Daily View

Good morning. Global risk appetite remains balanced, while we are seeing a slight pullback in oil prices and an effort by US and European futures to hold near record-high levels. Following yesterday's limited decline in US CPI, today's PPI data, for which a more pronounced moderation is expected, will be closely monitored. We are seeing expectations for Fed rate hikes being pushed back from the October/December meetings to the December/January meetings. In Borsa Istanbul, we saw an almost 3% rise yesterday, accompanied by strong capital inflows and one of the highest trading volumes on record, with the BIST 100 closing above the 14,000 level at 14,110. With this close, the BIST 100, which moved above all of its 5-, 10-, 22-, 50-, 100- and 200-day exponential moving averages, is showing a meaningful improvement in its technical outlook. Holding above 14,000 and initially moving toward the 14,200/14,250 resistance zone will be critical for the continuation of the positive outlook. The top five companies contributing to the index yesterday were ASELS, TUPRS, ASTOR, ODINE and DSTKF, while MGROS, AEFES, CCOLA, PASEU and TRALT were the biggest negative contributors. The companies that have stood out with regular capital inflows over the past week are TUPRS, ASELS, SASA, YKBNK, EUPWR, TTKOM, GARAN, ECILC, ISGYO, MANAS, BSOKE and AYDEM. In BIST, the CBRT's presentation of its Q3 Inflation Report, which we will closely follow after 10:30 a.m. today, will be important in assessing the sustainability of yesterday's move. If the CBRT signals an easing in its 40% funding rate, we would expect the upward move in BIST to continue, led by banks. The current account balance, housing sales, reserves and foreign investor transactions in Türkiye, industrial production in Europe, and PPI in the US are the other key macroeconomic releases of the day. Finally, Türkiye's 5-year CDS premiums are starting the day at 223 basis points.

Macro and Politics

***The CBT will release June Balance of Payment figures today @10:00 local time.** We expect the current account deficit, which narrowed to $1.5bn in May, to widen to $5.7bn in June. The market median forecast stands at $5.0bn, below our estimate. We expect the balance of payments-defined foreign trade deficit to widen to $9.7bn in June, while the services surplus is likely to rise slightly above $6.0bn, supported by higher net travel revenues. We maintain our 2026 year-end current account deficit forecast at $54bn (3.0% of GDP).

***TURKSTAT will release July housing sales figures @ 10:00 local time.** Total home sales rose by 15.8% y/y to 129,979 units in June. First-hand home sales increased by 23.1% y/y to 43,406 units, while second-hand sales rose by 12.5% to 86,573 units. Mortgaged home sales recorded a strong 72.1% y/y increase to 25,993 units, while their share in total home sales declined to 20.0% from 21.2% in May. Turning to financial conditions in the housing market, the average mortgage rate increased to 40.34% in June from 38.43% in May, compared with an average of 43.47% in June 2025. Despite mortgage rates rising back above the 40% mark, we believe the strong annual increase in mortgaged sales was largely driven by borrowing costs remaining below their year-ago levels, coupled with favorable base effects. Nevertheless, the share of mortgaged sales in total home sales remaining at around 20% suggests that elevated financing costs continue to weigh on credit-driven housing demand.

***The CBT will unveil the 3rd Quarterly Inflation Report of the year @10:30 local time.** Governor Karahan's assessments regarding the inflation outlook, monetary policy stance and growth dynamics, along with the Q&A session, will be closely monitored by markets. It is worth recalling that at its second Inflation Report presentation of the year on May 14, the CBT revised its medium-term inflation forecasts upward and suspended the publication of year-end forecast ranges. Accordingly, the year-end inflation forecast for 2026 was raised from 16% to 24%, while the 2027 forecast was revised from 9% to 15%.

Governor Fatih Karahan noted that the Bank had suspended the publication of forecast ranges amid elevated uncertainty and, in line with its revised communication framework, had disclosed only point forecasts under the baseline scenario for that report period. These point forecasts were set at 26% for end-2026 and 15% for end-2027. We do not expect any changes to either the inflation forecasts or the point forecasts at today's third Inflation Report presentation of the year. Rather than the inflation projections themselves, we expect the market focus to center on signals regarding the anticipated shift in the funding composition and the timing of normalization in liquidity conditions. In particular, any guidance during the Q&A session on the process of returning to weekly repo auctions will be closely watched. We expect the presentation to emphasize the increasingly evident slowdown in domestic demand and the improvement in the underlying trend of inflation observed in July. We also expect the CBT to reiterate its assessment from the latest MPC statement that the cooling in domestic demand has become more pronounced, signaling that this trend is supporting the disinflation process. Such communication could also reinforce expectations for a normalization in liquidity conditions. Yet, we do not expect the funding cost to decline rapidly from 40% to the 37% policy rate. We expect the funding cost to converge gradually toward the policy rate and believe that this process would create room for a policy rate cut only toward the final quarter of the year. Should the upward trend in oil prices persist, we do not rule out the possibility that the CBT could delay its return to weekly repo auctions. Accordingly, we maintain our year-end policy rate forecast at 35%.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the July 31 – August 7 period at 14:30 local time today.** Based on our calculations using the CBT's analytical balance sheet, we estimate that the CBT's gross FX reserves surged by USD13.7bn to USD178.2bn, while net FX reserves increased by USD8.7bn to USD62.8bn, in the week of July 31 – August 7. We expect today's official reserve data to confirm a reserve build broadly consistent with our analytical balance sheet-based estimates. To recall the previous week's data: Foreign investors recorded net sales of $186mn in the equity market during the July 24–31 period, while remaining net buyers in the bond market (excluding repo transactions) with purchases totaling $164mn. Over the same period, residents' FX deposits (excluding gold and adjusted for the EUR/USD parity effect) declined by $2.6bn, while their total FX deposits (including gold and adjusted for the price effect), declined by $3.5bn. In terms of official reserves, the CBT's gross FX reserves increased by $1.8bn to $164.5bn, net FX reserves rose by $3.0bn to $54.1bn and net reserves excluding swaps climbed by $2.5bn to $40.7bn during the July 24–31 period.

Sector and Company News

- **SAHOL** reported TL14.2bn in consolidated net profit in 2Q26. This marked a significant improvement from TL2.3bn in the same period last year. The largest contributor to the increase was the TL8.9bn gain recorded from the disposal of the company's stake in Akçansa. The decline in monetary losses to TL7.4bn from TL12.7bn also supported net profit, while higher tax expenses limited the improvement. Excluding the Akçansa disposal gain, net profit reached TL5.3bn. **Despite the strong contribution from this one-off item, we view the results positively, supported by the increase in adjusted net profit, improving operating margins and a stronger balance sheet. Following the results, we make no changes to our model and maintain our 12-month target price of TL183.00 and BUY recommendation for Sabancı Holding. SAHOL remains in our model portfolio. Our target price implies c.107% upside potential based on yesterday's closing price.**
  See our full 2Q26 review here: *https://tacirler.com.tr/en/sabanci-holding-sahol-2q26-financial-results--4708*

- **PGSUS** released its 2Q26 financial results with TL4,793mn net loss. Net loss was in line with the market expectation of TL4.88bn and our estimate of TL4.87bn. Pegasus had posted TL5.1bn net profit in the same period of last year and around

TL7.6bn net loss in the previous quarter. Revenues increased by 19% YoY in nominal terms to TL45.7bn in 2Q26, broadly in line with our estimate of TL45.3bn. EBITDA came in at around TL4.2bn, above our estimate of TL3.5bn, despite declining by 61% YoY. The EBITDA margin declined to 9.2% from 27.8% in the same period of last year due to rising costs. Although operational profitability came in slightly above our expectation, revenues and net loss remained in line with expectations in a challenging second quarter. **We view Pegasus' 2Q26 results as weak on a YoY basis, but neutral in terms of share price impact as they were broadly in line with expectations, following the recent weak pricing performance driven by geopolitical developments.**

- **ASTOR** was included in the MSCI Turkey Standard Index as part of MSCI's index changes that will become effective as of the August 31 close.

- **TTKOM** announced that it has decided to conduct a comprehensive portfolio assessment to evaluate the economic value and utilization efficiency of its real estate portfolio and to identify alternatives for managing it more effectively. The company stated that developments will be shared with the public.

- **YYLGD** announced that it repurchased 101,000 shares at prices ranging between TL 10.38 and TL 10.46 on 12 August 2026 under its share buyback program, for a total transaction value of TL 1.05 million. The repurchased shares corresponded to 0.0093% of its share capital.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
AHGAZ		AHGAZ	Buyback	30.560	32.07	2.84%
ARSAN		ARSAN	Buyback	700.000	3.42	6.93%
BALAT		BALAT	Buyback	2.006	70.00	0.61%
YYLGD		YYLGD	Buyback	101.000	10.42	0.01%
TRALT		TRALT	Buyback	2.503.159	47.53	4.14%
ENERY		ENERY	Buyback	300.000	8.54	4.05%

Important Disclosures

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