

	21-Nov	27-Nov	Change		21-Nov	27-Nov	Change
BIST-100 Index	10,923	10,945	0.2 % ▲	EUR/USD	1.1511	1.1595	0.7 % ▲
TRY 2 Year Benchmark Rate	39.67 %	38.77 %	-90 bp ▼	USD/TRY	42.4353	42.4374	0.0 % ●
Türkiye 5-Year CDS Premium	246	239	-7 bp ▼	EUR/TRY	48.8530	49.2151	0.7 % ▲
MSCI EM Equity Index	1,334	1,370	2.7 % ▲	Gold (USD/ounce)	4,065	4,157	2.3 % ▲
US 10-Year Bond Rate	4.06 %	4.00 %	-6 bp ▼	Brent Oil (USD/barrel)	62.6	63.3	1.2 % ▲

bp: basis point

This week, markets followed the developments regarding the Russia-Ukraine peace negotiations and Fed officials' statements on the interest rate policy. Statements from the Fed officials and the economic data releases this week strengthened expectations for a rate cut at the December meeting. IMF published the Concluding Statement of the Article IV Mission on Türkiye. The Fund stated that while the policies implemented in Türkiye have yielded positive results, persistently high inflation continues to pose vulnerabilities. The head of CBRT, Fatih Karahan, said that although there has recently been a slowdown in disinflation, the lower-than-expected October inflation and the leading indicators for November point to a healthy continuation of the disinflation process. Household and real-sector inflation expectations declined in November. Sectoral confidence indices also improved in November. Next week, GDP growth figures for the third quarter, November inflation data and ISO manufacturing PMI will be announced in Türkiye.

Developments regarding the Russia-Ukraine peace negotiations...

The discussions continued on the revision process of the ceasefire plan proposed by the US President Trump. While White House Press Secretary Leavitt stated that the negotiations held in Geneva were highly positive and that agreement had been reached on most parts of the 28-point plan with Ukraine. He added that Russia would also be engaged in the continuation of the process. Russian President Putin said that the current ceasefire draft is not a final text but has the potential to form a basis for future agreements. These developments exerted downward pressure on oil prices, particularly during the first days of the week. Ahead of the OPEC+ meeting to be held over this weekend, oil prices are 2.7% lower compared to the previous OPEC+ meeting, where it was announced that production increases would be paused in the first quarter of 2026.

US data releases and Fed officials' statements strengthened expectations for a rate cut.

In the US, producer prices rose by 0.3% mom and 2.7% yoy in September, in line with market expectations. Core PPI, excluding energy and food, increased by 0.1% mom and 2.6% yoy, indicating a slowdown compared to the previous month. Retail sales rose by 0.2% on a monthly basis in September, showing a sharper-than-expected slowdown, while durable goods orders, which had increased by 3% in August, rose by 0.5% in September. The Chicago PMI for November came in at 36.3, its lowest level since May 2024. The consumer confidence index declined to 88.7 in November, below the expectations and marked a seven-month low.

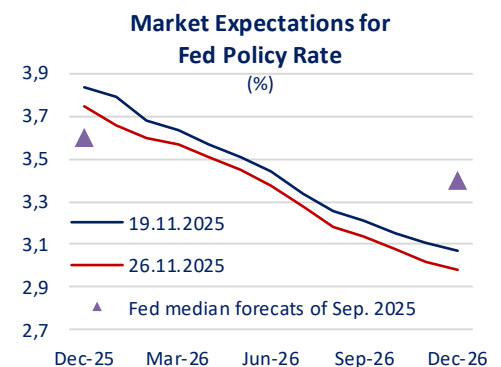
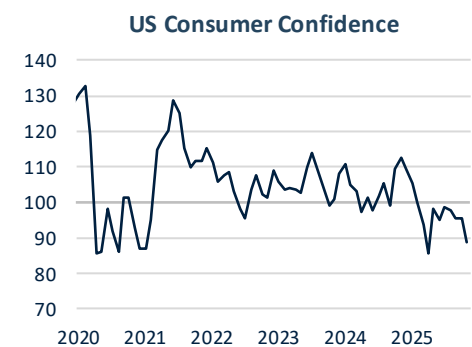
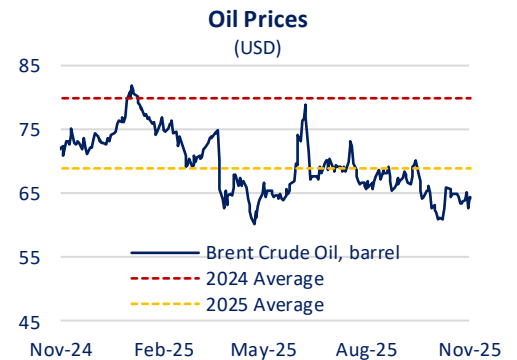
Fed Governor Waller stated that the labor market is weak enough to warrant a 25-basis-point December rate cut. Boston Fed President Collins also signaled support for a rate cut next month despite the inflation figures remaining above the target. The news that Kevin Hassett, the Director of the US National Economic Council, may become the new Fed Chair also suggested a potential shift toward a more dovish stance. In line with these developments, market expectations for a rate cut at the December meeting increased rapidly this week.

The IMF published the Concluding Statement of the Article IV Mission on Türkiye.

The IMF released the preliminary results of its annual review of the Turkish economy, known as the Article IV report. The Fund stated that Türkiye's policy measures had produced positive outcomes, with inflation gradually declining and confidence in the Turkish lira being restored. However, the report noted that inflation remains high and that the process of anchoring inflation expectations at the lower levels projected by the CBRT would take longer than anticipated. It emphasized the need to prioritize a tighter monetary policy.

Statements by the CBRT Governor Karahan were followed.

CBRT Governor Fatih Karahan stated that although there has recently been a slowdown in the pace of disinflation, the lower-than-expected October inflation and the leading indicators for November point to a healthy continuation of the disinflation process. Karahan said that monetary policy tightness could be reassessed if necessary in the



Source: Datastream, CME Group, IMF

coming period, emphasizing that the Monetary Policy Committee would maintain a data-driven and balanced approach. He also stressed that they have no exchange rate targets and that the current exchange rate levels are a natural outcome of the policies implemented.

Inflation expectations declined among households and the real sector in November.

In November, the 12-month-ahead annual inflation expectation decreased from 36.30% to 35.70% in the real sector and from 54.39% to 52.24% among households. Thus, household inflation expectations recorded their lowest level in four years. However, the proportion of households expecting a decline in inflation fell to an all-time low of 24.83% during this period. The 12-month-ahead annual inflation expectation among market participants had risen slightly to 23.49% in November.

Real-sector confidence at its highest level since March...

Seasonally adjusted real sector confidence index rose by 1.2% monthly to 103.2 in November, marking its highest level since March. Sectoral confidence indices also increased in November. On a monthly basis, sectoral confidence increased by 1.0% in services, 0.9% in retail trade, and 1.5% in construction. As a result, the economic confidence index -calculated by aggregating the consumer, real-sector, and sectoral confidence indices- rose to 99.5 in November, the highest level in eight months.

Manufacturing industry capacity utilization rate was 74.1% in November.

According to seasonally adjusted data, the manufacturing industry capacity utilization rate rose by 0.1 point to 74.1% in November. The average capacity utilization rate so far this year stands at 74.42%, marking the lowest annual average recorded since the pandemic.

Unemployment rate was 8.5% in October.

Seasonally adjusted data showed that the unemployment rate decreased by 0.1 point to 8.5% in October. During this period, the labor force increased by 157 thousand persons monthly, while employment rose by 185 thousand persons. Thus, both the labor force participation rate and the employment rate increased by 0.2 points to 53.8% and 49.2%, respectively. In contrast, the labor underutilization rate- including time-related underemployment, potential labor force, and unemployed persons- rose by 1.1 points to 29.6% in October.

The CBRT published Financial Stability Report.

In the second and final Financial Stability Report of the year, published by the CBRT, it was stated that despite global uncertainties and geopolitical risks, the improvement in the country's risk premium continues. The report highlighted that, as of the third quarter, household and real-sector indebtedness remained below historical averages, and the favorable outlook in banks' external financing conditions persisted. It also noted that credit growth remained moderate in line with tight financial conditions, while net-exporter firms' FX and total loan growth diverged positively from other firms.

Financial markets...

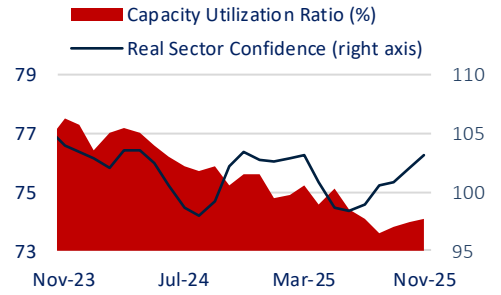
This week, global markets were influenced by strengthened expectations of a Fed rate cut, somewhat easing concerns about excessive valuations in tech stocks, and the developments regarding the Russia-Ukraine ceasefire plan. U.S. stock markets, closed on Thursday and partially on Friday, performed positively during the first three days of the week. As of Thursday's close, the MSCI World Index was up 3.1% from the previous Friday. The MSCI Emerging Markets Index also ended the week with gains.

The BIST-100 index recorded a limited weekly increase of 0.2% compared to Thursday's close. The Turkish lira traded flat against the U.S. dollar, while it depreciated slightly against the euro in parallel with the rise in the EUR/USD parity. Türkiye's 5-year CDS risk premium is currently near its lowest levels in seven years, standing at 239 basis points intraday. The same level was last seen on September 18.

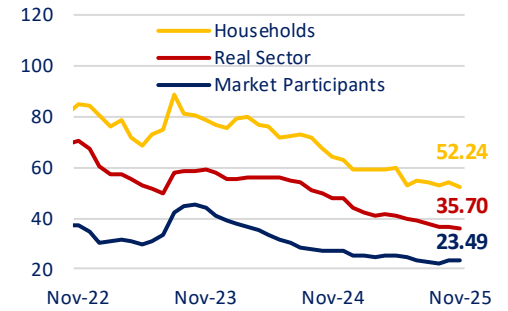
Next week's agenda...

Globally, PMI data and the U.S. personal consumption expenditures (PCE) inflation data for September will come to the forefront. Domestically, Q3 GDP growth figures and November inflation will be closely watched. The ISO Türkiye manufacturing PMI data will also be a key item on next week's economic calendar.

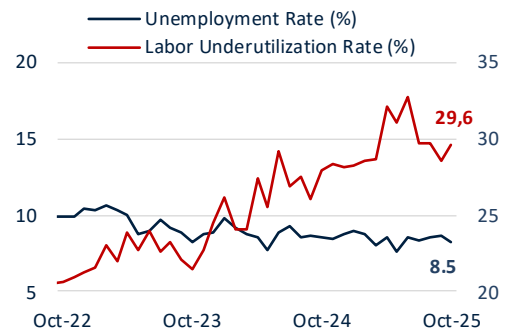
Leading Indicators (seasonally adjusted)



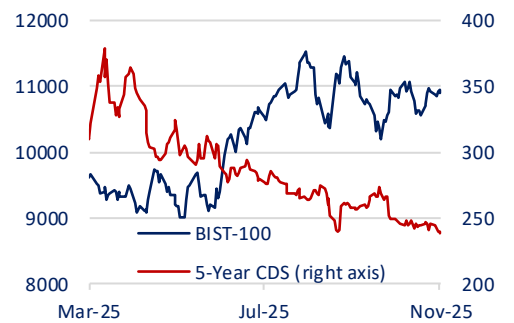
Sectoral Inflation Expectations (12 months ahead, %)



İşgücü Piyasası



BIST-100 and CDS



Source: TURKSTAT, CBRT, Datastream

Data Releases

		Period	Consensus	Prior
1 December	TR GDP Growth	2025 Q3	-	4.8%
	TR Istanbul Chamber of Industry Manufacturing PMI	November	-	46.5
	Euro Area Manufacturing PMI, final	November	49.7	49.7
	China RatingDog Manufacturing PMI	November	50.5	50.6
2 December	Euro Area CPI Inflation, flash, yoy	November	2.2%	2.1%
	Euro Area Unemployment Rate	October	6.3%	6.3%
3 December	TR CPI Inflation, mom	November	-	2.55%
	TR D-PPI Inflation, mom	November	-	1.63%
	Euro Area Services PMI, final	November	53.1	53.1
	Euro Area PPI Inflation, yoy	October	-	-0.2%
4 December	China RatingDog Services PMI	November	-	52.6
	TR CPI Based Real Effective Exchange Rate	November	-	71.87
	Euro Area Retail Sales, yoy	October	-	1.0%
5 December	TR Treasury Cash Balance	November	-	-195.9 billion TRY
	Euro Area GDP Growth, revised, yoy	2025 Q3	1.4%	1.4%
	Germany Industrial Orders, mom	October	-0.5%	1.1%

US Data Releases

1 December	US Manufacturing PMI, final	November	-	51.9
	US ISM Manufacturing PMI	November	-	48.7
3 December	US Services PMI, final	November	-	55.0
	US ISM Services PMI	November	-	52.4
	US Industrial Production, mom	September	0.0%	0.1%
4-11 December	US ADP Employment Report	November	-	42K persons
	US Trade Balance	September	-65.5 billion USD	-59.6 billion USD
5 December	US Core PCE, mom	September	0.2%	0.2%
	US Factory Orders, mom	September	0.2%	1.4%
	US Michigan Consumer Confidence, prelim	December	-	51.0

Economic Research Division

Alper Grler
Division Head
alper.gurler@isbank.com.tr

Gamze Can
Asst. Manager
gamze.can@isbank.com.tr

H. Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

Utkan İnam
Asst. Economist
utkan.inam@isbank.com.tr

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

LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.ř. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.ř. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A.ř, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.