TÜRKİYE CUMHURİYET
MERKEZ BANKASI

INFLATION AND MACROECONOMIC OUTLOOK

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Governor

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Outline

1 Geopolitical Developments and Policy Response

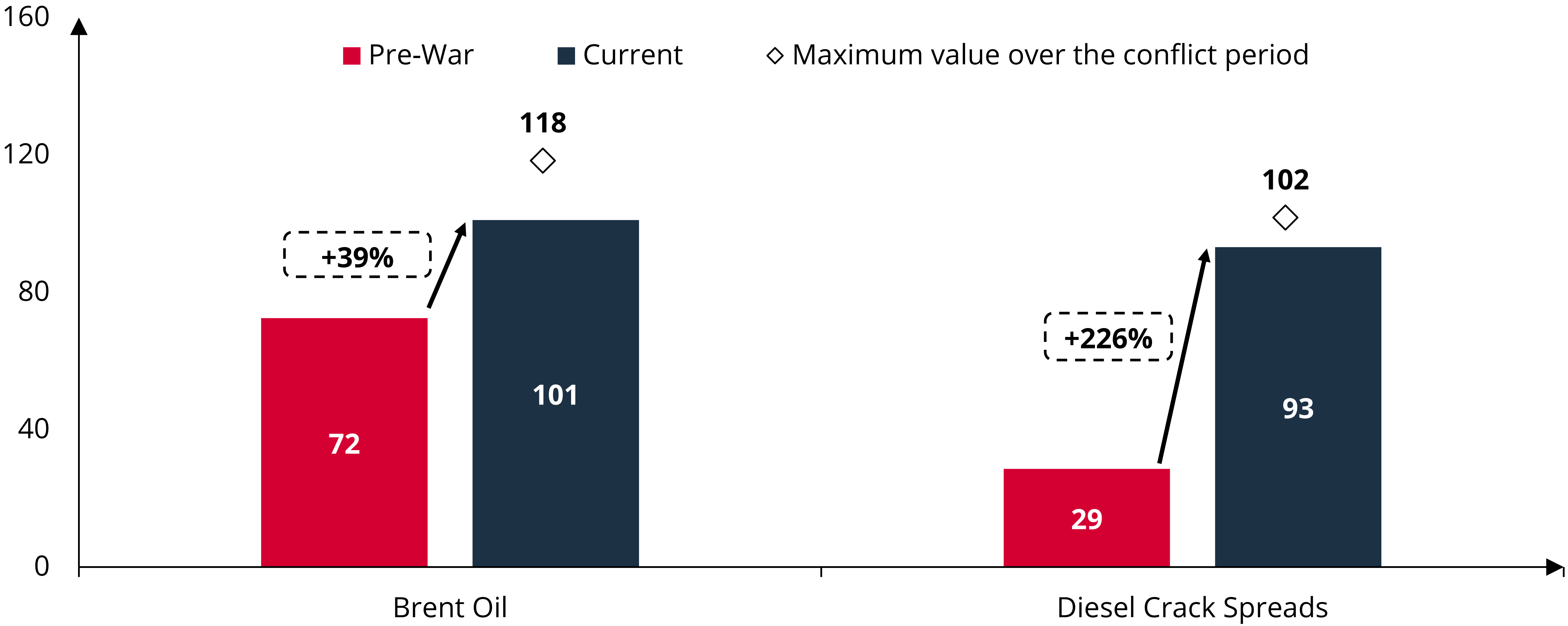
2 Domestic Demand and External Balance

3 Inflation Dynamics and Underlying Trend

4 Factors Shaping Inflation Going Forward

Geopolitical developments pushed up oil prices and crack spreads amplified the impact.

Brent Oil and Diesel Crack Spreads* (USD/Barrel)

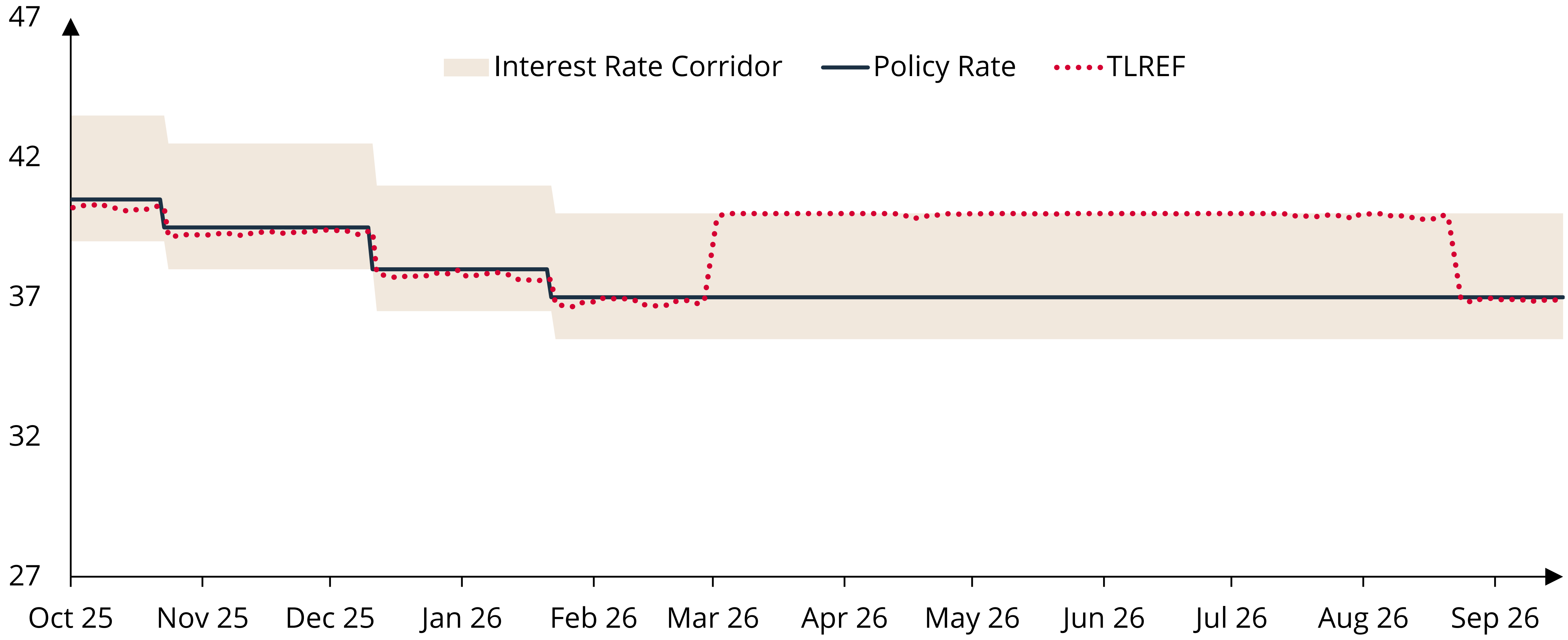


Source: Bloomberg. Pre-War: February 27, 2026 and Current: September 21, 2026.

*The diesel crack spread is the margin between refined diesel and crude oil — in Europe, gasoil futures less Brent. Diamonds show maximum values for Brent oil and diesel crack spreads.

We tightened monetary policy to contain risks to the inflation outlook.

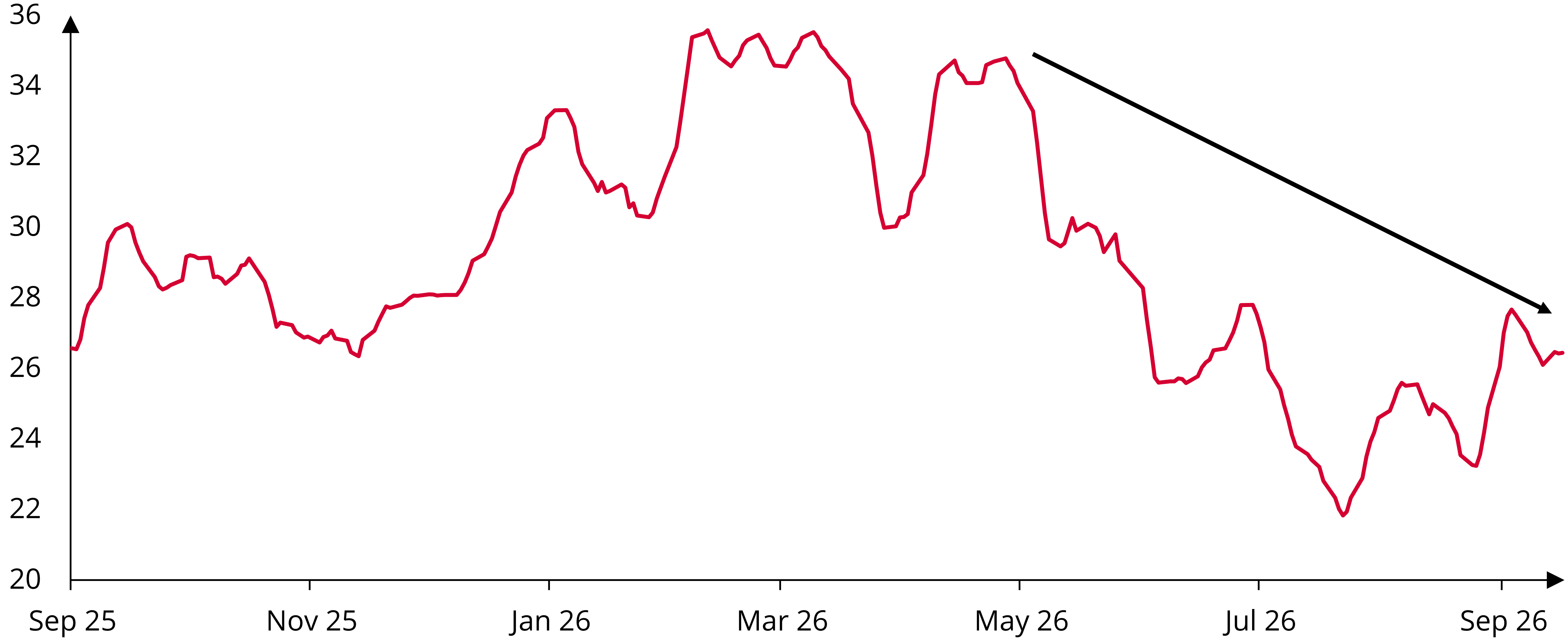
Interest Rate Corridor and TLREF (%)



Source: CBRT. As of September 16, 2026.

Credit growth has moderated significantly since spring.

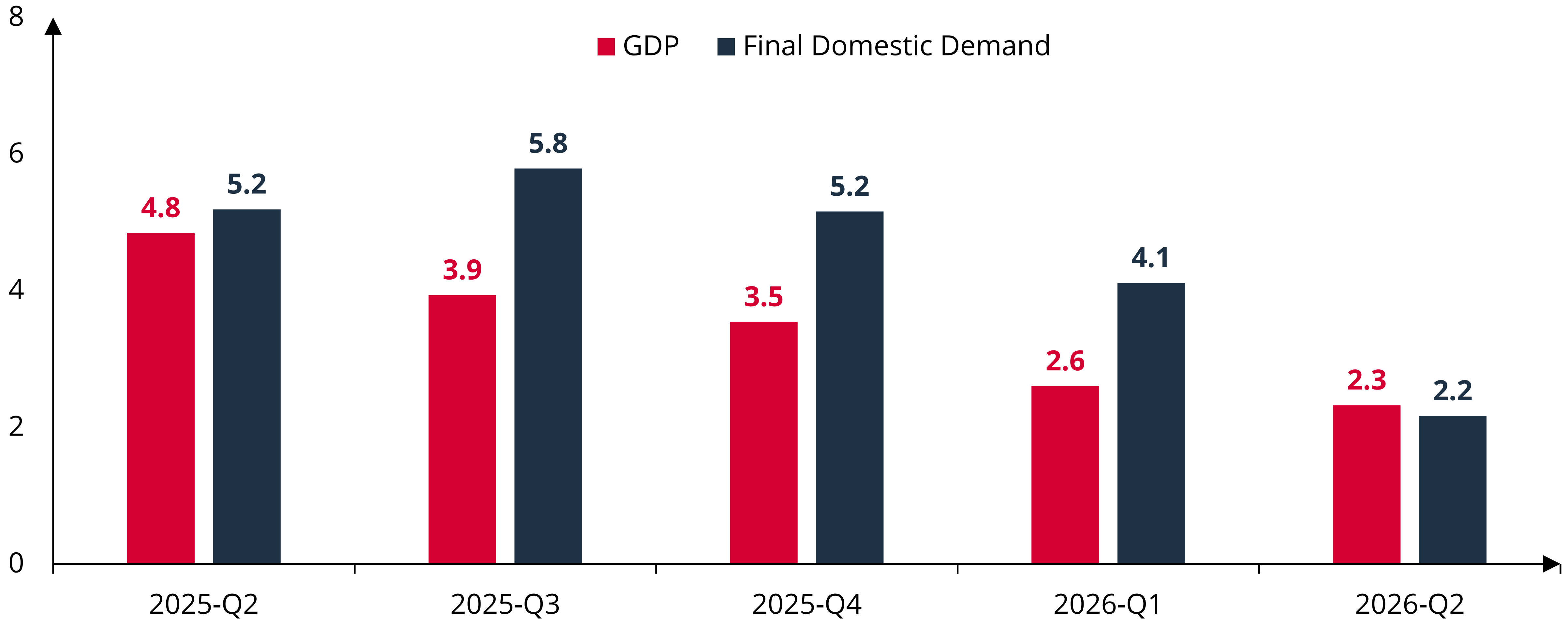
Credit Growth (13 Week, Annualized, FX-Adjusted, 5-Day Moving Average, %)



Source: CBRT. As of September 16, 2026.

Growth slowed amid a marked moderation in domestic demand.

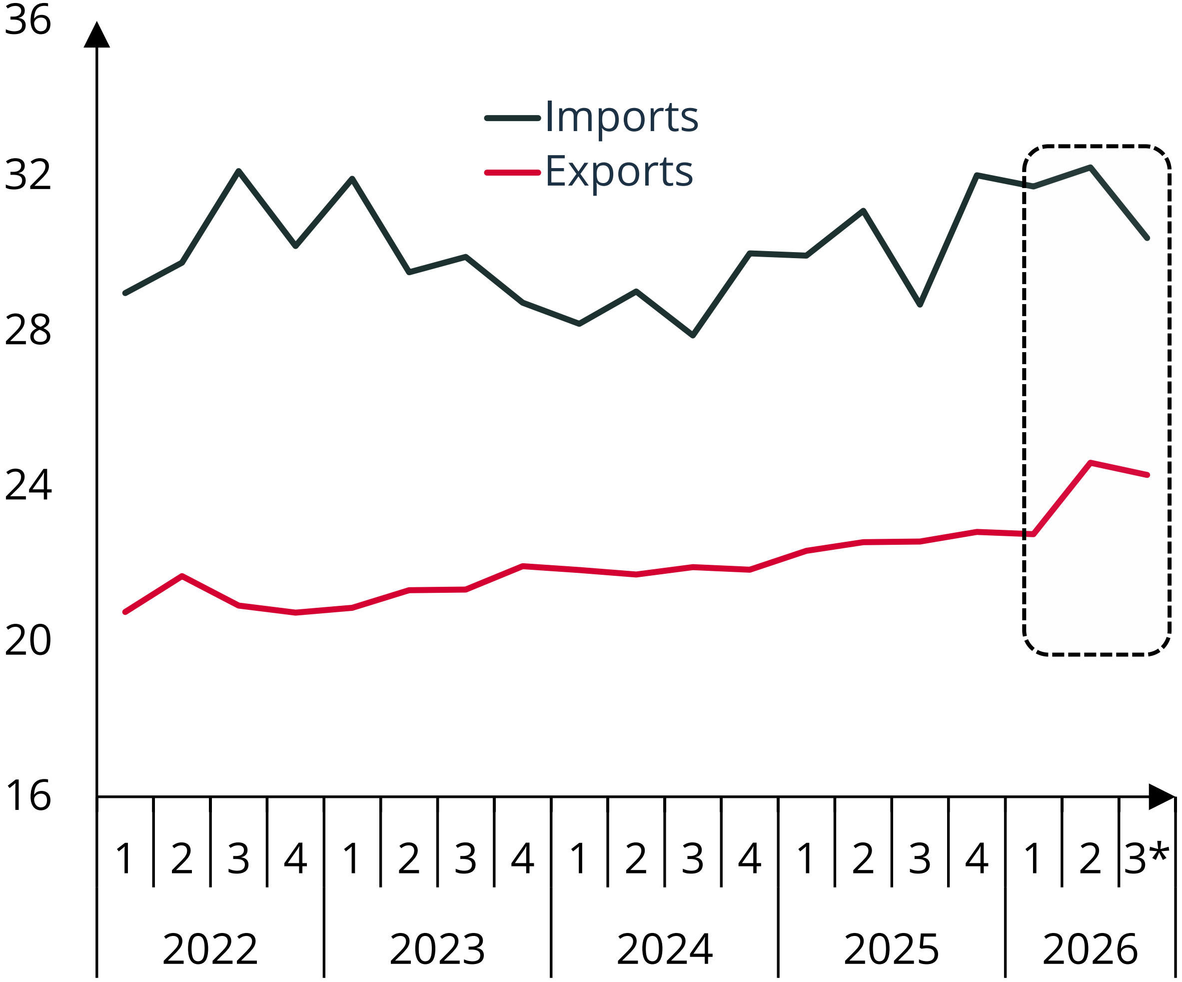
GDP and Final Domestic Demand (Annual % Change)



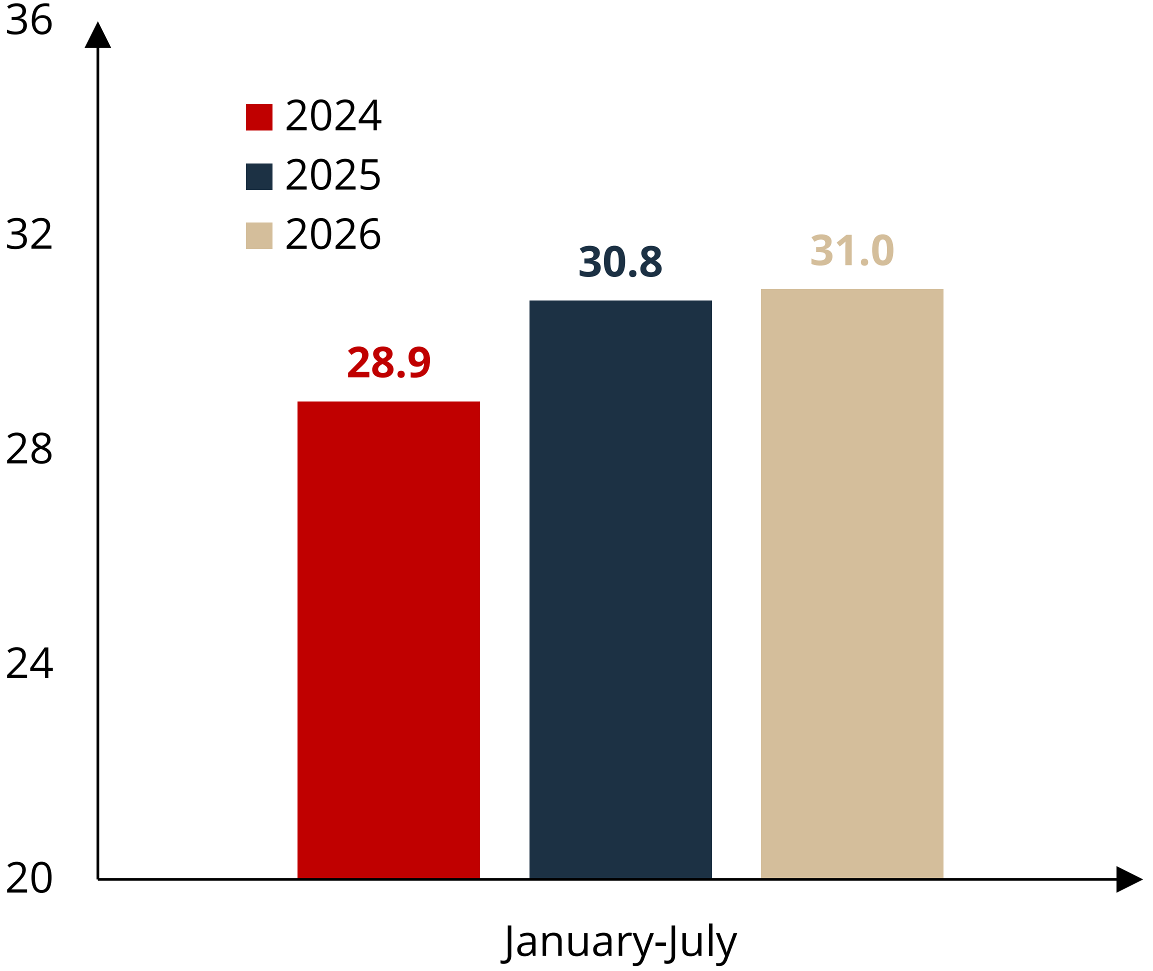
Source: TURKSTAT.

Trade balance improved and travel revenues remained robust.

Exports and Imports**
(Average, Billion USD, Seasonally Adjusted)



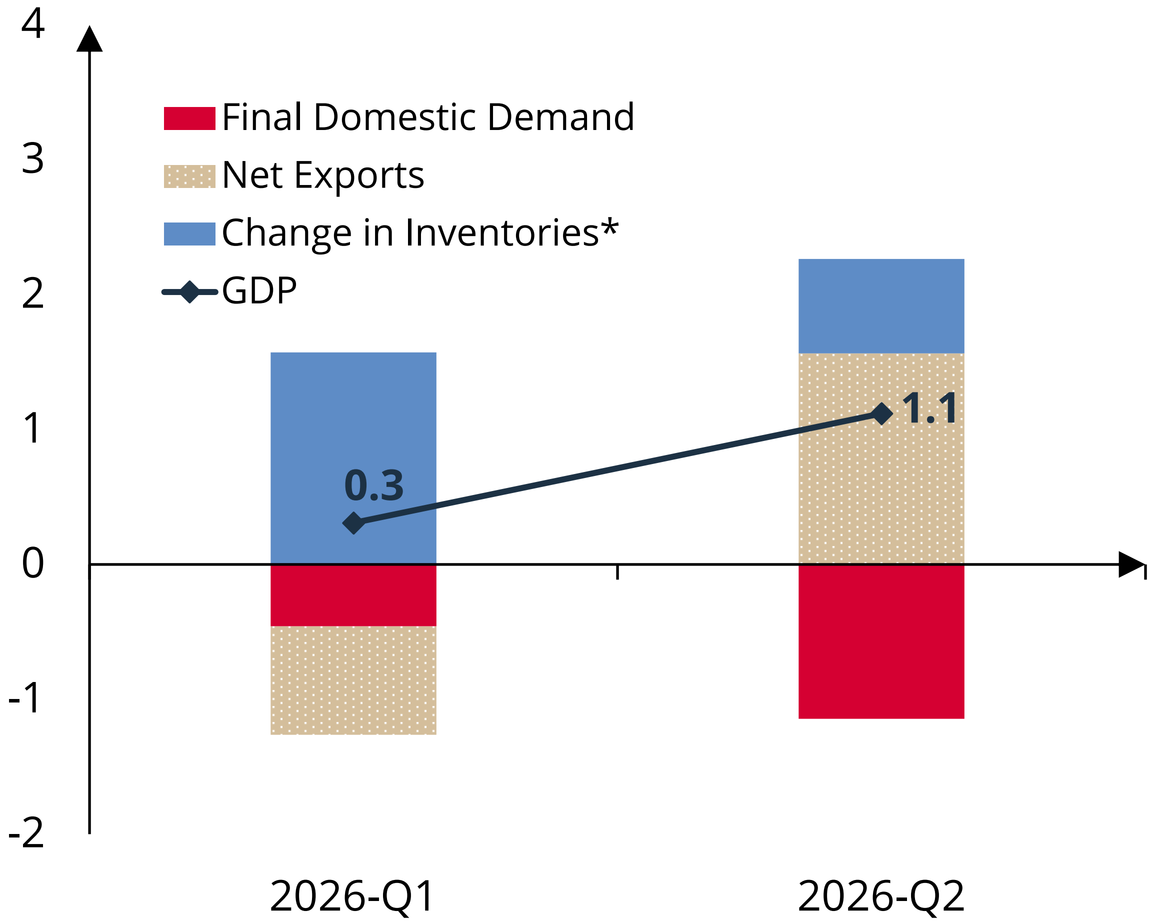
Travel Revenues
(January-July, Total, Billion USD)



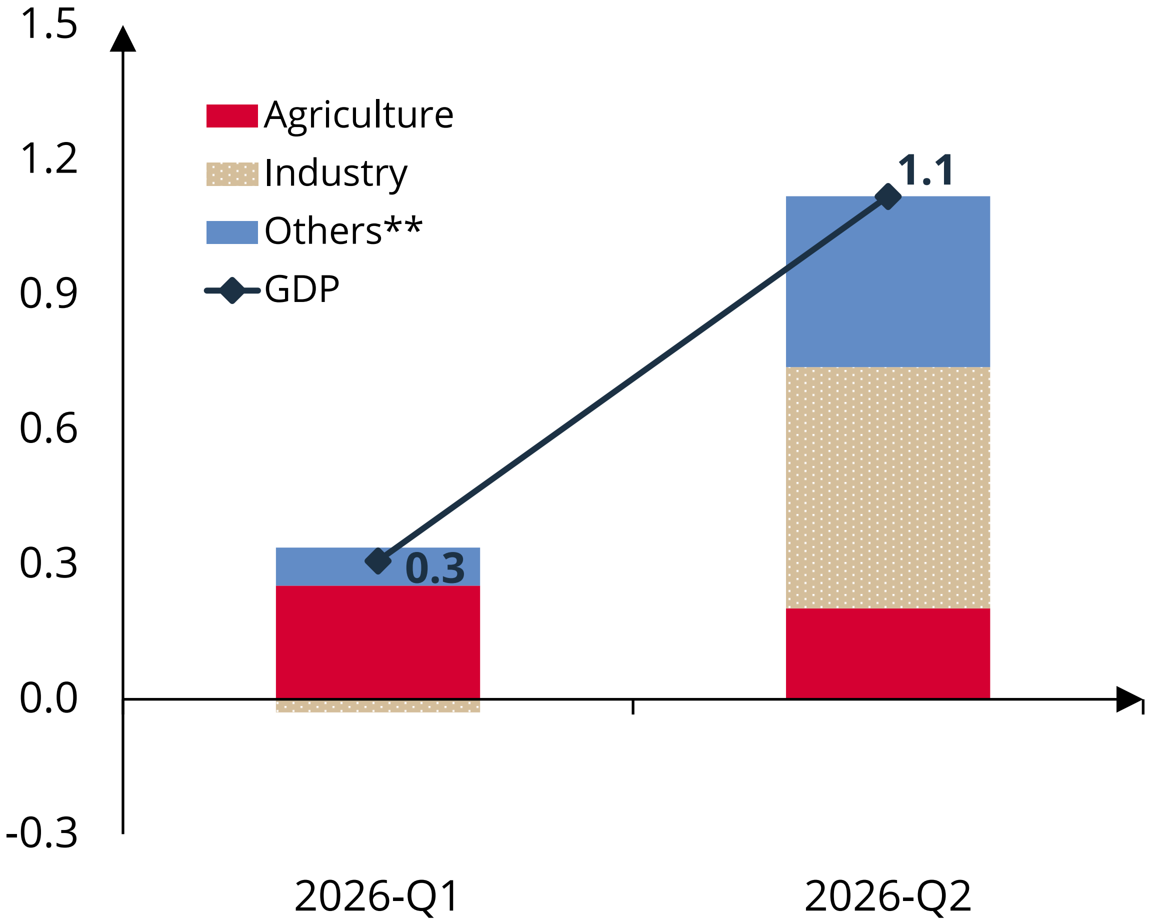
Sources: CBRT, Ministry of Trade, TURKSTAT.
*The August data is a monthly figure based on the Ministry of Trade's provisional data.
**Figures show average monthly values for the respective quarters.

The quarterly pickup in activity was driven by strong exports.

Contributions to Quarterly GDP Growth by Expenditure
(Seasonally Adjusted, Percentage Points)



Contributions to Quarterly GDP Growth by Production
(Seasonally Adjusted, Percentage Points)



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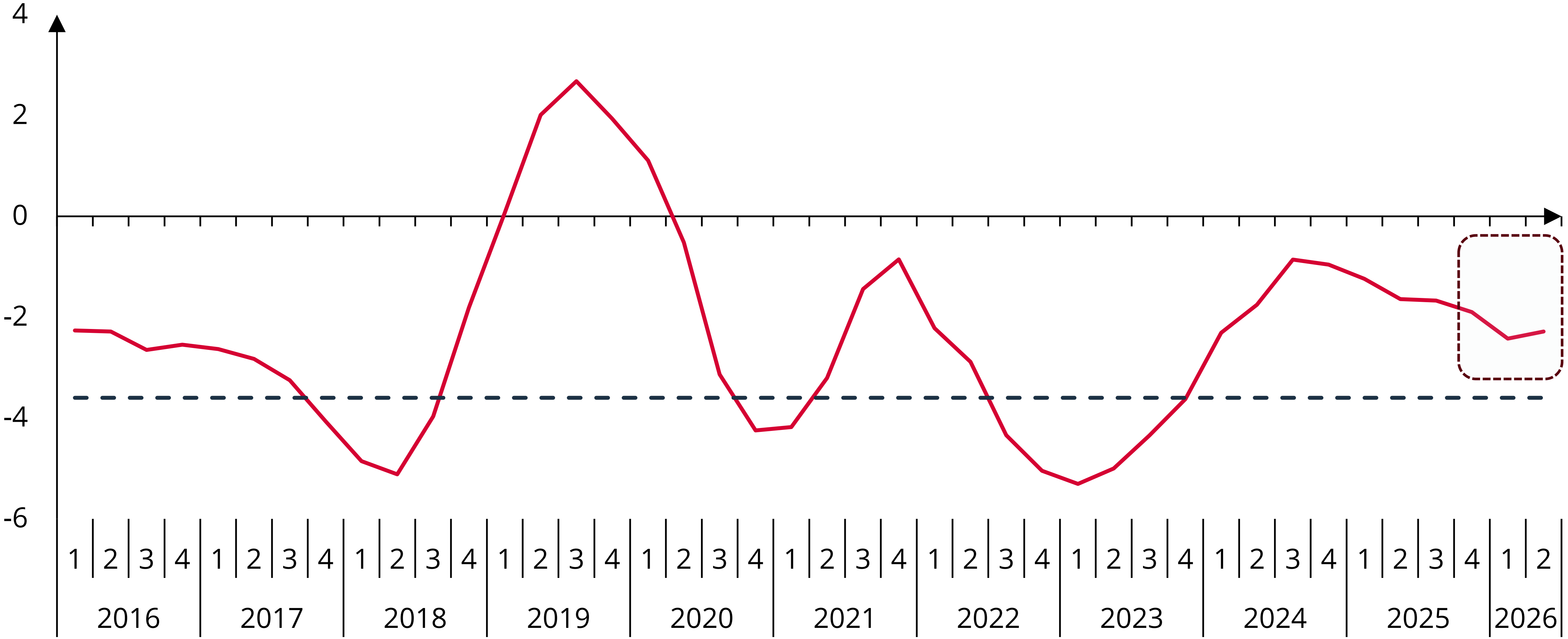
Source: CBRT, TURKSTAT.
*Includes change in inventories and statistical discrepancy due to chain-linking.
**Others include construction, services and net taxes.

Softer domestic demand and stronger exports supported the current account.

Current Account Balance/GDP* (%)

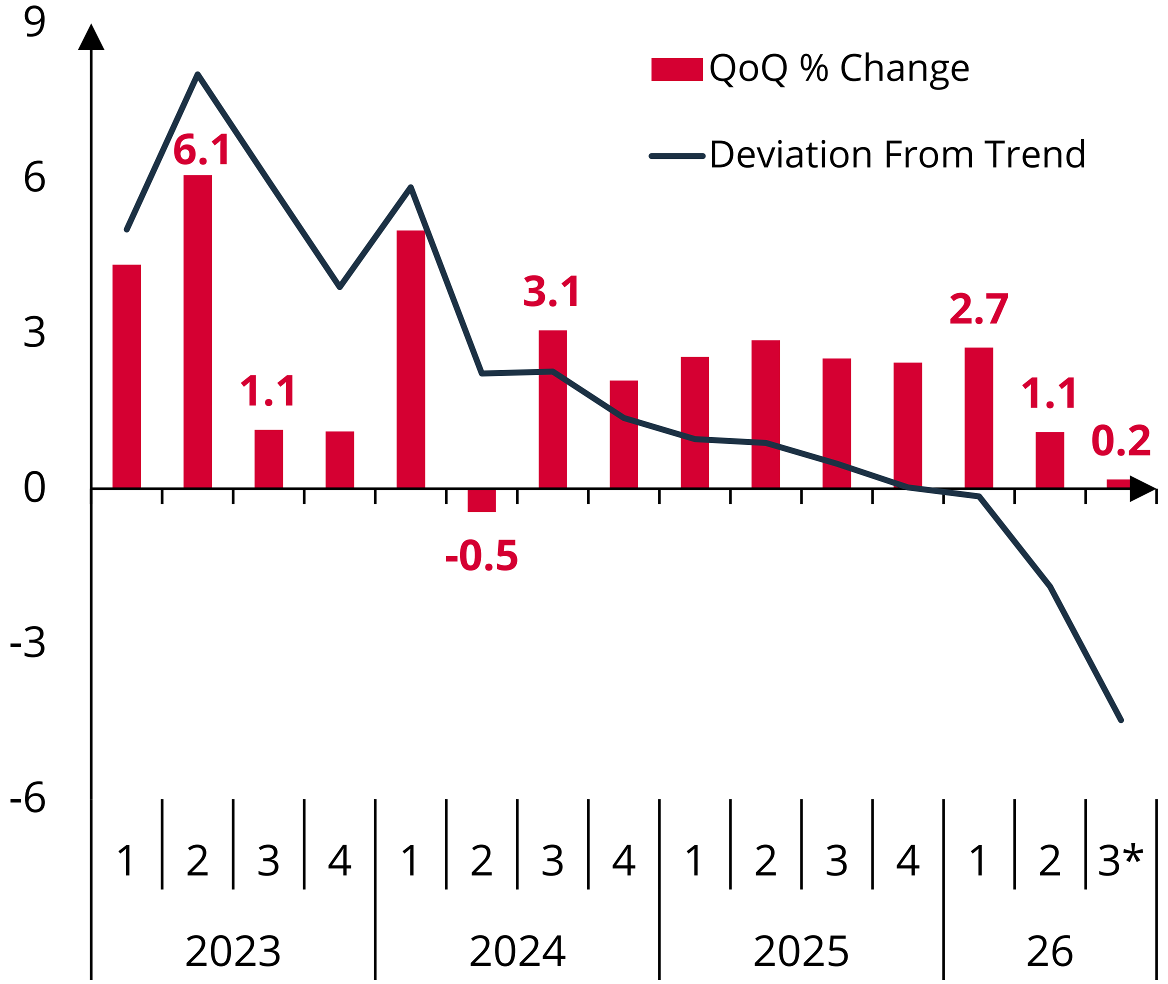


Source: CBRT, TURKSTAT.

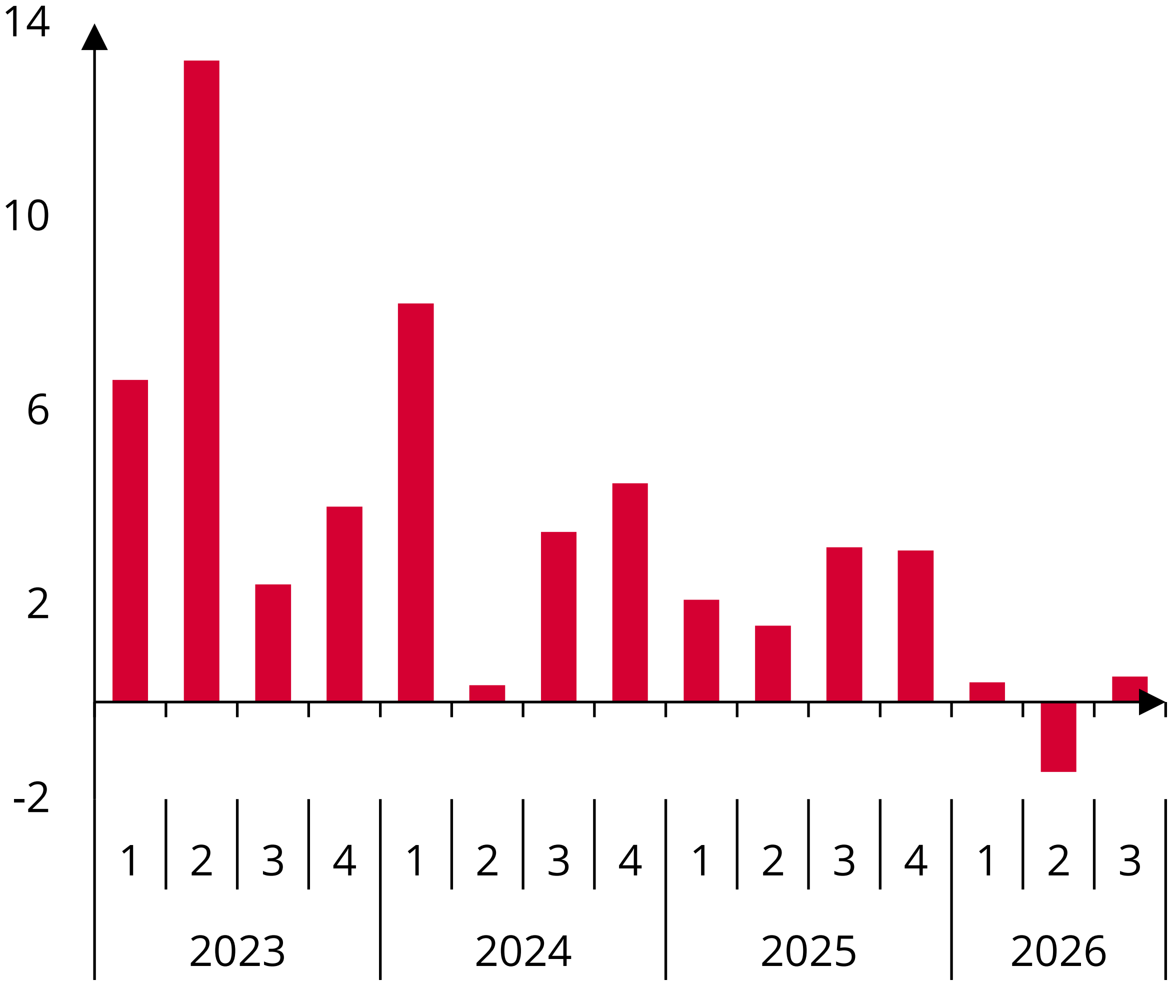
*The dashed line represents the 2005-2025 average.

High-frequency indicators point to further demand moderation in Q3.

Retail Sales Volume Index* (Excl. Gold, Seasonally Adjusted)



Total Card Spending (Real, QoQ % Change)



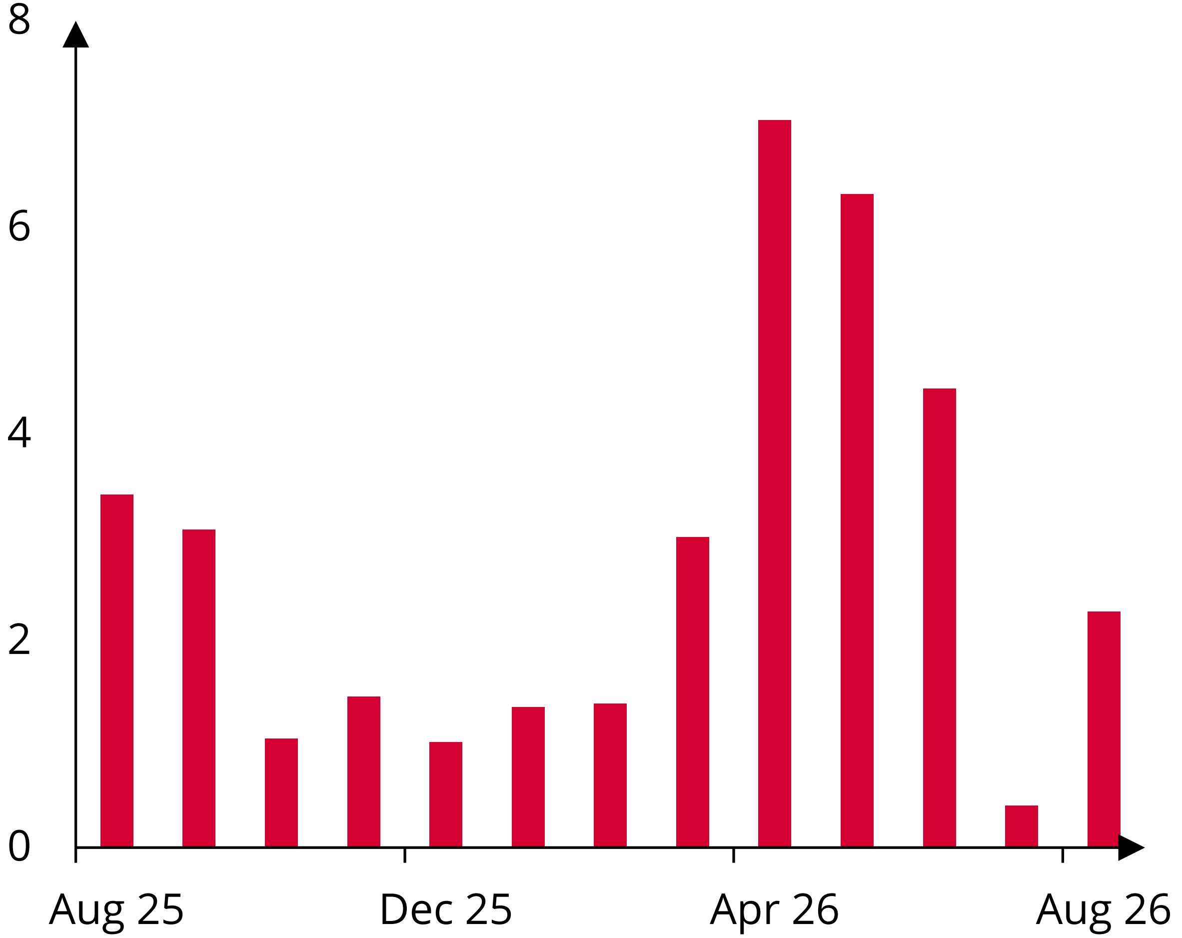
Source: Interbank Card Center (BKM), TURKSTAT.

*Retail sales are as of July. **As of September 13, 2026. Excluding public and individual pension payments.

Higher energy prices added to inflation directly and indirectly.

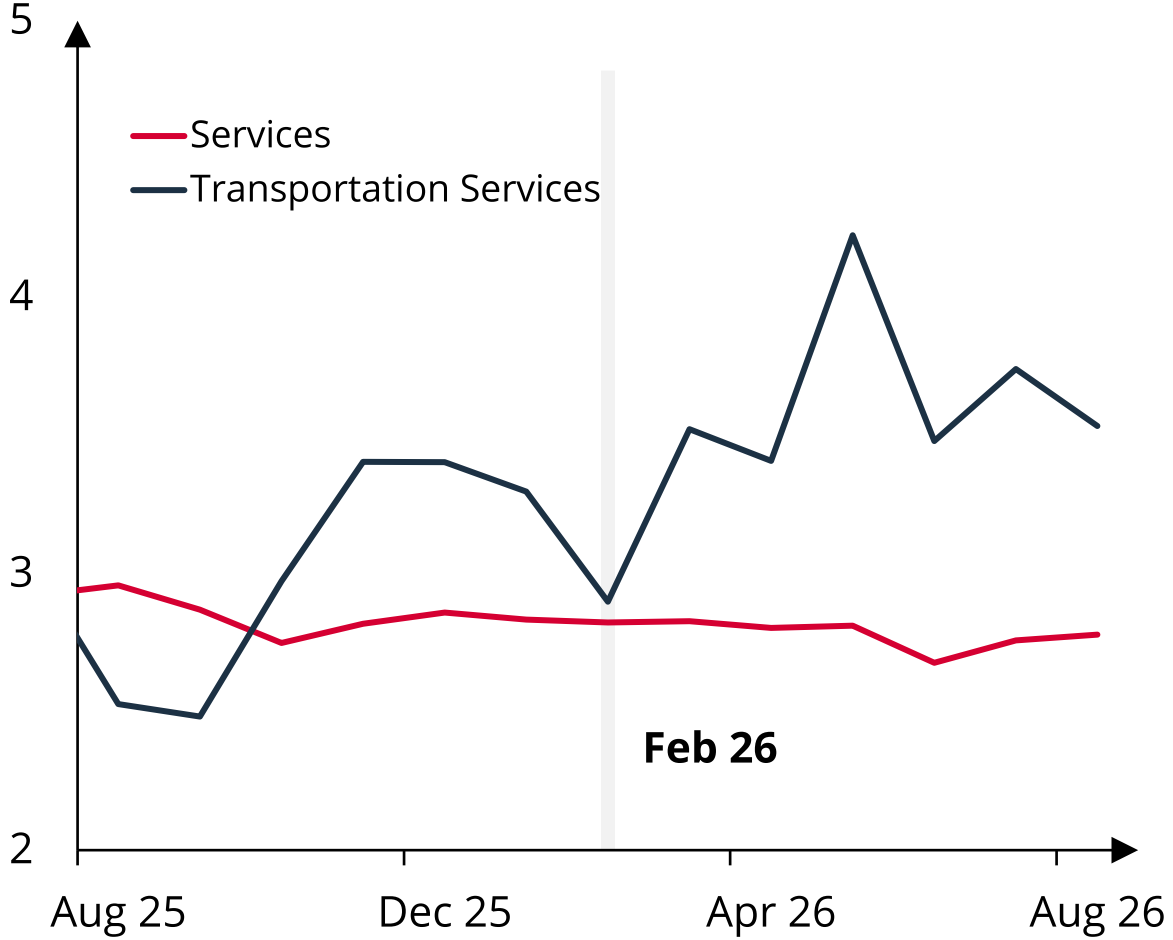
Energy Inflation

(Seasonally Adjusted, 3-Month Average, Monthly % Change)



Services and Transportation Services Inflation

(Seasonally Adjusted, 3-Month Average, Monthly % Change)

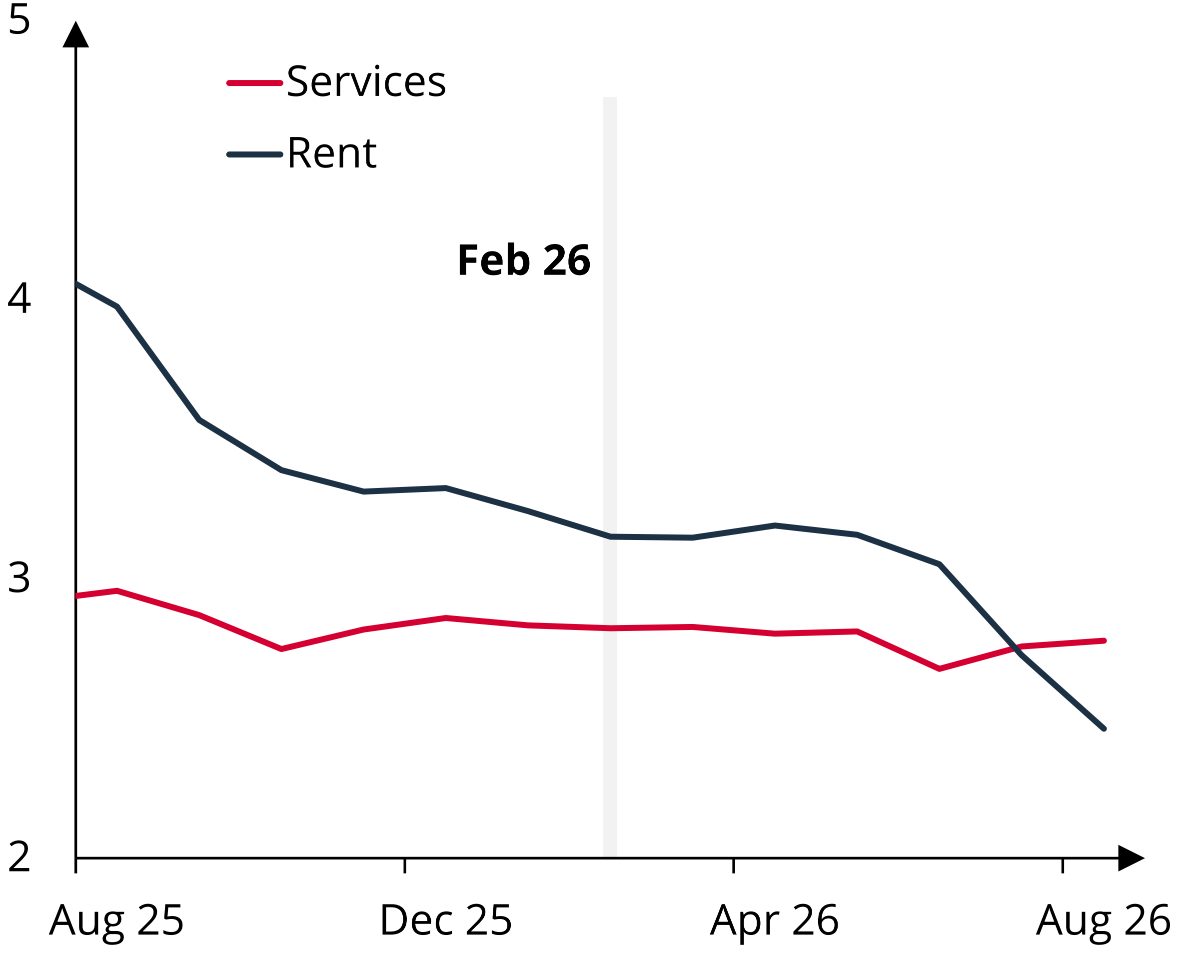


Source: TURKSTAT.

Meanwhile, lower rent inflation and softer demand supported disinflation.

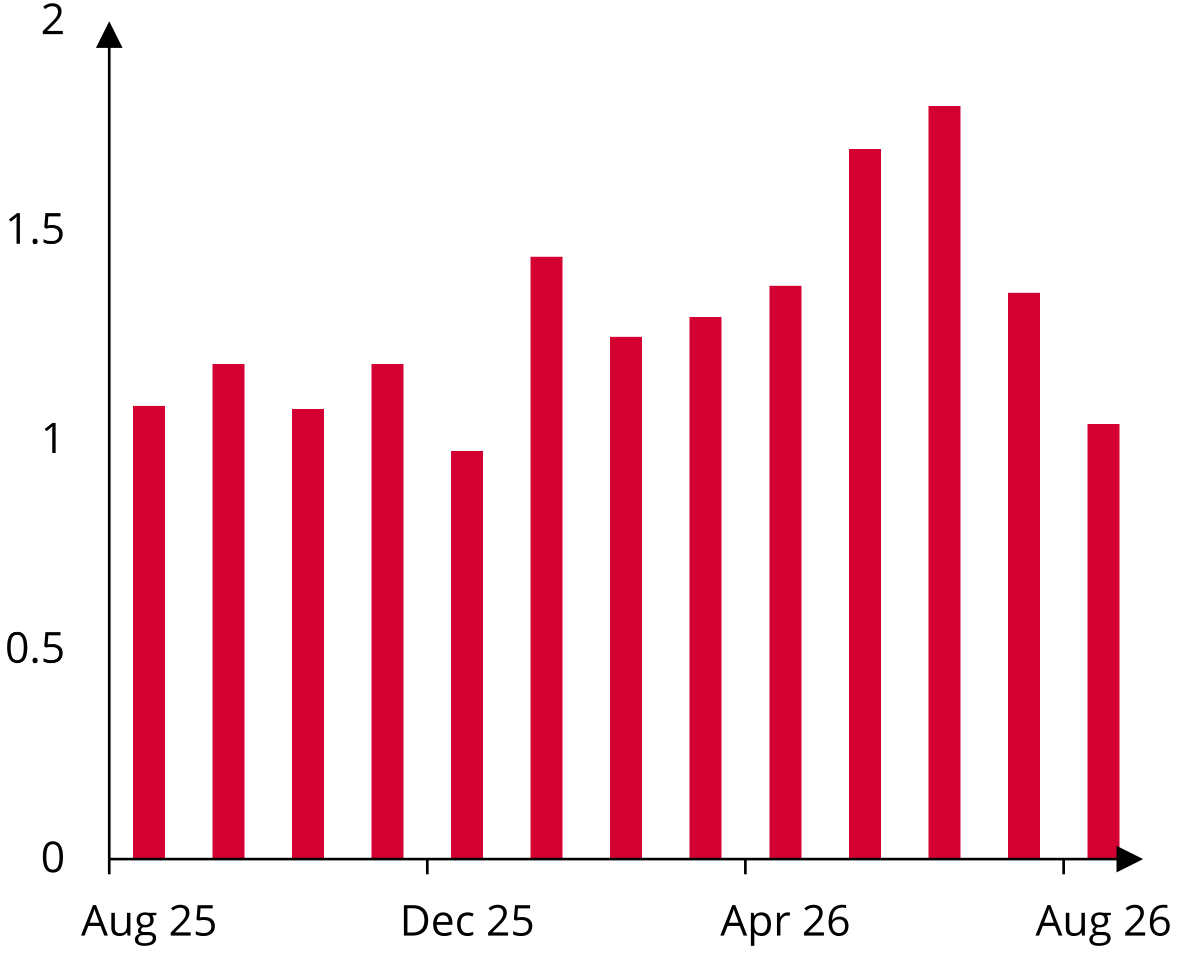
Services and Rent Inflation

(Seasonally Adjusted, 3-Month Average, Monthly % Change)



Core Goods Inflation

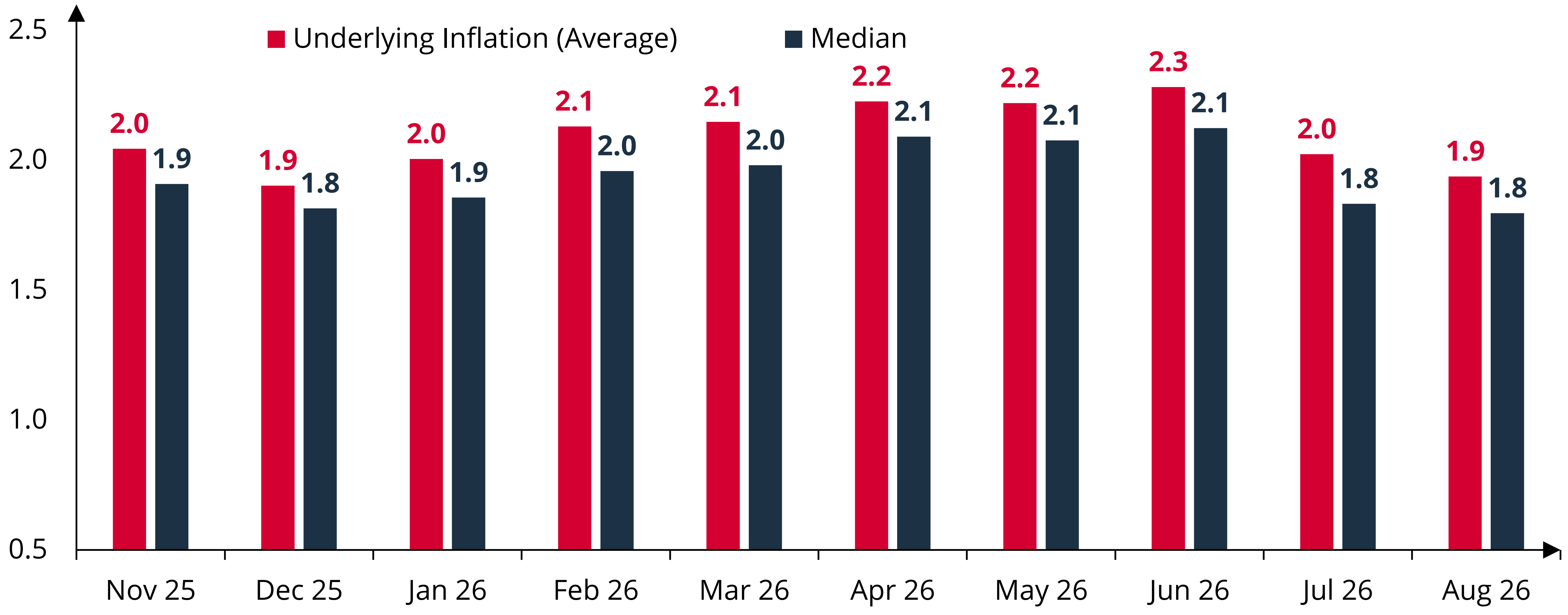
(Seasonally Adjusted, 3-Month Average, Monthly % Change)



Source: TURKSTAT.

Taken together, the underlying trend of inflation decelerated recently.

Underlying Inflation and Median* (Seasonally Adjusted, 3-Month Average, % Change)

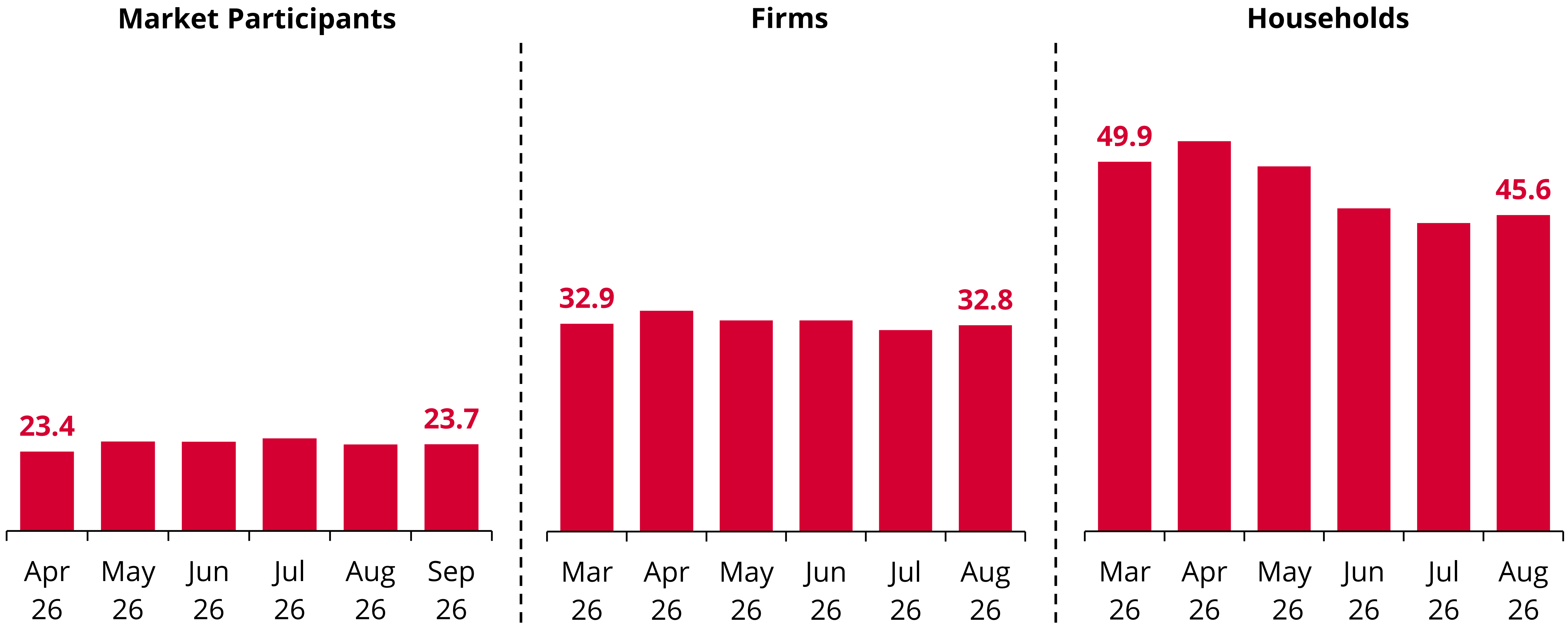


Source: CBRT, TURKSTAT.

*Underlying inflation is calculated as the 3-month average of monthly changes based on six different indicators, namely seasonal adjusted B, C, SATRIM, median, indicators excluding volatile items and a dynamic factor model.

Inflation expectations warrant continued caution.

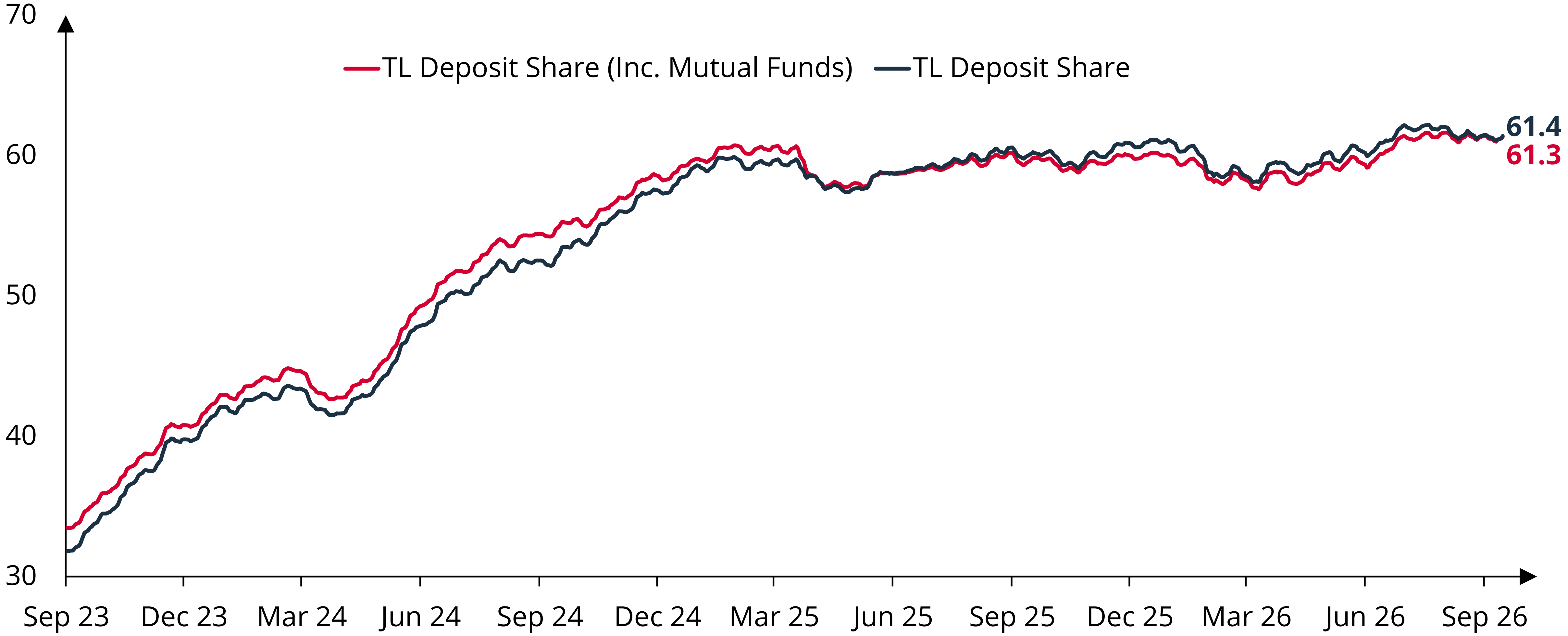
12-Month-Ahead Annual CPI Inflation Expectations (%)



Source: CBRT.

Residents' demand for Turkish lira remains robust.

TL Share in Deposits and Mutual Funds* (Including Official Deposits, 5 Day Moving Average, %)



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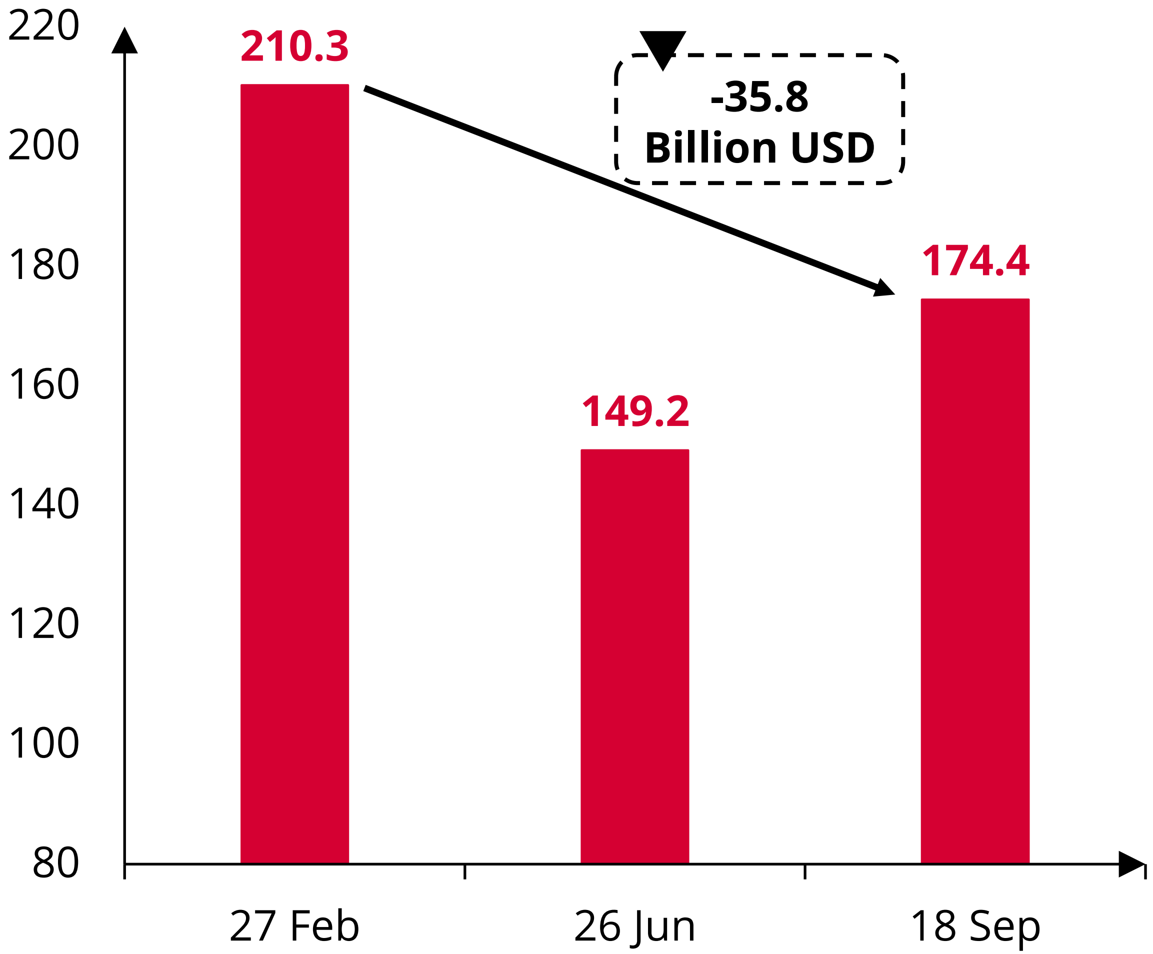
Source: BRSA, CBRT, TEFAS, TURKSTAT. As of September 15, 2026.

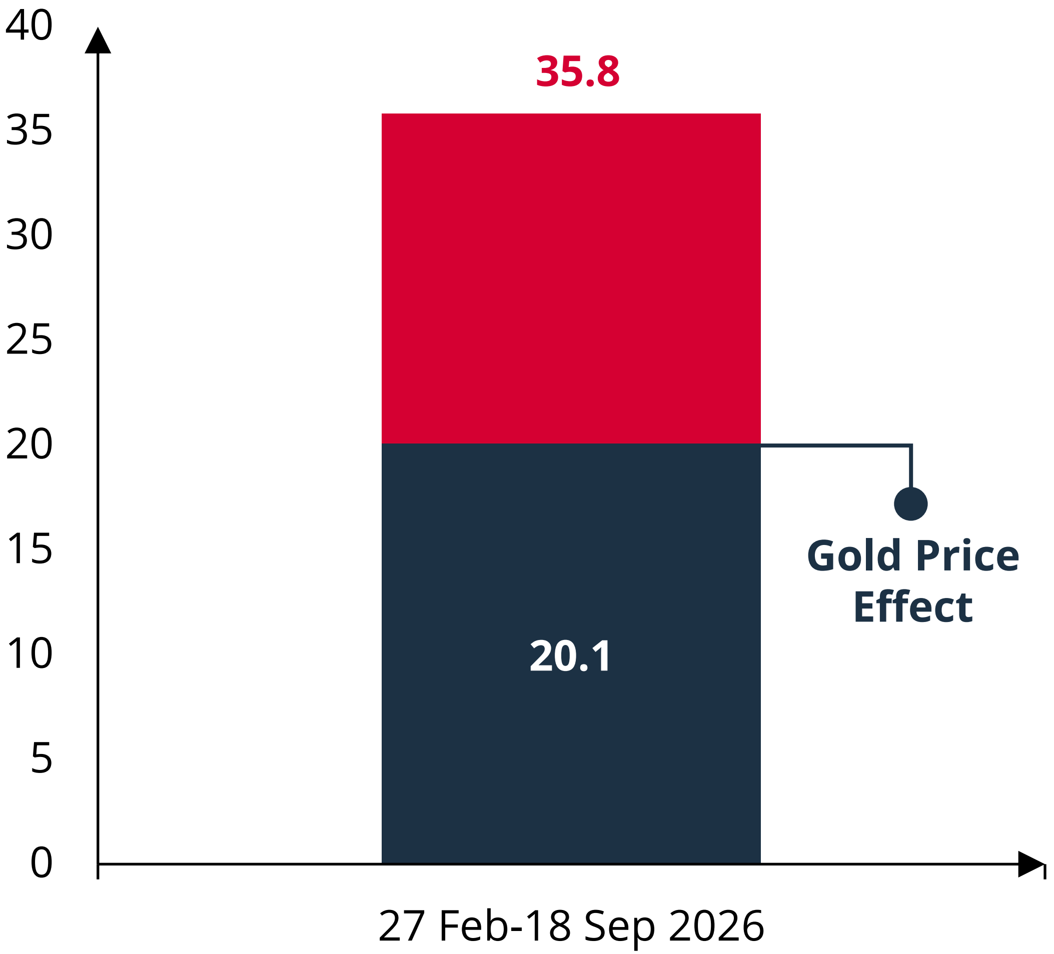
*TL Deposit Share (Including Mutual Funds): All mutual funds are broken down into TL and FX based on the portfolio's asset allocation and included in the ratio. Deposits in mutual funds are deducted from banking sector's deposits. All reverse repo transactions are assumed to be in TL.

International reserve buffers remain strong.

Gross International Reserves (Billion USD)



Change in Gross International Reserves and Gold Price Effect (Billion USD)



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Source: CBRT.

As of September 18, 2026.

External shocks and domestic transmission channels will shape inflation going forward.

FACTOR	IMPLICATION
1 Supply shocks	• Energy prices face upside risks. • Domestic food supply improves, external risks remain.
2 Demand conditions	• Subdued demand supports disinflation. • It also limits pass-through of supply shocks.
3 Expectations	• Expectations remained contained despite supply shocks. • But the recent uptick warrants caution.

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