Daily View

Good morning. Global markets are starting the day on a mixed note. U.S. and European equity futures are trading higher, while Asian markets are generally under pressure. Expectations that negotiations between the U.S. and Iran will continue remain intact, while corporate earnings are also supporting investor sentiment, particularly across Western markets. Borsa Istanbul opened yesterday's session with gains, briefly moving toward the 13,600 level. However, selling pressure became more pronounced during the remainder of the session, and the BIST 100 Index closed the day down 0.4% at 13,410. The largest positive contributors to the index were ODINE, AKBNK, TCELL, YKBNK, and PASEU, while BIMAS, KTLEV, DSTKF, ASELS, and EREGL weighed most heavily on performance. Over the past week, the stocks attracting the most consistent capital inflows have been ODINE, SISE, ENJSA, TKFEN, ANHYT, CRDFA, GRSEL, NTHOL, TNZTP, DOCO, FORTE, and GLCVY. Although the number of companies receiving inflows has increased, the overall amount of capital remains relatively modest. Moreover, the fact that not all of these stocks have delivered positive price performance suggests that investors are gradually accumulating positions through passive buying rather than aggressive purchases. With 12-month target forecasts for the BIST 100 Index still pointing to levels above 19,000, this accumulation trend could continue in the period ahead. For the BIST 100 Index, support levels are seen at 13,380 and 13,000–13,200, while 13,500 and 13,590–13,600 stand out as key resistance levels. On today's economic calendar, investors will monitor Turkey's Real Effective Exchange Rate, seasonally adjusted July CPI data, and the Monthly Price Developments Report. In the U.S., Factory Orders and Durable Goods Orders will be among the key macroeconomic releases. Meanwhile, Turkey's five-year CDS premium is starting the day at 232 basis points.

Macro and Politics

*** The CBT will release July Real Effective Exchange Rate (REER) today @14:30 local time.** Our calculations based on the average equally weighted currency basket in July, the monthly inflation print, and a weighted geometric external price index constructed using our model-based estimates for July inflation across Turkey's major trading partners, point to a rise in the CPI-based real effective exchange rate (REER) to around 105.2–105.3 in July from 104.9 in June. This implies a monthly real appreciation of the Turkish lira of approximately 0.3%–0.4%.

*** TURKSTAT will release July seasonally adjusted CPI and core CPI aggregates today @16:00 local time.** Based on our calculations, we estimate that seasonally adjusted (SA) monthly CPI inflation came in at 2.2% in July, while CPI-B and CPI-C recorded increases of 1.9% and 2.2%, respectively. We expect today’s official adjusted figures to be broadly in line with our estimates.

*** The CBT will release the Monthly Price Developments report for July today @18:00 local time.** The report is a technical one and does not contain a policy message. Still, the assessment of trend core inflation will be monitored closely.

*** Monthly CPI increased by 1.8% m/m in July, perfectly in line with our forecast.** The market consensus also centered in the 1.8% – 1.9% range. As a result, annual CPI inflation edged down to 31.8% from 32.1%. Core indicators remained broadly contained, with Core-B and Core-C posting monthly increases. of 1.7% and 1.8%, respectively, bringing annual inflation to 31% and 29.9%. Producer prices (PPI) rose by 1.5% m/m, while annual PPI inflation eased to 27.8% from 28.1%. July's monthly CPI increase mainly reflected administered price and tax adjustments, alongside a pickup in food inflation led by higher vegetable prices. The health category recorded the strongest monthly increase, rising 10.7%, following higher examination co-payments at public and private healthcare providers under the revised Health Implementation Communiqué.

Transportation ranked second with a 2.6% monthly increase, followed by restaurants and hotels at 2.3%. Meanwhile, clothing and footwear posted the weakest monthly reading, declining 3.9% on seasonal factors. We refrain from interpreting the decline in annual CPI inflation in July as a return to disinflation, as we expect annual inflation to remain broadly stable at around 31.6% in August before favorable base effects come into play in September, bringing annual CPI inflation closer to 30%. We then expect the disinflation trend to become more pronounced in the final months of the year. Provided that price developments remain consistent with our projected path, we maintain our year-end CPI inflation forecast at 28%.

*** The Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI rose to 47.7 in July from 47.1 in June.** However, with the headline index remaining below the 50-threshold, the downturn in manufacturing activity extended into its 28th consecutive month. In its accompanying note, the ICI noted that challenging conditions in the manufacturing sector persisted amid weak market conditions and slowing new orders. Firms continued to scale back production, employment and purchasing activity in July. Moreover, the July ICI Turkey Sectoral PMI survey showed that only three of the ten monitored sectors recorded simultaneous increases in both output and new orders. In contrast, the sharpest slowdown in new orders emerged in the basic metals sector, while food products posted the steepest decline in output for a second consecutive month. We summarize our near-term outlook for industrial activity as follows: The trend in intermediate goods imports excluding gold and energy points to stronger industrial production in June. In addition, the disappearance of the bridge-day effect associated with the Eid al-Adha holiday, together with more supportive base effects, leads us to expect industrial production to return to positive territory in June. Looking ahead to the second half of the year, we expect the gradual easing in financial conditions and the decline in geopolitical uncertainty to moderate the loss of momentum in economic activity and support a more balanced growth profile. We maintain our 2026 GDP growth forecast at 3.2%.

Sector and Company News

- **TTRAK** released its 2Q26 financial results with TL696mn net profit. Net profit came in above the market expectation of TL112mn and our estimate of TL140mn, mainly due to TL969mn deferred tax income. Revenues declined by 22% YoY, in line with expectations, while increasing by 20% QoQ to TL12.9bn. EBITDA came in slightly above expectations at TL570mn, despite declining by 65% YoY. The company revised up the lower end of its 2026 domestic tractor sales guidance from 8,000–10,000 units to 8,500–10,000 units. **We view the 2Q26 results, where YoY weakness continued as expected but QoQ recovery was visible, as slightly negative due to ongoing pressure on profitability. We maintain our HOLD recommendation for TTRAK with a 12-month target price of TL570.**

- **ISCTR** reported a net profit of TL9.6bn in 2Q26, 26% below the average market expectation of TL13.1bn. Net profit declined by 44% year-on-year and 53% quarter-on-quarter. The weaker-than-expected net profit was mainly driven by substantial losses from derivative financial transactions and weak foreign exchange income. The bank also revised some of its year-end guidance. Accordingly, TL-denominated loan growth is now expected to be in the mid-30% range. The net interest margin guidance, previously set at 5% in the first quarter, was revised down to 3.2–3.4%. The guidance for commission income growth of around 40% was maintained. Regarding return on equity, the bank had previously targeted a real return above inflation, while it now expects a nominal return on equity in the 20% range.

- According to Automotive Distributors and Mobility Association (ODMD) data, the Turkish passenger car and light commercial vehicle market contracted by 25% YoY in July to 80,786 units, marking the weakest July performance of the last 4 years. In the January-July period, the total market contracted by 10.7% YoY to 638,965 units, while passenger car sales declined by 12.1% to 502,712 units and light commercial vehicle sales fell by 5.1% to 136,253 units.

- **OBAMS** announced that it signed new product sales agreements worth a total of USD 50mn with its distributors operating in Ghana, Benin, Somalia, Togo, Kenya and Burkina Faso as part of its export activities.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
BALAT		BALAT	Buyback	1.000	70.00	0.48%
AHGAZ		AHGAZ	Buyback	80.000	32.65	2.80%
ENERY		ENERY	Buyback	250.000	9.02	4.03%
AKSGY		AKSGY	Buyback	1.196.069	9.70	0.05%

Important Disclosures

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