Daily View

Good morning. Holiday effects continue to dominate global markets. U.S. equity markets were closed yesterday; today is a federal holiday, although stock exchanges will remain open. Futures are trading flat. In Europe, all major markets—including Germany, France, the UK, Italy, and Spain—will be closed today. In Asia, buying interest is notable in markets that remain open. In Borsa Istanbul, despite a full trading session yesterday, total trading volume failed to reach even half of the one-month average. The market closed flat despite a positive start to the day. The BIST 100 Index declined marginally by 0.03%. The top five positive contributors were RALYH, SISE, DSTKF, TRALT, and EFOR, while ASELS, BIMAS, MGROS, KCHOL, and YKBNK exerted the most negative impact. Over the past week, stocks standing out with consistent fund inflows were MAVI, GUBRF, and CCOLA. From a technical perspective, in the short term, the 11,400 / 11,470 range and the 11,605 level can be monitored as resistance zones, while 11,250 and the 11,070 / 11,150 band remain key support areas. From a long-term perspective, BIST 100 index targets above 15,000 can be calculated. Our "2026 Outlook" report, to be published today, will outline our global expectations, macroeconomic forecasts for Türkiye, revisions to our Model Portfolio, and sector and company outlooks. The daily agenda is quiet, with the CBRT Sectoral Expectations Survey to be monitored. Türkiye's five-year CDS premiums remain flat at around 205 basis points, continuing to trade at the lowest levels of the past seven and a half years.

Macro and Politics

*** The CBT will release the December Sectoral Inflation Expectations survey @ 10:00 local time.** According to the results of November Sectoral Inflation Expectations survey, 12-month ahead inflation expectations rose by 0.23pp to 23.49% among market participants, while declining by 0.60 points to 35.70% for the real sector and by 2.15 points to 52.24% among households. As of this month, market participants' 2025 year-end CPI expectation declined to 31.2% from 32.2%, while 2026 year-end CPI expectation recorded a modest uptick, rising to 23.4% from 23.2%. Taking into account the adaptive nature of expectations among economic agents, we assess that the below-forecast November CPI print may also lead to a further easing in real sector and household inflation expectations in December. We expect the monthly CPI increase in December to remain below 1%, at around 0.8%. Hence, we project CPI inflation to close 2025 in the 30.5%–31% range, while our end-2026 CPI forecast stands at 23%. Our forecast framework rests on the assumption that, following the substantial unwinding of excess pricing pressures during the initial phase of disinflation, the subsequent phase will be driven primarily by sticky price dynamics in high-inertia components such as food and housing. The lack of a meaningful improvement in core inflation indicators in recent months, alongside seasonally adjusted underlying trend measures hovering around 2%, suggests that after declining from around 40% in 2025 to just below 31%, the transition of inflation from the low-30s to the low-20s will follow a slower and more gradual path throughout 2026. Persistent rigidity in services inflation and the structurally volatile nature of food prices imply a framework in which the marginal utility of monetary policy diminishes and disinflation proceeds at a rather slower pace.

*** Foreign investors recorded net purchases of USD354.5mn in the equity and USD202.8mn in the bond market (excluding repo transactions) during the 12–19 December period.** Moreover, the foreign share in the total government bond stock edged up from 7.3% to 7.4%. Following USD2bn of bond purchases throughout November, foreign investors have continued to add exposure in December, with cumulative inflows reaching USD520mn since the start of the month. Additionally, equity market inflows have also remained robust, exceeding USD500mn on a cumulative basis since early

December. Moreover, during the week of December 12 – 19, the residents' FX deposits rose by USD139mn (excluding gold, EUR/USD parity effect adjusted), while their total FX deposits (including gold, price adjusted) surged by USD479mn. In terms of official reserves, the CBT's gross FX reserves increased by USD1.5bn to USD192.4bn, net international reserves rose by USD0.8bn to USD80.3bn and net reserves excluding swaps edged up by USD0.6bn to USD66.6bn.

*** The Real Sector Confidence Index (RSCI) remained unchanged at 100.8 in December for the third consecutive month, while the seasonally adjusted RSCI rose from 103.2 to 103.7, marking its highest level since November 2023.** As a result, over the final quarter of the year, the headline RSCI increased from 100.3 to 100.8, while the seasonally adjusted index climbed from 100.1 to 103.0. Moreover, the Capacity Utilization Rate (CUR) was flat at 74.4% in December, whereas the seasonally adjusted CUR edged up from 74.1% to 74.2%. An analysis of the diffusion indices underlying the survey suggests that expectations for production over the next three months, the general outlook, and employment prospects provided positive contributions to confidence. In contrast, assessments regarding current and past order volumes, export orders, and fixed capital investment spending weighed on the index. Looking at developments over the past three months, the share of respondents reporting increases in production and orders declined, while those reporting declines in both export and domestic orders became more prominent. Looking ahead, expectations for the next three months point to stronger optimism regarding production volumes and domestic orders, while sentiment toward export orders weakened. Employment expectations shifted back toward an expansionary bias, whereas expectations for fixed capital investment lost momentum. Overall, December data indicate that the improvement in seasonally adjusted confidence and capacity utilization remains intact, suggesting that economic activity continued to operate above potential in the final quarter of the year. Within this framework, we expect GDP growth to reach 3.8% in 2025 and to accelerate to 4.0% in 2026.

Sector and Company News

- **AEFES** announced a new regional organization structure in line with its Vision 2035 goals. As of January 1, 2026, operations will be divided into three business units: Russia, Turkey, and International Operations.

- **ALTNY** will increase its current TL 235 mn capital by approximately 325% to TL 1 bn through a bonus issue today. The company also signed contracts worth TL 92.6 mn and USD 3.1 mn.

- **BVSAN** signed a EUR 2.73 mn contract for the production and delivery of 36 cranes to be used in steel and rolling mill plants in Europe.

- **ECILC** announced that building permits were obtained as of December 25, 2025, for 689 independent units (654 residences and 35 commercial spaces) within the first phase of Eczacibasi Holding's revenue-sharing project in Kartal.

- **EKOS** will increase its current TL 280 mn capital by 300% to TL 1.1 bn through a bonus issue today.

- **KAYSE** announced that it initiated project development and permitting processes for part of its investment properties portfolio, noting that the current stage does not include any binding investment or sales commitments.
- **KLSYN** announced that it signed a contract worth TL 354 mn.

- **KONTR** subsidiary Plan S Uydu signed a contract worth USD 60 mn.

- **ONRYT** signed a main contract with the Defense Industry Agency worth USD 7.4 mn, with an additional USD 1.1 mn optional extension.

- **PGSUS** announced that the financing of eight A321neo aircraft to be delivered by the end of 2026 under the 2012 Airbus order will be secured through financial leasing.

- **TCELL** will distribute a gross dividend of TL 1.82 per share today, corresponding to a 1.9% yield based on the last closing price.

- **YATAS** announced that it has sold its factory building and land located in Kayseri Organized Industrial Zone to AK Finansal Kiralama A.S. for TL 2.23 bn through a sale-and-leaseback transaction. The deal aims to refinance short-term liabilities and provide additional liquidity.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	22.528	17.96	5.43%
KLYPV		KLYPV	Buyback	100.000	58.12	0.33%
ESCAR		ESCAR	Buyback	25.000	23.52	1.21%
TEZOL		TEZOL	Buyback	102.665	12.17	0.36%
ENERY		ENERY	Buyback	850.000	9.48	3.38%

Important Disclosures

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