

## Daily View

Good morning. Global risk appetite is showing a partial recovery, but there is not yet a meaningful move away from risky territory. U.S. and European futures are in positive territory this morning, while Asia is showing a mixed picture. Domestically, MSCI's suspension of index updates regarding Turkish companies and its announcement that it will be in a monitoring process until June 2027 stand out. Since previous statements had indicated that a review would be launched in November regarding the possibility of Turkey losing its "emerging market" status, this represents an extension of time. In addition, there were expectations that some Turkish companies could be removed from the indices in the first MSCI updates; this expectation has now also disappeared. Therefore, we consider MSCI's latest decision as a neutral development. While the BIST 100 Index fell 0.4% to 12,070 points yesterday, the companies contributing to the index were ASELS, AKBNK, GARAN, YKBNK, EREGL, while those with a negative impact on the index were TUPRS, BIMAS, ASTOR, THYAO, ENKAI. Companies standing out with steady fund inflows over the past week were ASELS, GARAN, SAHOL, EREGL, AKFYE, MIATK, RGYAS, ENTRA, GRSEL, MPARK, INDES, ULUFA. In addition, the positive divergence of banks continues. The XBANK Banking index rose 1.12% yesterday, outperforming the XU100 index by 1.52%. From a technical perspective, the 11,900 / 12,000 area can be monitored as the main support zone in the BIST 100 index, while resistances are at 12,150 and the 12,300 / 12,330 area. On today's agenda, the CBT Survey of Market Participants and housing sales and price data will be monitored domestically. In the evening, S&P's review of Turkey is expected. We do not expect any change in the rating, which is three notches below investment grade, and the "stable" outlook. In Europe, CPI; in the U.S., industrial production and capacity utilization will be followed. Turkey's 5-year CDS premium starts the day at 249 basis points.

## Macro and Politics

**\* The CBT will release the results of the Survey of Market Participants for October @ 10:00 local time.** According to the CBT's September 2026 Survey of Market Participants, respondents revised their year-end CPI inflation expectations upward to 29.6% from 29.4% for 2026 and to 22.7% from 21.9% for 2027. The 12-month-ahead inflation expectation remained unchanged at 23.7%, while the 24-month-ahead expectation edged up to 18.3% from 18%. The five-year-ahead inflation expectation rose more notably to 12.1% from 11.1%. Following the softer-than-expected September CPI print, we believe the 12-month-ahead inflation expectation could see a modest downward adjustment in the next survey.

**\* TURKSTAT will release September housing sales figures @ 10:00 local time.** Total house sales declined by 14.7% y/y to 127,410 units in August. First-hand house sales fell by 4.5% y/y to 44,378 units, while second-hand house sales contracted by 19.4% y/y to 83,032 units. Mortgage-backed sales, meanwhile, increased by 7.2% y/y to 22,131 units, although their share in total house sales declined to 17.4% from 19.3% in July. Turning to financial conditions in the housing market, the average mortgage rate rose to 41.99% in August from 41.46% in July, compared with 40.36% in August 2025. With annual growth in mortgage-backed sales slowing further in August, we maintain our view that elevated financing costs continue to constrain credit-driven housing demand.

**\* The CBT will release the Residential Property Price Index (RPPI) for September @ 10:00 local time.** The Residential Property Price Index (RPPI) increased by 0.9% m/m and 23% y/y to 236.8 in August, while declining by 6.5% y/y in real terms. The New Tenant Rent Index (NTRI) rose by 2.3% m/m and 26.4% y/y to 336.2, while recording a 3.9% annual decline in real terms. The August data indicate that both residential property price and rent growth continue to lag inflation, with the real declines in both measures becoming more pronounced.

**\* Credit rating agency S&P has scheduled a sovereign rating review for Turkey today.** It is worth noting that scheduled review dates do not necessarily result in the publication of a rating report or a new rating action. Any potential announcement would be expected after market close. In its latest review on April 17, 2026, S&P affirmed Turkey's long- and

short-term foreign- and local-currency sovereign credit ratings at BB-/B, maintaining its stable outlook. We do not expect S&P to make any changes to Turkey's sovereign ratings or stable outlook in today's scheduled review. Please note that Moody's, S&P and Fitch currently rate Turkey three notches below investment grade, all with stable outlooks.

**\* Foreign investors recorded net sales of USD248.2mn in equities during the October 2–9 week, while purchasing USD451.1mn in bonds (excluding repo transactions).** Equity outflows extended into a second week, bringing cumulative net foreign sales over the two-week period to USD438mn. In the bond market, foreign investors returned to net buying after three weeks of selling. Foreigners' share in the total bond stock remained unchanged at 6.6%, its lowest level in three months. Residents' FX deposits (excluding gold and adjusted for the EUR/USD parity effect) increased by USD294mn during the October 2–9 week, while total FX deposits (including gold, adjusted for the price effect) increased by USD324mn. The CBT's gross reserves rose by USD4.2bn to USD171.6bn during the October 2–9 week, ending a six-week streak of declines. Net reserves increased by USD4bn to USD57.7bn. Meanwhile, the swap stock fell by USD2.4bn to USD13.5bn, lifting net reserves excluding swaps by USD6.4bn to USD44.1bn.

**\* The central government budget posted a deficit of TL532.2bn in September, alongside a primary deficit of TL269.2bn.** The cumulative budget deficit reached TL1.8tn in Jan–Sep, corresponding to 67.8% of the full-year target of TL2.7tn. On a trailing 12-month basis, the deficit widened to TL2.4tn from TL2.2tn. Budget revenues rose by 22.7% y/y to TL1.3tn in September, lagging annual CPI inflation of 29.7%. Tax revenues increased by 21.8% y/y to TL1.1tn, with domestic VAT collections rising by 34.8% y/y, suggesting some easing in the recent signs of cooling domestic demand. Meanwhile, SCT revenues from petroleum and natural gas products fell by 24.5% m/m, despite the partial restoration of the fixed SCT on diesel. Total expenditures increased by 34.1% y/y to TL1.8tn, with primary spending up 39.1% y/y and interest expenditures reaching TL263bn. We estimate that the échelle mobile mechanism will result in approximately TL500bn in foregone tax revenues in 2026, including the associated VAT impact. As the mechanism is gradually phased out and fixed SCT rates on diesel are restored, we expect fuel-related tax revenues to recover in 4Q26. Nevertheless, revenue growth remaining below inflation and persistently elevated interest expenditures continue to weigh on the fiscal outlook. We maintain our 2026 budget deficit forecast at TL2.8tn, equivalent to 3.3% of GDP.

## Sector and Company News

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- MSCI froze new inclusions of Turkish equities into its indices, upgrades to higher index segments and increases in foreign inclusion factors until further notice.
- **BIGTK** announced that Re-Pie Yatirim Holding sold 205,233 shares, reducing its stake in the company from 12.47% to 11.86%.
- **CELHA** announced that the total value of orders received and shipments made to 39 new customers in 2026 exceeded 10% of its 2025 revenues.
- **EDATA** announced that judicial measures were imposed on certain executives and controlling shareholders, while no measures were imposed on the company itself and operations continue uninterrupted.
- **ETILR** signed a one-year agreement with Poland-based Sweet Nuts for the sale of various food products, with a reference value of around EUR10.1mn.
- **GESAN** submitted the most competitive bid of TL390.9mn in TEIAS's substation construction tender.
- **HEKTS** announced that OYAK's stake in the company increased from 46.87% to 50.95% following the private placement capital increase, while OYAK assessed that no mandatory tender offer obligation arose.

- **MAVI** repurchased 300K shares at an average price of TL36.67 per share on October 15, 2026 under its share buyback program. The ratio of total repurchased shares to capital reached 2.26%.
- **TATEN** won its lawsuit against TEIAS regarding WPP contribution fees at the court of first instance, with the court ordering the repayment of TL466.2mn plus interest. The decision is not yet final.
- **TUPRS** announced it will release 3Q26 financial results on November 6.
- **UCAYM** announced that it has no investments in funds subject to liquidation by the CMB and no relationship with individuals or institutions linked to the investigation.
- **YKBNK** announced that the Competition Board granted an exemption for the agreement allowing Yapi Kredi to distribute investment products for 15 years following the transfer of Yapi Kredi Portfoy to Azimut. CMB approval is still pending.
- **ZOREN** announced that its appeal against the court decision regarding the Tekkehamam II Geothermal Power Plant project was rejected, while the main legal proceedings are ongoing.

## Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|----------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| KRVGD    |        | KRVGD   | Buyback                      | 210.368   | 2.15                   | 2.02%                              |
| LKMNH    |        | LKMNH   | Buyback                      | 30.000    | 10.78                  | 6.14%                              |
| KZGYO    |        | KGZYO   | Buyback                      | 190.000   | 18.31                  | 0.78%                              |
| ARMGD    |        | ARMGD   | Buyback                      | 404.316   | 122.15                 | 1.99%                              |
| YYLGD    |        | YYLGD   | Buyback                      | 70.000    | 7.31                   | 0.18%                              |
| MAVI     |        | MAVI    | Buyback                      | 300.000   | 36.67                  | 2.26%                              |
| TABGD    |        | TABGD   | Buyback                      | 20.000    | 207.87                 | 0.10%                              |
| KLRHO    |        | KLRHO   | Buyback                      | 118.000   | 10.80                  | 0.11%                              |
| ATAKP    |        | ATAKP   | Buyback                      | 60.000    | 32.64                  | 0.69%                              |
| LMKDC    |        | LMKDC   | Buyback                      | 100.000   | 22.75                  | 0.43%                              |
| ARSAN    |        | ARSAN   | Buyback                      | 300.000   | 3.11                   | 7.27%                              |

## Important Disclosures

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