

Daily View

Good morning. Following the Christmas holidays, the market sentiment abroad appears positive, while domestically, momentum has regained after the minimum wage increase, which is viewed as supportive in the fight against inflation. Due to limited foreign participation, yesterday saw one of the lowest trading volumes of the year; however, the BIST 100 index's close above the 9,910 interim resistance level is a positive signal. In the evening, the information that the Monetary Policy Committee (MPC), which will hold its last meeting of the year today, plans to hold eight meetings in 2025 triggered buying activity in the December futures contract of XU030 during the evening session on VIOP. This was driven by the perception that the initial rate cuts could be sizable. We expect this optimism to continue on the BIST this morning. As we mentioned in our morning note yesterday, with the uncertainty surrounding the minimum wage resolved and expectations for the rate-cutting cycle strengthening, we anticipate the BIST 100 index to move towards the 10,100–10,300 range. Our 12-month index target remains at 13,900, as highlighted in our [2025 Outlook Report](#). The highlight of today's agenda is the MPC's interest rate decision, set to be announced at 2:00 PM. We expect a 150 basis point rate cut, although the likelihood of a larger cut (250 basis points) has increased. Either scenario is expected to be supportive for the BIST. Turkey's 5-year CDS premium starts the day at 259 basis points.

Macro and Politics

*** We anticipate the Monetary Policy Committee (MPC) to initiate rate cuts with a 150bps reduction at today's rate-setting, in line with the market consensus.** The MPC decision will be announced @ 14:00 local time. However, the CBRT has recently published its Monetary Policy for 2025 document and stated that in 2025, the MPC will hold 8 meetings instead of 12. Following the announcement of fewer meetings for the coming year, we do not entirely rule out the possibility of the MPC starting to cut rates by around 200bps – 250bps today.

*** The CBRT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of December 13 – 20 today @ 14:30 local time.** Based on our calculations upon the CBRT's analytical balance sheet, we estimate that during the week of December 13 – 20, the net international reserves dropped by USD3.7bn to USD61.7bn and the gross FX reserves slumped by USD7.2bn to USD156.4bn. To recall the data from the previous week (December 6 – 13): The CBRT's gross FX reserves rose by USD4.1bn to USD163.6bn and net international reserves increased by USD410mn to USD65.4bn, while net reserves excluding swaps climbed by USD1.7bn to USD50bn. Moreover, in the week of December 6 – 13, the equity market experienced a foreign inflow of USD318.7mn, while there was a net foreign outflow from the bond market at an amount of USD243mn (excluding the repo transactions). Besides, the foreigners' share in total bond stock rose to 7.6% from 7.5%. The residents' FX deposits surged by USD1.6bn (gold accounts excluded, EUR/USD parity adjusted) in the period of December 6 – 13, while total FX deposits (including gold, price adjusted) climbed by USD1.4bn in the week of December 6 – 13.

*** The Real Sector Confidence Index (RSCI) eased to 99.1 level from 100.4 as of December, sliding below the 100-threshold for the first time since September and indicating a pessimistic outlook to the economic activity by the real sector agents covered by the Survey.** The seasonally adjusted RSCI, moreover, dropped to 102.7 from 103.4. In addition, the unadjusted Capacity Utilization Rate (CUR) decreased to 75.8% from 76.1%, while the adjusted CUR remained unchanged at 75.6% in December. The leading indicators so far suggest a slightly more optimistic activity outlook for the last quarter compared to the previous one. Although the rising propensity to consume in the final months of the year plays a crucial role, we believe that front-loaded demand amid a decelerating disinflation process is the driving force behind the relatively vivid activity signals for the latest quarter. Accordingly, the evident rise in consumption in recent months raises the likelihood of positive quarterly growth in 4Q24. Nonetheless, we anticipate that stringent financial conditions will place additional strain on the industrial sector, with annual GDP growth expected to decelerate further over the next two quarters. Correspondingly, we project GDP growth to conclude 2024 at around 2.9%, with a further slowdown to 2.6% by the end of 2025.

Sector and Company News

- **ANGEN** announced that it won a 36-month laboratory service procurement tender and signed a contract worth TL17mn.
- **BMSTL** announced that its 6,240 kWp solar power plant (SPP) in Kırşehir has been approved by TEDAŞ and connected to the national grid. The plant will generate 10.8 million kWh annually, covering 80% of its electricity consumption with clean energy.
- **BTCIM** announced that its subsidiary, Batılıman Liman İşletmeleri A.Ş., will soon apply to the CMB to transition to the registered capital system as part of its plans for an initial public offering.
- **KAREL** announced that it won Vodafone Telekomünikasyon's tender, and the total value of the 4-year contract will be approximately USD45mn.
- **KRVGD** reported that its application to increase the registered capital ceiling was approved by the CMB and subsequently ratified at the general assembly.
- **LKMNH** announced the repurchase of 18,500 shares at a price range of TL16.24-TL16.42. Following this transaction, the company's stake in its share capital increased to 2.84%.
- **ODINE** announced that it received an order worth USD350K from Mavenir Systems UK Limited, a leading company in the cloud-based telecommunications software sector.
- **SKTAS** announced that the sale of Efeler Çiftliği was completed with the transfer of shares, and the USD17.5mn proceeds were used to pay off consortium loans, part of long-term loans, Efeler Çiftliği's bank loan, and other financial debts.
- **TATEN** announced that its subsidiaries signed turbine supply and maintenance contracts for a 41.3 MW capacity increase at its wind power plants (WPPs) in Yalova and Bursa, which currently have a combined capacity of 68.4 MW. Upon project completion, the total combined installed capacity will reach 358 MW.
- **TKFEN** announced that 54K shares were repurchased at an average price of TL73.56. Following the transaction, the company's shareholding ratio in its capital increased to 2.77%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
FRIGO		FRIGO	Buyback	20.000	7.90	2.50%
TKFEN		TKFEN	Buyback	54.000	73.56	2.77%
LKMNH		LKMNH	Buyback	18.500	16.33	2.84%
GEDIK		GEDIK	Buyback	7.746	7.90	2.27%
SURGY		SURGY	Buyback	10.000	44.18	0.04%
ADGYO		ADGYO	Buyback	145.000	31.74	6.11%
MERKO		MERKO	Buyback	250.000	14.44	0.59%
CEMZY		CEMZY	Buyback	650.000	12.33	4.39%

Important Disclosures

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