

Daily View

Good morning. Although the rise in U.S. Treasury yields continues, a slight decline in oil prices and company-specific news flow are supporting global equity markets. Following yesterday's gains in the U.S., index futures are also higher this morning. European and Asian markets are also generally positive. The Fed minutes to be released tomorrow in the U.S. may have a limited impact on markets. Domestically, for the first time in a long while, we saw the number of companies hitting the upper limit (rising 9% or more) on BIST exceed the number of companies hitting the lower limit (falling 9% or more). Pressure may continue on some shares held in funds under liquidation, but the market-wide selling pressure appears to have eased. This outlook, also supported by lower-than-expected inflation data, may continue for a while longer with a pricing pattern in which banks diverge positively on expectations of rate cuts from the MPC. Fund inflows and trading volume, however, remain limited. While the BIST 100 Index rose 1.4% to 12,443 points yesterday, the companies contributing to the index were TUPRS, ASELS, AKBNK, KCHOL, ISCTR, while those with a negative impact on the index were ASTOR, CWENE, BTCIM, BIMAS, CVKMD. Companies standing out with steady fund inflows over the past week were EREGL, SAHOL, OTKAR, EKGYO, HTTBT, MAVI, GLYHO, OYAKC, INDES. From a technical perspective, the 12,530 and 12,750 resistance levels and the 12,370 and 12,230 support levels can be monitored in the BIST 100 index. On today's agenda, the real effective exchange rate and Treasury auctions domestically, retail sales in Europe, trade data in the U.S. and messages from four different Fed officials at various events will be monitored. Turkey's 5-year CDS premium starts the day at 254 basis points.

Macro and Politics

*** The CBT will release September Real Effective Exchange Rate (REER) today @14:30 local time.** Based on the average change in the equally weighted currency basket in September, the monthly inflation outturn, and our assumption for the weighted geometric foreign price index derived from inflation forecasts for Turkey's trading partners, we estimate that the CPI-based real effective exchange rate will point to a monthly real appreciation of around 0.6% in the TL in September.

*** TURKSTAT will release September seasonally adjusted CPI and core CPI aggregates today @16:00 local time.** Based on our calculations, we estimate that seasonally adjusted (SA) monthly CPI inflation came in at 1.61% in September, while CPI-B and CPI-C recorded increases of 1.63% and 1.68%, respectively. We expect today's official adjusted figures to be broadly in line with our estimates.

*** The CBT will release the Monthly Price Developments report for September today @18:00 local time.** The report is a technical one and does not contain a policy message. Still, the assessment of trend core inflation will be monitored closely.

*** The Treasury will hold auctions of a 4y TLREF-indexed bond and an 8y fixed-coupon bond today, alongside the direct sale of a 1y USD-denominated bond, to finalize its domestic borrowing program for October.** The Treasury raised TL100.8bn, including non-competitive sales, through yesterday's auctions of 2y and 5y fixed-coupon bonds. The 2y bond auction recorded a bid-to-cover ratio of 1.63x, with the average compounded yield at 39.87%, while the 5y bond auction saw a bid-to-cover ratio of 1.7x and an average compounded yield of 38.71%. The Treasury also raised a combined TL191.6bn through three direct sales yesterday. These comprised TL15.2bn from a 2y gold-denominated bond, TL117.1bn from a 2y gold-denominated lease certificate and TL59.3bn from a 2y TLREFK-indexed lease certificate. Together with the bond auctions, the Treasury raised a total of TL292.4bn from the domestic market yesterday. Under its three-month (Oct-Dec 2026) domestic borrowing strategy, the Treasury plans to raise a total of TL414.8bn from the domestic market in October through four auctions and four direct sales, against TL436.6bn of redemptions. Following yesterday's auctions and direct sales, the Treasury could raise around TL122.4bn through today's remaining transactions to meet its monthly borrowing target.

*** September CPI inflation came in at 1.8% m/m, below our 2.1% forecast and the market median of 2.2%, bringing annual inflation down to 29.7% from 31.5%.** Core inflation also eased, with annual CPI-B and CPI-C declining to 29% and 28.7%, respectively. The downside surprise in headline inflation was largely driven by a sharp decline in unprocessed food prices, while our underlying trend indicators point to a moderation in the underlying trend of inflation to around 1.8%. Services inflation nevertheless remains elevated at 2.2% m/m and 37.7% y/y, warranting continued caution over underlying inflation dynamics. Despite the lower-than-forecast September print, price increases we observed in early October have exceeded our previous assumptions, while persistently elevated energy prices and upward pressures from gradual SCT adjustments have prompted us to revise our 4Q26 inflation path higher. Accordingly, we revise our 2026 year-end inflation forecast from 28% to 29.2%. Cooling domestic demand and favorable seasonal effects in the final two months of the year should continue to support the disinflation process, albeit modestly. We maintain our call for 100bp rate cuts at both the October and December MPC meetings, bringing the policy rate to 35% by year-end. The decline in annual inflation through September, alongside increasingly visible signs of cooling domestic demand, should provide room for monetary easing in the final quarter.

Sector and Company News

- **ARDYZ** received an order worth USD48.0mn including VAT from a private company for the supply of IT equipment to be used in data center and IT infrastructure.
- **EBEBK** announced that it will release its 3Q26 financial results on November 22.
- **EBEBK** reported a 12.7% YoY increase in store visitors to 5.2mn in September and an 11.6% increase to 44.3mn in 9M26. Visits to ebebek.com declined 6.7% YoY to 10.2mn in September, while increasing 3.6% to 106.3mn in 9M26.
- **GENTS** launched a two-year share buyback program with TL100mn in funds for up to 15mn shares, corresponding to a maximum of 2% of its capital.
- **GEREL** received orders worth USD6.2mn.
- **GMTAS** announced that it has no connection with the recent allegations regarding funds and companies, and that its activities continue as usual.
- **HEKTS** applied to the CMB for the issuance of 702.1mn shares at TL3.39 per share under the TL2.38bn private placement capital increase allocated to OYAK.
- **HTTBT** signed a five-year contract with Ariana Afghan Airlines, while the airline started using its reservation and passenger services solutions.
- **LILAK** announced that the technical evaluation of its planned 6.5 MW Ergene WPP-II project in Tekirdag was concluded positively.
- **MGROS** opened 13 new stores in September, including 7 Migros and 6 Macrocenter stores. Total store count reached 3,827 as of end-September, while total net sales area increased 2% YoY to 2.1mn sqm.
- **SMRTG** signed an SPP and power transmission line installation contract worth USD14mn.

- **TRALT** will distribute a gross dividend of TL0.50 per share today, implying a dividend yield of 1.1% based on the latest closing price.
- **ULUUN** launched a one-year share buyback program with TL525mn in funds for up to 75mn shares. **ULUUN** also announced that its past investments in funds taken into liquidation by the CMB remained limited within its total financial assets, and that it did not directly trade in the shares subject to the investigation.
- **VBTYZ** received a USD4.25mn + VAT order from a Turkey-based bank for Mainframe software maintenance renewals and new licenses covering a three-year period.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
ENERY		ENERY	Buyback	150.000	13.72	4.54%
AHGAZ		AHGAZ	Buyback	40.000	45.73	3.22%
DERHL		DERHL	Buyback	357.495	1.63	0.43%
LMKDC		LMKDC	Buyback	190.000	24.08	0.31%
YYLGD		YYLGD	Buyback	82.000	7.56	0.13%
KRVGD		KRVGD	Buyback	1.100.000	2.19	1.84%
LKMNH		LKMNH	Buyback	30.000	11.40	6.02%
ALBTN		ALBTN	Buyback	50.000	24.63	0.24%
KZGYO		KGZYO	Buyback	13.526	15.98	0.07%
SELEC		SELEC	Buyback	450.000	71.37	0.13%
TATEN		TATEN	Buyback	456.517	4.79	0.14%
GRTHO		GRTHO	Buyback	25.000	125.70	1.36%
GIPTA		GIPTA	Buyback	20.000	27.85	0.09%
DAGI		DAGI	Buyback	425.000	5.70	7.24%
IZENR		IZENR	Buyback	3.000.000	3.95	0.99%

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