

	27-Mar	2-Apr	Change		27-Mar	2-Apr	Change
BIST-100 Index	12,698	13,052	2.8 % ▲	EUR/USD	1.1508	1.1537	0.3 % ▲
TRY 2 Year Benchmark Rate	42.62 %	41.12 %	-150 bp ▼	USD/TRY	44.4276	44.4538	0.1 % ▲
Türkiye 5-Year CDS Premium	307	289	-19 bp ▼	EUR/TRY	51.1319	51.3619	0.4 % ▲
MSCI EM Equity Index	1,437	1,434	-0.2 % ▼	Gold (USD/ounce)	4,492	4,676	4.1 % ▲
US 10-Year Bond Rate	4.44 %	4.31 %	-13 bp ▼	Brent Oil (USD/barrel)	112.6	109.0	-3.1 % ▼

bp: basis point

This week, Trump’s statements regarding the course of the war came to the forefront. In the early days of the week, oil prices declined following remarks suggesting that a ceasefire could be on the table. However, oil prices rebounded after President Trump stated that they are going to hit Iran “extremely hard” over the next two to three weeks. During the data busy week, employment, PMI, and inflation indicators stood out. In the US, nonfarm payrolls increased by 178 thousand in March, marking the strongest rise in the past 15 months. Meanwhile, in the Euro Area, preliminary data indicated that annual CPI reached 2.5%, the highest level since January 2025. In Türkiye, the Istanbul Chamber of Industry (ICI) Manufacturing PMI declined to 47.9 in March, its lowest level in the past five months, while CPI inflation stood at 1.94% on a monthly basis and 30.87% yoy. Next week, U.S. February PCE data and final GDP growth figures for the fourth quarter will be closely monitored. In Türkiye, the February industrial production index will be released.

Statements regarding the course of the war were closely monitored.

This week, statements by the U.S. administration concerning the ongoing war in Iran were particularly notable. At the beginning of the week, President Trump’s statements indicating that an agreement with Iran was nearing and that the war could come to an end helped ease market risk sentiment. However, concerns intensified after Trump’s national address, in which he announced that Iran would face “extremely strong” intervention within the next 2-3 weeks. Concerns that the U.S. could target Iran’s energy infrastructure, particularly power plants and oil fields put upward pressure on energy prices and risk premiums.

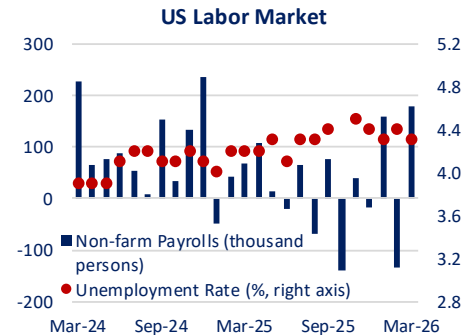
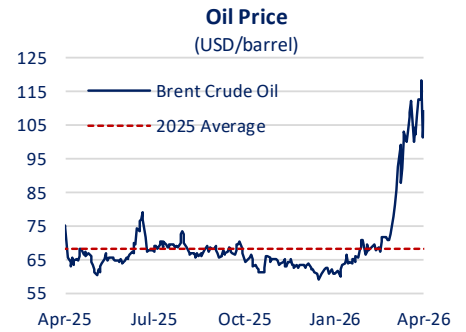
In line with these developments, Brent crude oil prices fluctuated within the range of 100–120 USD per barrel throughout the week, closing Thursday at 109 USD. Gold prices, which tested 4,800 USD per ounce amid positive news flow during the week, also followed a volatile path and settled at 4,676 USD per ounce at closing.

Assessments by central banks and international institutions were closely followed.

Geopolitical uncertainties shifted the focus of central banks and international institutions toward energy prices. In his assessment regarding the economic impact of the war, Fed Chair Powell noted that the magnitude of the energy shock remains uncertain and that the current policy stance is appropriate for monitoring developments. Similarly, the Bank of Japan’s (BoJ) March meeting summary highlighted the risks posed by rising energy prices to the economic outlook, while indicating that interest rate hikes could continue if economic activity and price dynamics evolve in line with projections. In its analysis of the war’s effects, the IMF emphasized that, although the shock has a global dimension, its impact is asymmetric across countries, with low-income economies being more vulnerable. Furthermore, it was announced that the International Energy Agency (IEA), the IMF, and the World Bank have agreed to establish a coordination group aimed at strengthening institutional cooperation and enhancing the effectiveness of policy responses to the war’s impact on energy and the economy.

Unemployment rate in the U.S. has dropped to 4.3%.

Data released this week in the U.S. sent optimistic signals regarding the real economy, while labor market data also painted a positive picture. ISM Manufacturing index came in at 52.7 in March, exceeding expectations and reaching its highest level since August 2022. During the same period, final manufacturing PMI also remained in expansionary territory at 52.3. ADP private-sector employment rose by 62,000 in March, exceeding the market expectation of 40,000, while nonfarm payrolls increased by 178,000- also surpassing expectations and reaching the highest level in the past 15 months. The unemployment rate in the country also fell to 4.3%.



Source: Datastream

Inflation expectations have risen in major economies.

In the U.S., the March consumer confidence index came in at 91.8, exceeding market expectations, marking the highest level in the past three months. Meanwhile, in line with the rising energy prices, consumers' annual inflation expectations for the next 12 months reached their highest level since August. In the Euro Area, according to final data, the consumer confidence index recorded a significant decline in March compared to the previous month, falling to its lowest level since October 2023, while the sub-index for price trends over the next 12 months rose to its highest level since July 2022. Additionally, according to preliminary data, annual HICP inflation in the Euro Area reached 2.5% in March, its highest level since January 2025. A 4.9% increase in energy prices was the key driver of this development.

PMI data from China sent mixed signals.

China's official PMI data, the NBS indices, painted a positive picture. In March, the manufacturing PMI came in at 50.4, exceeding expectations and reaching its highest level in the past year, while the services PMI also rose back above the threshold to 50.1, albeit marginally. Although the services PMI remained in expansionary territory at 52.1, it recorded a significant decline compared to February.

Domestic CPI inflation came in below expectations in March.

Domestic CPI inflation came in at 1.94% on a monthly basis in March, below market expectations (2.32%), supported by a slowdown in food price growth. As a result, annual CPI inflation fell to 30.87% in March following the increase in February. The main expenditure group contributing most to monthly inflation during the period was transportation, where prices rose due to fuel price hikes and the impact of the holiday season. Prices in this group rose by 4.52% on a monthly basis, pushing headline inflation up by 0.75 percentage points. In March, the Producer Price Index (PPI) recorded increases of 2.30% on a monthly basis and 28.08% on an annual basis ([see our Inflation Report](#)).

The Manufacturing PMI data pointed to a decline in business conditions.

The Istanbul Chamber of Industry's Türkiye Manufacturing PMI fell by 1.4 points in March to 47.9, marking the lowest level in the past five months. In March, driven by the impact of the Iran conflict, the input costs index recorded its fastest rise in the past 23 months, while the final product prices index saw its fastest increase in the past 25 months, due to observed increases in freight, fuel, and raw material costs. Additionally, delivery times saw their most significant increase since August 2024 due to disruptions in supply chains. Among the 10 sectors evaluated under the PMI, business conditions improved only in the chemicals, plastics, and rubber products sector, while the land and sea transport sector recorded the sharpest contraction.

The unemployment rate rose to its highest level in the past three months in February.

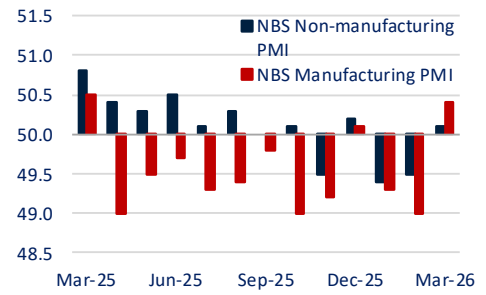
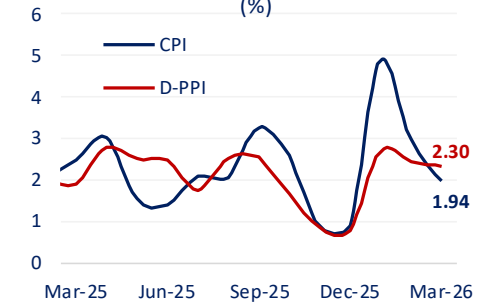
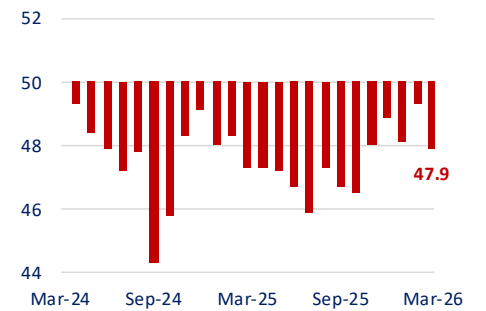
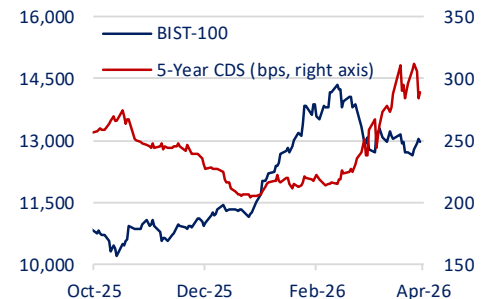
According to Turkstat data, the seasonally adjusted unemployment rate rose by 0.3 percentage points from the previous month to 8.5% in February. In February, the employment rate increased by 0.2 percentage points to 48.2%, while the labor force participation rate rose by 0.3 percentage points to 52.6%. The underutilized labor force rate, known as the broad measure of unemployment, also reached 29.9% in February—the highest level in the past three months.

Domestic financial markets...

Under pressure from geopolitical developments, the BIST-100 index closed at 12,626 on the first trading day of the week—its lowest close since January. After recovering somewhat in the following days, the index is poised to end the week around the 13,000 level. Türkiye's 5-year CDS spread fell by 19 basis points on a weekly basis to 289 as of Thursday's close, though it remains above pre-war levels.

Next week's agenda...

Next week, developments regarding the conflict between the US- Israel and Iran will continue to drive global markets. On the global data front, the February PCE data and the final fourth-quarter GDP growth figures will be released in the US. In Türkiye, the February industrial production index will be released.

China NBS PMI Data
(threshold=50)**Monthly Inflation**
(%)**ICI Türkiye Manufacturing PMI****BIST-100 and CDS**

Source: Datastream, Turkstat, ICI

Data Releases

		Period	Consensus	Prior
April 6	US ISM Services PMI	March	55.0	56.1
	TR CPI Based Real Effective Exchange Rate	March	-	103.2
April 7	US Durable Goods Orders, mom	February	-	0.0%
	Euro Area Services PMI, final	March	50.1	50.1
	Euro Area Sentix Index	April	-8.2	-3.1
	TR Treasury Cash Balance	March	-	-92.4 billion TRY
April 8	Fed Minutes	-	-	-
	Euro Area PPI Inflation, yoy	February	-3.1%	-2.1%
	Euro Area Retail Sales, yoy	February	-	2.0%
April 9	US GDP Growth, final, yoy	2025 Q4	0.7%	0.7%
	US Core PCE, mom	February	0.4%	0.4%
	Germany Industrial Output, mom	February	-	-0.5%
April 10	US CPI Inflation, mom	March	0.9%	0.3%
	US Factory Orders, mom	February	-	0.1%
	US Michigan Consumer Confidence, prelim	April	52.5	53.3
	China CPI Inflation, yoy	March	1.2%	1.3%
	China PPI Inflation, yoy	March	0.4%	-0.9%
	TR Industrial Production, yoy	February	-	-1.8%

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