

	23-May	29-May	Change		23-May	29-May	Change
BIST-100 Index	9,356	9,171	-2.0 % ▼	EUR/USD	1.1364	1.1371	0.1 % ▲
TRY 2 Year Benchmark Rate	46.23 %	45.24 %	-99 bp ▼	USD/TRY	38.9072	39.0880	0.5 % ▲
Türkiye 5-Year CDS Premium	302	317	15 bp ▲	EUR/TRY	44.2151	44.4700	0.6 % ▲
MSCI EM Equity Index	1,171	1,170	-0.1 % ▼	Gold (USD/ounce)	3,357	3,316	-1.2 % ▼
US 10-Year Bond Rate	4.51 %	4.42 %	-9 bp ▼	Brent Oil (USD/barrel)	64.8	64.2	-1.0 % ▼

bp: basis point

Turkish economy grew by 2.0% in the first quarter of 2025, while unemployment rate rose by 0.6 points to 8.6% in April. Economic confidence index presented a flat outlook in May. Treasury and Finance Minister Şimşek announced that they will enact a support package with a total guarantee limit of 25 billion TRY. On the global front, both the US and Germany's first quarter growth data were revised upwards. Confidence indices in the US and Euro Area, which declined in April, recovered in May. Global stock markets, which started the week positively on the back of positive signals regarding the negotiations between the US and the EU, are set to close the week on the positive side, although they followed a volatile course in the middle of the week due to excess jurisdiction and related appeal cases in US federal courts regarding Trump tariffs. On the data agenda of next week, when ECB meeting will be held, US non-farm payrolls and Euro Area's flash inflation data come to the fore. In Türkiye, inflation and ICI manufacturing PMI data for May will be announced.

Turkish economy grew by 2.0% in the first quarter of the year.

According to the chain linked volume index, Turkish economy grew by 2.0% yoy in the first quarter of 2025, below market expectations. The expectation in the Reuters survey for this period was 2.3%. Thus, the Turkish economy posted the weakest annual growth since the second quarter of 2020, when pandemic measures were effective. On the other hand, seasonally and calendar adjusted quarterly growth came in at 1.0%, presenting a relatively positive outlook ([Our Economic Growth report](#)).

Unemployment rate came in at 8.6% in April.

According to seasonally adjusted figures, unemployment rate was realized as 8.6% in April, the highest level since October 2024. In April, employment decreased by 316K people compared to the previous month, while the number of unemployed people increased by 203K. In this period, the labour underutilization rate, which is the broadest unemployment indicator increased by 3.4 points compared to the previous month and became 32.2%.

Economic confidence index presented a flat outlook in May.

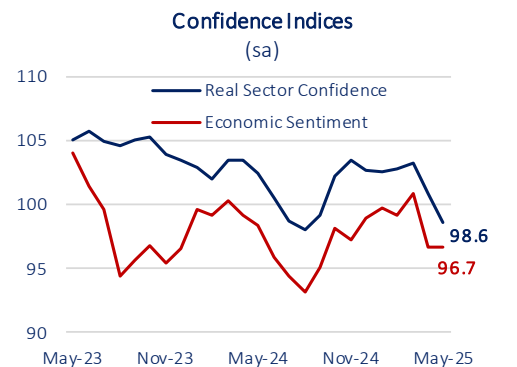
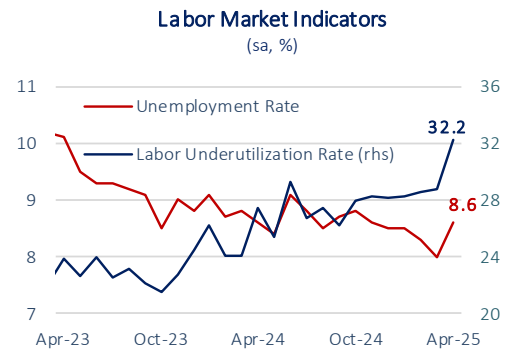
Economic confidence index was flat at 96.7 in May, remaining below the threshold value after April. In this period, rise in consumer confidence index as well as confidence in services, retail and construction sectors supported the general index, while the real sector confidence index limited the increase.

25 billion TRY guarantee limit support package will be put into effect.

At the end of last week, it was announced that a new Credit Guarantee Fund (KGF) will be put into effect to mitigate the effects of the tight monetary stance on production. Treasury and Finance Minister Mehmet Şimşek announced that a support package with a total guarantee limit of 25 billion TRY will be created through the KGF, of which 17.5 billion TRY will be used for business expenditures and 7.5 billion TRY for investment expenditures. Stating that the guarantee rate of the support package will be 85%, Şimşek announced that the limits per beneficiary are determined as 15 million TRY for business expenditures and 30 million TRY for investment expenditures.

Contributions to Growth (% points)			
	2024	2025	
	Q4	Annual	Q1
Consumption	3.2	2.9	1.7
Private	3.0	2.8	1.6
Public	0.2	0.2	0.2
Investment	1.5	1.0	0.5
Stock Change	-0.9	-1.8	0.3
Net Exports	-0.8	1.1	-0.6
Exports	-0.5	0.2	0.0
Imports	-0.4	0.9	-0.6
GDP (yoy, %)	3.0	3.2	2.0

Note: Numbers may not add to total due to rounding.



Source: Datastream

Growth data in the US and Germany were revised upwards.

In the US, annualized growth data for the first quarter of 2025 was revised upwards by 0.1 pp. Thus, the US economy contracted by 0.2% in the said period, recording the weakest quarterly performance in the last 3 years. This was mainly driven by weak consumption expenditures as well as firms bringing forward import orders due to the additional tariffs. First quarter growth in Germany, Türkiye's most important export market, was revised upwards as well, from 0.2% to 0.4% on a quarterly basis. Thus, quarterly growth in the country was recorded at its highest pace since the 3rd quarter of 2022.

Consumer confidence indices recovered in the US and Euro Area.

In the US, consumer confidence index, which fell to its lowest level since the pandemic in April due to concerns over additional tariffs, rose by 12.3 points to 98.0 in May, well above expectations. Thus, the five-month decline in consumer confidence ended. Data releases in Euro Area also pointed to a recovery in confidence indices in May. After two months of decline, economic confidence index rose by 1.0 point to 94.8 in this period.

Trump's tariffs have been taken to court.

On Wednesday, the US Court of International Trade ruled that Trump had exceeded his legal authority in his tariffs and decided to block additional tariffs. The Trump administration's appeal was accepted by US appeals court which temporarily halted the decision.

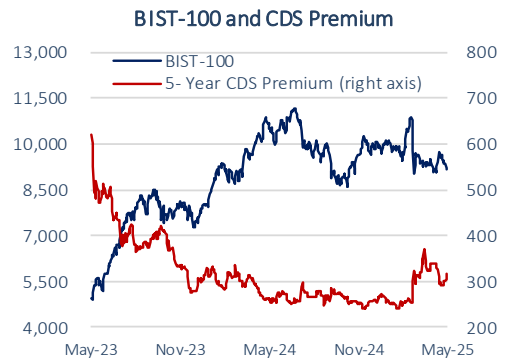
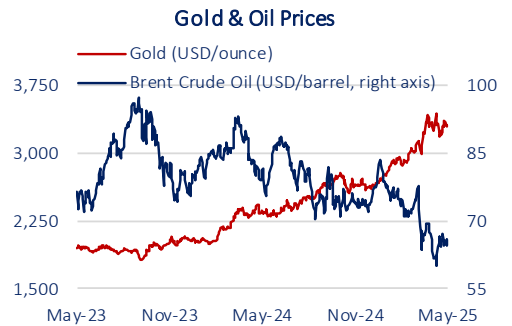
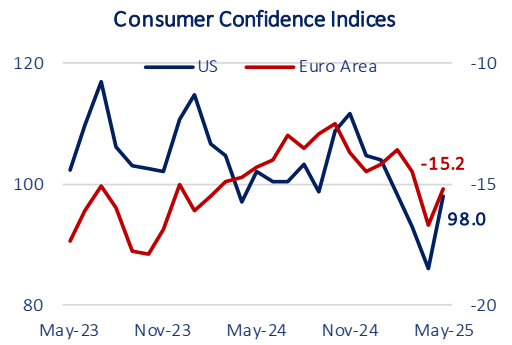
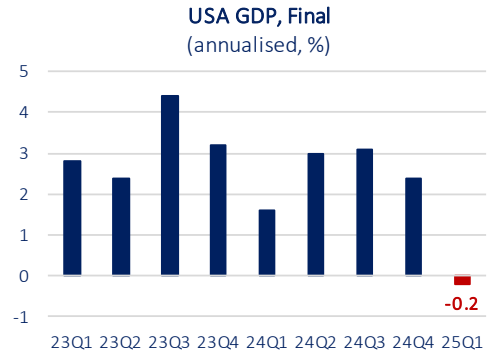
Financial markets...

Global stock markets that fluctuated amid the news on tariffs between the US and the EU and the court decision on Trump's tariffs, are expected to close the week with an increase. As of Thursday's close, MSCI World Stock Index rose by 1.57% compared to last Friday, while S&P 500 and Nasdaq indices rose by 1.88% and 2.34%, respectively. In line with the increased risk appetite, gold prices declined by 1.2% in this period. Thus, gold prices fell to 3,316 USD/ounce as of Thursday's close. Oil prices, which had been on an upward trend throughout May thanks to the easing concerns over trade wars, remained flat last week due to the US-Iran nuclear deal negotiations and expectations for supply increases by OPEC+ countries.

This week, BIST 100 index diverged negatively from developed markets in tandem with other emerging economies. As of Thursday's close, BIST 100 fell by around 2% compared to last Friday to 9,171. In the same period, Türkiye's 5-year CDS premium increased to 317 bps, while USD/TRY and EUR/TRY rose slightly. 2 and 10-year benchmark bond yields remained relatively flat at 45.24% and 33.13%, respectively.

Next week's agenda...

Non-farm payrolls in the US, ECB meeting and May inflation data in the Euro Area will be high on the agenda of the coming week. The decisions to be taken at the meeting of OPEC+ countries, which is expected to take place this weekend, and the developments regarding the legal process regarding tariffs in the US will be also on the agenda of the markets. In Türkiye, where markets will be open for 3.5 days due to Eid holiday, May inflation and ICI manufacturing PMI data to be announced at the beginning of the week stand out.



Data Releases

		Period	Consensus	Prior
2 June	TR Istanbul Chamber of Industry Manufacturing PMI	May	-	47.3
	US Manufacturing PMI, final	May	-	52.3
	US ISM Manufacturing PMI	May	48.7	48.7
	Euro Area Manufacturing PMI, final	May	49.4	49.4
3 June	TR CPI Inflation, mom	May	2.00%	3.00%
	TR D-PPI Inflation, mom	May	-	2.76%
	US Factory Orders, mom	April	-	3.4%
	US Durable Goods Orders, mom	April	-	-6.3%
	Euro Area CPI Inflation, flash, yoy	May	2.1%	2.2%
	Euro Area Unemployment Rate	April	6.2%	6.2%
4 June	China Caixin Manufacturing PMI, final	May	50.6	50.4
	CPI Based Real Effective Exchange Rate	May	-	72.12
	US ADP Employment Report	May	-	62k persons
	US Services PMI, final	May	-	52.3
	US ISM Services PMI	May	52.0	51.6
	Euro Area Services PMI, final	May	48.9	48.9
5 June	US Trade Balance	April	-120.4 bln USD	-140.5 bln USD
	Euro Area PPI Inflation, mom	April	-	-%1.6
	ECB Meeting	June	2.15%	2.40%
	China Caixin Services PMI	May	-	50.7
6 June	US Nonfarm Payrolls	May	130k persons	177k persons
	US Unemployment Rate	May	4.2%	4.2%
	Euro Area GDP Growth, revised, yoy	2025 Q1	-	1.2%
	Euro Area Retail Sales, mom	April	-	-0.1%

Economic Research Division

Alper Grlr
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

Bra Ceylan
Asst. Economist
busra.ceylan@isbank.com.tr

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

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