Weekly Bulletin

July 2026 / 28

TÜRKİYE İŞ BANKASI | research.isbank

	10-Jul	16-Jul	Change			10-Jul	16-Jul	Change	
BIST-100 Index	14,321	14,251	-0.5 %	▼	**EUR/USD**	1.1413	1.1441	0.2 %	▲
TRY 2 Year Benchmark Rate	40.72 %	41.15 %	43 bp	▲	**USD/TRY**	46.9627	47.0838	0.3 %	▲
Türkiye 5-Year CDS Premium	226	231	5 bp	▲	**EUR/TRY**	53.6091	53.9691	0.7 %	▲
MSCI EM Equity Index	1,691	1,664	-1.6 %	▼	**Gold** (USD/ounce)	4,120	3,970	-3.6 %	▼
US 10-Year Bond Rate	4.57 %	4.57 %	0 bp	●	**Brent Oil** (USD/barrel)	76.0	84.2	10.8 %	▲

bp: basis point

As uncertainty in the Middle East persisted this week, inflation data released in the U.S. became the main focus of the markets. While high geopolitical risks continued to exert upward pressure on oil prices, U.S. inflation indicators, which painted a more positive picture than expected, strengthened expectations that the Fed would keep its policy rate unchanged at its July meeting. In Asia, while China's economy grew at an annual rate of 4.3% in the second quarter—slower than expected—the Bank of Korea raised interest rates for the first time since 2023. Domestically, the current account posted a deficit of 1.5 billion USD in May, while the central government budget recorded a surplus of 114.2 billion TRY in June. Retail sales rose by 13.7% yoy in May, while the 15.8% increase in home sales was particularly notable. With a busy data calendar ahead, monetary policy meetings by the ECB, the PBoC, and the CBRT will be closely monitored next week. International rating agencies Fitch and Moody's are expected to publish their assessments of the Turkish economy on July 17 and July 24, respectively.

Middle East issues remain at the top of the agenda.

Ongoing tensions between the U.S. and Iran fueled growing geopolitical concerns in the markets throughout the week. While Iran announced that it had closed the Strait of Hormuz, which the U.S. had previously blockaded, U.S. President Trump stated that the U.S. would continue to ensure security in the strait and indicated that a 20% fee might be charged to ships passing through. Meanwhile, Trump later announced that he was waiving the transit fee and said that a deal with Iran was still possible. However, growing supply concerns stemming from the ongoing conflicts in the region led to a weekly increase of over 10% in oil prices. Meanwhile, in its monthly oil market report, OPEC lowered its forecast for global oil demand growth in 2026 from 970,000 barrels per day to 780,000 barrels per day.

US inflation data came in below expectations.

A busy data agenda was followed in the US this week. Retail sales rose by 0.2% mom in June, in line with market expectations, while pending home sales fell by a sharper-than-expected 5.4% over the same period. The Philadelphia Fed Business Outlook Index for July drew attention by coming in at 41.4, well above expectations. With initial jobless claims for the previous week also coming in below forecasts at 208,000, the data released during the week were generally assessed as presenting a favorable outlook for economic activity.

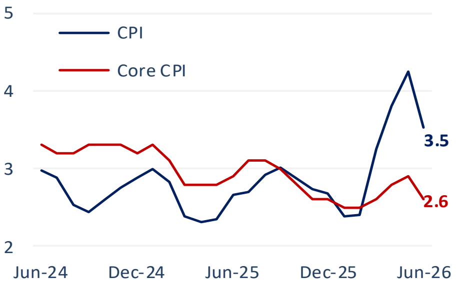
Among this week's busy data releases, US inflation indicators came to the forefront. The CPI, which had been expected to decline by 0.1% mom in June, fell by a sharper-than-expected 0.4%, bringing annual CPI inflation down to 3.5%. In addition, core CPI remained unchanged on a monthly basis, presenting a more positive outlook than expected, while annual core inflation declined to 2.6%. In line with the positive CPI data, the PPI also recorded a 0.3% monthly decline in June—its first drop since August 2025—which was noted as a positive development. As a result, annual PPI inflation stood at 5.5%, significantly below expectations. Although the positive inflation data released in the U.S. has put expectations of a Fed rate hike in July on hold, inflation concerns fueled by geopolitical risks stemming from the Middle East are keeping the possibility of a rate hike on the table. These concerns are limiting the positive impact of the improvement in inflation on the markets, leading to a continued cautious stance. In this context, the price of gold per ounce fell below the $4,000 level at the close for the first time since November 2025, while global stock markets trended downward this week, partly due to selling pressure stemming from concerns over the high valuations of artificial intelligence stocks.

China's economic activity lost momentum in the second quarter.

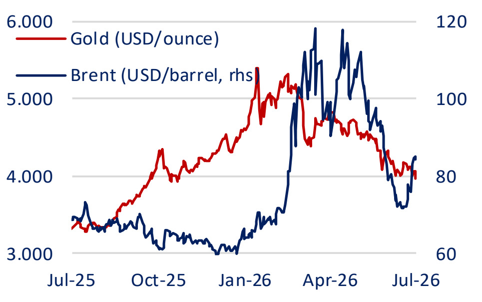
Annual GDP growth in China came in at 4.3% in the second quarter, below expectations. As a result, the Chinese economy recorded its weakest growth performance since the fourth quarter of 2022. The loss of momentum in growth is considered to be driven by the ongoing slowdown in the real estate sector as well as weak domestic demand.

US Inflation Indicators

(annual, %)

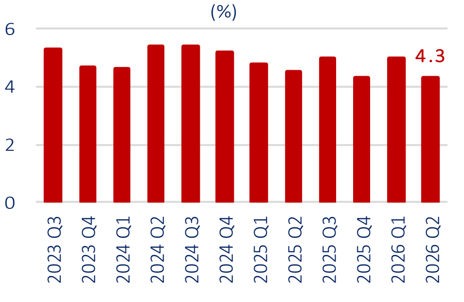


Gold and Oil Prices



China GDP Growth

(%)



Source: Datastream

Inflationary concerns, fueled by high oil prices, continue to put pressure on global central banks to tighten monetary policy. In South Korea, where annual inflation hit 3.2% in June, the highest level in recent years, the central bank raised its policy rate by 25 basis points to 2.75% in its first rate hike since January 2023.

In the Euro Area, the final annual CPI inflation for June confirmed the preliminary data at 2.8%. Furthermore, industrial production in the region continued its weak performance in May, contracting faster than the expected at 1.2% yoy.

Domestic balance of payments and central government budget data have been released.

In May, the current account deficit exceeded expectations at 1.5 billion USD. Consequently, the 12-month cumulative current account deficit rose to 37.3 billion USD. (See our Balance of Payments report).

In June, central government budget revenues increased by 66% yoy to 1.5 trillion TRY, while budget expenditures increased more moderately by 12.6% to 1.4 trillion TRY. Consequently, the central government budget showed a surplus of 114.2 billion TRY, and the non-interest balance showed a surplus of 315.8 billion TRY during this period. (See our Budget Balance report).

Retail sales rose 2.4% mom in May.

According to data released by TurkStat, the trade sales volume recorded a limited increase of 0.7% on a monthly basis in May. A clear divergence was observed among sub-sectors during this period; driven by the slowdown in commercial activity, the wholesale trade sales volume decreased by 0.6% monthly, while the retail sales volume increased by 2.4%, presenting a relatively positive outlook. Despite the tight stance of the monetary policy, this increase on the retail side revealed that domestic demand in the retail sector remains strong.

On the other hand, the services and construction production indices declined by 0.4% on a monthly basis in May. The decline in services production in May, following a decline in April, signaled that the slowdown in the services sector was becoming more apparent. A 7.5% decline in the sub-index for information and communications in May was notable. The construction production index, which had shown relatively weak performance in the first quarter, appears not to have yet recorded the expected recovery in the second quarter. It was notable that the index recorded a 3% yoy decline as of May.

House sales recovered in June.

Total house sales across Türkiye reached 129,979 units in June, a 15.8% increase yoy. During this period, new house sales reached 43,406 units, a 23.1% increase yoy, marking the highest monthly performance of the year, while existing house sales increased by 12.5% to 86,573 units. Despite tight monetary policy, mortgage-backed house sales saw a sharp 72.1% yoy increase to 25,993 units, partly due to the low base effect of the previous year.

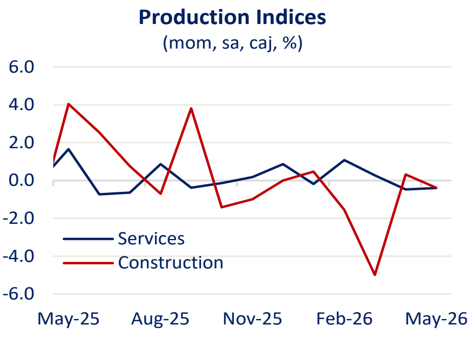
The Residential Property Price Index increased by 2.0% in June compared to the previous month, reaching 231.5, while the index showed a 24.5% increase compared to June 2025. Thus, with the annual CPI inflation standing at 32.11%, housing prices continued to decline in real terms during June.

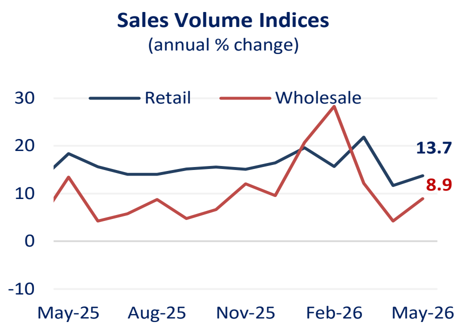
Financial markets in Türkiye…

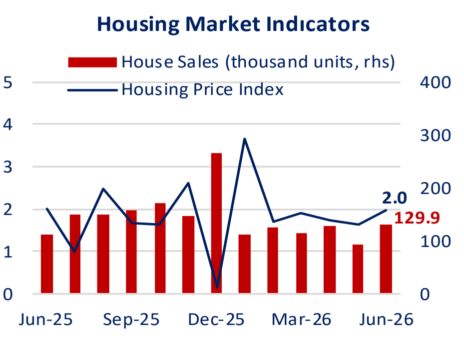
The BIST-100 index closed Thursday down 1.70% compared to last Friday, during a week when selling pressure in stock markets intensified on a global scale. Over the same period, Türkiye's 5-year CDS premium rose by 5 basis points to 231, while yields on the 2-year and 10-year benchmark government bonds increased by 43 basis points and 60 basis points, respectively.

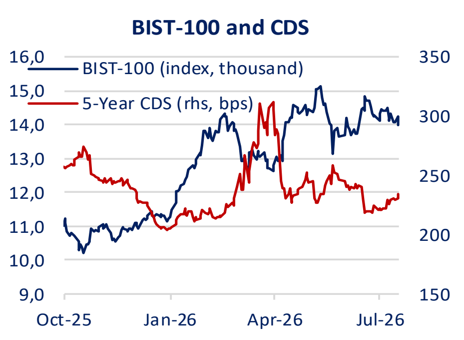
Next week's agenda…

Next week, the CBRT's policy rate decision and the CBRT Market Participants Survey will be the focus of domestic markets. In addition, international credit rating agencies Fitch and Moody's are expected to release their assessments of the Turkish economy on July 17 and July 24, respectively. On the global front, the ECB's and the People's Bank of China's (PBoC) policy decisions, the preliminary PMI data for the US and the euro area, as well as developments in the Middle East, will be the main items on the week's agenda.









Source: Datastream, Turkstat, ICI

Data Releases

		Period	Consensus	Prior
20 July	CBRT Survey of Market Participants	July	-	-
	TR Central Government Gross Debt Stock	June	-	15.0 trlln TRY
	Germany PPI Inflation, mom	June	-0.2%	0.3%
	China Central Bank Meeting	July	-	3.00%-3.50%
21 July	Germany ZEW Economic Sentiment	July	18.0	10.5
22 July	TR Capacity Utilization Rate	July	-	74.5%
	TR Real Sector Confidence Index	July	-	103.5
	UK CPI Inflation, yoy	June	2.6%	2.8%
23 July	CBRT Monetary Policy Meeting	July	-	37.0%
	TR Consumer Confidence Index	July	-	87.9
	ECB Meeting	July	2.25%-2.40%	2.25%-2.40%
	Euro Area Consumer Confidence, flash	July	-16.9	-17.7
24 July	TR Sectoral Inflation Expectations	July	-	-
	TR Household Expectations Survey	July	-	-
	USA New Home Sales, units	June	-	580 million
	USA Manufacturing PMI, flash	July	-	53.9
	USA Services PMI, flash	July	-	51.2
	Euro Area Manufacturing PMI, flash	July	51.4	51.4
	Euro Area Services PMI, flash	July	49.8	49.4
	Germany Manufacturing PMI, flash	July	50.3	50.3
	Germany Services PMI, flash	July	49.0	48.6
	Japan CPI Inflation, yoy	June	-	1.5%

Source: Datastream, TCMB, TÜİK

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