

## Daily View

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Good morning. The Central Bank of the Republic of Turkey (CBRT) Monetary Policy Committee (MPC) has reduced the policy rate, tracked as the one-week repo auction rate, from 50% to 47.5%. Thus, the policy rate has decreased by 250 basis points, while its annual compounded equivalent has declined by 400 basis points from 65% to 61%. Since these rates are still above both the announced and expected inflation figures, it can be stated that tight monetary conditions and a positive real interest rate environment persist in Turkey. Given the ongoing demand, we do not anticipate significant pressure on growth, and the disinflation process is expected to continue. It is also worth noting that the interest rate corridor has been revised from the 47-53% range to the 46-49% range. Consequently, while the policy rate was reduced by 250 basis points, the lower band of the interest rate corridor (overnight borrowing rate) was only cut by 100 basis points. From the perspective of Borsa Istanbul (BIST), we view this decision positively. However, following recent developments over the past two days (a 30% minimum wage increase and the announcement of 8 meetings scheduled for 2025), such a decision was anticipated. This morning, global markets exhibit a moderate optimism, but the year-end effects remain evident. Domestically, we may observe a flat market today. On the BIST 100 index, the technical levels to watch are 9890 and 9830 as supports and 9970 and 10050 as resistances. Today's agenda is calm. Turkey's 5-year credit default swap (CDS) premiums start the day at 258 basis points.

## Macro and Politics

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**\* The Monetary Policy Committee (MPC) decided to cut the policy rate by 250bps to 47.5% from 50%, broadly in line with market consensus.** Recall that our house estimate was for a 150bps rate cut; however, we emphasized recently that, following the announcement of fewer meetings for the coming year, we did not entirely rule out the possibility of the MPC starting to cut rates by around 200bps–250bps. The Committee also decided to adjust the monetary policy operational framework by setting the Central Bank's overnight borrowing and lending rates 150 basis points below and above the one-week repo auction rate, respectively. With this adjustment, the Committee has narrowed the interest rate corridor from 300bps to 150bps, signaling a calibrated and prudent policy stance to the markets. Hence, the CBRT adopted a cautious tone and communicated an overall "prudent optimism," emphasizing that it will not follow a pre-determined path of rate cuts and that decisions will be made on a meeting-by-meeting basis. Accordingly, following yesterday's 250bps rate cut, we project a gradual easing cycle throughout 2025, with the policy rate ending the year at 30%. In formulating our 2025 policy rate forecast, we assume that both ex-post and ex-ante real policy rates, as well as their average, will consistently remain above a certain threshold.

**\* In the week of December 13 – 20, limited foreign activity through the standard portfolio channels prevailed.** Accordingly, the equity market experienced a foreign outflow of USD169.2mn, while there was a net foreign inflow to the bond market at an amount of USD336.8mn (excluding the repo transactions). Moreover, the foreigners' share in total bond stock rose to 7.76% from 7.6%. Besides, the residents' FX deposits dropped slightly by USD325mn (gold accounts excluded, EUR/USD parity adjusted), while the residents' total FX deposits (including gold, price adjusted) slid moderately by USD180mn in the week of December 13 – 20. The CBRT's gross FX reserves fell by USD7.2bn to USD156.3bn, while the net international reserves decreased by USD3.7bn to USD61.8bn during the same period. Net reserves excluding swaps also declined by USD3.5bn to USD46.4bn.

**\* The CBRT released the December Sectoral Inflation Expectations survey results and the downward tendency in 12-month ahead annual inflation expectations sustained, albeit at a modest pace compared to previous month.** According to the December survey results, 12-month-ahead annual inflation expectations decreased further by 0.1 points to 27.1% for market participants, by 0.2 points to 47.6% for the real sector and by 1 point to 63.1% for households. Please recall that in the November survey results, 12-month ahead annual inflation expectations showed a decline of 0.2 points for market participants, 1.7 points for the real sector, and 3.1 points for households. The recent slowdown in the pace of inflation decline has been reflected in expectations; however, the overall downward trend in expectations remains intact.

## Sector and Company News

- **AGROT** announced the acquisition of a 14,550 m<sup>2</sup> plot of land adjacent to its existing glass greenhouse in Burhaniye. The company has begun preparations for constructing a modern glass greenhouse on the site, which is expected to be completed in 2025. Post-investment, production capacity is anticipated to increase by approximately 75%.
- **AKFYE's** subsidiary İmbat Energy announced that 3.95 MW of the Sarıtepe Hybrid SPP Project in Osmaniye has commenced commercial production. Total installed capacity has reached 703 MW, with a target of 887 MW by 2025.
- **ALCAR** announced the sale of a 29,865 m<sup>2</sup> property located in Istanbul-Tuzla to **ALARK's** subsidiary, Alarko Enerji, for TL895mn.
- **ARDYZ** announced the signing of a tender contract worth TL4.7mn for the installation, configuration, and integration of all necessary software and hardware for the Personnel Tracking System of Muğla Metropolitan Municipality.
- **ASELS** reported signing an export agreement worth EUR50.8mn with a European Union-based customer for land weapon systems.
- **AVPGY** announced that it requested an extension for 3 of the 5 planned solar energy projects to be transferred, as the company does not engage in electricity generation activities.
- **CONSE** applied to the CMB and Borsa Istanbul for a TL1bn debt instrument issuance, with a two-year maturity, targeting qualified domestic investors.
- **DAPGM** announced the repurchase of 150,000 shares at a price of TL6.72 per share. Following this transaction, the proportion of shares held relative to the company's capital reached 0.0434%.
- **DOAS** signed a distributorship agreement with MATE Bike International for the sales and service of "MATE" brand electric-assisted bicycles in Turkey.
- **EFORC** reported signing a petroleum coke sales agreement with a Dubai-based company. The value of the petroleum coke sale is USD 1.9 million.
- **GSDHO's** subsidiary GSD Asset Management announced the completion of transfer and assignment transactions for a TL88.6mn non-performing loan portfolio acquired from Garanti Factoring.
- **KONTR**, through its 51%-owned subsidiary Kontrolmatik Teknoloji Enerji and Joule Global Enerji partnership, announced securing a project in Germany for the mechanical installation of the gas turbine, generator package, steam turbine, and equipment of a 750 MW Combined Cycle Power Plant with a total value of EUR9.75mn.
- **MARKA** announced that negotiations and valuation studies have begun for the sale of its subsidiary, Engaranti Teknoloji.
- **MEDTR** sold 166,015 repurchased shares at a price of TL51.18 per share. Following this sale, the proportion of repurchased shares in the company's capital decreased to 0.96%.
- **SISE** announced the completion of negotiations to acquire 40% of Ciner Group's shares in Sisecam Chemicals Resources (SCR) for USD160mn and 40% of shares in Pacific Soda for USD50mn. With this agreement, Şişecam's ownership in Sisecam Pacific Soda LLC and SCR increased to 100%.

- **SMRTG** announced the termination of 94 employees following technological transformation at its Gebze Production Facility. The decision aims to optimize production and financial processes, reduce costs, and enhance efficiency. The company stated that the decision would not negatively impact its production activities or financial results.
- **SUWEN** announced a decision for a 150% bonus share capital increase.
- **TKFEN** announced the repurchase of 100K shares at an average price of TL72.36. As a result, the shareholding ratio of repurchased shares to the company's total capital increased to 2.79%.
- **TURSG** decided to apply to the CMB to increase its registered capital ceiling from TL5 billion to TL50 billion for the 2025–2029 period.

## 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	2.52%
TKFEN		TKFEN	Buyback	100.000	72.36	2.79%
LKMNH		LKMNH	Buyback	19.633	16.98	2.85%
KRVGD		KRVGD	Buyback	139.996	2.29	1.30%
SURGY		SURGY	Buyback	11.000	44.55	0.04%
ERCB		ERCB	Buyback	4.060	98.25	0.01%
MERKO		MERKO	Buyback	231.000	14.83	0.82%
ALARK		ALARK	Buyback	160.000	92.83	2.00%
YGGYO		YGGYO	Buyback	39.223	60.55	3.36%
DAPGM		DAPGM	Buyback	150.000	6.72	0.04%
NTHOL		NTHOL	Buyback	95.000	43.74	6.45%
TÜRKİYE İŞ BANKASI A.Ş.		ISGYO	Market	1.000.000	20.25	52.22%
TÜRKİYE İŞ BANKASI A.Ş.		SISE	Market	2.000.000	43.30	52.04%
RUZY FİNANSAL HİZMETLER A.Ş.		ALMAD	Market	600.000	7.60	5.47%

# Important Disclosures

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