

| | 4-Jul | 10-Jul | Change | | 4-Jul | 10-Jul | Change |
|----------------------------|---------|---------|---------|------------------------|---------|---------|----------|
| BIST-100 Index | 10,276 | 10,331 | 0.5 % ▲ | EUR/USD | 1.1778 | 1.1700 | -0.7 % ▼ |
| TRY 2 Year Benchmark Rate | 39.57 % | 40.46 % | 89 bp ▲ | USD/TRY | 39.8446 | 40.0429 | 0.5 % ▲ |
| Türkiye 5-Year CDS Premium | 274 | 279 | 5 bp ▲ | EUR/TRY | 46.9386 | 46.9119 | -0.1 % ▼ |
| MSCI EM Equity Index | 1,232 | 1,231 | 0.0 % ● | Gold (USD/ounce) | 3,336 | 3,323 | -0.4 % ▼ |
| US 10-Year Bond Rate* | 4.34 % | 4.35 % | 1 bp ▲ | Brent Oil (USD/barrel) | 68.3 | 68.6 | 0.5 % ▲ |

bp: basis point, (*) (Compared to July 3rd)

Global markets had a relatively quiet data agenda this week, with investors' attention focused on Trump's new tariffs on a product and country basis, as well as Fed minutes. In the minutes, Fed members, who were largely in agreement on potential rate cuts, disagreed on the impact of tariffs on inflation. Retail sales in the Eurozone fell to their lowest monthly level in nearly a year in May, indicating that demand did not recover significantly in the second quarter. Final CPI data in Germany confirmed preliminary data, while data released in China revealed that deflationary pressures persisted in the country. In May, Türkiye's current account deficit totaled 684 million USD. Industrial production increased by 3.1% during this period, largely compensating for the April decline. In June, the Treasury cash balance showed a 455.1 billion TRY deficit. In the data agenda of the coming week, inflation and industrial production data to be released in major economies stand out, while budget and house sales data will be released in Türkiye.

Trump announces new tariffs.

US President Donald Trump postponed the implementation date of the tariffs he announced at the beginning of April to August 1, which he had postponed to July 9. Trump also sent letters to a total of 21 countries this week announcing the new tariffs. Trump announced a 50% tariff on copper imports, a 10% tariff on imports from BRICS countries, a 50% tariff on imports from Brazil, and a 35% tariff on imports from Canada, while many trade partners will be subject to general tariffs of 15% or 20%. Despite Donald Trump's tough moves on tariffs, investors are generally optimistic about the negotiations that could prevent a global trade war.

The Fed's minutes have been released.

The Fed's minutes from its meeting on June 17-18 have been released. The minutes revealed that, despite Trump's pressure, only a few Fed officials took a "dovish" stance. On the other hand, members were generally in agreement about the need for a rate cut this year. In the minutes, it is seen that some members pointed out to the risks to the labor market, while others highlighted risks related to the inflation outlook. Following the minutes, probability of the rate cut in the in July declined. Investors expect two rate cuts totaling 50 basis points at the September and December meetings.

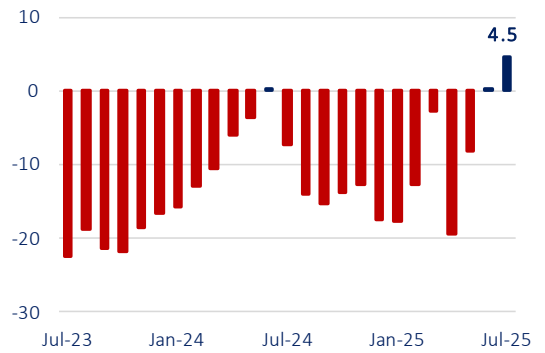
Retail sales in the Eurozone showed a weak performance.

Retail sales fell by 0.7% mom in May, but increased by 1.8% year on year, exceeding expectations. In addition to the monthly decline, annual growth was at its lowest level in ten months, indicating that the region's demand did not improve significantly in the second quarter. However, the Sentix Index reported that the region outperformed expectations in July, reaching its highest level in nearly three and a half years. The index thus confirmed that expectations are higher in the third quarter of the year.

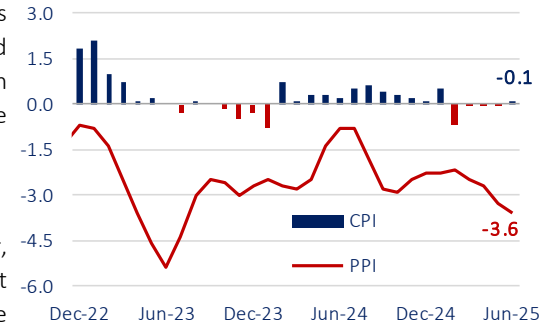
CPI inflation in Germany was announced in line with expectations.

In Germany, final CPI inflation for June was realized as 0.1% mom and 2.0% yoy, in line with expectations and preliminary data. On the other hand, the industrial production index, which expanded despite expectations of a monthly contraction in May, and export volume, which contracted more than expected due to trade wars, sending mixed signals about economic activity.

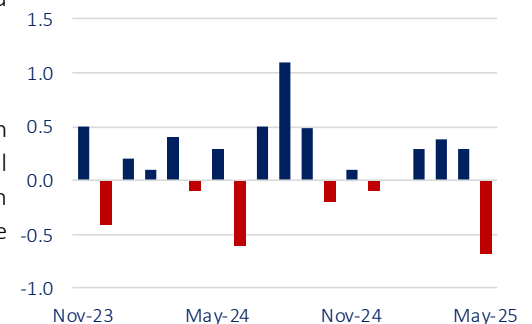
Euro Area Sentix Investor Sentiment



China Inflation Indicators (yoy, %)



Euro Area Retail Sales (mom, % change)



Source: Datastream

Inflation data was released in China.

In China, consumer prices fell by 0.1% mom in June, with annual CPI inflation at 0.1%. Producer price movements also indicated that the country was still experiencing deflationary pressures. PPI fell 3.6% year on year in June, the fastest decline in two years.

Current account deficit became 684 million USD in May.

In May, the current account deficit came in at USD 684 million, below market expectations. Thus, the current account deficit increased by 38.5% yoy to 21 billion USD between January and May, while the 12-month cumulative current account deficit rose to 16 billion USD, the highest level since June of last year. ([Our Balance of Payments report](#))

Treasury cash balance posted a deficit of 455.1 billion TRY in June.

Treasury cash balance posted a deficit of 455.1 billion TRY in June, a historically high monthly deficit. In this period, Treasury revenues increased rapidly by 54.5% yoy, while Treasury expenditures rose by 33.2%. While the rise in non-interest expenditures was quite limited with 19.5%, the 159.3% increase in interest payments was noteworthy. In the first half of the year, Treasury cash deficit widened by 28.9% yoy to 1.3 trillion TRY.

Industrial production index rose rapidly in May.

In May, the seasonally and calendar-adjusted industrial production index increased by 3.1% mom and 4.9% year on year, the fastest increase of the year. During this period, 17 of the 24 manufacturing industry sectors increased, with a 20.6% monthly increase in coal and lignite mining activities within the mining and quarrying sector contributing the most to the headline index's growth. This item alone added 3.6 points to the monthly change in the industrial production index. The ICI Export Climate Index for June, which was released this week, was 51.0, indicating that export market conditions have improved.

Financial markets...

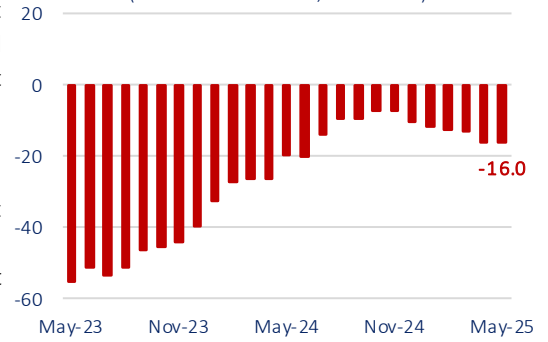
Equity markets are expected to close the week flat on a global scale. While Trump's tariff statements put some pressure on stock markets at the start of the week, increasing optimism about trade negotiations boosted the markets in the following days. Thus, the MSCI World and Emerging Markets indices remained flat as of Thursday's close, compared to last week's Friday close. Oil prices rose slightly despite expectations that OPEC+ countries' decision to increase output would lower prices, while gold prices fell slightly during this period.

During the same period, the BIST 100 index followed a similar trend to global markets, rising 0.5% as of Thursday's close. Türkiye's 5-year CDS premium increased by 5 bps to 279 bps. USD/TRY rose by 0.5%, while EUR/TRY fell by 0.1%. The 2- and 10-year benchmark bond yields increased by 89 and 85 basis points, to 40.46% and 31.69%, respectively.

Next week's agenda...

Inflation and industrial production indices will be released in major economies next week. Preliminary growth data for the second quarter will also be monitored in China. In Türkiye, central government budget balance and housing market statistics will be released.

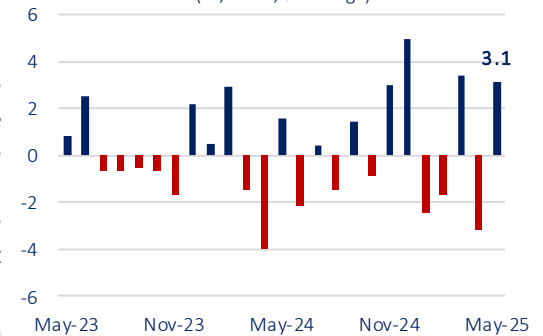
Current Account Balance
(12-month cumulative, billion USD)



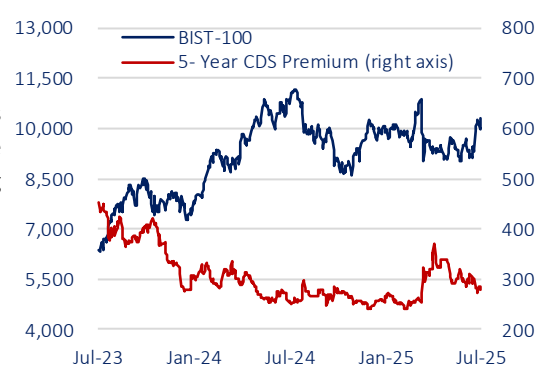
Treasury Cash Balance
(billion TRY)



Industrial Production
(sa, mom, % change)



BIST-100 and CDS Premium



Source: Datastream, TURKSTAT, CBRT

| Data Releases | | | | |
|---------------|---|---------|-------------|---------------|
| | | Period | Consensus | Prior |
| 15 July | US CPI Inflation, mom | June | 0.3% | 0.1% |
| | US NY Fed Manufacturing Index | July | - | -16.0 |
| | Euro Area Industrial Production, yoy | May | - | 0.8% |
| | China GDP Growth, yoy | 2025 Q2 | 5.2% | 5.4% |
| | China Industrial Production, yoy | June | 5.6% | 5.8% |
| | China Retail Sales, yoy | June | 5.6% | 6.4% |
| 16 July | TR Budget Balance | June | - | 235.2 bln TRY |
| | TR Services Production, yoy | May | - | 4.5% |
| | TR Construction Production, yoy | May | - | 9.5% |
| | US PPI Inflation, mom | June | 0.2% | 0.1% |
| 17 July | US Industrial Production, mom | June | 0.0% | -0.2% |
| | TR House Sales, yoy | June | - | 17.6% |
| | TR Housing Price Index, yoy | June | - | 32.3% |
| | US Philadelphia Fed Business Index | July | - | -4.0 |
| | US Retail Sales, mom | June | 0.0% | -0.9% |
| | Euro Area CPI Inflation, final, yoy | June | 2.0% | 2.0% |
| 18 July | US Housing Starts, units | June | 1.3 million | 1.3 million |
| | US Michigan Consumer Confidence, prelim | July | 61.5 | 60.7 |
| | Germany PPI Inflation, yoy | June | - | -1.2% |
| | Japan CPI Inflation, yoy | June | 3.7% | 3.7% |

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