Daily View

Good morning. The U.S. threat of a "new economic offensive targeting Iran's trading partners" is putting pressure on global equity markets. U.S. and European futures are slightly negative, while more pronounced declines are being seen across Asian markets. Oil prices, meanwhile, continue to hold above $90. On the domestic front, the CBRT's announcement that it will resume weekly repo auctions, which it had suspended following the outbreak of the U.S.-Iran war, is a positive development. As a result, the CBRT's Weighted Average Funding Cost, which is currently around 40% in effective terms, is expected to gradually decline toward the policy rate of 37%, followed by the possibility of policy rate cuts. We maintain our year-end policy rate forecast of 35%. We expect this to be supportive primarily for the XBANK Banking Index, followed by the broader BIST market. Turning to Friday, the BIST 100 Index rose 0.8% to 14,514 points. The five companies making the largest positive contributions to the index were TUPRS, BIMAS, DSTKF, ASTOR, and TRALT, while ODINE, TKFEN, BSOKE, MAGEN, and BTCIM were the main negative contributors. The companies that have stood out with consistent net inflows over the past week are TUPRS, ASELS, BIMAS, KCHOL, TRMET, TOASO, TCELL, and ENDAE. From a technical perspective, resistance levels at 14,600 and 14,880 and support levels at 14,400 and 14,270 can be monitored during the day. The economic calendar is relatively light today. Turkey's 5-year CDS premiums are starting the day at 220 basis points.

Macro and Politics

*** The CBT decided to resume one-week repo auctions, which had been suspended since March 1, as part of its Turkish lira liquidity management framework, while reiterating that liquidity management instruments would be used effectively in line with market conditions.** The move aims to steer money market rates, which have recently been forming around the upper bound of the interest rate corridor (40%), back towards the policy rate (37%). Given the prevailing liquidity surplus, we expect this convergence to take place primarily through a gradual decline in the rates formed at deposit buying auctions, through which excess liquidity is sterilized. We view the move as consistent with our year-end 2026 policy rate forecast of 35% and believe that the normalization in money market rates could create additional room for policy rate cuts in the final quarter of the year.

*** The CBT will release the August Sectoral Inflation Expectations (SIE) Survey @ 10:00 local time.** According to latest July SIE survey results, 12-month-ahead inflation expectations rose by 0.14pp to 23.95% for market participants, while declining by 0.60pp to 32.5% for the real sector and by 1.19pp to 44.94% for households. Meanwhile, the August Survey of Market Participants released last week showed that market participants' 12-month-ahead CPI inflation expectation declined to 23.7% from 24.0%. Following the slightly softer-than-expected July inflation print, we expect the modest improvement observed in market participants' inflation expectations to extend to real-sector and household expectations in August.

***The unadjusted Real Sector Confidence Index (RSCI) increased by 0.6 points to 102.8 in August, while the seasonally adjusted index rose by 1.2 points to 102.4.** Looking at the sub-components, expectations regarding export orders, production and total employment over the next three months, together with assessments of current total orders, total orders over the past three months and fixed capital investment expenditure, contributed positively to the headline index, while the general business outlook weighed on the index. Meanwhile, the Capacity Utilization Rate (CUR) declined from 73.9% to 73.5% in August, while the seasonally adjusted measure eased from 73.8% to 73.5%. Following the recovery in manufacturing activity in the second quarter, leading indicators for the third quarter have so far provided mixed signals. Indeed, the continued decline in the CUR despite the improvement in the RSCI in August suggests that the recovery in manufacturing activity has yet to become broad-based. Accordingly, we do not envisage a pronounced and broad-based acceleration in economic activity and maintain our cautious medium-term growth outlook, keeping our 2026 GDP growth forecast unchanged at 3.2%.

*** The Consumer Confidence Index rose from 89.8 to 90.8 in August, reaching its highest level since May 2023, while its three-month moving average increased from 87.8 to 89.5.** Looking at the sub-components, the financial situation of household at present, the financial situation expectation of household over the next 12 months, and the general economic situation expectation over the next 12 months all improved, while the assessment on spending money on durable goods over the next 12 months remained unchanged at 105.1. The fact that the propensity to spend on durable goods has recently failed to keep pace with the improvement in the headline index reinforces signs of cooling domestic demand. Meanwhile, the composition of the August data suggests that the rise in consumer confidence continues to be driven predominantly by an improvement in expectations.

Sector and Company News

- FTSE Russell removed **IMASM** and **KONTR** from the Small Cap and All-Cap indices, and 23 companies from the Micro Cap Index, as part of its September 2026 periodic review.
- **AHGAZ** will distribute a gross dividend of around TL0.06 per share today, implying a dividend yield of 0.2% based on the latest closing price.
- **ASUZU** signed a contract worth EUR10.3mn with the Presidency of Defense Industries.
- **BRSAN** received new sales orders worth around USD555mn through its US-based subsidiary Borusan Berg Pipe.
- **CCOLA** announced that Izmir Customs Directorate imposed TL706mn in additional accrual and TL2.12bn in administrative fine on the company.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GLYHO		GLYHO	Buyback	150.000	17.00	1.85%
BALAT		BALAT	Buyback	11.750	71.00	0.70%
TEZOL		TEZOL	Buyback	26.908	9.79	0.59%
OFSYM		OFSYM	Buyback	15.657	63.79	0.02%
MAGEN		MAGEN	Buyback	1.216.050	35.02	0.54%
AKSGY		AKSGY	Buyback	1.660.000	9.97	0.33%

Important Disclosures

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