Weekly Bulletin
September 2026 / 35

	28-Aug	3-Sep	Change		28-Aug	3-Sep	Change
BIST-100 Index	14.642	13.932	-4,8 % ▼	**EUR/USD**	1,1584	1,1624	0,3 % ▲
TRY 2 Year Benchmark Rate	40,03 %	39,57 %	-46 bp ▼	**USD/TRY**	48,2338	48,3251	0,2 % ▲
Türkiye 5-Year CDS Premium	217	219	1 bp ▲	**EUR/TRY**	55,8836	56,3424	0,8 % ▲
MSCI EM Equity Index	1.722	1.703	-1,1 % ▼	**Gold** (USD/ounce)	4.453	4.473	0,5 % ▲
US 10-Year Bond Rate	4,72 %	4,76 %	4 bp ▲	**Brent Oil** (USD/barrel)	89,3	95,5	7,0 % ▲

bp: basis point

This week, renewed tensions in the Middle East dampened global risk appetite. Brent crude oil reached its highest level since the last week of July, hitting 95 USD/barrel. US data gave mixed signals regarding inflation and employment outlook. On Thursday, Fed member Waller's statements weakened expectations for a rate hike at the September meeting. In Türkiye, GDP growth rate in the second quarter became 2.3% yoy, and August's monthly CPI inflation was 1.84%, below market expectations. The ICI Türkiye Manufacturing PMI rose from 47.7 to 48.1, indicating a slowdown in the rate of contraction in the sector. According to preliminary data for August, the foreign trade deficit widened by 22.3% yoy. Next week, the focus in Türkiye will be on the Medium-Term Program to be announced this Sunday and the CBRT meeting on Thursday. Balance of payments, industrial production, trade sales volume index, and turnover indices data for July are also on the agenda. On the global markets, the ECB meeting and the inflation data to be released in the US will be closely monitored.

A heavy data agenda in the US...

Data released this week indicated that economic activity remained strong in the US. In August, the S&P manufacturing PMI was revised from flash data of 53.2 to 53.9, bringing it to the July level, while the ISM manufacturing PMI was 54.6 in August. On the services side, the S&P PMI reached its highest level since December 2024 at 56.5, while the ISM services index rose from 54.1 in July to 55.4.

Following Wednesday's lower than expected ADP employment report, today's non farm payrolls data significantly exceeded market expectations. In August, non farm payrolls in the country increased by 162k (consensus: 56k), while the July data was revised from a decline of 23k to an increase of 21k. The unemployment rate was announced at 4.1%, in line with expectations. The monthly increase in average hourly earnings was 0.3%, while the annual increase continued to lose momentum and became 3.1%.

Statements by the Fed officials this week sent mixed signals.

Fed Board member Barr indicated that an interest rate hike might be necessary if inflation doesn't decline fast enough, while New York Fed President Williams stated that recent data has been encouraging in terms of inflation outlook, but also stated that policy decisions will depend on future data. Fed Board member Waller indicated that if the recent disinflation trend continues, he might support keeping the policy rate unchanged at the September meeting.

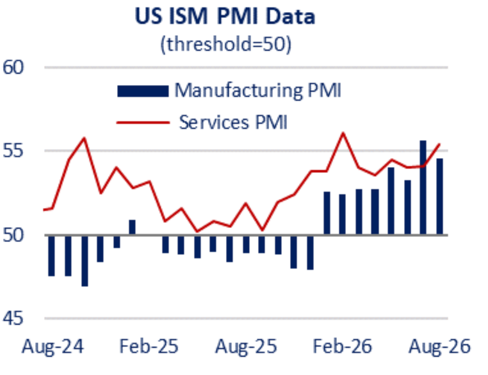
Rising tensions in the Middle East...

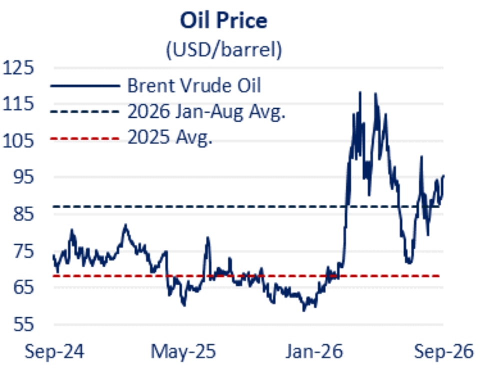
The re-escalation of tensions in the Middle East since the beginning of this week has raised concerns that the conflict may not end in the short term. Amid heightened geopolitical risks, Brent crude oil prices reached 95.6 USD per barrel on Wednesday, its highest level since July 24. As of Thursday's close, Brent crude prices were up 7.0% compared to the previous Friday.

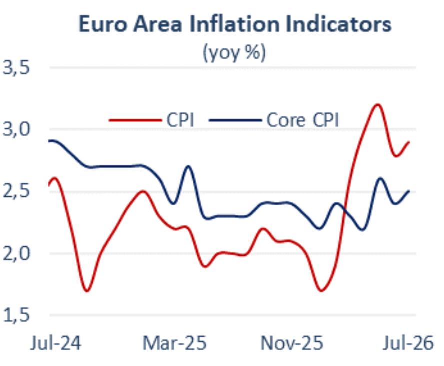
Annual CPI inflation in the Euro Area rose to 3.3% in August.

Data released in the Euro Area this week indicated that the moderate recovery in economic activity continued, while inflationary pressures stemming from higher energy prices became more pronounced. Final manufacturing and services PMI readings for August came in at 52.7 and 51.6, respectively, indicating that the activity in both sectors remained in expansionary territory.

Annual consumer price inflation in the Region rose from 2.9% to 3.3% in August, driven mainly by an increase in annual energy inflation from 10.3% to 14.3%. In contrast, core CPI inflation, excluding energy, food, alcohol and tobacco, declined from 2.5% to 2.4%. Producer prices increased by 1.6% mom and 5.8% yoy in July, pointing to an acceleration in producer price inflation compared to the previous month.



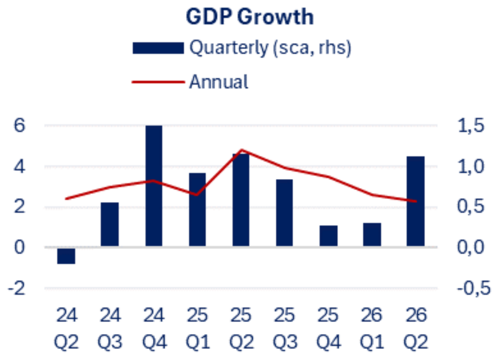




Source: Datastream, Fed

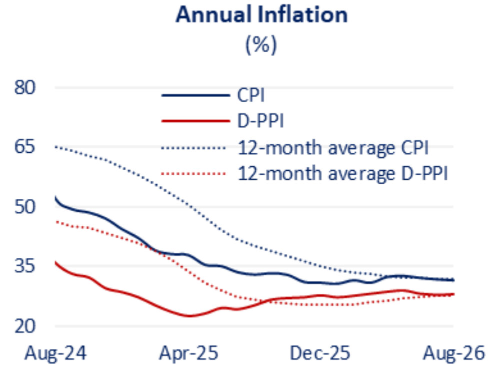
Turkish economy grew by 2.3% yoy in the second quarter.

In the second quarter of 2026, Turkish economy grew by 2.3% yoy, according to the chain linked volume index, falling below market expectations. While this 2.3% yoy growth marks the weakest performance since the second quarter of 2020, seasonally and calendar-adjusted data shows that economic activity gained momentum in the second quarter compared to the previous quarter. During this period, Turkish economy recorded its fastest quarterly growth since the second quarter of last year, at 1.1%. (Growth Report)



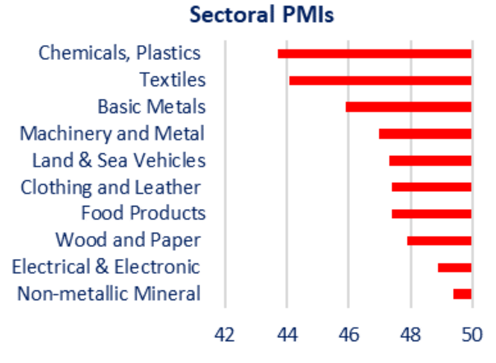
CPI increased below expectations in August.

Monthly CPI inflation came in at 1.84% in August, slightly below market expectations. Annual CPI inflation declined from 31.75% to 31.51%. Year-to-date CPI increase was recorded at 22.07%. The monthly increase in the Domestic Producer Price Index (D-PPI) rose from 1.52% in July to 2.57% in August. After declining in the last two months, annual D-PPI inflation increased to 27.95% in August. (Inflation report). According to data released today, the seasonally adjusted CPI rose 2.29% on a monthly basis in August (July: 2.29%).



ICI Türkiye Manufacturing PMI marked its highest reading in three months..

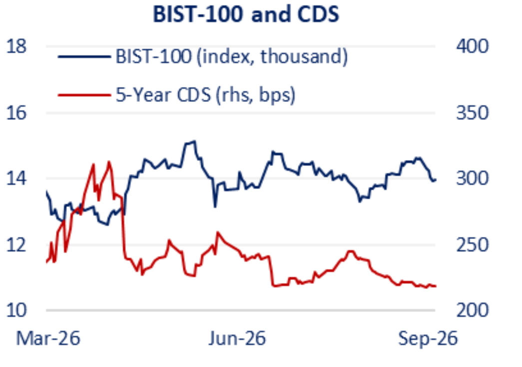
İstanbul Chamber of Industry (ICI) Türkiye Manufacturing PMI edged up from 47.7 in July to 48.1 in August, marking its highest reading in three months. That said, as the figure remained below the 50 threshold level, the reading indicated that the weak course of the manufacturing sector continued despite the slowdown in contraction. Driven by rising raw material prices, input cost inflation has reached its highest level in the last three months. Looking at the sectoral PMI indices reveals that the PMI remained below the 50 threshold in all sectors monitored, and also new orders declined in all sectors. During this period, the most negative outlook was recorded in the chemical, plastics, and rubber products sector. Furthermore, according to the production sub-indices, the only sector showing signs of production growth was the non-metallic mineral products sector. The sector's production sub-index reached its highest value in August since May 2022.



Financial markets…

Expectations regarding the Fed's September meeting were the main driver of pricing in global financial markets this week. The probability of a 25-basis-point rate hike in September rose to around 65% at the beginning of the week, as Fed Chair Warsh's hawkish remarks at Jackson Hole in the previous week and the rise in oil prices heightened concerns over the inflation outlook. This pushed US Treasury yields higher, with the 10-year yield approaching 4.82% during the week, its highest level since November 2023. However, the probability of a rate hike declined to around 50% yesterday after Fed Governor Waller stated that he could support keeping interest rates unchanged if inflation continued to ease. Today's stronger-than-expected nonfarm payrolls data could exert upward pressure on the likelihood of a rate hike. The DXY index, which measures the value of the US dollar against a basket of major currencies, rose following the data release. This week, MSCI World Index rose by around 0.3% on a weekly basis as of Thursday's close, while MSCI Emerging Markets Index declined by approximately 1%.

In Türkiye, the BIST 100 index fell by 4.8% as of Thursday's close compared with the previous week's close. Türkiye's 5-year CDS premium increased by 1 basis point over the same period to 219 basis points. Compared with the previous Friday's close, 2-year benchmark government bond yield declined by 46 basis points to 39.57% as of Thursday, while the yield on the 10-year benchmark government bond fell by 11 basis points to 34.26%.



Next week's agenda…

In Türkiye, the Medium-Term Program for the 2027–2029 period, scheduled to be announced on Sunday, September 6, and the CBRT's interest rate decision on Thursday will be high on the agenda next week. On the data agenda, July figures for industrial production, the current account balance, trade sales volume and turnover indices will be monitored. In global markets, the ECB's interest rate decision and August inflation data in the US will be closely watched.

Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
September 7	TR Treasury Cash Balance	August	-	-395.7 billion TRY
	Euro Area GDP Growth, revised, yoy	Q2	1.0%	1.0%
	Euro Area Sentix Index	September	-	0.9
September 8	China Trade Balance	August	120.0 billion USD	112.5 billion USD
September 9	China PPI Inflation, yoy	August	3.7%	3.5%
	China CPI Inflation, yoy	August	0.8%	0.5%
September 10	CBRT Monetary Policy Meeting	September	-	37.0%
	TR Industrial Production, yoy	July	-	-1.4%
	US PPI Inflation, yoy	August	-	4.7%
	US Existing Home Sales, mom	August	-	-1.7%
	ECB Meeting	September	2.5%-2.65%	2.25%-2.4%
September 11	TR Current Account Balance	July	-	-4.19 billion USD
	CBRT Survey of Market Participants	September	-	-
	TR Trade Sales Volume, yoy	July	-	-4.5%
	US CPI Inflation, yoy	August	-	3.4%
	US Michigan Consumer Confidence, prelim	September	-	51.7

Source: Datastream, CBRT, TurkStat

Economic Research Division

Alper Gürler
Division Head
alper.gurler@isbank.com.tr

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

H. Erhan Gül
Unit Manager
erhan.gul@isbank.com.tr

Oğulcan Delil
Asst. Economist
ogulcan.delil@isbank.com.tr

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