

Daily View

Good morning. As expected, the Fed reduced the policy rate range by “25 basis points,” lowering it from 4.50% – 4.75% to 4.25% – 4.50%. Additionally, the Fed delivered hawkish messages with a focus on inflation, again as anticipated, revising inflation expectations upward for the upcoming period and sharing a path that includes fewer rate cuts. Consequently, market pricing now reflects an expectation of only one rate cut (25 basis points) for next year, which has led to a sell-off in the stock markets. U.S. stock markets experienced declines of 2.5% – 3.5% yesterday, while European futures and Asian markets are also trading in negative territory this morning. In Borsa Istanbul, news reports toward the end of yesterday’s session about some U.S. senators potentially calling for sanctions on Turkey due to its military activities in Syria caused selling pressure. However, after the market closed, reports emerged suggesting that all sanctions imposed on Turkey during the Trump era, especially those under CAATSA, could be lifted. Although this development is supportive, the Fed’s impact remains dominant in global markets. Given the ongoing loss of momentum and the deterioration in the short-term technical outlook, we believe the weak trend in BIST could continue. During the day, the 9850 and 9700/9750 levels can be monitored as support, while 9940 and 10000 levels serve as resistance. On today’s agenda, U.S. growth data takes center stage. Turkey’s 5-year CDS premiums start the day at 251 basis points.

Macro and Politics

*** The CBRT will release weekly foreign portfolio flows, money & banking statistics, and gross & net international reserves for the period of December 6 – 13 6 today @ 14:30 local time.** Based on our calculations upon the CBRT’s analytical balance sheet, we estimate that during the week of December 6 – 13, the gross FX reserves rose by USD4bn to USD163.6bn, indicating a record high level, and the net international reserves increased merely by USD370mn to USD65.4bn. To recall the data from the previous week (November 22 – 29): The equity and the bond market (excluding repo transactions) experienced a net foreign outflow of USD157.6mn and USD6102.3mn, respectively. Besides, the foreigners’ share in total bond stock slid merely to 7.5% from 7.6%. The residents’ FX deposits tumbled by USD2.5bn (gold accounts excluded, EUR/USD parity adjusted) in the period of November 29 – December 6, while their total FX deposits (including gold, price adjusted) decreased by USD2.7bn in the week of November 29 – December 6. Moreover, the CBRT’s gross FX reserves rose by USD1.7bn to USD159.5bn, while net international reserves increased by USD0.9bn to USD65bn. Moreover, net reserves excluding swaps also increased by USD2.6bn to USD48.3bn.

*** Short-term external debt stock in October materialized at USD180.1bn, up by 2.3% compared to 2023YE.** In terms of short-term debt statistics, we believe that “debt stock on a remaining maturity basis,” calculated based on the external debt maturing within one year or less regarding the original maturity, is rather critical, which is at USD236.1bn as of September 2024. Out of this figure, USD22.9bn is debt to the resident banks and private sectors to the banks’ branches and affiliates abroad. Stripping this amount from the total results in USD213.2bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey’s annual external financing need (EFN). Accordingly, we calculate EFN as of October 2024 around USD228bn.

Sector and Company News

- **AYDEM** announced that the Environmental Impact Assessment (EIA) process for the Adıgüzel Hybrid Floating Solar Power Plant is ongoing and the project is included in its investment plan.
- **ESCAR** announced that its subsidiary, Mint Elektrikli Araç Teknolojileri, has decided to withdraw vehicles from the system and suspend operations until conditions become favorable.
- **SISE:** İş Bankası announced the purchase of 6.3mn shares of Şişecam at an average price of TL41.54. As a result of the transaction, the ownership ratio in SISE has increased to 51.43%.
- **PETKM** announced that the loan agreement signed with J.P. Morgan Securities has been amended, increasing the loan amount by USD100mn to a total of USD400mn, and extending the maturity date to December 2027.
- **SUNTK** announced that one of its shareholders has applied to the MKK for the conversion of 47mn Sun Tekstil shares into market-tradable shares.
- **TARKM** announced that it has signed a contractor agreement with Hibrit Mühendislik İnşaat for the "Ground Reinforcement, Factory Buildings, Storage Areas, and Landscaping Construction" as part of its new factory investment in Turgutlu Organized Industrial Zone.

Share Transaction

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
FRIGO		FRIGO	Buyback	20.000	8.52	2.44%
TKFEN		TKFEN	Buyback	50.000	76.57	2.66%
LKMNH		LKMNH	Buyback	20.444	17.18	2.73%
GEDİK		GEDİK	Buyback	120.000	7.94	2.25%
KRVGD		KRVGD	Buyback	200.000	2.35	1.27%
CEMZY		CEMZY	Buyback	3.706.622	11.80	3.91%
RUZY FİNANSAL HİZMETLER A.Ş.		ALMAD	Market	500.000	7.75	4.89%
TÜRKİYE İŞ BANKASI A.Ş.		SISE	Market	6.300.000	41.54	51.43%
İNVEŞ		VERUS	Market	17.000	247.75	63.59%

Important Disclosures

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