	2.0	-0.9	5.3	5.1

German Industrial Production
(annual % change)



Source: Datastream

The World Bank has revised its growth forecasts for Turkey upward.

The World Bank has published its Economic Report on Europe and Central Asia. The World Bank, which forecasts growth in Europe and Central Asia to be 2.4% this year, noted that the slowdown compared to last year's level was largely due to the slowdown in the Russian economy. In the report, the institution revised its growth forecasts for the Turkish economy upward, highlighting strong private consumption spending, to 3.5% for this year (previously: 3.1%), 3.7% for 2026 (previously: 3.6%), and 4.4% for 2027 (previously: 4.2%).

Industrial production increased by 7.1% yoy in August.

Industrial production recorded a rapid increase of 7.1% yoy in August. Looking at the sub-sectors of manufacturing industry, the manufacture of other transport equipment was the sector that contributed most to manufacturing industry production with a 54.5% increase yoy, while the manufacture of wearing apparel was the sector that limited growth the most with a 17% decline. In August, industrial production increased by 0.4% mom (previous: -1.7%), according to seasonally and calendar adjusted data. The annual growth rate in industrial production for the first eight months of the year stands at 3.9%.

Trade sales volume index contracted for the second consecutive month in August on a monthly basis.

According to the data announced by Turkstat today, August trade sales signaled a weakening in demand conditions. In August, trade sales volume increased by 6.9% yoy (previous: 12.1%), while declining by 1.4% mom (previous: -6.3%). Retail sales volume increased by 0.9% on a monthly basis during this period, while wholesale trade volume declined by 3.1%.

Seasonally adjusted monthly CPI inflation was 2.71% in September.

According to data released by Turkstat on Monday, seasonally adjusted monthly CPI inflation reached 2.71% in September, its highest level since January. This brought the three-month average of the relevant data to 2.6%. The CBRT Governor Fatih Karahan delivered a presentation at the Planning and Budget Committee of the Grand National Assembly of Türkiye on Tuesday. He stated that the disinflation process is continuing, albeit at a slower pace. Karahan emphasized that while inflation expectations are declining, they remain at high levels and that the tight monetary policy stance will be maintained until price stability is achieved.

The increase in gold prices supported the increase in the CBRT reserves.

Looking at the securities statistics announced for the week to October 3, it was seen that the equities portfolio of non-residents, adjusted for price and exchange rate movements, declined by 84.1 million USD, and the GDDS portfolio fell by 53.1 million USD. During this period, households' foreign currency deposits increased by 1.1 billion USD according to data adjusted for parity effects, while corporates' foreign currency deposits decreased by 934 million USD. During this week, the CBRT's gross reserves increased by 3.2 billion USD compared to the previous week, reaching a new historical high of 186.2 billion USD, also boosted by the rise in gold prices. Net reserves stood at 75.2 billion USD.

Financial markets...

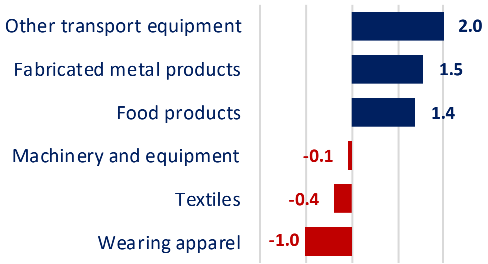
Following a week of fluctuating risk appetite, the MSCI World and Emerging Markets stock indices are about to close the week flat. Gold prices, which reached a historical high of 4,059 USD/ounce on Wednesday, declined after the Trump's ceasefire plan was approved by the two parties. Oil prices also trended downward.

In domestic markets, following the higher-than-expected inflation data announced last week, expectations for interest rate cuts by the CBRT at the remaining two monetary policy meetings of this year were revised downward. Meanwhile, the 2-year Treasury bond yield paused its downward trend, rising 18 basis points as of Thursday's close compared to the last week's close. During this period, the BIST-100 fell by 1.2%.

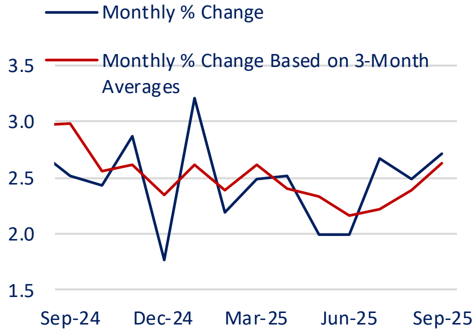
Next week's agenda...

Next week, the balance of payments and budget data will be in the spotlight in Türkiye. Additionally, data on the housing market, construction and services production indices, and the results of the CBRT's Survey of Market Participants will be closely monitored. On the global data agenda, Euro Area final CPI and industrial production as well as China's foreign trade balance stand out. Delays in data releases in the US are expected to continue in the coming days.

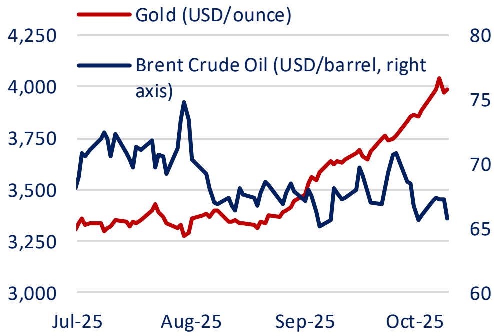
Contributions to the Annual Growth of the Manufacturing Industry
(% points, August 2025)



Seasonally Adjusted CPI



Gold and Oil Prices



2 & 10 Year Benchmark Interest Rates (%)

Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
13 October	TR Current Account Balance	August	5.3 billion USD	1.8 billion USD
	China Trade Balance	October	99.0 billion USD	102.3 billion USD
14 October	Germany CPI Inflation, final, mom	September	0.2%	0.2%
15 October	TR Budget Balance	September	-	96.7 billion TRY
	TR Services Production, mom	August	-	-0.4%
	TR Construction Production, mom	August	-	1.9%
	Euro Area Industrial Production, yoy	August	-	1.8%
	China CPI Inflation, yoy	September	-0.1%	-0.4%
	China PPI Inflation, yoy	September	-2.3%	-2.9%
16 October	TR House Sales, yoy	September	-	6.8%
	TR Housing Price Index, yoy	September	-	31.4%
17 October	CBRT Survey of Market Participants	October	-	-
	Euro Area CPI Inflation, final, yoy	September	-	2.2%

US Data Releases

		Period	Consensus	Prior
7-14 October	US Trade Balance	August	-61 billion USD	-78.3 billion USD
15 October	US CPI Inflation, mom	September	0.3%	0.4%
	US NY Fed Manufacturing Index	October	-	-8.7
16 October	US PPI Inflation, mom	September	0.3%	-0.1%
	US Retail Sales, mom	September	0.4%	0.6%
	US Philadelphia Fed Manufacturing Index	October	-	23.2
17 October	US Industrial Production, mom	September	0.1%	0.1%
	US Housing Starts, units	September	1.310 million	1.307 million

Source: Datastream, CBRT, Turkstat

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