Weekly Bulletin

August 2026 / 32

TÜRKİYE İŞ BANKASI | research.isbank

	7-Aug	13-Aug	Change			7-Aug	13-Aug	Change
BIST-100 Index	13,779	14,132	2.6 % ▲		**EUR/USD**	1.1558	1.1527	-0.3 % ▼
TRY 2 Year Benchmark Rate	41.60 %	41.41 %	-19 bp ▼		**USD/TRY**	47.6937	47.8160	0.3 % ▲
Türkiye 5-Year CDS Premium	227	222	-5 bp ▼		**EUR/TRY**	55.1254	55.2453	0.2 % ▲
MSCI EM Equity Index	1,658	1,695	2.3 % ▲		**Gold** (USD/ounce)	4,342	4,350	0.2 % ▲
US 10-Year Bond Rate	4.66 %	4.64 %	-2 bp ▼		**Brent Oil** (USD/barrel)	83.6	87.1	4.2 % ▲

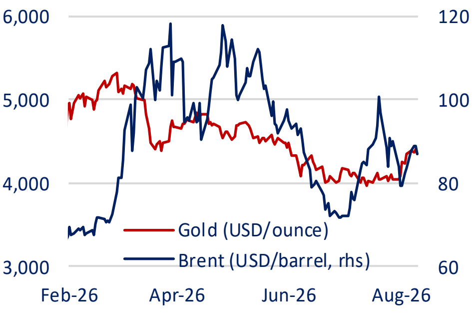
bp: basis point

This week, developments regarding the Strait of Hormuz and US inflation data were closely monitored. The stalled diplomatic process to reopen the Strait of Hormuz and the continued tension in the region led to a rise in oil prices. Following data releases in the US indicating a slowdown in both CPI and PPI inflation in July, expectations of a Fed interest rate hike at its September meeting weakened. In Türkiye, the current account deficit in June was 4.2 billion USD, below thr expectations, while industrial production fell by 1.4% yoy, and retail sales lost some momentum. In its third Inflation Report of the year, the CBRT raised its inflation forecast for the end of 2026 to 28%. According to the results of the CBRT Survey of Market Participants, year-end inflation expectations rose to 29.43%. Next week, preliminary PMI data for August will be released for major economies, along with budget balance and confidence indices in Türkiye. Developments in the Middle East will continue to be closely monitored.

Concerns about global energy supply continue...

Last week's strengthening optimism regarding the reopening of the Strait of Hormuz weakened again this week due to a lack of progress in diplomatic processes, ongoing tensions in the region, and statements made by both sides. While the US announced it would take measures to economically isolate Iran, Iran continued to insist on conditions such as the lifting of sanctions and compensation payments from the US for the reopening of the Strait of Hormuz. The US threat of an indefinite naval blockade against Iran and the fact that ship traffic through the Strait of Hormuz remained below average levels also kept energy supply risks on the agenda, putting upward pressure on oil prices. Although the strong increase in US crude oil inventories and OPEC's downward revision of its 2026 global oil demand growth forecast from 780K barrels per day to 580K barrels per day somewhat limited the price increase, Brent crude oil reached 87.07 USD/barrel on Thursday, a 4.2% increase compared to last week's closing price.

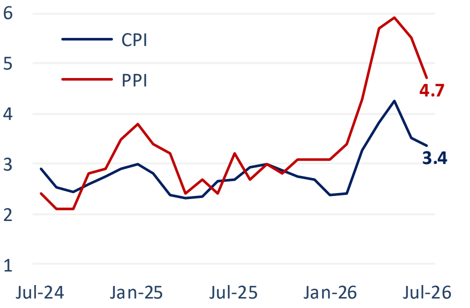
Gold and Oil Prices



Data released in the US showed signs of a slowdown in inflation.

In the US, consumer prices rose by 0.1% mom in July, in line with market expectations. Annual CPI inflation eased to 3.4% from 3.5% in June. In this period, the decline in energy prices contributed to the ease in headline inflation, core CPI that excludes food and energy, rose by 0.2% mom and 2.5% yoy. In the same period, producer prices remained unchanged on a monthly basis, contrary to market expectation of a 0.2% rise, while annual PPI inflation declined from 5.5% to 4.7% (expectation: 4.9%). Thus, the signs of a slowdown in inflation seen in June continued into July. Expectations for a Fed rate hike which had already weakened following last week's non-farm payrolls data that fell short of expectations, declined further alongside moderate inflation data. As of this morning, the Fed rate hike expectations stands at around 27%.

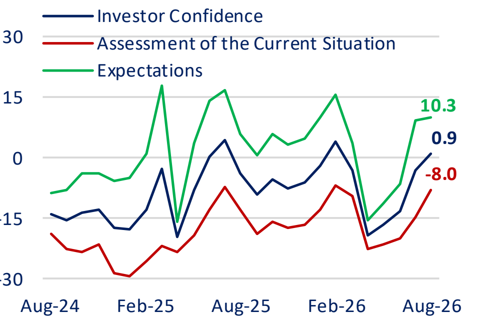
US Inflation Indicators
(annual, %)



Data released in the Euro Area…

Revised growth data in the Euro Area for the second quarter confirmed the preliminary figures, showing a rate of 0.4% on a quarterly basis and 1.0% yoy. Thus, in the region, which has posted the strongest growth performance in four years, the Sentix investor confidence index in August reached its highest level since the onset of Middle East tensions, signaling the continuation of a positive outlook for economic activity.

Sentix Investors Sentiment



Source: Datastream

The current account balance posted a deficit of 4.2 billion USD in June.

In June, the balance of payments defined trade deficit widened by 31% yoy to 8.5 billion USD. On the other hand, driven by the positive performance in services revenues, the current account recorded a deficit of 4.2 billion USD, below market expectations. Consequently, the current account deficit, which stood at 34.5 USD billion in the January–June period, rose to 38.9 billion USD on a 12-month cumulative basis (our Balance of Payments report).

CBRT released the third Inflation Report of the year.

In the third Inflation Report of the year, the CBRT maintained its interim target for the end of 2026 at 24%, while raising its inflation forecast from 26% to 28%. Maintaining its approach of not providing a forecast range due to high uncertainty, the CBRT stated that the 2-point upward revision to its year-end forecast was driven by TL-denominated import prices, regulations concerning administered prices and the sliding scale pricing mechanism on SCT, and upward revisions to food inflation assumptions. In the report, the assumption of food inflation was raised from 26.3% to 28.5% and the forecast for the annual increase in import prices from 6.3% to 6.6%, while the assumption for the average annual oil price was lowered from 89.4 USD to 87.8 USD, for the end of 2026. Noting that inflation has been fluctuating above 30% for some time and that disinflation has slowed, Governor Karahan stated that the slowdown in credit growth and weak domestic demand are supporting disinflation, and that one-week repo auctions would resume once appropriate conditions are met.

The market's year-end inflation expectation rose to 29.43%.

The results of the Survey of Market Participants published by the CBRT indicated that the deterioration in inflation expectations continued in August. The market's inflation expectation for the end of this year extended its uninterrupted rise into its seventh month, reaching 29.43%, while the year-end inflation expectation for 2027 rose to 21.94%. Participants' monthly inflation expectation for August stood at 1.67%. The market's USD/TRY exchange rate expectation for the end of 2026 rose slightly to 51.66, while settling at 57.43 for 12 months ahead. According to the survey, market participants' current account deficit expectations for the end of the year also rose to 50.2 billion USD. Meanwhile, participants' economic growth expectations were maintained at 3.1% for 2026, while edging down from 4.1% to 4.0% for 2027.

Production indices presented a weak picture in June.

The industrial production index posted a limited monthly increase of 0.1% in June, while manufacturing output remained unchanged. During the month, production contracted in 15 of the 24 manufacturing subsectors. On an annual basis, industrial production declined by 1.4% in June. Over the same period, the services production index increased by 0.6% mom and 1.3% yoy. Construction production, meanwhile, continued to decline, falling by 0.5% on a monthly basis and 6.0% on an annual basis.

Accordingly, in the second quarter of the year, industrial production grew by 1.4% yoy, supported by the favorable performance recorded in April, while services production expanded by 1.2%. Construction production contracted by 2.6%, marking its first annual decline since the final quarter of 2022.

Indicators on domestic demand…

Wholesale trade sales volume increased by 4.0% mom in June, but declined by 9.4% compared with the same period of last year, partly due to the high base effect. Retail trade volume, meanwhile, recorded a limited monthly increase of 0.7%, while its annual growth moderated to 11.8% from 12.8% in the previous month. Retail sales excluding watches and jewellery also lost momentum in June. Accordingly, total trade sales volume, which expanded by 1.9% mom during this period, fell by 4.5% yoy. In the second quarter of the year, retail sales volume increased by 12.1% yoy, but total trade sales volume contracted by 2.0%, reflecting the weak course of wholesale sales (-6.8% yoy). Housing sales, which declined by 17.0% yoy in July, confirmed the slowdown in domestic demand as well.

Financial markets…

Investors generally adopted a cautious stance this week amid US inflation data and ongoing geopolitical uncertainties. As of Thursday's close, the MSCI World index recorded a limited increase of 0.5% compared to last Friday's close, while the MSCI Emerging Markets index rose by 2.3%, supported by strong gains in artificial intelligence- and high-technology-related stocks in Asia. In the US, concerns over elevated public debt and inflationary risks led to increases in long-term government bond yields. In Türkiye, the BIST 100 index rose by 2.6% as of Thursday's close compared to last Friday. Türkiye's CDS premium declined by 5 basis points to 222 basis points.

Next week's agenda…

On the global agenda next week, preliminary August PMI data for major economies and the People's Bank of China's meeting will be in focus. In Türkiye, the central government budget balance and confidence indices will be released. Developments in the Middle East will continue to be closely monitored.

Inflation Report (2026-III)

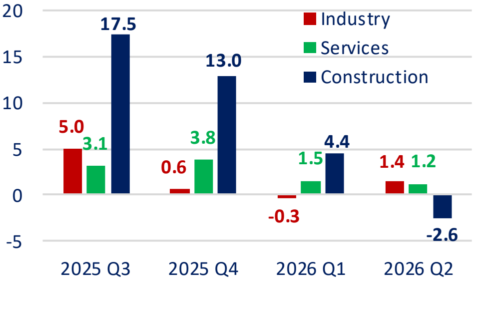
Revisions in Assumptions	Current		Previous (May. 26)	
	2026	2027	2026	2027
Food Price Inflation (Year-End % Chg.)	28.5	19.0	26.3	19.0
Oil Prices (annual avrg., USD/barrel)	87.8	76.4	89.4	75.4
Global Growth Index (annual avrg. % chg.)	1.6	2.5	1.7	2.5
Import Prices (USD, annual avrg. % chg)	6.9	-0.4	6.3	-0.2

CBRT Survey of Market Participants

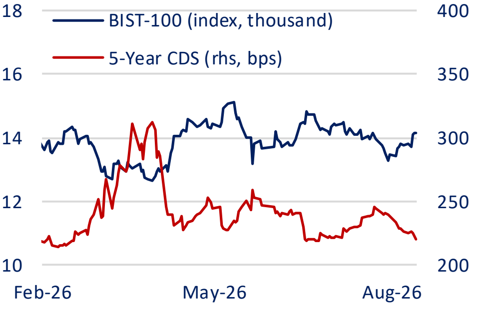
	May	Jun	Jul	Aug
CPI (%)				
Year-End	28.9	29.1	29.2	29.4
12 Months Ahead	23.8	23.8	24.0	23.7
Next Year-End	21.1	21.4	21.5	21.9
Current Account Balance (billion USD)*	-47.8	-49.2	-49.3	-50.2
Growth (%)*	3.3	3.2	3.1	3.1

** Current year*

Production Indices
(annual % change)



BIST-100 and CDS



Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
17 Aug	TR Budget Balance	July	-	114.2 billion TRY
	US NY Fed Manufacturing Index	August	-	15.6
	China Industrial Production, yoy	July	4.8%	5.3%
	China Retail Sales, yoy	July	1.5%	1.0%
	Japan GDP Growth, qoq	2026 Q2	0.5%	0.5%
18 Aug	TR Housing Price Index, yoy	July	-	24.5%
	US Industrial Production, mom	July	0.3%	0.1%
	US Housing Starts, units	July	1.34 million	1.43 million
	US Pending Home Sales, mom	July	-	-5.4%
	Germany ZEW Economic Sentiment	August	-	26.3
19 Aug	Fed Minutes	July	-	-
	Euro Area CPI Inflation, final, yoy	July	2.9%	2.9%
	UK CPI Inflation, yoy	July	-	%2.6
20 Aug	TR Central Government Gross Debt Stock	July	-	15.0 trillion TRY
	US Philadelphia Fed Business Index	August	-	41.4
	Germany PPI Inflation, yoy	July	-	1.8%
	China Central Bank Meeting	August	3.0%-3.5%	3.0%-3.5%
21 Aug	TR Consumer Confidence Index	August	-	89.8
	TR Real Sector Confidence Index, SA	August	-	101.2
	TR Capacity Utilization Rate, SA	August	-	73.8%
	TR Foreign Visitors, yoy	July	-	-4.0%
	US Manufacturing PMI, flash	August	-	53.9
	US Services PMI, flash	August	-	54.6
	Euro Area Manufacturing PMI, flash	August	-	51.9
	Euro Area Services PMI, flash	August	-	51.7
	Euro Area Consumer Confidence, flash	August	-	-15.9
	Japan CPI Inflation, yoy	July	-	1.6%
	Japan Manufacturing PMI, flash	August	-	54.5
	UK Manufacturing PMI, flash	August	-	51.9

Source: Datastream, TCMB, TÜİK

Economic Research Division

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

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

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

Büşra Ceylan
Asst. Economist
busra.ceylan@isbank.com.tr

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