

|                            | 18-Sep  | 24-Sep  | Change   |                        | 18-Sep  | 24-Sep  | Change   |
|----------------------------|---------|---------|----------|------------------------|---------|---------|----------|
| BIST-100 Index             | 13.284  | 12.888  | -3,0 % ▼ | EUR/USD                | 1,1483  | 1,1379  | -0,9 % ▼ |
| TRY 2 Year Benchmark Rate  | 40,75 % | 39,98 % | -77 bp ▼ | USD/TRY                | 48,7600 | 48,7200 | -0,1 % ▼ |
| Türkiye 5-Year CDS Premium | 233     | 247     | 14 bp ▲  | EUR/TRY                | 56,0090 | 55,6240 | -0,7 % ▼ |
| MSCI EM Equity Index       | 1.711   | 1.732   | 1,2 % ▲  | Gold (USD/ounce)       | 4.377   | 4.278   | -2,3 % ▼ |
| US 10-Year Bond Rate       | 5,00 %  | 5,16 %  | 17 bp ▲  | Brent Oil (USD/barrel) | 103,9   | 106,6   | 2,6 % ▲  |

bp: basis point

The increasing number of attacks in the Middle East and the subsequent hopes for a diplomatic solution have heightened volatility in energy prices. Leading PMI data from major economies indicated that economic activity remained resilient. The OECD lowered its growth forecasts for the Turkish economy to 2.7% and 3.6% for 2026 and 2027, respectively, while revising its inflation forecasts upward. Domestically, the September consumer confidence index rose to its highest level since July 2018, while the business confidence index showed a moderate increase. While there was a modest increase in households' inflation expectations for the next 12 months, the net foreign exchange position deficit of firms outside the financial sector reached a historic high in July. Next week, the global data calendar will feature the Eurozone's preliminary CPI inflation figures, along with U.S. nonfarm payrolls and the core Personal Consumption Expenditures (PCE) price index data. Domestically, the Istanbul Chamber of Industry (ISO) Manufacturing PMI data for September will be released.

**While developments in the Middle East are driving up energy prices, the U.S. and China have reached an agreement on trade regulations.**

While ongoing attacks in the region kept tensions high in the early days of the week, expectations of a diplomatic solution increased volatility in energy prices. Speaking at the United Nations General Assembly this week, U.S. President Trump noted that an agreement with Iran could be reached after the U.S. midterm elections, while also warning that hostilities could escalate if no agreement is reached. The Iranian side, for its part, stated that it is ready for a diplomatic solution and the reopening of the Strait of Hormuz if the U.S. reduces its military pressure and lifts the economic blockade. Amid these developments, the price of a barrel of Brent crude oil rose by 2.6% from the previous week's close, reaching \$106.60 as of Thursday.

During a week marked by the Trump-Xi summit, U.S. Treasury Secretary Bessent announced prior to the meeting that the trade truce between the U.S. and China had been extended by two months, while following the meeting, Chinese President Xi announced that the two countries had agreed on a new trade arrangement.

**OECD raised its global growth forecast for 2026.**

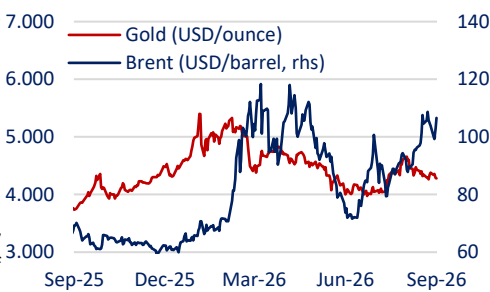
In its Interim Economic Outlook report released this week, the OECD raised its global growth forecast for 2026 from 2.8% to 2.9%, while lowering its forecast for 2027 from 3.1% to 3.0%. Growth forecasts for the Turkish economy were revised down from 3.1% to 2.7% for 2026 and from 3.8% to 3.6% for 2027. Furthermore, it was projected that disinflation would continue despite the adverse effects of rising energy and fertilizer prices; according to upwardly revised forecasts, inflation is expected to reach 31.5% this year and 24.7% in 2027. The report noted that continued disinflation and the resulting easing in monetary policy are expected to support economic growth.

The report further stated that although geopolitical tensions originating in the Middle East, energy shocks and trade restrictions have negatively impacted global growth, AI-related investment continues to support economic activity, particularly in the US and Asian economies. At the same time, given challenges such as the pressure exerted on public finances by rising long-term bond yields, the increasing reliance of AI investment on external financing, and the impact of changing climate conditions on food prices, the OECD emphasized the need for central banks to keep inflation expectations anchored.

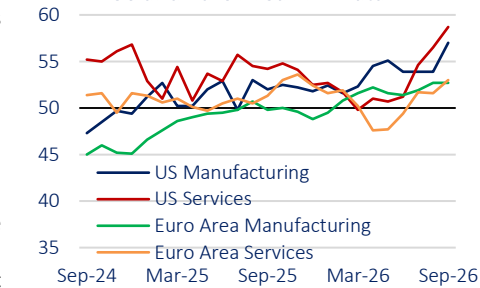
**A busy data agenda was observed in major economies this week.**

In the US, the manufacturing PMI for September came in at 57.0 (expectation: 53.6), while the services PMI stood at 58.7 (expectation: 56.0). Consequently, the country's manufacturing PMI reached its highest level in 52 months, and the services PMI hit a 59-month high. In the Euro Area, the manufacturing PMI stood at 52.7, while the services PMI increased by 1.4 points from the previous month to 53.0, supported by tourism and household spending.

Gold and Oil Prices



US and Euro Area PMI Data



| OECD                      | September Projections (%) |      | Change (% points)* |      |
|---------------------------|---------------------------|------|--------------------|------|
|                           | 2026                      | 2027 | 2026               | 2027 |
| <b>Growth</b>             |                           |      |                    |      |
| World                     | 2.9                       | 3.0  | 0.1                | -0.1 |
| USA                       | 2.2                       | 2.1  | 0.2                | 0.3  |
| Euro Area                 | 1.0                       | 1.0  | 0.2                | -0.2 |
| China                     | 4.5                       | 4.2  | 0.0                | -0.1 |
| Türkiye                   | 2.7                       | 3.6  | -0.4               | -0.2 |
| <b>Headline Inflation</b> |                           |      |                    |      |
| Türkiye                   | 31.5                      | 24.7 | 3.1                | 6.4  |

(\*) From June 2026 Projections

Source: Datastream, OECD

According to preliminary data, the Euro Area consumer confidence index declined by 1 point from the previous month to -16.5 in September. Thus, following four months of recovery, consumer confidence moved further away from its long-term average. In Germany, the region's largest economy, the Ifo Business Climate Index increased by 1.1 points from the previous month to 89.9 in September.

At its September meeting, the People's Bank of China (PBoC) kept its one-year and five-year benchmark lending rates unchanged at 3.00% and 3.50%, respectively. In Japan, the preliminary manufacturing PMI for September stood at 54.1, while the services PMI came in at 51.6. Although both indicators lost some momentum compared with the previous month, they remained above the 50 threshold, pointing to a continued expansion in activity across both sectors.

#### Domestic consumer confidence reached its highest level since July 2018.

According to seasonally adjusted data released by TurkStat, the consumer confidence index rose by 1.3% mom to 91.9 in September, reaching its highest level since July 2018, while sectoral confidence indices presented a mixed outlook. During this period, the confidence index in the services sector remained unchanged at 111.9, while it increased by 1.1% mom to 111.3 in the retail trade sector. Meanwhile, the confidence index in the construction sector decreased by 0.2% mom to 83.0.

The seasonally adjusted real sector confidence index increased by 0.1 point to 102.5 in September. Assessments regarding the general business situation, current total order books, total employment over the next three months and total order books over the past three months had an upward impact on the index, while assessments regarding export order books over the next three months, current finished goods inventories, fixed investment expenditure and production volume over the next three months had a downward impact. Meanwhile, the seasonally adjusted capacity utilization rate in the manufacturing industry increased by 0.6 points mom to 74.1%, pointing to a limited recovery in the sector.

#### A deterioration was observed in household inflation expectations.

According to CBRT data, sectoral inflation expectations increased by 0.01 points mom for market participants and by 0.02 points for households in September, reaching 23.70% and 45.60%, respectively, while expectations for the real sector decreased by 0.3 points to 32.50%. During this period, the proportion of households expecting inflation to decline fell by 0.6 points mom to 16.25%. Households' 12-month-ahead USD/TRY expectation rose by 1.43 TRY from August to 55.90, while their 12-month-ahead expectation for house price increases declined by 1.4 points to 30.7%.

#### The real sector's net foreign exchange position deficit rose to a record high.

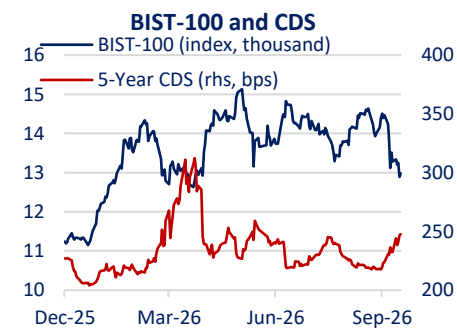
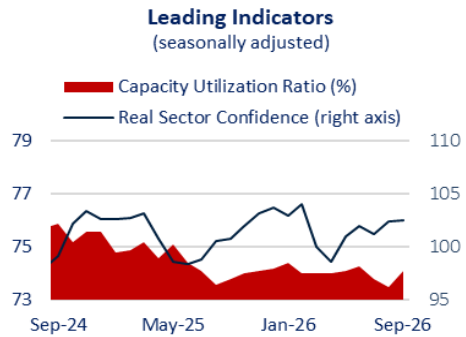
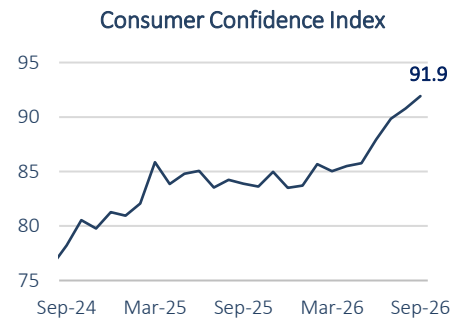
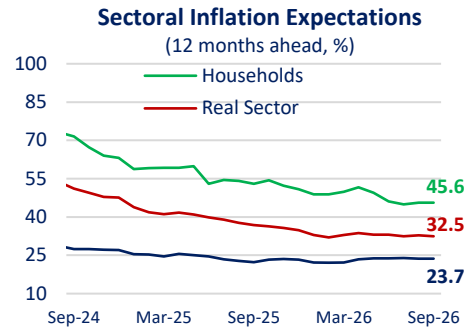
According to CBRT data, the net foreign exchange position deficit of non financial sector companies increased by 5.0 billion USD in July compared to the previous month, reaching a historic high of 210.8 billion USD. During this period, companies' foreign exchange assets increased by 2.3 billion USD, while their liabilities rose by 7.3 billion USD.

#### Financial markets...

While fluctuations in oil prices and rising bond yields dampened global risk appetite this week, strong performance in the stocks of artificial intelligence and chip manufacturers provided support to the indices. By Thursday's close, the S&P 500 and Nasdaq had risen by 0.7% and 1.6% respectively compared to the previous Friday's close, whereas the Dow Jones declined by 0.6%. The BIST-100 index showed a negative trend due to developments in the fund market. As of Thursday's close, the index had declined 3.0% compared to Friday. Turkey's 5-year CDS spread rose by 8 bps this week to 232 basis points. The yield on the 2-year benchmark bond fell by 77 bps to 39.98%, while the yield on the 10-year bond rose by 9 bps to 35.27%.

#### Next week's agenda...

Next week's global data calendar will feature the final second-quarter GDP figures for the US and the UK, PMI data to be released for major economies, and the Euro Area's preliminary CPI inflation figures for September. In the US, core personal consumption expenditures (PCE) inflation for August, along with September's nonfarm payrolls and unemployment rate data, will also be closely watched. Domestically, the unemployment rate for August, the September economic confidence index, and the Istanbul Chamber of Industry (ISO) manufacturing PMI data will be released.



Source: Datastream, Turkstat, CBRT

## Data Releases

|        |                                                   | Period    | Consensus | Prior            |
|--------|---------------------------------------------------|-----------|-----------|------------------|
| 28 Sep | US Dallas Fed Manufacturing Index                 | September | -         | 11.6             |
| 29 Sep | TR Economic Confidence                            | September | -         | 100.6            |
|        | US Consumer Confidence                            | September | 90.0      | 89.4             |
|        | Euro Area Consumer Confidence, final              | September | -         | -16.5            |
| 30 Sep | TR Unemployment Rate                              | August    | -         | 8.1%             |
|        | TR Trade Balance                                  | August    | -         | -7.3 billion USD |
|        | US GDP Growth, final, yoy                         | Q2 2026   | 1.6%      | 1.5%             |
|        | US Core PCE, mom                                  | August    | 0.3%      | 0.2%             |
|        | US ADP Employment Report                          | September | -         | 38k              |
|        | Germany CPI Inflation, flash, mom                 | September | -         | 0.2%             |
|        | China NBS Manufacturing PMI                       | September | 50.1      | 49.8             |
|        | China NBS Non-Manufacturing PMI                   | September | -         | 49.0             |
|        | China RatingDog Manufacturing PMI                 | September | -         | 51.5             |
|        | China RatingDog Services PMI                      | September | -         | 51.4             |
| 1 Oct  | TR Istanbul Chamber of Industry Manufacturing PMI | September | -         | 48.1             |
|        | US ISM Manufacturing PMI                          | September | 54.8      | 54.6             |
|        | US Manufacturing PMI, final                       | September | -         | 57.0             |
|        | Euro Area Manufacturing PMI, final                | September | -         | 52.7             |
|        | Euro Area Unemployment Rate                       | August    | 6.4%      | 6.4%             |
| 2 Oct  | US Nonfarm Payrolls                               | September | 100k      | 162k             |
|        | US Unemployment Rate                              | September | 4.2%      | 4.1%             |
|        | US Factory Orders, mom                            | August    | -         | 0.9%             |
|        | Euro Area CPI Inflation, flash, yoy               | September | 3.5%      | 3.2%             |

Source: Datastream, TCMB, TÜİK

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