

	19-Jun	25-Jun	Change		19-Jun	25-Jun	Change
BIST-100 Index	14,735	14,260	-3.2 % ▼	EUR/USD	1.1468	1.1369	-0.9 % ▼
TRY 2 Year Benchmark Rate	41.12 %	40.79 %	-33 bp ▼	USD/TRY	46.4289	46.5046	0.2 % ▲
Türkiye 5-Year CDS Premium	219	221	1 bp ▲	EUR/TRY	53.2568	53.0078	-0.5 % ▼
MSCI EM Equity Index	1,786	1,756	-1.7 % ▼	Gold (USD/ounce)	4,160	4,026	-3.2 % ▼
US 10-Year Bond Rate	4.45 %	4.39 %	-6 bp ▼	Brent Oil (USD/barrel)	80.6	75.3	-6.6 % ▼

bp: basis point

Following the agreement reached between the US and Iran in mid-June, the US decision to allow the trade of Iran's crude oil and petroleum products and the increase in the shipping traffic through the Strait of Hormuz eased concerns about supply disruptions and led to a sharp drop in oil prices. The annual rise in the personal consumption expenditures price index became 4.1% in May, the highest level in 3 years. In line with strengthening expectations of a Fed rate hike, the dollar index (DXY) reached its highest level in the last 12 months. As US dollar strengthens, the price of gold per ounce fell by 3% on a weekly basis. In Türkiye, sectoral inflation expectations and confidence indices took center stage in the data agenda this week. In June, households' 12-month-ahead annual CPI inflation expectation fell by 3.38 points compared to the previous month to 46.13%, while consumer confidence reached its highest level since May 2023. Next week, PMI data, the US non-farm payrolls report, and CPI inflation in the Euro Area will be high in the global data agenda. In Türkiye, June's inflation data will be closely monitored on Friday.

Optimism remains strong regarding the ongoing talks between the US and Iran.

Amid generally positive assessments of the ongoing US-Iran talks following the mid-June agreement, the US issued a 60-day temporary waiver authorizing the trade of Iranian crude oil and petroleum products, a move which supported the increase in the traffic through the Strait of Hormuz. The price of Brent crude oil reached as low as 72.1 USD per barrel today, returning to levels seen before February 27, when tensions in the Middle East have risen. Despite this outlook, conflicting statements over unresolved issues—such as nuclear controls and Strait of Hormuz tolls—are somewhat weakening optimism for continued progress. Yesterday's reports of an attack on a cargo ship off the coast of Oman have also reignited security concerns in the Strait of Hormuz.

Data releases increased the likelihood of a Fed rate hike.

This week in the US, preliminary PMI data, the final first-quarter GDP figure, and the personal consumption expenditures (PCE) price index were high on the data agenda. The final reading for the first-quarter GDP growth became 2.1%, exceeding the second estimate of 1.6%. A downward revision to import data was the key factor for this revision. Preliminary manufacturing and services PMI data for June also signaled a positive performance in the economic activity. The manufacturing PMI came in at 55.7, exceeding market expectations and reaching its highest level since May 2022. The services PMI was also reported at 51.3, its highest level in four months.

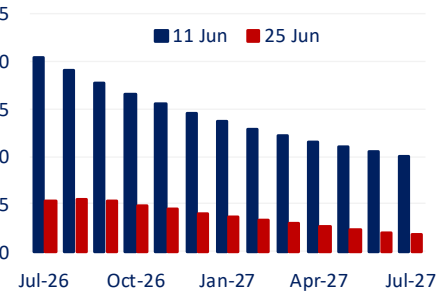
PCE inflation data was also closely monitored this week. Although the monthly PCE inflation in May came in at 0.4%, below expectations of 0.5%, the annual rate of rise reached 4.1%, the highest level since April 2023. Annual core PCE inflation also continued its upward trend on a monthly basis, reaching 3.4% in May. Prior to the rise in energy prices, annual core PCE inflation stood at 3.0% in February.

The growing likelihood of a Fed rate hike is driving an increase in the dollar index (DXY). On June 24, the DXY rose to 101.6, its highest level in over a year, while Treasury yields declined. In the equity markets, a negative performance was recorded, driven not only by expectations of interest rate hikes by the Fed but also by correction in technology stocks. The MSCI World and Emerging Markets indices fell by 1.5% and 1.7%, respectively, on a weekly basis. As the US dollar strengthened, the price of gold per ounce also fell by 3.2% this week, trading at 4,026 as of Thursday's close.

Data releases on the Euro Area economy...

In the Euro Area, the preliminary manufacturing PMI for June fell by 0.3 points on a monthly basis yet remaining above the threshold level at 51.3. The services PMI for the same period rose by 1.2 points on a monthly basis to 48.9 but remained below the threshold for the third consecutive month. In Germany, the region's leading economy, the manufacturing PMI for June fell by 0.1 points compared to the previous month to 50, while the services PMI remained below the threshold at 46.8.

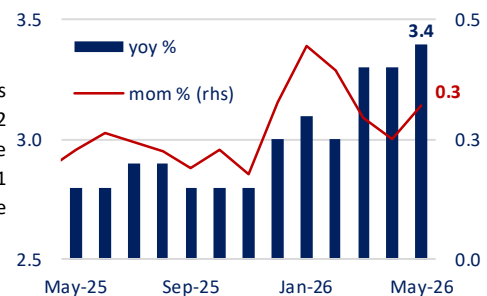
Brent Crude Oil Futures
(USD/barrel)



US 10-Y Treasury Bond Yields and DXY Index



US Core PCE Price Index



Source: Datastream, Fed

Improvement in households' inflation expectations in Türkiye...

Households' annual CPI inflation expectations for 12-month ahead fell by 3.38 points month over month to 46.1% in June, while those in the real sector remained steady at 33.1%. Market participants' inflation expectations for 12-month ahead had previously been reported at 23.8%.

Consumer confidence rose in June.

According to data released by Turkstat, the consumer confidence index rose by 2.5% on a monthly basis in June, reaching 87.9, its highest level since May 2023. A closer look at the sub-indices reveals that the index measuring households' current financial situation rose by 4.5% on a monthly basis, while the index reflecting expectations regarding households' financial situation over the next 12-month also recorded a 1.9% increase.

Foreign visitor arrivals declined year-over-year in May.

According to foreign visitors data published by the Ministry of Culture and Tourism, which is monitored closely in terms of the current account balance, the number of foreign visitors to Türkiye decreased by 3.6% yoy in May, reaching 4.9 million. Thus, the number of foreign visitors declined for the second consecutive month. Looking at the breakdown by country, visitors from Russia accounted for 14.4% of the total in May, those from Germany for 14.1%, and those from the United Kingdom for 10.2%. According to the rankings by the number of foreign visitors as of May, Iran ranked fifth in May. Foreign visitor arrivals from Iran decreased by 0.3% yoy in May and by 33.8% yoy during the March-May period.

Recovery in the CBRT's gross reserves...

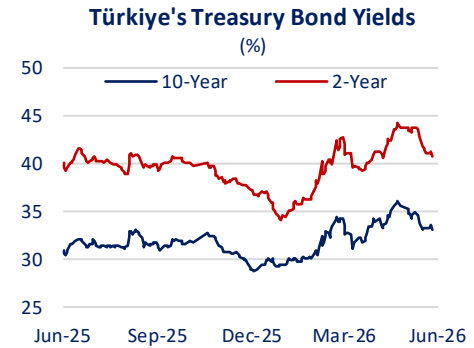
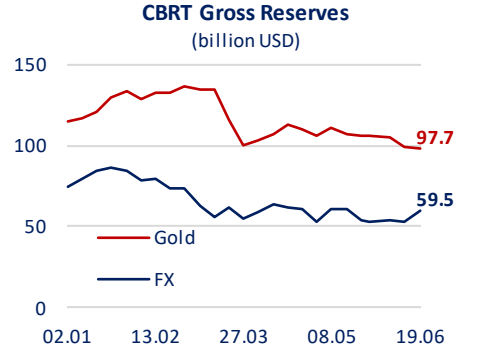
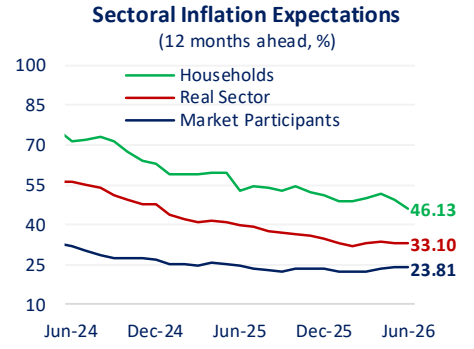
During the week of June 19, the CBRT's total gross reserves increased by 5.1 billion USD on a weekly basis to 157.2 billion USD, while its net reserves rose by 6.9 billion USD to 52.0 billion USD. During this period, net reserves excluding swaps stood at 34.6 billion USD. Additionally, during the same week, non-residents made net purchases of 465.7 million USD in the equity market.

Financial markets in Türkiye...

BIST-100 index fell 3.2% this week, in line with the decline in emerging market equities. The 2-year benchmark Treasury bond yield fell by 33 basis points on a weekly basis, closing at 40.79% on Thursday. The decline in the 2-year Treasury bond yield since the end of May reached 295 basis points as of yesterday. During the same period, the USD/TRY rose by 0.2%, while the EUR/TRY fell by 0.5%, in line with the decline in the EUR/USD parity.

Next week's agenda...

There is a heavy data agenda next week. In addition to PMI data around the world, employment figures, consumer confidence index, and factory orders data will be released in the US. In Euro Area, preliminary CPI inflation figure for June will be released. In Türkiye, June's inflation data will be closely monitored.



Data Releases

		Period	Consensus	Prior	
June 29	Euro Area Consumer Confidence, final	June	-	-17.7	
	TR Economic Confidence	June	-	97.20	
June 30	US Consumer Confidence	June	-	93.1	
	JOLTS Job Openings, units	May	-	7.62 million	
	China NBS Manufacturing PMI	June	50.1	50.0	
	China NBS Non-Manufacturing PMI	June	-	50.1	
	Germany CPI Inflation, flash, yoy	June	-	2.60%	
	UK GDP Growth, yoy, final	2026 Q1	-	1.1%	
	TR Unemployment Rate	May	-	8.2%	
	TR Trade Balance, final	May	-	-8.5 billion USD	
	July 1	US ADP Employment Report	June	-	122K persons
		US Manufacturing PMI, final	June	-	55.7
US ISM Manufacturing PMI		June	-	54.0	
China RatingDog Manufacturing PMI		June	51.7	51.8	
Euro Area HCOB Manufacturing PMI, final		June	51.3	51.3	
July 2	Euro Area HICP Inflation, flash, yoy	June	-	3.2%	
	TR Istanbul Chamber of Industry Manufacturing PMI	June	-	49.8	
	US Non-Farm Payrolls	June	-	172K persons	
	US Unemployment Rate	June	-	4.3%	
	US Factory Orders, mom	May	-	4.8%	
July 3	Euro Area Unemployment Rate	May	-	6.3%	
	Euro Area Services PMI, final	June	-	48.9	
	China RatingDog Services PMI	June	-	54.4	
	TR CPI Inflation, mom	June	-	1.71%	
	TR D-PPI Inflation, mom	June	-	2.75%	

Source: Datastream, Turkstat, CBRT, MCT

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