

	10-Oct	16-Oct	Change		10-Oct	16-Oct	Change
BIST-100 Index	10,720	10,371	-3.3 % ▼	EUR/USD	1.1618	1.1687	0.6 % ▲
TRY 2 Year Benchmark Rate	40.01 %	40.60 %	59 bp ▲	USD/TRY	41.8121	41.8242	0.0 % ●
Türkiye 5-Year CDS Premium	264	266	3 bp ▲	EUR/TRY	48.6058	48.9320	0.7 % ▲
MSCI EM Equity Index	1,366	1,379	1.0 % ▲	Gold (USD/ounce)	4,017	4,325	7.7 % ▲
US 10-Year Bond Rate	4.05 %	3.98 %	-8 bp ▼	Brent Oil (USD/barrel)	62.7	61.1	-2.7 % ▼

bp: basis point

The IMF revised its global growth forecasts upward in its October World Economic Outlook Report published this week. While the US Senate rejected a bill to end the government shutdown, the effects of the escalating trade war between the US and China are being closely monitored. Chairman Powell's statements on Tuesday strengthened optimistic expectations regarding the Fed's rate cuts. Industrial production in the Eurozone declined on a monthly basis in August, while data released in China indicated that the effects of customs duties were limited. Domestically, the central government budget recorded a deficit of over 300 billion TRY in September, while the current account surplus reached a monthly high in August. The October results of the Survey of Market Participants pointed to a deterioration in inflation expectations. The CBRT Monetary Policy Committee meeting stands out on next week's agenda. The disruptions in data releases in the US are expected to continue in the coming days. In addition, S&P is expected to publish its assessment of the Turkish economy after the markets close today.

The IMF released its October World Economic Outlook Report.

The IMF revised its global economic growth forecast for this year upward by 0.2 percentage points to 3.2%, while keeping unchanged its growth forecast for 2026 at 3.1%. In the report, it was stated that uncertainty persists due to the lack of clear, transparent, and lasting trade agreements, but that the market's focus has begun to shift from the level of tariffs to their impact on prices, investment, and consumption. The IMF set global inflation forecasts at 4.2% for 2025 and 3.7% for 2026 while raising its growth forecasts for the US economy to 2.0% (previous: 1.9%) for this year and 2.1% (previous: 2.0%) for 2026. The economic growth forecast for the Euro Area was also revised to 1.2% (previously 1.0%) for this year and 1.1% (previously 1.2%) for 2026 in the report. The IMF, which also updated growth forecasts for Türkiye, expects economic growth of 3.5% this year (previous: 3.0%) and 3.7% in 2026 (previous: 3.3%). The institution's inflation forecasts for Türkiye stand at 31% for the end of this year and 21% for 2026.

Uncertainty persisted in the US this week.

The US Senate rejected a package to end the government shutdown, which is now in its third week, as markets watched the impact of escalating trade tensions with China. US President Donald Trump declared that they are already engaged in a trade war with China and that tariffs are an important defense mechanism. Similarly, Treasury Secretary Bessent stated that the United States and its allies will respond together to China's efforts to control the global supply of rare earth elements. US President Trump and Chinese President Jinping are likely to meet in the coming weeks.

In his statement on Tuesday, Fed Chairman Powell emphasized threats to the US labor market, stressing that the outlook for inflation and employment has not changed dramatically since the September meeting. He also hinted that the Fed may pause balance-sheet reductions in the coming months. The words were perceived as dovish by the markets, raising expectations that the Fed will lower interest rates for the rest of the year. The institution's Beige Book indicated that tough conditions persist due to high tariffs and declining demand.

Despite continuous uncertainty in data releases owing to the government shutdown, the New York Fed manufacturing index came in above forecasts at 10.7 in October, while the Philadelphia Fed manufacturing index plunged 36 points to -12.8.

Industrial production in the Eurozone declined in August.

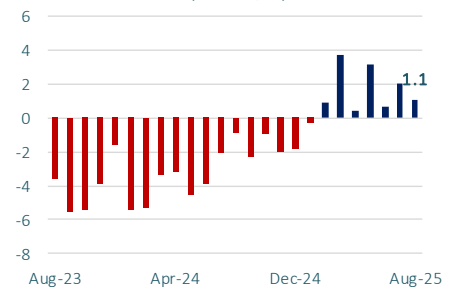
In August, the industrial production index fell by 1.2% mom, recording a more limited decline than expected (1.6%), but still marking its fastest decline since April. Consequently, the index, which was expected to decline by 0.2% yoy, rose by 1.1%.

IMF October World Economic Outlook

	October Projections		Change (% point)*	
	2025	2026	2025	2026
GDP Growth				
World	3.2	3.1	0.2	0.0
US	2.0	2.1	0.1	0.1
Euro Area	1.2	1.1	0.2	-0.1
Japan	1.1	0.6	0.4	0.1
United Kingdom	1.3	1.3	0.1	-0.1
China	4.8	4.2	0.0	0.0
Türkiye	3.5	3.7	0.5	0.4

(*) From June 2025 projections

Euro Area Industrial Production (annual, %)



Source: IMF, Fed, ECB, Datastream

In China, exports grew by 8.3% yoy in September, exceeding expectations and marking the fastest growth since March, while imports expanded by 7.4% during the same period. As a result, the country's trade surplus reached 90.5 billion USD in September and 875 billion USD in the first nine months of this year. Despite the CPI remaining unchanged in August, it rose by 0.1% mom in September and declined by 0.3% yoy.

The Market Participants Survey showed a deterioration in inflation expectations.

According to the October results of the Market Participants Survey published by the CBRT, a significant deterioration was observed in the market's inflation expectations for the current year-end, 12 months ahead, and 24 months ahead. Due to recent inflation figures exceeding expectations, survey participants' inflation expectations for the end of this year rose by 1.9 points to 31.77%. Market participants' inflation expectations for October stood at 2.34%, while their USD/TRY exchange rate expectations for the end of this year were recorded slightly lower at 43.56.

The current account surplus reached a historic high in August on a monthly basis.

The current account surplus, which stood at 1.8 billion USD in July, reached a monthly high of 5.5 billion USD in August. The current account deficit for the January-August period increased by 98.2% yoy to 15.9 billion USD, while the 12-month cumulative current account deficit stood at 18.3 billion USD ([Our Balance of Payments Report](#)).

Central government budget revenues increased by 22.8% yoy in September to 1.0 trillion TRY, while budget expenditures increased more rapidly, by 42.8%, to 1.33 trillion TRY. Thus, the central government budget recorded a deficit of 309.6 billion TRY in September ([Our Budget Balance Report](#)).

Leading indicators were monitored in Türkiye.

According to data released by the TurkStat, the services production index, which declined in July, recorded a 0.4% mom increase in August. Thus, the annual increase in the index was 3.6%. Looking at the sub-indices, accommodation and food services, which are tourism-related sectors, supported the index with a 4.7% yoy increase, while the increase in transportation and storage services was relatively limited at 0.7% during this period. Another leading indicator announced this week, the construction production index, declined by 0.9% mom in August after rising for three consecutive months.

Statistics released on the housing market show that home sales increased 6.9% yoy to 151k in September and increased 19.2% to 1.1 million units in the January-September period. The housing price index announced by the CBRT also recorded increases of 1.7% and 32.2% mom and yoy, respectively, during the same period. On the other hand, the real decline observed in housing prices reached 0.8% yoy in September, extending the downward trend to the 20th month.

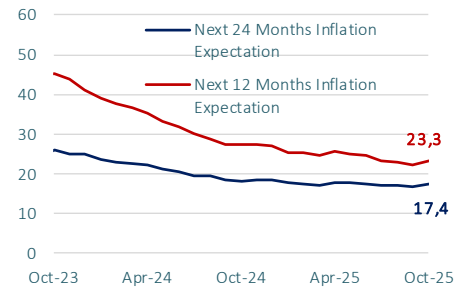
Financial markets...

Global markets struggled to find direction this week as trade war concerns revived amid tit-for-tat statements. US indices, which recorded sharp declines last Friday in response to China's additional restrictions on rare earth element exports and retaliatory measures from the US, partially recovered this week thanks to cautious statements, dovish messages from Fed Chairman Powell, and positive third-quarter balance sheets from major US banks. On the other hand, risk perception in US markets deteriorated significantly on Thursday after two regional banks in the country announced that they had been defrauded in their loans provided. On the commodities front, as of Thursday's close, the price of Brent crude oil fell 2.7% compared to last Friday, settling at 61.1 USD/barrel, while gold continued its upward trend, closing the period up 7.7% at 4,325 USD/ounce. Domestically, the BIST-100 index is preparing for its fourth consecutive week of negative weekly closings. Türkiye's 5-year CDS risk premium rose by 3 basis points compared to last Friday's close on Thursday, reaching 266 basis points.

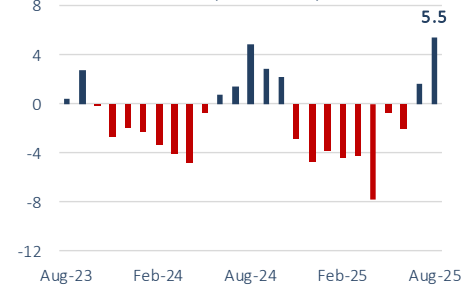
Next week's agenda...

Next week's agenda highlights the Monetary Policy Committee meeting of CBRT. In addition, the domestic consumer confidence index data for October will be announced. While disruptions in data releases in the US are expected to persist in the coming days, preliminary PMI data for October will be announced in the Eurozone.

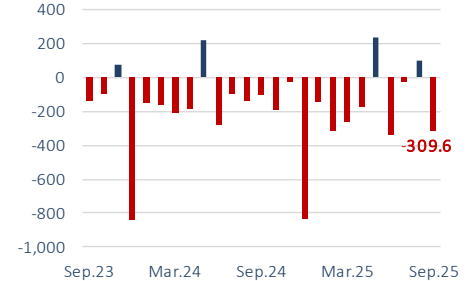
CBRT Survey of Market Participants



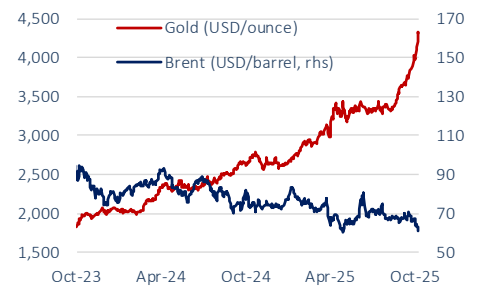
Current Account Balance (billion USD)



Budget Balance (billion TRY)



Gold and Crude Oil Price



Source: TURKSTAT, CBRT, BIST, Datastream

Data Releases

		Period	Consensus	Prior
13 October	TR Central Government Gross Debt Stock	September	-	12.5 billion TL
	Germany PPI Inflation, mom	September	0.2%	-0.5%
14 October	China Retail Sales, yoy	September	3.0%	3.4%
15 October	China GDP Growth, yoy	Q3	4.8%	5.2%
	China Central Bank Meeting	September	-	-
	UK CPI Inflation, yoy	September	4.0%	3.8%
	CBRT Monetary Policy Meeting	October	39.5%	40.5%
	TR Consumer Confidence Index	October	-	83.9
	Euro Area Consumer Confidence, flash	October	-15.0	-14.9
16 October	Euro Area HCOB Manufacturing PMI, final	October	49.8	49.8
	Euro Area HCOB Services PMI, final	October	51.1	51.3
17 October	Japan CPI Inflation, yoy	September	-	2.7%

US Data Releases

7-14 October	US Industrial Production, mom	September	0,0%	0,1%
	US Housing Starts, units	September	1.32 million	1.31 million
23 October	US Existing Home Sales, units	September	4 million	4 million
24 October	US CPI Inflation, mom	September	0.4%	0.4%
	US Manufacturing PMI, flash	October	51.8	52.0
	US Services PMI, flash	October	53.5	54.2
	US Michigan Consumer Confidence, final	October	55.0	55.0
	US New Home Sales, units	September	0.7 million	0.8 million

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