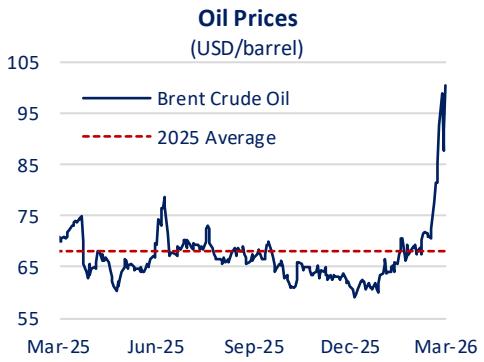
	6-Mar	12-Mar	Change		6-Mar	12-Mar	Change
BIST-100 Index	12.793	13.286	3,9 % ▲	**EUR/USD**	1,1618	1,1510	-0,9 % ▼
TRY 2 Year Benchmark Rate	38,46 %	39,29 %	83 bp ▲	**USD/TRY**	44,0487	44,1131	0,1 % ▲
Türkiye 5-Year CDS Premium	259	262	3 bp ▲	**EUR/TRY**	51,2037	50,8012	-0,8 % ▼
MSCI EM Equity Index	1.500	1.492	-0,5 % ▼	**Gold** (USD/ounce)	5.170	5.079	-1,8 % ▼
US 10-Year Bond Rate	4,13 %	4,27 %	14 bp ▲	**Brent Oil** (USD/barrel)	92,7	100,5	8,4 % ▲

bp: basis point

This week, the effects of the ongoing conflict between Israel, the U.S., and Iran remained the main focus of the markets. Escalating tensions and significant traffic disruptions through the Strait of Hormuz caused sharp fluctuations in oil prices. The International Energy Agency, which decided on the largest-ever coordinated release of 400 million barrels from strategic reserves to support oil supply, noted that global oil supply could face a loss of up to 8 million barrels per day in March. In the U.S., consumer prices rose by 0.3% mom in February, in line with market expectations. While the CBRT kept its policy rate unchanged at 37%, the results of the March Market Participants Survey pointed to an increase in inflation expectations. The current account deficit stood at 6.8 billion USD in January, exceeding market expectations. During the same period, industrial production declined by 1.8% yoy, while retail trade volume rose by 18.8%. Geopolitical developments and meetings of major central banks will be key drivers of markets next week.

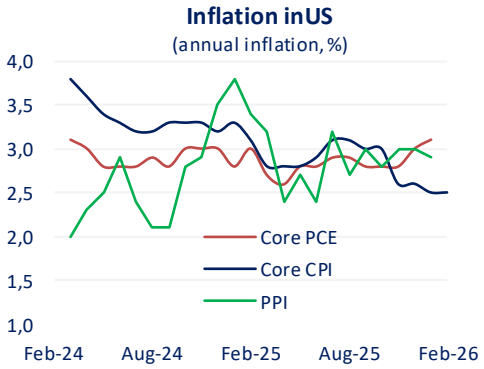
Developments in the Middle East caused sharp fluctuations in energy markets.

Throughout the week, escalating conflicts in the Middle East and traffic disruptions through the Strait of Hormuz remained the primary risk factor in global markets. At the beginning of the week, concerns over supply disruptions pushed the price of Brent crude oil up to 119.50 USD/barrel; however, following U.S. President Trump's remarks suggesting the war could end soon and signals of limited easing in sanctions on Russian oil, prices fell below 100 USD. In the following days, significant traffic disruptions through the Strait of Hormuz, ongoing tanker attacks, and messages from the Iranian side suggesting the strait could remain closed caused oil prices to rise above 100 USD again. With the goal of supporting supply, the International Energy Agency (IEA) decided to release a total of 400 million barrels from strategic reserves - the largest coordinated supply release in history- while the U.S. granted a 30-day temporary purchase permit for Russian oil stranded at sea to ease market tensions. Nevertheless, the IEA described the current shock as the largest supply disruption in history, noting that global oil supply could face a daily loss of 8 million barrels in March. The price of Brent crude oil closed the week up 8.4% as of Thursday's close.



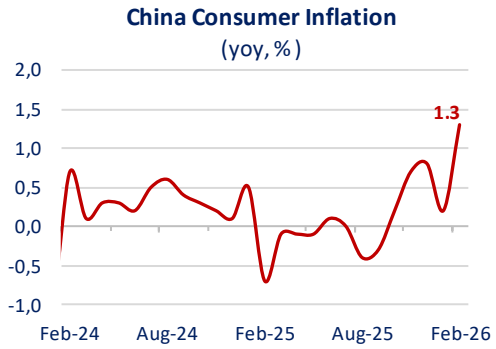
Inflation indicators in the U.S....

In the U.S., CPI inflation accelerated in February, driven primarily by increases in gasoline, housing, and healthcare costs, rising by 0.3% mom. Annual CPI inflation, meanwhile, stood at 2.4%, in line with both expectations and the previous month's figure. Meanwhile, according to data released on the final trading day of the week, the core Personal Consumption Expenditures (PCE) price index, closely monitored by the Fed for interest rate decisions, rose by 0.4% mom and by 3.1% yoy in January. The annualized growth rate for the U.S. economy in the fourth quarter of 2025 was revised down from the initial reading of 1.4% to 0.7%. As a result, the U.S. economy grew by 2.1% in the full year of 2025.



Consumer prices rose rapidly in China.

Annual consumer inflation in China rose to 1.3% in February, exceeding market expectations and marking the highest level since January 2023. This development was driven by a surge in consumer spending due to the Chinese New Year holiday. During the January-February period, the country's exports rose by 21.8% yoy, well above expectations, while the trade surplus increased by 26% yoy to reach 213.6 billion USD. Data for the first two months of the year, which are evaluated together to mitigate fluctuations caused by the Chinese New Year falling on different dates each year in January and February, indicated that despite tensions in global trade, growth in the Chinese economy continues to be significantly supported by external demand.



Source: Datastream

CBRT kept its policy rate at 37%.

At its second meeting of the year, the CBRT kept the one-week repo auction rate unchanged at 37%, in line with expectations. The Committee maintained the overnight lending rate at

40% and the overnight borrowing rate at 35.5%. The statement noted that the core inflation trend remained near flat in February, while emphasizing that supportive steps in monetary policy and coordination with fiscal policy were maintained to address risks to the inflation outlook stemming from increased uncertainty due to geopolitical developments, a deterioration in global risk appetite, and rising energy prices. The text also stated that the monetary policy stance would be tightened in the event of a significant and persistent deterioration in the inflation outlook. It was notable that the phrase "the magnitude of the steps," which was in the previous meeting's text and referred to the pace of the rate-cutting process, was omitted from this text.

Current account deficit was $6.8 billion in January.

The current account deficit stood at $6.8 billion in January, exceeding market expectations. As a result, the 12-month cumulative current account deficit which has been widening since September 2025, rose to $32.9 billion as of January. Following revisions to the balance of payments data, the current account deficit-to-GDP ratio stood at 1.0% in 2024 and 1.9% in 2025 (Our Balance of Payments report).

Inflation expectations rose according to CBRT Market Participants Survey.

According to the results of the March edition of the Market Participants Survey published by CBRT, year-end inflation expectations for 2026 rose by 1.27 percentage points from the previous survey to 25.38%, while expectation for 2027 increased by 0.31 percentage points to 18.71%. Participants' inflation expectations for 12 months ahead stood at 22.17%. According to survey results, the growth forecast for 2026 has declined slightly to 3.8% and the current account deficit forecast for the same period has risen from $26.3 billion to $31.6 billion.

While industrial production declined in January, the volume of retail sales increased.

After rising on a monthly basis in November and December, the industrial production index fell by 2.8% in January and declined by 1.8% yoy, marking a weak start to the new year. Under the manufacturing industry the production contracted in 16 of the 24 subsectors on an annual basis. In January, the services production index fell by 0.4% yoy as well, while the construction production index continued to rise by 8% yoy.

On the other hand, retail sales volume increased by 2.4% mom and 18.8% yoy in January. During the same period, retail sales excluding watches and jewelry rose by 0.8% and 11.1%, respectively.

Housing sales picked up in February.

According to data released by the TURKSTAT, the number of new house sales across Türkiye rose by 5.9% yoy in February to 37,785, while existing home sales increased by 6.0% to 86,764 units. Mortgage-backed sales, which rose by 42.3% during the same period, accounted for 20.1% of total home sales. As a result, total home sales reached 124,549, marking the second highest February figure following 2020. On the other hand, commercial property sales fell by 7.2% yoy in February.

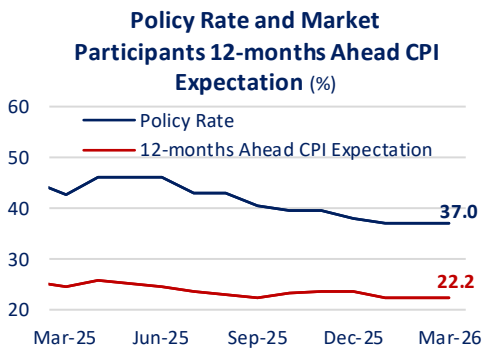
Financial markets…

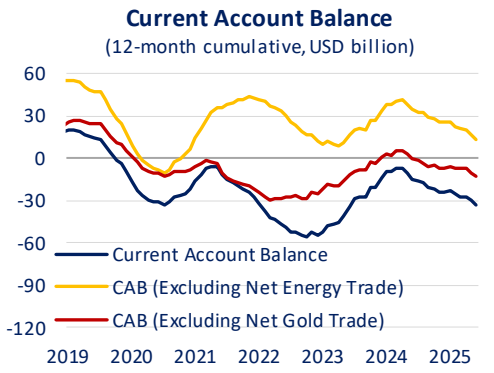
This week, the war in the Middle East continued to put pressure on risk appetite in global markets. As of Thursday's close, the MSCI World Index fell by 1.0%, while the MSCI Emerging Markets Index declined by 0.5%. During the same period, gold prices dropped by 1.8%.

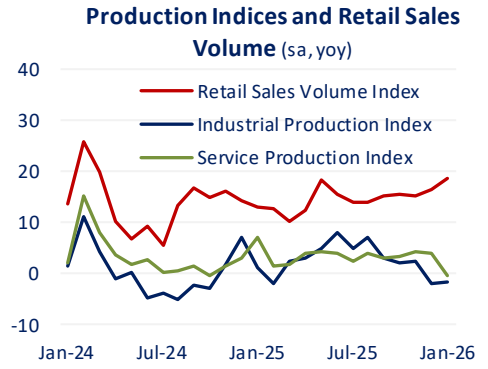
In line with the deterioration in risk perception towards emerging markets due to geopolitical concerns, Türkiye's 5-year CDS spread fluctuated throughout the week and rose by 3 basis points compared to last week's close, to 262 basis points as of Thursday's close. Despite the weak trend in global markets, the BIST-100 index had risen by 3.9% as of Thursday's close, but showed a negative trend on the final trading day of the week.

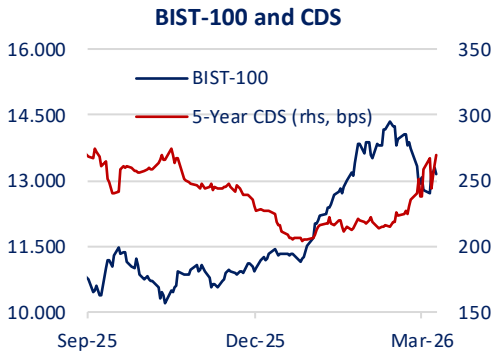
Next week's agenda…

Geopolitical developments will continue to shape markets next week. As meetings of the Fed, ECB, BoE, BoJ, and the PBoC are closely watched, the central government's February budget figures will be announced in Türkiye.









Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
16 March	TR Budget Balance	February	-	-214,5 billion TL
	US Industrial Production, mom	February	-	0.7%
	US Capacity Utilization Rate	February	-	76.2%
	China Retail Sales, yoy	February	2.5%	0.9%
	China Industrial Production, yoy	February	5.0%	5.2%
17 March	TR Housing Price Index, yoy	February	-	27.7%
	US Pending Home Sales, mom	February	-	-0.8%
18 March	Fed Meeting	March	3.5%-3.75%	3.5%-3.75%
	US Factory Orders, mom	January		-0.7%
	US PPI Inflation, mom	February	-	0.5%
	Euro Area CPI Inflation, final, mom	February	-	0.6%
19 March	US New Home Sales, units	January	-	0.75 million
	US Philadelphia Fed Business Index	March	-	16.3
	ECB Meeting	March	2.15%-2.0%	2.15%-2.0%
	BoE Meeting	March	3.75%	3.75%
	Japan BoJ Meeting	March	0.75%	0.75%
20 March	Euro Area Trade Balance	January	-	11.6 billion EUR
	China Central Bank Meeting	March	-	3.0%-3.5%

Source: Datastream, CBRT, Turkstat

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

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

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

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