	14-Aug	20-Aug	Change		14-Aug	20-Aug	Change
BIST-100 Index	14,172	14,397	1.6 % ▲	EUR/USD	1.1569	1.1678	0.9 % ▲
TRY 2 Year Benchmark Rate	41.31 %	40.87 %	-44 bp ▼	USD/TRY	47.8791	47.6708	-0.4 % ▼
Türkiye 5-Year CDS Premium	219	222	2 bp ▲	EUR/TRY	55.3994	56.0524	1.2 % ▲
MSCI EM Equity Index	1,701	1,668	-1.9 % ▼	Gold (USD/ounce)	4,376	4,518	3.2 % ▲
US 10-Year Bond Rate	4.70 %	4.70 %	0 bp ●	Brent Oil (USD/barrel)	88.5	93.8	5.9 % ▲

bp: basis point

Rising geopolitical tensions following the expiration of the 60-day temporary agreement between the U.S. and Iran drove oil prices higher, pushing Brent crude above 93 USD/bbl. The U.S. Treasury's move to expand liquidity support in long-term bond buybacks capped the rise in bond yields, supporting gold prices. The FOMC minutes highlighted upside inflation risks stemming from energy prices as well as elevated valuations in the technology sector. Meanwhile, despite weak housing data weighed down by mortgage rates, the Philadelphia Fed Manufacturing Index recorded a strong rebound. In China, the PBoC kept benchmark interest rates unchanged despite slowing economic activity, while the Japanese economy grew below expectations in the second quarter. Domestically, the central government budget posted a deficit of 378.1 billion TRY in July, as housing prices continued to decline in real terms. Next week, global markets will focus on the Jackson Hole Economic Symposium and the U.S. July Core PCE inflation release.

The 60-day temporary agreement between the U.S. and Iran expired.

The 60-day temporary agreement under the Memorandum of Understanding signed between the U.S. and Iran in June expired last week. U.S. President Trump reiterated that the agreement would not be extended, while statements from Tehran signaled a shift toward an offensive security posture rather than a defensive one. In response, Trump stated on social media that comprehensive sanctions and economic isolation would be imposed on Iran, warning that countries maintaining commercial ties with Iran would also face severe economic consequences.

The breakdown of diplomatic channels and supply concerns regarding the security of navigation in the Strait of Hormuz pushed Brent crude oil prices above 93 USD/bbl. Although rising energy prices kept inflationary concerns alive, the U.S. Treasury Department's announcement to double its liquidity support for long-term bond buybacks pulled long-term yields down from 20-year highs. With lower bond yields and a weaker dollar reducing the opportunity cost of holding gold, spot gold prices rose by 3.2% week-on-week to 4,518 USD/oz at Thursday's close, marking the highest level since early June.

Fed minutes highlighted geopolitical inflation risks and equity valuations.

The minutes of the Federal Open Market Committee (FOMC) meeting held on July 28–29 indicated that upside risks to the inflation outlook remained at the forefront of the Fed's agenda. Most members emphasized that escalating tensions in the Middle East increased uncertainty around inflation and reinforced upside risks through energy prices. Some members noted that additional policy tightening might be warranted if inflation failed to converge toward the target. Futures markets, however, do not price in a rate hike through December.

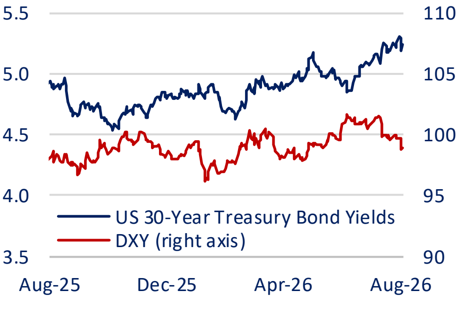
Another notable point in the minutes was the assessment that potential disappointment over elevated valuations in the artificial intelligence sector could trigger a sharp correction in equity markets, weighing on consumer spending through the wealth effect channel.

US housing data points to a weak trend in the sector.

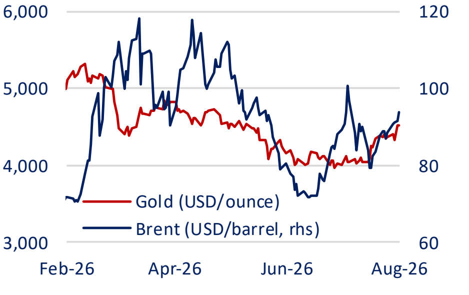
U.S. housing data for July confirmed the contracting impact of elevated mortgage rates on the sector. Housing starts fell short of expectations at 1.2 million units, while pending home sales dropped by 2.3% mom against market expectations of a 0.3% increase, pointing to sustained loss of momentum.

In contrast to the sluggish housing market, the industrial sector signaled a recovery. U.S. industrial production posted a modest increase of 0.2% mom (1.1% yoy) in July, while regional manufacturing surveys showed strong momentum. The Philadelphia Fed Manufacturing Index for August surged to 47.4, well above the consensus of 25.0, reaching its highest level since April 2021. The employment sub-index also climbed to its highest level since April 2022, indicating that labor demand in manufacturing remained resilient

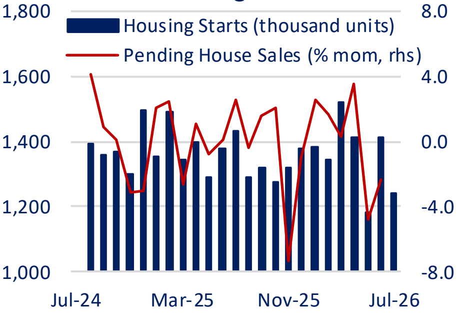
US 30-Y Treasury Bond Yields and DXY Index



Gold and Oil Prices



US Housing Market



Source: Datastream, Fed

Economic activity slowed in China.

July macro data from China showed that economic activity entered the second half of the year with a loss of momentum. Industrial production rose by 4.5% yoy and retail sales grew by 0.6% yoy, both missing market expectations, while home prices extended their decline by 3.2% yoy. Despite weak macro indicators and ongoing headwinds in the property sector, the People's Bank of China (PBoC) left benchmark rates unchanged in line with expectations. The bank kept the 1-year Loan Prime Rate (LPR) at 3.00% and the 5-year LPR (the benchmark for mortgages) at 3.50%.

The Japanese economy grew at an annualized rate of 1.1% in the second quarter, falling short of market expectations of 2.0%. While net exports contributed 0.5 percentage points to growth, weak domestic demand, declining capital expenditures, and flat private consumption weighed on overall performance. In contrast, nationwide CPI picked up to 1.9% yoy in July, while core CPI (excluding fresh food), closely tracked by the Bank of Japan (BoJ), rose to 1.8% yoy. Higher import costs driven by the weak yen and Middle East tensions fueled price pressures, while strong August flash manufacturing PMI (55.1) and services PMI (52.3) supported expectations for a potential BoJ rate hike in the fourth quarter.

Investor confidence is improving in Germany…

Germany's ZEW economic confidence index for August rose to 34.2, exceeding market expectations of 30.0, partly due to a recovery in the current situation component. The index, indicating strengthening investor confidence despite ongoing geopolitical risks, reached its highest level since February. While sectoral improvements were widespread, the automotive sector sub-index, which has been under pressure recently, showed a recovery despite remaining in negative area. Producer prices in the country, which fell by 0.3% in June, rose by 1.1% in July, significantly exceeding expectations, due to increases in energy and intermediate goods costs. The annual increase in producer prices reached 3.0%, the highest level since April 2023. This situation narrows the room for the ECB to resume monetary easing, bringing back the risks of further interest rate hikes stemming from energy and input costs, and the dilemma of stagflation.

The central government budget deficit has increased sixteenfold.

In July, central government budget expenditures rose by 60% yoy, while budget revenues increased by 29%. As a result, the central government budget deficit reached 378.1 billion TL, approximately sixteen times the previous year, while the non-interest budget balance showed a deficit of 51.3 billion TL (Our Budget Balance report).

Housing prices declined by 5.1% in real terms in July.

According to CBRT data, the Housing Price Index (HPI) increased by 1.5% mom and 25.0% annually in nominal terms in July. Against annual CPI inflation, the HPI fell by 5.1% in real terms, continuing the trend of price increases remaining below inflation. On a regional basis, monthly nominal price growth was above the national average in Istanbul (2.7%) and Ankara (2.2%), while housing prices in Izmir declined by 0.5% on a monthly basis.

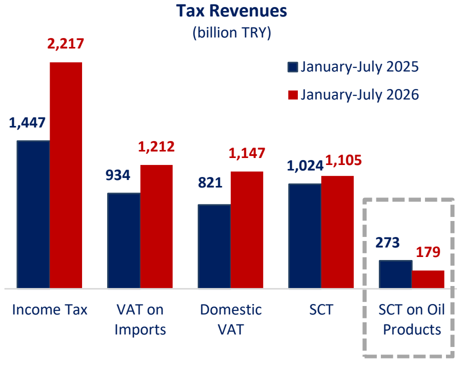
According to seasonally adjusted CBRT data, the capacity utilization rate decreased by 0.3 percentage points mom in August to 73.5%, while the real sector confidence index rose by 1.2 points monthly to 102.4.

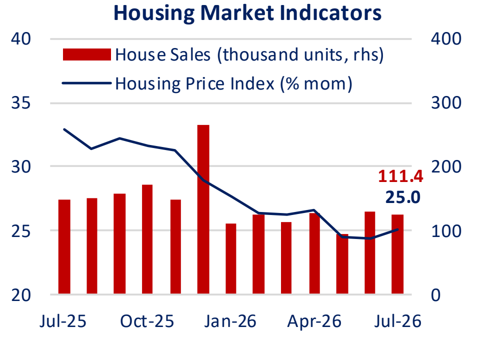
Financial markets…

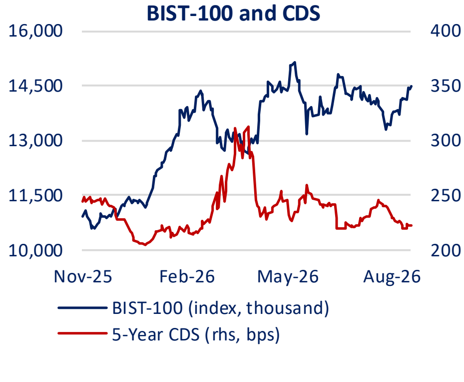
Global risk appetite generally weakened during a week marked by escalating Middle East geopolitical risks—following the expiration of the 60-day temporary agreement between the US and Iran—and Fed minutes highlighting persistent inflation risks. As of Thursday's close, the MSCI World and Emerging Markets indices fell by 1.6% and 0.1% compared to the previous Friday, respectively. In US equity markets, the Fed's cautious stance alongside valuation concerns in tech stocks dragged down the S&P 500 by 1.9%, the Nasdaq by 2.5%, and the Dow Jones by 1.8%. In Türkiye, the BIST-100 index decoupled positively from global markets, rising 1.6% as of Thursday's close. Türkiye's 5-year CDS spread widened by 2 bps to 222 bps over the week.

Next week's agenda…

Next week, global markets will focus on the Jackson Hole Economic Policy Symposium on August 27–29 and monetary policy signals from the Fed Chair. In the U.S., the second estimate of Q2 GDP and the July Core PCE Price Index will also be closely watched. Domestically, August sectoral confidence indices and the Economic Confidence Index data will be monitored.







Source: Datastream, Turkstat, CBRT

Data Releases

		Period	Consensus	Prior
August 24	TR Sectoral Inflation Expectations	August	-	-
	TR Household Expectations Survey	August	-	-
August 25	US New Home Sales, mom	July	621 k	628 k
	US Consumer Confidence	August	91.2	90.8
	Germany Ifo Business Climate Index	August	87.2	86.6
	TR Sectoral Confidence Indices	August	-	-
August 26	US Core PCE, mom	July	0.1%	0.1%
	US Durable Goods Orders, mom	July	0.7%	0.5%
	US GDP Growth, revision, yoy	2026 Q2	1.5%	1.5%
August 27	US Kansas Fed Manufacturing Index	August	-	17
August 28	US Michigan Consumer Confidence, final	August	56.1	51.0
	Euro Area Consumer Confidence, final	August	-	-15.9
	TR Trade Balance	July	-	-10.4 billion USD
	TR Economic Confidence	August	-	99.8
	TR Service PPI, yoy	July	-	31.84%

Source: Datastream, CBRT, TurkStat

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