

	1-Aug	7-Aug	Change		1-Aug	7-Aug	Change
BIST-100 Index	10.747	10.956	1,9 % ▲	EUR/USD	1,1584	1,1665	0,7 % ▲
TRY 2 Year Benchmark Rate	40,24 %	40,24 %	0 bp ●	USD/TRY	40,6150	40,5729	-0,1 % ▼
Türkiye 5-Year CDS Premium	281	275	-5 bp ▼	EUR/TRY	47,0580	47,3351	0,6 % ▲
MSCI EM Equity Index	1.226	1.260	2,8 % ▲	Gold (USD/ounce)	3.363	3.397	1,0 % ▲
US 10-Year Bond Rate	4,22 %	4,24 %	2 bp ▲	Brent Oil (USD/barrel)	69,7	66,4	-4,7 % ▼

bp: basis point

This week, developments in US customs tariffs and statements by Fed officials regarding interest rate cuts affected the course of global markets. Factory orders in the US recorded their fastest monthly decline since the pandemic, falling 4.8% in June. In the Eurozone, monthly PPI inflation reached its highest level in five months at 0.8% in June, while retail sales increased on a monthly and annual basis. In Türkiye CPI rose by 2.06% in July, below market expectations, while annual CPI inflation fell to 33.52%. US inflation and supply-demand indicators stand out on next week's global data agenda. In Türkiye, the CBRT will publish its third Inflation Report of the year, and current account and budget balance data, as well as industrial production figures, will be monitored.

Developments in US customs tariffs and expectations regarding Fed interest rate cuts dominated the agenda.

US President Trump announced that India would be subject to a 25% additional customs duty due to its oil trade with Russia. It was announced that a 100% customs duty will be imposed on semiconductors imported into the US, and that chip manufacturers that produce or commit to producing in the US will be exempt from this additional duty. Trump stated that they are very close to a possible trade agreement with China and that he may meet with Chinese President Xi before the end of the year if an agreement is reached.

Following the downward revisions to non-farm employment data, Fed officials emphasized in their statements this week that interest rate cuts would be necessary in the coming months. San Francisco Fed President Mary Daly stated that the data showed a weakening in the labor market and that there was no sign that tariffs would have a lasting effect on inflation, indicating that the time for interest rate cuts was approaching. Minneapolis Fed President Neel Kashkari also pointed to the slowdown in the US economy and said that interest rate cuts may be necessary in the short term.

Factory orders in the US fell sharply in June.

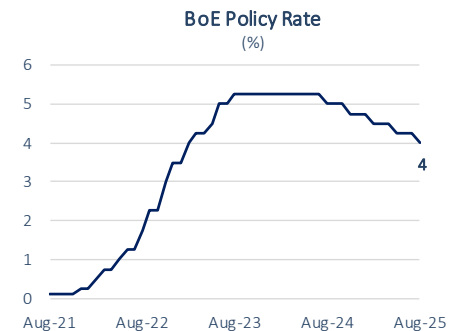
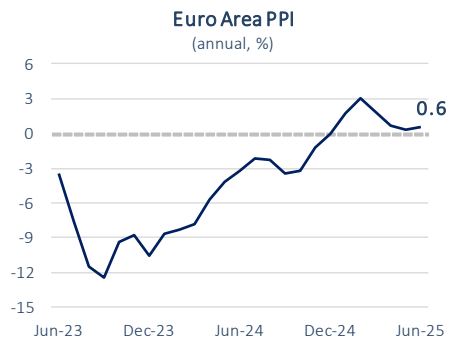
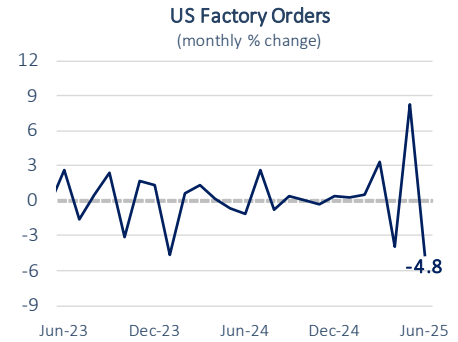
Following the 8.3% monthly increase in May, factory orders in the US contracted by 4.8% in June, recording a rapid decline since the pandemic. The rapid decline in non-defense aircraft orders was influential in this contraction. ISM services index in the country remained below market expectations with 50.1 in July, indicating a relatively flat outlook in the sector.

PPI inflation in Euro Area is at the highest level of the last 5 months...

In June, PPI in Euro Area recorded its fastest monthly increase since January by 0.8% mom and rose by 0.6% yoy. In the same period, retail sales increased by 0.3% mom and 3.1% yoy, respectively. According to the final data for July, services PMI in the region came in at 51.0, indicating that the moderate growth in the sector continued. Contrary to market expectations, Sentix confidence index declined sharply to -3.7 in August. Thus, the index signaled a deterioration in investor confidence after three months of recovery.

BoE lowered policy rate to 4%.

The Bank of England (BoE) lowered its policy rate by 25 basis points to 4% in line with market expectations, with five members voting in favor and four members voting against. Thus, the policy rate has fallen to its lowest level since February 2023. BoE



Source: BoE, Datastream

forecasts that inflation, which is expected to rise to 4% in September, will enter a downward trend and gradually return to its 2% target level over time. BoE Governor Andrew Bailey stated that any future rate cuts should be made gradually and carefully.

China's Caixin Services PMI rose to 52.6 in July.

China's Caixin Services PMI rose to 52.6 in July with 2.0 points increase on a monthly basis. The index, which was well above market expectations, was recorded at its highest level since May 2024. The rise in the index is assumed to be related to a notable improvement in domestic demand and external trade conditions. Due to the shipments made before the implementation of new US tariffs, China's exports increased by 7.2% yoy in July, while imports expanded by 4.1%, contrary to expectations of a 1.0% contraction.

In Türkiye, CPI rose by 2.06% in July.

Although monthly CPI inflation reached the highest level in the last three months with 2.06% in July, it was realized below market expectations. During this period, annual CPI inflation continued to decline due to the high base effect, falling to 33.52%. Monthly domestic PPI inflation fell from 2.46% in June to 1.73% in July, while annual D-PPI inflation stood at 24.19% ([Inflation Report](#)).

ICI Türkiye Manufacturing Export Climate Index rose to 51.3 in July.

According to ICI data, Türkiye Manufacturing Export Climate Index rose by 0.3 points mom to 51.3 in July, indicating that improvements in external demand conditions continued. The improvement in the index was driven by ongoing strong growth in the Middle East, as well as high-rate production increases in the US. Furthermore, despite weaknesses in some regions of Europe, economic activity increased in Türkiye's major export markets.

On the other hand, according to CBRT data, the CPI-based real effective exchange rate fell by 0.66 points on a monthly basis in July to 69.36. The decline was primarily driven by the fact that the increase in the nominal exchange rate outweighed the rise in the CPI. During the same period, D-PPI-based index decreased by 1.36 points compared to the previous month, and became 91.92.

Treasury cash balance posted a deficit of 68.5 billion TRY in July.

While the Treasury cash balance posted 68.5 billion TRY deficit in July, the primary surplus was 54.6 billion TRY. Thus, in the January-July period, the Treasury cash deficit was 1.4 trillion TRY, and the primary cash deficit was 215.9 billion TRY.

Financial markets...

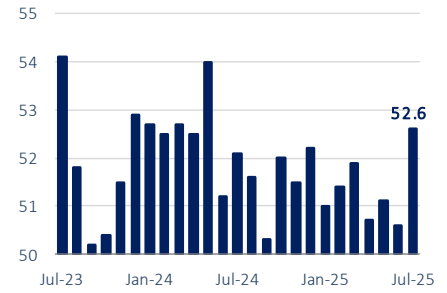
This week, global risk perception improved as Fed officials gave messages supporting rate-cut expectations. The MSCI World and Emerging Market stock indices rose by 1.9% and 2.8%, respectively, as of Thursday's close compared to Friday's close. Oil prices fell by 4.7% due to the expected slowdown in global economic activity caused by US tariffs, as well as the OPEC+ countries' output hike decision last weekend. Gold price rose by 1% to 3,397 USD, continuing its upward trend around historic highs.

The BIST-100 index rose by 1.9% from the previous week's close to 10,956 at Thursday's close. Thus, the index extended its consecutive weekly rise to the seventh week. Türkiye's 5-year CDS premium decreased by 5 basis points to 275 basis points, while the USD/TL declined slightly. The yield on 2-year benchmark bond remained flat at 40.24%.

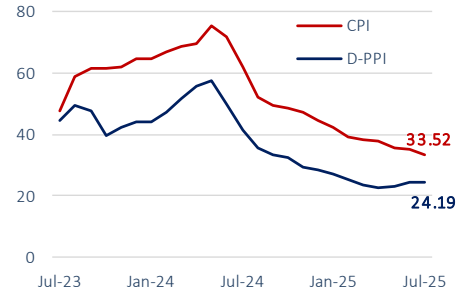
Next week's agenda...

On next week's global data agenda, inflation and supply-demand indicators to be announced in the US stand out. In Türkiye, CBRT will publish its third Inflation Report of the year. In addition, balance of payments, budget balance, and industrial production data will be monitored.

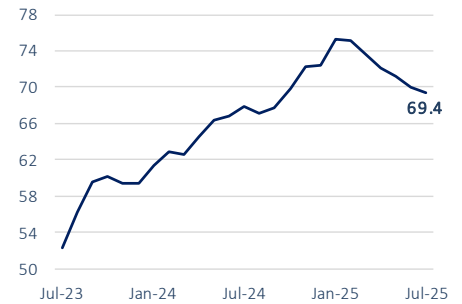
China Caixin Services PMI



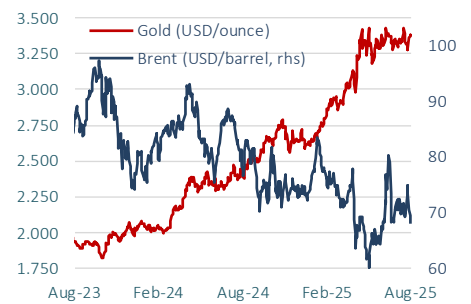
Inflation
(yıllık, %)



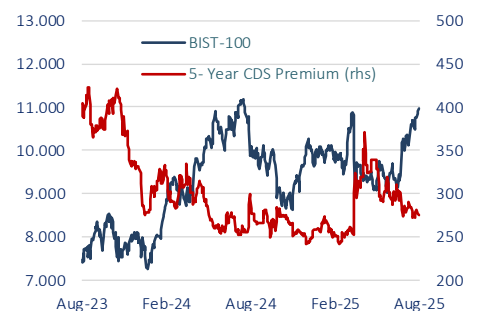
CPI Based Real Effective Exchange Rate



Gold and Crude Oil Prices



BIST-100 and CDS Premium



Source: BIST, CBRT, TurkStat, Datastream

Data Releases

		Period	Consensus	Prior
11 August	TR Industrial Production, yoy	June	-	4.9%
12 August	TR Current Account Balance	June	-1.38 billion USD	-0.68 billion USD
	TR Trade Sales Volume Index, yoy	June	-	19.2%
	USA CPI Inflation, mom	July	0.2%	0.3%
13 August	TR House Sales, yoy	July	-	35.8%
14 August	CBRT Inflation Report	2025 - III	-	-
	USA PPI Inflation, mom	July	0.2%	0.0%
	Euro Area GDP Growth, flash, yoy	2025 Q2	1.4%	1.4%
	Euro Area Industrial Production, yoy	June	2.5%	3.7%
15 August	TR Budget Balance	July	-	-330.2 billion TRY
	CBRT Survey of Market Participants	August	-	-
	USA Industrial Production Index, mom	July	-0.2%	0.3%
	USA Retail Sales, mom	July	0.5%	0.6%
	USA Michigan Consumer Confidence, prelim	August	-	61.7
	China Industrial Production, yoy	July	5.8%	6.8%
	China Retail Sales, yoy	July	4.6%	4.8%

Economic Research Division

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

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

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

Berkay Arık
Asst. Economist
berkay.arik@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.