

	29-Aug	4-Sep	Change		29-Aug	4-Sep	Change
BIST-100 Index	11,288	10,829	-4.1 % ▼	EUR/USD	1.1684	1.1649	-0.3 % ▼
TRY 2 Year Benchmark Rate	38.93 %	41.04 %	211 bp ▲	USD/TRY	41.1005	41.0540	-0.1 % ▼
Turkey 5-Year CDS Premium	261	268	7 bp ▲	EUR/TRY	48.0272	47.9413	-0.2 % ▼
MSCI EM Equity Index	1,258	1,262	0.2 % ▲	Gold (USD/ounce)	3,447	3,545	2.9 % ▲
US 10-Year Bond Rate	4.23 %	4.18 %	-5 bp ▼	Brent Oil (USD/barrel)	68.1	67.0	-1.7 % ▼

bp: basis point

This week, GDP growth and inflation data were closely monitored in Türkiye. Higher-than-expected growth data indicated that economic activity gained momentum in the second quarter and the monthly inflation rate exceeded expectations realizing at 2.04% in August. These data releases lowered the expectations for the size of the interest rate cut from the CBRT at its meeting to be held on September 11, while the CBRT's gross reserves reached a new record level of 178.5 billion USD as of last week. On the global front, expectations for the Fed's interest rate cut are being closely monitored. Weak labor market data releases supported expectations for interest rate cuts and boosted investor appetite this week. Next week, the ECB decision and US inflation data will be followed. In Türkiye, the CBRT's interest rate decision, balance of payments and industrial production data as well as CBRT's Survey of Market Participants will be high on the agenda. Also, the Medium-Term Program will be announced at the beginning of the week.

Turkish economy grew by 4.8% year-on-year in the second quarter of the year.

According to the chain-linked volume index, Turkish economy grew by 4.8% yoy in the second quarter of 2025, exceeding market expectations. Quarterly growth for this period was 1.6% (previous: 0.7%). Turkstat revised annual growth for 2024 from 3.2% to 3.3% and the first quarter annual growth of 2025 is also revised from 2% to 2.3%. Thus, Turkish economy grew by 3.6% yoy in the first half of the year. In the second quarter of the year, private consumption expenditures expanded by 5.1% yoy, contributing 3.4 points to growth. This contribution was the highest recorded since the first quarter of 2024. During the same period, public consumption expenditures decreased by 5.2% yoy, limiting the growth by 0.6 points. Investment expenditures, which was weak in the first quarter of the year, contributed 2.2 points to growth in the second quarter, the highest contribution since the second quarter of 2023. On the other hand, net exports' drag on growth reached 1.4 points in the second quarter ([Economic Growth report](#)).

CPI rose by 2.04% on a monthly basis in August, exceeding expectations.

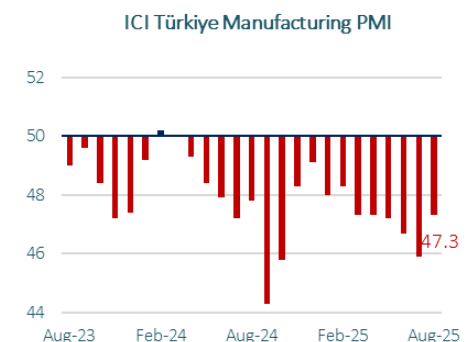
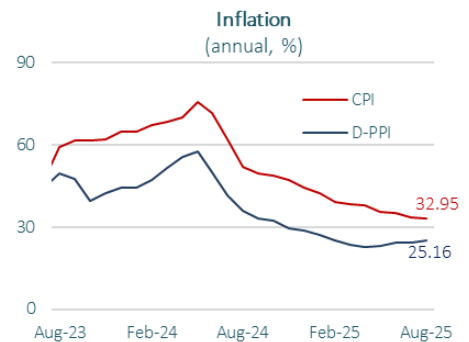
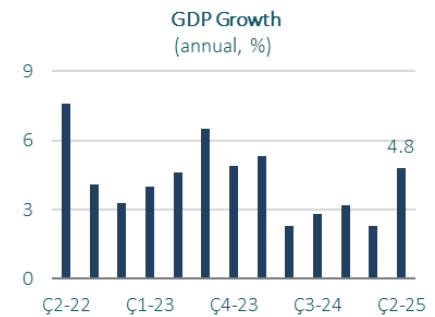
Monthly CPI inflation in August came in at 2.04%, driven by price increases in the alcoholic beverages and tobacco group, as well as the food and non-alcoholic beverages group. Market expectations were at 1.79%. Annual CPI inflation continued its downward trend due to the high base effect, falling to 32.95%. In August, the monthly increase in the D-PPI gained momentum at 2.48%, thus annual producer price inflation rose to 25.16%. Although the downward trend in annual inflation is expected to continue until December due to the high base effect, the likelihood of annual CPI inflation remaining above the 25-29% forecast of CBRT's updated in its latest Inflation Report has increased ([see our Inflation Report](#)).

ICI Türkiye Manufacturing PMI rose to 47.3 in August.

According to data released by the Istanbul Chamber of Industry, Türkiye's manufacturing PMI rose by 1.4 points mom to 47.3 in August, remaining below the 50 threshold level for the 17th consecutive month. The pace of the decline in production and new orders decelerated in this period. The increase in final product prices was at the lowest in the last eight months. On the other hand, companies reduced employment at the highest rate recorded since the first months of the pandemic, due to the easing of their workload. According to the sectoral PMI indices, only the base metal industry signaled expansion, realizing at above 50 threshold level.

The CBRT's gross reserves reached a new historic high.

In the week to August 29, the CBRT's gross reserves reached a new historic high of 178.4 billion USD, while net reserves stood at 73.6 billion USD. During the same period, the equity portfolio of non-residents, adjusted for price and exchange rate movements,



Source: Datastream, Fed

contracted by 139.6 million USD, while the GDDS portfolio expanded by 763 million USD.

US services PMI data presented a positive picture in August.

The US services PMI data presented a positive outlook for the sectoral activity in August. During this period, the ISM services PMI reached 52, its highest level in the last six months, and the final S&P services PMI came in at 54.5. ISM manufacturing index came in at 48.7 in August, 0.3 points below expectations, maintaining its contractionary trend for the sixth consecutive month.

Nonfarm payrolls in the US rose less than expected in August.

ADP private sector employment in the US rose by 54K in August, below expectations. Jobless claims for the previous week also exceeded expectations at 237K. Nonfarm payrolls in the US in August came in at 22K, compared to market expectations of 75K. During this period, the unemployment rate rose by 0.1 percentage points on a monthly basis to 4.3%. Average hourly earnings rose by 0.3% (previous: 0.3%) on a monthly basis and 3.7% on an annual basis (previous: 3.9%). These figures pointed to a cooling labor market supporting expectations for interest rate cuts.

Data releases on the Euro Area economy...

According to final data released for the Euro Area, the manufacturing PMI became 50.7 in August, 0.2 points above the preliminary reading. With a reading above 50, the manufacturing sector in the Euro Area signaled expansion for the first time in over three years. Meanwhile, the services PMI for this period came in at 50.5, 0.2 points below the preliminary reading, painting a more moderate picture for the sector activity. The seasonally adjusted unemployment rate in the region remained at historically low levels in July at 6.2%. During this period, the youth unemployment rate also fell by 0.4 points on a monthly basis to 13.9%, reaching also a historic low level.

On the other hand, retail sales volume in the region contracted by -0.5% mom, exceeding expectations, while the annual increase of 2.2% fell short of forecasts and the previous month's level, signaling weak domestic demand. In Germany, factory orders contracted by 2.9% in July, contrary to expectations of a modest increase. According to preliminary data, consumer inflation in the Euro Area was 0.2% mom in August, while, on an annual basis, it was 2.1%, 0.1 points above expectations and the previous month. July producer price data showed monthly and yearly increases of 0.4% and 0.2%, respectively.

PMI data in China pointed to positive growth in the manufacturing and services sectors.

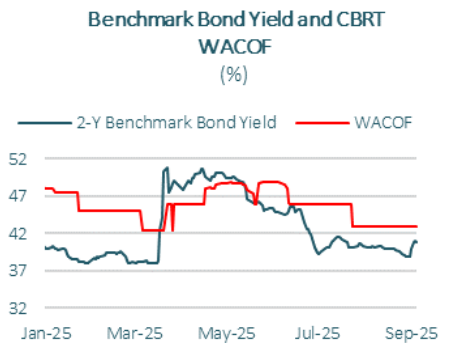
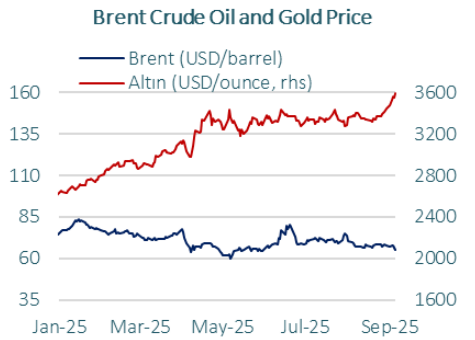
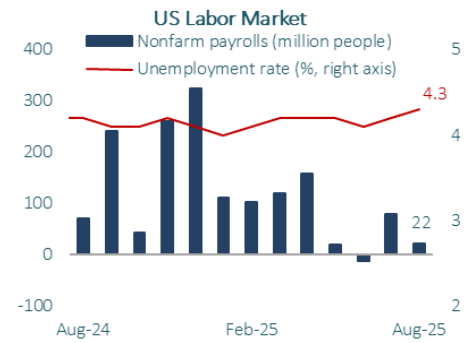
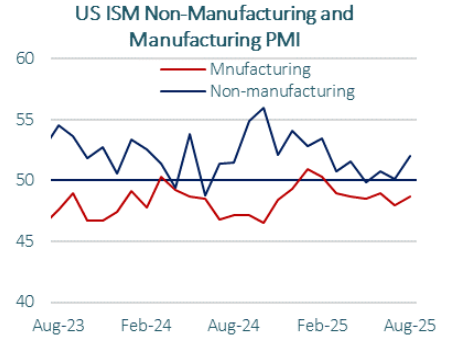
Data for August in China presented a positive outlook for the manufacturing and services sectors. During this period, the manufacturing PMI exceeded expectations at 50.5, rising above the 50 level, while the services PMI remained above the threshold level at 53.0.

Financial markets...

In global markets this week, weak labor market data supported expectations for interest rate cuts and boosted investor appetite. The MSCI World and MSCI Emerging Markets indices rose by 0.3% and 0.2%, respectively, as of Thursday's close compared to last Friday. Driven by the rising expectations for Fed's interest rate cuts, the price of gold rose 2.9% to 3,545 USD per ounce, hitting a record high level. Brent crude oil prices fell 1.7% to USD 67 per barrel, on the expectations that OPEC+ would decide to increase production in October at its meeting over this weekend.

As higher-than-expected GDP growth and inflation data had a downward impact on the expectations for the size of interest rate cuts, the BIST-100 index diverged negatively from global markets this week, falling by 4.1% to below 11,000. The 2-year benchmark bond yield rose 211 basis points in the same period, while Türkiye's 5-year CDS risk premium increased 7 basis points to 268 basis points.

Next week, the ECB and US inflation will be high on the global agenda. In Türkiye, CBRT interest rate decision, the balance of payments and industrial production data, as well as with the CBRT's Survey of Market Participants will be followed. In addition, Medium Term Programme covering the period of 2026-2028 is expected to be announced at the beginning of the week.



Source: Datastream, CBRT, Turkstat

Data Releases

		Period	Consensus	Prior
8 September	Euro Area Sentix Index	September	-	-3.7
	China Trade Balance	August	99.20 billion USD	98.24 billion USD
10 September	TR Industrial Production, yoy	July	-	8.30%
	USA PPI Inflation, mom	August	0.3%	0.9%
	China CPI Inflation, yoy	August	-0.2%	0.0%
11 September	CBRT Monetary Policy Meeting	September	-	43.0%
	USA CPI Inflation, mom	August	0.3%	0.2%
	ECB Meeting	September	2.15%	2.15%
12 September	TR Current Account Deficit	July	-	-2.01 billion USD
	CBRT Survey of Market Participants	September	-	-
	USA Michigan Consumer Confidence, prelim	September	-	58.2

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