Daily View

Good morning. While U.S. indices renewed their record highs yesterday, European equities are also trying to hold near their peak levels. Oil prices rose somewhat following the U.S. threat to extend its sanctions on Iran indefinitely. Despite this, U.S. and European futures are in positive territory this morning, while Asian markets are showing a mixed performance. In Borsa Istanbul, the BIST 100 managed to hold above 14,000 yesterday and closed at 14,132, up 0.2% from the previous day. Although trading volume was somewhat lower than the record level seen the day before, it remained above the three-month average, while net capital inflows continued. At the CBRT's Third Inflation Report presentation, we did not see a clear timetable regarding a potential easing of the 40% funding rate. However, the messages indicated that the issue is being monitored and evaluated. Therefore, while we may not have received the support from the Inflation Report that the Borsa Istanbul, particularly the banking sector, had been looking for, we expect the momentum that has strengthened over the past two weeks to continue and the BIST 100 to maintain its move toward the 14,200–14,250 resistance zone. In this process, the 13,800–14,000 region can be monitored as an important support area. The top five stocks contributing positively to the index yesterday were ASELS, ASTOR, EREGL, RALYH and PASEU, while BIMAS, ODINE, TUPRS, KCHOL and MGROS were the biggest negative contributors. The stocks that have stood out with consistent capital inflows over the past week are ASELS, AKBNK, YKBNK, TTKOM, TUPRS, GLRMK, RALYH, MANAS, TOASO and GENTS. Today's agenda includes the CBRT Market Participants Survey in Türkiye, growth and employment data in Europe, and retail sales and consumer sentiment data in the U.S. Finally, Turkey's 5-year CDS premiums are starting the day at 220 basis points.

Macro and Politics

*** The CBT will release the results of the Survey of Market Participants for August @ 10:00 local time.** According to the CBT's July 2026 Survey of Market Participants, respondents' end-2026 CPI inflation expectation edged up to 29.2% from 29.1%, while the end-2027 expectation rose marginally to 21.5% from 21.4%. The 12-month-ahead inflation expectation increased to 24% from 23.8%, whereas the 24-month-ahead expectation declined to 17.8% from 18.3%. The five-year-ahead inflation expectation also eased to 11.5% from 11.9%. Following the July inflation outcome, which came in slightly below market expectations, we expect to see a modest decline in market participants' 12-month-ahead inflation expectations.

*** At the CBT's 3rd Inflation Report presentation of the year delivered by Governor Fatih Karahan, the Bank revised its end-2026 baseline point inflation forecast upward from 26% to 28%.** The end-2027 and end-2028 point forecasts were left unchanged at 15% and 9%, respectively. Meanwhile, the year-end interim targets, which serve as a commitment and anchor and are not intended to be revised unless extraordinary circumstances arise, were maintained at 24% for 2026, 15% for 2027 and 9% for 2028. We expect annual inflation to remain broadly flat at around 31.6% in August. While we maintain our end-2026 inflation forecast at 28%, we continue to see the risks to our forecast as tilted to the upside. On the funding side, Governor Karahan stated that a return to one-week repo auctions, the CBT's main funding instrument, is on the Bank's agenda for the period ahead, while emphasizing that the timing will depend on market conditions. This explicit guidance supports our expectation for a gradual normalization in the funding composition. Accordingly, while we maintain our end-2026 policy rate forecast at 35%, we assess that the upside risks to our rate call have increased in tandem with the upside risks to the inflation outlook.

*** The current account posted a USD4.2bn deficit in June, below both the market consensus and our forecast. The cumulative deficit reached USD34.5bn in 1H26, up from USD26.0bn in the same period last year, while the 12-**month rolling deficit widened to USD38.9bn from USD37.0bn in May. The core balance, excluding gold and energy, recorded a USD1.5bn surplus in June. We maintain our end-2026 current account deficit forecast at USD54bn, equivalent to 3% of GDP. Preliminary July trade data point to some narrowing in the monthly trade deficit. Looking further ahead, we expect the drag from the US-Iran war on economic activity to gradually subside, but continue to envisage only a modest adjustment in the external balance rather than a pronounced improvement in 2H26.

*** Foreign investors recorded a mere USD1.5mn net purchase of equities in the July 31–August 7 week, while the bond market attracted a sizeable USD545.8mn net foreign inflow (excluding repo transactions).** Meanwhile, foreigners' share in the total bond stock rose from 7.1% to 7.3%, reaching its highest level since March. Over the same period, residents' FX deposits (excluding gold and adjusted for the EUR/USD parity effect) increased by USD1.2bn, while their total FX deposits (including gold and adjusted for the price effect) increased by USD1.8bn. In terms of official reserves, the CBT's gross FX reserves increased by USD13.9bn to USD178.4bn in the July 31–August 7 week, while net FX reserves rose by USD8.8bn to USD62.9bn. The swap stock declined by USD928mn to USD12.4bn over the same period, while net reserves excluding swaps increased by USD9.7bn to USD50.4bn.

***Total house sales declined by 17% y/y to 123,603 units in July.** First-hand house sales fell by 8.6% y/y to 42,529 units, while second-hand house sales decreased by 20.8% y/y to 81,074 units. Mortgage-backed sales, by contrast, rose by 23.7% y/y to 23,888 units, although their share in total house sales edged down to 19.3% in July from 20.0% in June. Turning to financial conditions in the housing market, the average mortgage rate increased to 41.46% in July from 40.34% in June, compared with 42.56% in July 2025. While we assess that base effects were the main driver of the marked slowdown in the annual growth of mortgage-backed sales in July, we believe that elevated financing costs continue to weigh on credit-driven housing demand.

Sector and Company News

- **AGHOL** reported TL227.1bn in revenue, TL23.2bn in EBITDA and TL1.2bn in net profit in 2Q26. Revenue increased by 2% YoY in real terms, while EBITDA remained broadly flat. Net profit rose to TL1.2bn from TL565mn a year ago. At the segment level, the strongest performance came from beverages, with CCI's EBITDA increasing by 24% and its EBITDA margin improving to 22.3% from 19.0%. In contrast, EBITDA in the beer segment declined by 28% due to weaker volumes, while higher promotional activity and personnel expenses weighed on profitability in retail. The automotive segment posted negative EBITDA. Consolidated net debt/EBITDA declined to 1.1x from 1.5x a year ago.

- **AKSEN** released its 2Q26 financial results with TL568mn net profit. The market expectation was TL645mn net profit. Net profit declined by 54% YoY and 6% QoQ.

- **ENERY** released its 2Q26 financial results with TL2,032mn net profit. Net profit declined by 8% YoY and 12% QoQ.

- **KOTON** reported TL9.1bn in revenue, TL2.1bn in EBITDA and a TL29mn net loss in 2Q26. Revenue was in line with both our TL9.0bn estimate and the market consensus, while EBITDA came in above both our and the market's TL1.9bn forecasts. The net result was below our TL47mn net profit estimate and the market consensus of TL30mn. Revenue declined by 4% YoY in real terms, while EBITDA fell by 45% and the EBITDA margin declined to 18.4% from 31.8%, partly due to the high base. Despite a 40% YoY decline in financing expenses, weaker operating profitability weighed on the bottom line. The company revised its 2026 real sales growth guidance down from 5–7% to flat-to-low single-digit growth and lowered its net new store target from above 10 to above 5. Other guidance items were maintained. **At first glance, we view the downward revision to sales guidance and the pressure on operating profitability in 2Q26 negatively, while strong cash generation and the maintenance of margin guidance provide some offset. We will revisit our target price and recommendation following the conference call and our model update.**

- **TCELL** announced TL 71,775 million in revenue in 2Q26, in line with the market consensus, EBITDA of TL 30,388 million in line with expectations, and net profit of TL 5,235 million, 37% above the market consensus. While revenue grew 2% year-over-year, the EBITDA margin narrowed by 1.8 percentage points to 42.3%, driven by higher marketing expenses and the impact of lower-margin business lines. Net profit, down 6% year-over-year, comfortably exceeded the market consensus, as higher depreciation and amortization and financing expenses were more than offset by a higher monetary gain, a lower tax expense, and narrower losses from equity-accounted investments. We view the results as neutral, as operating performance was in line with expectations while the beat at the net income level stemmed largely from non-operational items.

- **ZOREN** released its 2Q26 financial results with TL2,746mn net loss. The company had posted TL6.4bn net loss in the same period of last year and TL3.3bn net loss in the previous quarter.

- **BRSAN** announced that its US-based subsidiary Borusan Berg Pipe received new sales orders totaling around USD360mn from different customers.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
ARSAN		ARSAN	Buyback	300.000	3.56	6.95%
DAGI		DAGI	Buyback	1.000.000	9.73	2.08%
GLYHO		GLYHO	Buyback	150.000	17.25	1.82%

Important Disclosures

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