	11-Sep	17-Sep	Change			11-Sep	17-Sep	Change	
BIST-100 Index	14,467	13,510	-6.6 %	▼	**EUR/USD**	1.1598	1.1474	-1.1 %	▼
TRY 2 Year Benchmark Rate	39.76 %	40.75 %	99 bp	▲	**USD/TRY**	48.5546	48.4238	-0.3 %	▼
Türkiye 5-Year CDS Premium	224	232	8 bp	▲	**EUR/TRY**	56.2687	55.9175	-0.6 %	▼
MSCI EM Equity Index	1,722	1,688	-2.0 %	▼	**Gold** (USD/ounce)	4,347	4,340	-0.2 %	▼
US 10-Year Bond Rate	4.98 %	4.95 %	-3 bp	▼	**Brent Oil** (USD/barrel)	104.6	104.8	0.2 %	▲

bp: basis point

Amid continued tensions in the Middle East and elevated oil prices, meetings of major central banks were closely monitored this week. The Fed raised its policy rate by 25 basis points to 3.75%-4.0%, while updated projections indicated that the Fed's expectation of reaching its 2% inflation target has been postponed to 2029. The BoE left its policy rate unchanged, while the BoJ raised its policy rate to 1.25%. In Türkiye, the central government budget posted a surplus of 12.9 billion TRY in August, while housing market data for the same period pointed that the relatively weak outlook in the sector continued. Next week, preliminary September PMI data for major economies, confidence indices and sectoral inflation expectations in Türkiye will be released. The planned Trump-Xi meeting on 24 September will also be closely monitored, while developments in the Middle East and the trajectory of oil prices will remain high on the agenda.

Concerns over global energy supply remain elevated.

Risks to oil shipments through the Strait of Hormuz, along with attacks targeting Saudi Arabia's energy infrastructure, heightened concerns over global energy supply in the first half of the week and pushed oil prices higher. Towards the end of the week, Saudi Arabia's activation of alternative supply options for its Asian customers and US crude oil inventory data indicating that supply-side pressures could remain limited eased concerns to some extent. As of Thursday's close, Brent crude oil prices were up by 0.2% from the previous Friday, while prices continued to remain above 100 USD/barrel on the final trading day of the week.

Fed, BoE and BoJ meetings were high on the agenda this week.

At its meeting this week, the Fed raised the policy rate by 25 basis points to 3.75%–4.00%, in line with market expectations. The Committee unanimously approved its first rate hike since July 2023 and raised its median policy rate projection for end-2026 from 3.8% to 4.1%, while a large majority of members projected at least one additional rate hike by the end of this year. The projections also pointed to upward revisions to growth and inflation forecasts, while the expected timing for inflation to return to the 2% target was postponed to 2029. Chair Warsh noted that inflation remained elevated and highlighted that geopolitical developments and high oil prices had increased upside risks to inflation.

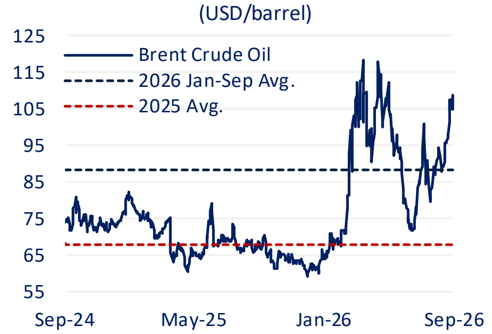
The Bank of England (BoE), meanwhile, kept its policy rate unchanged at 3.75%, in line with expectations, despite annual CPI inflation rising to 3.1% in August. The decision was taken by a 6–3 vote, with three members voting for a 25 basis points rate hike. The BoE warned that inflation could rise above 4% in early 2027, while Governor Bailey stated that a prolonged conflict in the Middle East could lead to higher energy prices, intensify inflationary pressures and potentially require an increase in interest rates.

The Bank of Japan (BoJ) raised its policy rate by 25 basis points to 1.25%. The decision, taken by a 7–2 vote, brought Japan's policy rate to its highest level in 31 years. Meanwhile, annual CPI inflation in Japan stood at 1.9% in August, remaining at the year-high level reached in July.

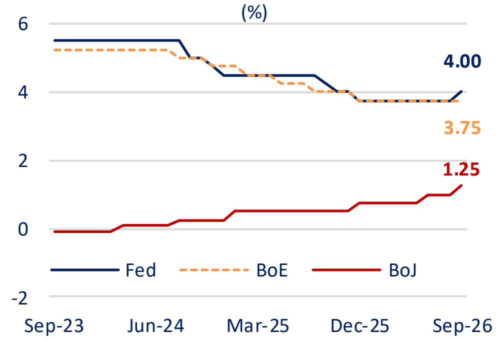
Data anounced in major economies ...

In the US, retail sales increased by 1.2% mom in August, following their first monthly decline since January in July, while rising by 6.0% yoy. Despite the rebound in retail sales, weakness in the housing sector persisted. Housing starts fell by 2.6% mom in August, while building permits, a leading indicator of future residential construction, declined by 2.7%. The New York Fed's manufacturing index came in at 7.6 in September, below both market expectations and the previous month's reading of 20.6, pointing to a slowdown in the pace of expansion in the sector. The Philadelphia Fed manufacturing index also fell by 9.6 points mom but remained in positive territory, indicating that growth in manufacturing activity lost momentum.

Oil Price
(USD/barrel)



Fed, BoE ve BoJ Policy Rates
(%)



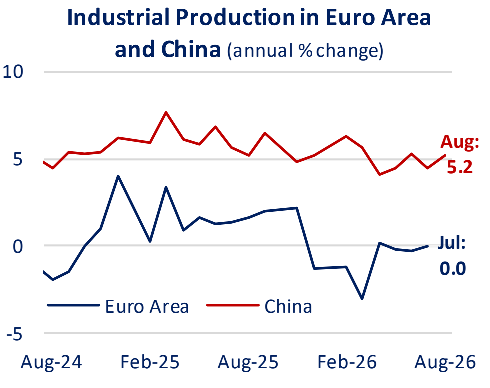
FOMC's Macroeconomic Projections
(August 2026)

(%)	2026	2027	2028	2029	Longer Run
Federal Funds Rate	**4.1**	**4.1**	**3.9**	**3.6**	**3.2**
June Projection	*3.8*	*3.6*	*3.4*		*3.1*
PCE* Inflation	**3.7**	**2.3**	**2.1**	**2.0**	**2.0**
June Projection	*3.6*	*2.3*	*2*		*2*
Real GDP Growth	**2.3**	**2.4**	**2.2**	**2.1**	**2.0**
June Projection	*2.2*	*2.3*	*2.2*		*2*
Unemployment Rate	**4.1**	**4.1**	**4.1**	**4.1**	**4.2**
June Projection	*4.3*	*4.3*	*4.2*		*4.2*

*Personal consumption expenditures

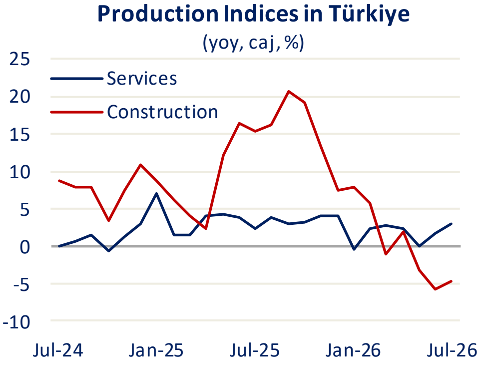
According to the final data released for the Euro Area, annual CPI inflation rose from 2.9% in July to 3.2% in August, driven by higher energy prices. Meanwhile, industrial production in the region declined by 0.1% in July, marking its second consecutive monthly contraction. In Germany, the ZEW economic sentiment index posted a modest increase in September.

Data on the Chinese economy indicated that the divergence between production and consumption continued. Industrial production rose by 5.2% yoy in August, exceeding both market expectations of 4.8% and the previous month's 4.5% increase. By contrast, annual growth in retail sales came in at 0.4%, below both the market expectation of 0.8% and the previous month's 0.6% rise.



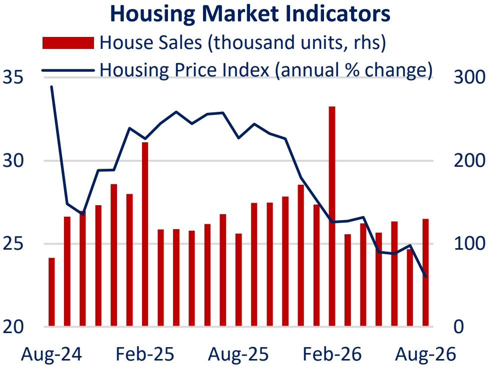
In Türkiye, construction output contracted yoy in July.

In July, the services production index rose by 1.0% mom and 3.0% yoy. During the same period, the construction production index rose by 1.1% mom but fell by 4.7% yoy -partly due to the high base effect- marking its third consecutive month of contraction. In the first half of the year, the services production index had risen by 1.4% yoy, while the construction production index had increased by 0.9%.



The weak outlook in housing sector continued in August.

In August, new house sales fell by 4.5% yoy, while existing house sales dropped by 19.4%. During this period, when other sales fell by 18.3%, mortgaged sales continued to rise by 7.2% and accounted for 17.4% of total sales. As a result, total house sales fell by 14.7% yoy to 127,410 units, marking the weakest August figure since 2019. In line with the weak trend in the housing market, the monthly increase in the housing price index during the same period was 0.9%, below the CPI inflation. While the index rose by 23.0% yoy in nominal terms, it continued its downward trend with a 6.4% decline in real terms.



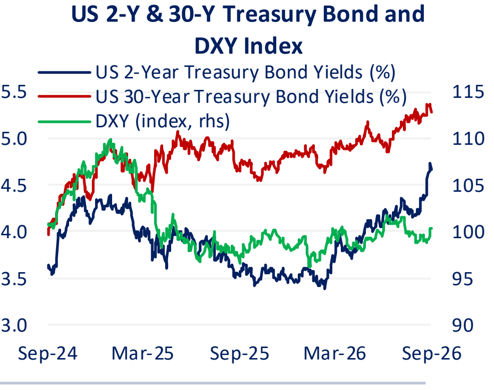
Central government budget posted a surplus of 12.9 billion TRY in August.

In August, central government budget revenues increased by 28.5% yoy to 1,655 billion TRY, while budget expenditures rose by 37.8% yoy to 1,642 billion TRY. Consequently, during this period, the central government budget recorded a surplus of 12.9 billion TRY, and the primary budget balance also posted a surplus of 209.9 billion TRY. During the January–August period, the budget deficit rose by 44.1% yoy, reaching 1.3 trillion TRY, while the primary surplus increased by 31.2% to 680 billion TRY (Our Budget Balance report).

Financial markets…

Developments in the Middle East and the Fed's interest rate decision were key factors shaping the global markets this week. US Treasury yields rose at the start of the week as high oil prices fueled inflation concerns, but retreated following the Fed's decision to raise interest rates, as the expectations strengthened that tight monetary policy could bring inflation under control in the long term. Gold prices, which had declined in the first half of the week due to rising bond yields and expectations of monetary tightening by the Fed, rebounded following the Fed's decision as a result of the pullback in the USD and US bond yields. Thus, the price of ounce gold posted a modest 0.2% decline at Thursday's close compared to Friday. In the same period, the MSCI World Index decreased by 0.2%, while the MSCI Emerging Markets Index fell by 2.0%.

The BIST-100 index experienced sharp declines in the first half of the week as concerns over liquidity crunches and defaults emerged in some investment funds. On Wednesday, the BIST-100 index fell to 13,123 -its lowest level in the past six months- while the 5-year CDS spread and bond yields rose. With measures taken by regulatory authorities, the markets showed some recovery on Thursday. Consequently, the decline in the BIST-100 index stood at 6.6% as of Thursday's close compared to Friday, while the CDS spread rose by 8 bps to 232 bps. The 2-year bond yield rose by 99 bps to 40.75%, its highest level since August 24, while the 10-year bond yield rose by 104 bps to 35.28%, its highest level since June 1.



Next week's agenda…

On the global agenda next week, the planned meeting between US President Trump and Chinese President Xi on Thursday stands out. In addition, preliminary PMI data for September in major economies will be monitored. In Türkiye, confidence indices as well as sectoral inflation expectations will be released. Developments in the Middle East will also remain in the spotlight of the markets.

Source: Datastream, Turkstat

Data Releases

		Period	Consensus	Prior
21 Sep	TR Reral Sector Confidence Index, SA	September	-	102.4
	TR Capacity Utilization Rate, SA	September	-	73.5%
	TR Central Government Gross Debt Stock	August	-	15.5 trillion TRY
	TR Agricultural Produts PPI, yoy	July	-	32.06%
22 Sep	TR Consumer Confidence Index	September	-	90.8
	Euro Area Consumer Confidence, flash	September	-16.5	-15.5
23 Sep	TR Household Expectations Survey	September	-	-
	TR Sectoral Inflation Expectations	September	-	-
	US Manufacturing PMI, flash	September	-	53.9
	US Services PMI, flash	September	-	56.5
	Euro Area Manufacturing PMI, flash	September	52.9	52.7
	Euro Area Services PMI, flash	September	51.7	51.6
	UK Manufacturing PMI, flash	September	-	51.7
	UK Services PMI, flash	September	-	52.5
24 Sep	TR Sectoral Sentiment Indices	September	-	-
	US Housing Starts, units	August	608k	607k
	Germany Ifo Business Climate	September	89.2	88.8
	Japan Manufacturing PMI, flash	September	-	54.9
	Japan Services PMI, flash	September	-	52.5
25 Sep	TR Foreign Visitors, yoy	August	-	-0.3%
	US Durable Goods Orders, mom	August	-0.5%	1.1%
	US Michigan Consumer Confidence, final	September	-	47.8

Source: Datastream, TCMB, TÜİK

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