

	25-Sep	1-Oct	Change		25-Sep	1-Oct	Change
BIST-100 Index	12,899	12,249	-5.0 % ▼	EUR/USD	1.1391	1.1241	-1.3 % ▼
TRY 2 Year Benchmark Rate	39.98 %	40.46 %	48 bp ▲	USD/TRY	48.9163	48.9050	0.0 % ●
Türkiye 5-Year CDS Premium	249	256	7 bp ▲	EUR/TRY	55.7366	55.2792	-0.8 % ▼
MSCI EM Equity Index	1,732	1,709	-1.3 % ▼	Gold (USD/ounce)	4,286	4,178	-2.5 % ▼
US 10-Year Bond Rate	5.18 %	5.23 %	5 bp ▲	Brent Oil (USD/barrel)	104.3	102.3	-1.9 % ▼

bp: basis point

News flow regarding the developments in the Middle East continues to cause volatility in oil prices. Against this backdrop, upside risks to global inflation remain elevated, while the US 10-year Treasury bond yield tested its highest level since 2002 during Thursday's trading session. The personal consumption expenditures (PCE) inflation in August and September employment data released in the US somewhat eased concerns regarding the inflation outlook. In Türkiye, the manufacturing PMI continued to signal contraction in the sectoral activity, while the economic confidence index reached its highest level since June 2023. Next week, the US ISM services PMI and Euro Area producer price inflation and retail sales will be among the key data on the global markets agenda. In Türkiye, inflation and industrial production data will be closely monitored.

A busy data agenda was followed in the US this week.

Labor market and inflation data released in the US were in the spotlight this week. Non-farm payrolls increased by 29 thousand in September, falling short of the market expectation of 90 thousand. The August figure was also revised down from 162 thousand to 133 thousand. The unemployment rate rose to 4.2% from 4.1%. Average hourly earnings increased by 0.1% mom (August: 0.3%) and 3.0% yoy (August: 3.1%).

In the US, the personal consumption expenditures (PCE) price index rose by 0.3% mom and 3.4% yoy in August. The monthly increase in the core PCE price index also came in below expectations at 0.2%. Annual inflation in the core index stood at 3.0%, remaining flat compared to the previous month, whose figure was revised down to 3.0%.

Following the strong PMI figures released by S&P Global last week, the ISM manufacturing PMI also signaled an expansion in sectoral activity in September, coming in at 54.5, slightly below market expectations. The US economy's annualized growth rate for the second quarter of 2026 was revised upward to 2.2% in the final estimate, exceeding the market expectation of 1.5%. Despite the resilience in economic activity, consumer confidence remained weak. The consumer confidence index stood at 81.9 in September, significantly below the market expectation of 89.2 and marking its lowest level in more than 12 years.

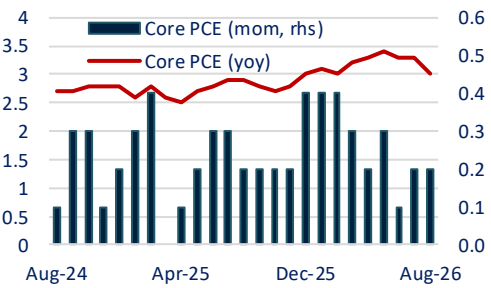
US 10-year Treasury yield hit its highest level since 2002.

While news flow regarding tensions in the Middle East caused volatility in oil prices, expectations that the Fed will deliver another rate hike this year remained firm amid ongoing uncertainty surrounding geopolitical risks and elevated inflation expectations. Against this backdrop, upward pressure on long-term US Treasury yields continued. The 10-year Treasury bond yield, which climbed to 5.34% during Thursday's trading session, tested its highest levels since 2002. The 10-year Treasury bond yield retreated from these levels and was set to end the week broadly unchanged. In this environment, the DXY index, which measures the value of the US dollar against a basket of major currencies, rose by 1.1% as of Thursday compared to Friday's close, partly due to downward pressure on the euro. The EUR/USD parity also traded at 1.12 as of Thursday's close, its lowest level since May 2025.

Euro Area annual CPI inflation reached a three-year high in September.

According to flash data released today, annual CPI inflation in the Euro Area rose to 3.8% in September, exceeding the market expectation of 3.6% and reaching its highest level in three years. Annual consumer price inflation had stood at 3.2% in August. The acceleration in annual inflation in the index excluding food, energy, tobacco and alcohol was more limited. Annual core CPI inflation, which stood at 2.4% in the previous month, edged up to 2.5% in September. According to market pricing, the probability of the ECB delivering another rate hike by the end of the year is above 70%.

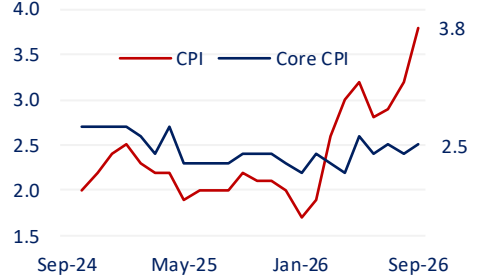
US Inflation Indicators



US 10-Y & 30-Y Treasury Bond and DXY index



Euro Area Inflation Indicators (yoy %)



Key domestic data releases...

The Istanbul Chamber of Industry Türkiye manufacturing PMI fell by 0.2 points mom to 47.9 in September, remaining below the threshold level for the 30th consecutive month. In September, the new orders and output sub-indices continued to signal contraction amid tensions in the Middle East. In addition, reflecting higher energy and transportation costs, both input costs and output price inflation reached their highest levels in four months. Meanwhile, the economic confidence index rose to 101.3 in September, its highest level since June 2023.

According to data released by the Ministry of Culture and Tourism, the number of foreign visitors to Türkiye was broadly unchanged from a year earlier at 6,963 thousand in August. In the January-August period, the number of foreign visitors declined by 1.8% yoy to 34.8 million, marking the lowest level for the corresponding period in the last four years.

According to seasonally adjusted data, the unemployment rate declined by 0.3 points from the previous month to 7.8% in August. During the same period, the labour underutilisation rate, a broader measure of unemployment, increased by 0.4 points to 31.0%.

Financial markets...

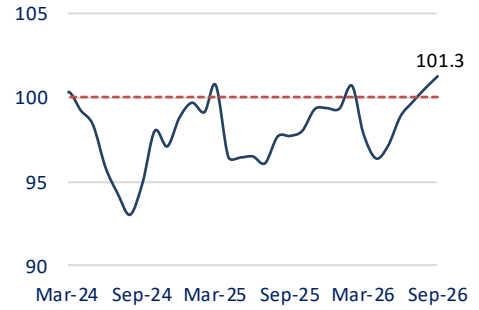
The BIST-100 index hit 11,926 during the day on Wednesday, marking its lowest level since last January. On Thursday, the index rebounded slightly following the announcements regarding repayments to investors from funds that had defaulted. The BIST-100 index, which had fallen by nearly 3% the previous week, was down 5% as of Thursday's close compared to last Friday. During this period, Türkiye's 5-year CDS spread rose by 7 bps to 256, reaching its highest level in more than four months.

In the week to September 25, non-residents made net purchases of 358.6 million USD in equities and executed net sales totaling 142.7 million USD in the government bond market (including outright purchases, reverse repos, collateralized purchases, and securities lending). Consequently, while non-residents' equity market portfolio expanded by a net 248.8 million USD over the past two weeks, their government bond market portfolio contracted by a net 531.7 million USD.

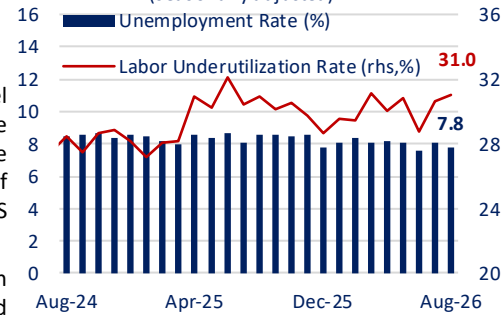
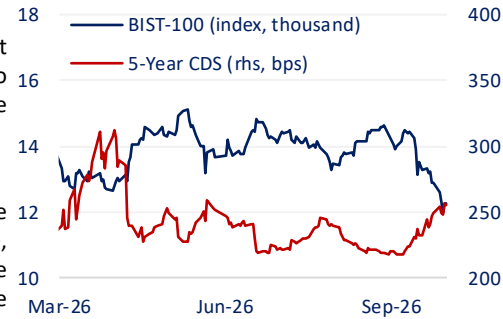
CBRT made changes to its reserve requirement implementations to support macrofinancial stability and banks' liquidity management. The growth limit applied to TRY loans extended to SMEs for 8-week periods was raised from 4.5% to 5%, while the ratios for maintaining TRY required reserves in blocked accounts were lowered.

Next week's agenda...

On the global data agenda next week, the US ISM services PMI for September and the Euro Area PPI inflation and retail sales data for August will be followed. In Türkiye, September inflation data and the industrial production index for August will be released. Developments in the Middle East will also remain in the spotlight for the markets.

Economic Confidence Index**Labor Market**

(seasonally adjusted)

**BIST-100 and CDS****Data Releases**

		Period	Consensus	Prior
5 Oct	TR CPI Inflation, mom	September	-	1.84%
	TR D-PPI Inflation, mom	September	-	2.57%
	US Services PMI, final	September	-	58.7
	US ISM Services PMI	September	55.7	55.4
	Euro Area PPI Inflation, yoy	August	-	5.8%
	Euro Area Services PMI, final	September	53.0	53.0
	Euro Area Sentix Index	October	-	5.1
	Germany Services PMI, final	September	-	52.9
	Japan Services PMI, final	September	-	51.6
6 Oct	TR CPI Based Real Effective Exchange Rate	September	-	105.0
	US Trade Balance	August	-	-88.6 billion USD
	Euro Area Retail Sales, mom	August	-	-0.6%
	Germany Industrial Orders, mom	August	-0.5%	2.5%
7 Oct	TR Treasury Cash Balance	September	-	49.8 billion TRY
	Fed Minutes	September	-	-
	Germany Industrial Output, mom	August	0.5%	-1.1%
9 Oct	TR Industrial Production, yoy	August	-	-0.3%
	US Michigan Consumer Confidence, prelim	October	-	48.1

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