Daily View

Good morning. Despite pronounced selling pressure in U.S. and European equity markets on Friday, index futures are starting the new week on a positive footing. In Asia, however, the weak outlook persists. This week, U.S. non-farm payrolls data—which are normally released on the first Friday of each month—will be announced tomorrow due to delayed data collection during the government shutdown. Subsequently, PMI figures, inflation data, and housing market indicators will be closely monitored. In Europe, the ECB's interest rate decision will be in focus. In Japan, the BoJ's policy decision will be followed, with expectations pointing to a rate hike from 0.50% to 0.75%. In the domestic market, Borsa Istanbul, which has maintained an upward momentum over the past two weeks, closed last week at 11,311. This marks the first close above 11,300 since August and the second such occurrence in BIST history. On Friday, the index advanced by 0.7%, with the largest positive contributions coming from TCELL, YKBNK, FROTO, KUYAS, and THYAO. Over the past week, AKBNK, BIMAS, PGSUS, and AEFES stood out with consistent fund inflows. From a technical perspective, the 11,500 / 11,600 historical peak zone can be monitored as the first resistance area, while the nearest support is located in the 11,070 / 11,150 range. On today's agenda, November central government budget balance data and a TLREF-linked bond auction will be tracked domestically. In Europe, industrial production data will be released, while in the U.S., the Empire State Manufacturing Index and statements from Fed officials will be in focus. Turkey's five-year CDS spreads start the day at 216 basis points. The easing trend continues to provide a supportive backdrop for the XBANK Banking Index. We would like to reiterate our preference for GARAN and ISCTR within the Tacirler Investment Model Portfolio. Other holdings in the Model Portfolio include MGROS, THYAO, TUPRS, CCOLA, TKNSA, MAVI, FROTO, TAVHL, and TCELL.

Macro and Politics

*** The Treasury and Finance Ministry will release November central government budget figures @ 11:00 local time.** The Treasury's cash balance posted a surplus of TL56.4bn in November, while the primary balance recorded a stronger surplus of TL173.9bn. The November cash balance figures serve as a leading indicator for the central government budget data to be released later today. Based on these cash balance developments, we estimate that the central government budget likely posted a surplus of around TL40bn in November. Our year-end 2025 budget deficit forecast stands at TL2.3tn (3.7% of GDP). Please recall that in the Medium-Term Program (MTEP) covering 2026 – 2028, the government revised its projections, raising the 2025 budget deficit-to-GDP ratio from 3.1% to 3.6%, and adjusting the 2026 estimate upward from 2.8% to 3.5%.

*** The CBT's December Market Participants' Survey has been released.** Accordingly, participants revised down their end-2025 CPI forecast to 31.2% from 32.2%, while the end-2026 CPI expectation edged slightly higher to 23.4% from 23.2%. In addition, the 24-month-ahead CPI expectation declined to 17.5% from 17.7%, while the five-year-ahead annual CPI expectation stood at 11.4%. Monthly inflation expectations point to 1.08% for December and 3.44% for January, with the February 2026 monthly CPI expectation at 2.0%. From our perspective, we expect the m/m CPI increase to remain below the 1% in December, at around 0.8%. Hence, we expect CPI inflation to end 2025 in the 30.5%–31% range, while our end-2026 CPI forecast stands at 23%. On the policy front, survey participants expect the policy rate to stand at 37% at the Monetary Policy Committee meeting scheduled for 22 January 2026, implying a 100bp rate cut in January. For the 12 March 2026 meeting, the policy rate expectation declines further to 35.6%, while the year-end 2026 policy rate forecast is 28.15%. We assess that stickiness in services inflation and core indicators continues to constrain the scope for rapid monetary easing.

Under this outlook, we expect rate cuts to follow a gradual path, with the policy rate stabilizing at around 29.5% by end-2026.

*** The current account posted a USD457mn surplus in October.** As a result, the 12-month rolling current account deficit widened to USD22bn from USD20.3bn, while the cumulative deficit over Jan - Oct reached USD14.5bn. The current account balance excluding gold and energy (the core balance) recorded a USD7.0bn surplus in October, with the corresponding annual surplus easing slightly to USD46.0bn from USD46.5bn. The balance-of-payments-defined trade deficit increased to USD6.2bn in October from USD6.0bn in September. This compares with a significantly lower deficit of USD3.5bn in October 2024, pointing to a notable year-on-year deterioration. Gold imports rose to USD2.8bn from USD2.5bn, while gold exports declined sharply to USD94mn from USD172mn over the same period. On the services side, net services income edged down to USD7.6bn from USD7.7bn, driven primarily by a decline in net travel income, which fell to USD5.9bn from USD6.3bn. Net portfolio flows recorded an outflow of USD1bn in October, as foreign investors posted net sales of USD44mn in equities and USD98mn in the bond market. After posting surpluses for four consecutive months, we expect the current account balance to return to a deficit in the final two months of the year. Based on prevailing trends and leading foreign trade indicators, we expect the current account deficit to close 2025 at around USD20bn (1.3% of GDP). Our end-2026 current account deficit forecast stands at USD25bn (1.5% of GDP).

Sector and Company News

- **AKMGY** filed a lawsuit with the Istanbul 13th Administrative Court requesting annulment and suspension of the Municipal Executive Board Decision dated December 5, 2025.
- **ALARK** announced that its subsidiary Alarko Konut Projeleri Geliştirme A.Ş. has been transferred to another subsidiary, Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş., through a simplified merger, together with all its assets and liabilities.
- **ALFAS** acquired 40% of AKI Güç ve Enerji Sistemleri A.Ş. for USD 550K.
- **BERA**'s subsidiary signed a TL 66 mn + VAT contract within the scope of a TOKI project.
- **CVKMD** applied to the CMB to increase its paid-in capital from TL 1.4 bn to TL 3.78 bn through a 170% rights issue.
- **DESA** announced that it will open one new store at Kuşadası Setur Marina Shopping Mall, with a 155 sqm sales area.
- **GARAN** sold three non-performing loan portfolios comprising defaulted loans for a total of TL 263 mn.
- **IZINV** signed a 2+1-year e-SIM partnership agreement with AJet, through which AJet passengers will be offered global e-SIM services.

- **JANTS** denied recent media reports claiming that new investment incentives were obtained and that mass production had begun at the Ortaklar Factory. The company clarified that the investment incentive certificate was obtained in 2022, the building investment is now complete, and paint shop test production is ongoing. No new incentive certificate has been received since 2022.

- **SAYAS** won an export tender worth EUR 1.11 mn.

- **TKFEN** announced that a petition of withdrawal has been submitted by ARY Holding in the lawsuit regarding the election of board members, and the case is now under court evaluation.

- **TRALT** stated that there is no final court decision yet regarding the lawsuit for annulment and suspension of the Environmental Impact Assessment (EIA) Positive Decision for the Çanakkale Karapınar Gold-Silver Mine Project, and confirmed that operations continue in compliance with regulations.

- **TSKB** signed a EUR 250 mn loan agreement with KfW Development Bank under a Treasury repayment guarantee, aimed at financing climate-focused investments.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	25.000	16.83	5.33%
BLUME		BLUME	Buyback	120.000	37.77	0.38%
DAGI		DAGI	Buyback	200.000	8.61	0.50%
OFSYM		OFSYM	Buyback	9.947	60.25	0.80%
KLYPV		KLYPV	Buyback	170.000	60.21	0.07%
BIGCH		BIGCH	Buyback	325.000	59.65	2.10%

Important Disclosures

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