

	26-Dec	31-Dec	Change		26-Dec	31-Dec	Change
BIST-100 Index	11.294	11.262	-0,3 % 	EUR/USD	1,1771	1,1745	-0,2 % 
TRY 2 Year Benchmark Rate	37,51 %	37,22 %	-29 bp 	USD/TRY	42,8325	42,9498	0,3 % 
Türkiye 5-Year CDS Premium	206	205	-1 bp 	EUR/TRY	50,4225	50,2667	-0,3 % 
MSCI EM Equity Index	1.397	1.404	0,5 % 	Gold (USD/ounce)	4.532	4.314	-4,8 % 
US 10-Year Bond Rate	4,13 %	4,15 %	2 bp 	Brent Oil (USD/barrel)	60,6	60,9	0,3 % 

bp: basis point

During a relatively quiet week for economic data due to the New Year holidays, volatility in precious metal prices came to the fore, while markets closely followed the minutes of the Fed's December meeting. The minutes highlighted differing views among Fed officials on the relative balance of inflation and employment-related risks. In the US, the Dallas Fed manufacturing index posted its weakest reading in six months in December. Domestically, the Türkiye Manufacturing PMI compiled by the Istanbul Chamber of Industry (ISO) rose to 48.9—its highest level of 2025—yet remained below the threshold level, signaling that weakness in manufacturing activity persisted. According to TurkStat, the seasonally adjusted unemployment rate increased by 0.1 percentage points to 8.6% in November, while the economic confidence index was unchanged in December. Next week, domestic inflation and industrial production data will be released. Globally, the US nonfarm payrolls and the Euro Area's inflation data are expected to be key drivers for the course of the markets.

The minutes of the Fed's December meeting were released in the US.

The minutes of the Fed's December meeting were published during a week marked by a calm data calendar. They suggested that officials continued to diverge in their assessment of the relative importance of inflation and employment-related risks. However, it was highlighted that if inflation continues to fall substantially in line with expectations, a sizable share of members would be willing to consider more rate cuts, while others suggested that rates should be kept unchanged for some time.

The Dallas Fed manufacturing index fell by 0.5 points mom, in December, reaching its lowest level since June 2025. In particular, declines in the production and economic outlook sub-indices pointed to a deterioration in business sentiment. Weaker new orders and a drop in the capacity utilization index reinforced this picture. Meanwhile, pending home sales rose by 3.3% mom in November, beating expectations and increasing for the fourth consecutive month.

China's PMI posted a positive outlook.

China's December PMI indicators pointed to an improvement in economic activity. The NBS manufacturing PMI rose by 0.9 points mom to 50.1, beating market expectations. The non-manufacturing PMI—covering services and construction—also came in above forecasts at 50.2. Against this backdrop, the composite PMI climbed to 50.7 from 49.7 in November, moving back into expansion territory.

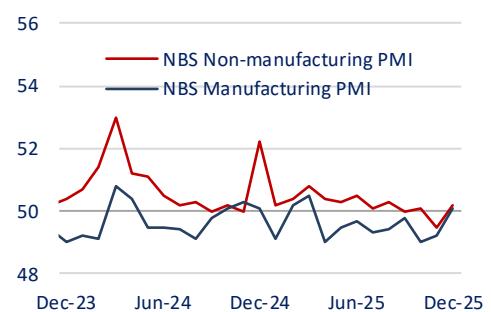
The ISO Türkiye Manufacturing PMI was recorded at 48.9 in December.

The manufacturing PMI published by the Istanbul Chamber of Industry presented the most positive outlook of the year, despite remaining below the threshold level in the last month of 2025. Following November, the PMI data rose again in December, reaching 48.9, indicating that the deterioration in operating conditions was at its mildest level in the past 12 months. Although the decline in new orders continued during this period, the slowdown eased to its lowest level since March 2024. In parallel, the

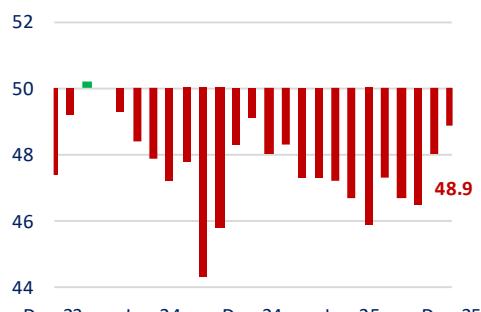
Market Expectations for Fed's Policy Rate Cuts (%)



China NBS PMI Data (threshold=50)



ICI Türkiye Manufacturing PMI



Source: Datastream

decline in production continued but was more moderate compared to November. The slowdown in employment and purchasing activity was considered a positive signal regarding demand conditions, while prices hiked up again in both input and final products in December, with companies raising their selling prices at the highest rate in the last eight months. On a sectoral basis, production increased in only three of the ten sectors (food, electrical-electronics, and wood-paper), while new orders rose in only two sectors. In contrast, export and employment growth spread across half of the sectors.

The unemployment rate was 8.6% in November.

According to seasonally adjusted data released by TurkStat, the unemployment rate increased by 0.1 percentage points on a monthly basis to 8.6% in November. During the same period, the number of persons in the labour force rose by 128 thousand people to 35.8 million, while the labor force participation rate increased by 0.1 percentage points to 53.8%. In November, the rate of composite measure of labour underutilization consisting of time-related underemployment, potential labour force and unemployment declined by 0.6 percentage points to 29.1%.

The economic confidence index remained unchanged on a monthly basis in December, standing at 99.5. Increases in confidence within the real sector as well as the services and retail trade sectors supported the headline index, but declining confidence in the consumer and construction sectors weighed down.

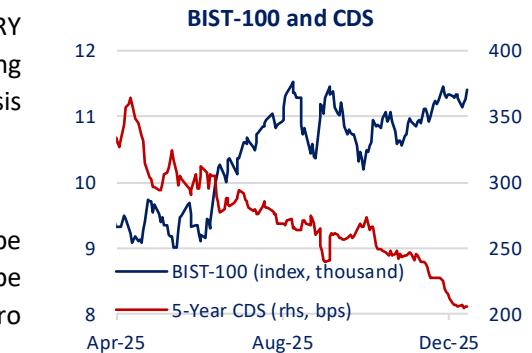
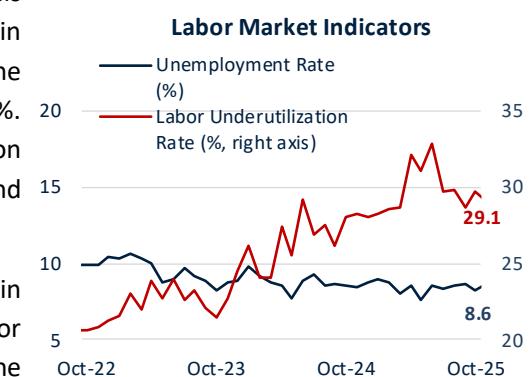
Financial markets...

Global markets posted a relatively positive performance in 2025. The MSCI World and MSCI Emerging Markets indices ended the year with gains of 19.5% and 30.6%, respectively. In the U.S., the S&P 500 index rose by 16.4% over the year, while the Euro Stoxx 50 gained 18.3%. On the commodities front, the price of an ounce of gold surged by 64.4% throughout the year, marking a great performance, whereas Brent crude oil prices declined by 18.5% over the same period. In the week marked by subdued trading volumes due to the New Year holiday, increased volatility in gold and silver prices stood out.

Domestically, the BIST-100 index underperformed relative to global markets, closing the year with a gain of 14.6%. According to the CBRT's buying rate, USD/TRY rose by 21.7% yoy in 2025. Meanwhile, EUR/TRY increased by 37.3%, driven by the appreciation of EUR/USD parity during the year. The 5-year CDS premium, which started 2025 above 260 basis points, ended the year at 205 basis points.

Next week's agenda...

Next week, inflation data and the industrial production index will be released in Türkiye. On the global front, the non-farm payrolls data to be announced in the U.S. and the preliminary inflation figures for the Euro Area are expected to be key drivers for the course of the markets.



Source: Datastream, CBRT, Turkstat

Data Releases				
		Period	Consensus	Prior
5 January	TR CPI Inflation, mom	December	0.98%	0.87%
	TR D-PPI Inflation, mom	December	-	0.84%
	US ISM Manufacturing PMI	December	48.3	48.2
	Euro Area Sentix Index	January	-5.0	-6.2
	China RatingDog Services PMI	December	-	52.1
6 January	US Services PMI, final	December	-	52.9
	Euro Area Services PMI, final	December	52.6	52.6
	Germany CPI Inflation, flash, mom	December	0.2%	-0.2%
7 January	US Factory Orders, mom	October	-	%0.2
	US ISM Services PMI	December	52.3	52.6
	US ADP Employment Report	December	50 thousand	-32 thousand
	Euro Area CPI Inflation, flash, yoy	December	2.0%	2.1%
8 January	US Trade Balance	November	-	-52.8 milyar USD
	Euro Area PPI Inflation, yoy	November	-	-0.5%
	Euro Area Consumer Confidence, final	December	-14.6	-14.6
	EU Economic Confidence Index	December	97.0	97.0
	Euro Area Unemployment Rate	November	6.4%	6.4%
9 January	TR Industrial Production, yoy	November	-	2.2%
	US Nonfarm Payrolls	December	55 thousand	64 thousand
	US Unemployment Rate	December	4.5%	4.6%
	US Housing Starts, units	October	1.3 million	1.3 million
	US Michigan Consumer Confidence, prelim	January	53.0	52.9
	Euro Area Retail Sales, mom	November	0.1%	0.0%
	China CPI Inflation, yoy	December	-	0.7%
	China PPI Inflation, yoy	December	-	-2.2%

Economic Research Division

Alper Gürler
Division Head
alper.gurler@isbank.com.tr

Mustafa Kemal Gündoğdu, PhD
Asst. Manager
kemal.gundogdu@isbank.com.tr

H. Erhan Gül
Unit Manager
erhan.gul@isbank.com.tr

Oğulcan Delil
Asst. Economist
ogulcan.delil@isbank.com.tr

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

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