

Daily View

Good morning. Despite rising expectations for a Fed rate cut on September 17—fueling record pricing in precious metals such as gold and silver—the impact on global equities remains limited. This morning, U.S. and European futures are slightly negative, while Asia is showing a mixed picture. At Borsa Istanbul, although the 11,500 / 11,600 band was tested for three consecutive days last week, weakening momentum dragged the index back to around 11,300. Over the past two sessions, we observed attempts to hold above the 10-day exponential moving average; however, there remains downside potential toward the 11,000 / 11,100 support zone. On the upside, 11,400 may serve as an interim resistance level. The Turkish economy grew by 1.6% QoQ and 4.8% YoY in the second quarter of 2025 (Q2 25), compared to expectations of 3.8% annual growth. Meanwhile, first-quarter growth was revised upward to 2.3% YoY from 2.0%. The stronger-than-expected growth reflects both the low base effect and revisions introduced under the Turkish National Accounting System. Following these data, expectations for a rate cut at the September 11 MPC meeting may be partly tempered, potentially reducing the recent support to Borsa Istanbul coming through this channel. Based on company valuations, the 12-month BIST 100 index target continues to point above 14,900. On today's agenda, Eurozone CPI data, as well as U.S. Manufacturing PMI and ISM figures, will be in focus. Turkey's 5-year CDS spread opens the day at 264 basis points.

Macro and Politics

*** Turkey's economy grew by 1.6% in sequential terms and 4.8% on annual basis in 2Q25.** Our house forecast as well as the market median according to the ForInvest survey, had anticipated annual growth of 3.8%. Moreover, growth data for 1Q25 were revised to 0.7% q/q from 1% and 2.3% y/y from 2%. The acceleration in annual growth was largely driven by base effects from the previous year, while revisions in the Turkish National Accounts System also contributed significantly to the divergence between market expectations and the realized figures. Despite changes in calculation system, the robust growth outcome poses potential risks to the disinflation process. It's worth noting that the CBT noted in its 3Q25 Inflation Report that "preliminary indicators point to a slowdown in domestic demand in 2Q25 and an increase in the disinflationary effect of demand conditions." However, today's release partially contradicts this assessment. Accordingly, we view today's robust GDP figures as potentially prompting a reassessment of the current monetary policy stance. We maintain our full-year GDP growth forecast at 3.1%, while acknowledging that today's data have increased upside risks to our projection.

*** The Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI rose to 47.3 in August from 45.9 in July, marking its first increase since January and reaching its highest level since April.** Yet, the index continues to remain below the 50-threshold since April 2024, signaling a continued contraction in manufacturing activity. Key takeaways from the August reading include: (i) weaker moderations in output and new orders, (ii) sharpest scaling back of workforce numbers since April 2020 and (iii) output price inflation at eight-month low. At the sectoral level, only one out of ten sub-sectors—the basic metals industry (50.5)—registered expansion in August, while the remaining nine sub-sectors continued to contract. Hence, the sectoral PMI survey further highlights the persistence of challenging demand conditions. Although the leading indicators for 3Q25 remain limited, indicators so far suggest a modest slowdown on an annualized basis relative to the previous quarter. The sharp acceleration in industrial sector activity observed in 2Q25 (+6.1%) was largely driven by a low-base effect and changes in calculation system. Accordingly, we expect this effect to moderate in 3Q25, thereby revealing a more pronounced weakness in the industrial sector trend.

***Based on our calculations using the CBT's analytical balance sheet, we estimate that during the week of August 22 – 29, net international reserves surged by USD1.9bn to USD73.6bn, returning to pre-19 March levels, while gross FX reserves climbed by USD2bn to a new record USD178.5bn.** We anticipate that the official reserve data, to be released on Thursday, will likely reflect a similar rise in line with our estimates.

Sector and Company News

White goods sector July data was released. Domestic sales declined by 14% YoY to 785k units, exports decreased by 15% to 1.7mn units, and production fell by 13% to 2.4mn units. In the January–July period, domestic sales contracted by 9% YoY to 5.9mn units, exports declined by 7% to 11.8mn units, production decreased by 9% to 17.5mn units, and total sales volume dropped by 7% to 17.7mn units.

In the prestigious global defense industry ranking Defense News Top 100, five Turkish companies were included this year. ASELS ranked 43rd with defense revenues exceeding USD 3.5bn, remaining the top Turkish company on the list (vs 42nd last year). TUSAS, Roketsan, ASFAT, and MKE also secured positions as non-listed companies.

- **AKENR:** The company announced that repair works at the Erzin Natural Gas Combined Cycle Power Plant have been completed and the plant has been restarted at full capacity.
- **AVTUR:** The company set the exit right price at TL11.95 per share regarding the sale of its shares in Metro Turizm Otelcilik ve Petrol Urunleri Tic. A.S. to Avrasya GYO.
- **ETYAT:** The company will increase its capital from TL20mn to TL60mn through a 200% bonus issue funded from internal resources.
- **EUKYO:** The company will increase its capital from TL20mn to TL60mn through a 200% bonus issue funded from internal resources.
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- **GSDHO:** The company, through its subsidiary GSD Shipping B.V., signed a purchase agreement for a 40,000 DWT dry bulk vessel, which is planned to be delivered in 2029.
- **JANTS:** The company announced that collective bargaining negotiations with Birlesik Metal-Is Union have been concluded and signed by the High Arbitration Board.
- **KARSN:** The CEO stated in an interview with Bloomberg HT that the company is working intensively to integrate hydrogen technology into its products and is expanding in priority European markets including Switzerland, Croatia,

Poland, Portugal, and Spain. He emphasized that Karsan aims to strengthen its brand globally in the electric transformation process.

- **KCAER:** Within its 2030 vision, the company applied for an EIA for planned green steel plant and new steel profile factory investments, while also continuing drilling and EIA processes for the Kocaer JES 1 plant.
- **KFEIN:** The company's DataTouch product was granted a patent by the Turkish Patent and Trademark Office.
- **KLNMA:** The company signed a USD200mn loan agreement with China Development Bank.
- **RYGYO:** The company stated that the privatization tender it previously won in Tuzla, Istanbul with a value of TL2bn was approved in the Official Gazette and that the sales contract will be signed.
- **SEGMN:** Real person shareholders applied for conversion into tradable shares for 27mn shares, corresponding to 15.1% of the company's capital.
- **THYAO:** The company will distribute a gross dividend of TL3.44 per share today as the second tranche, implying a dividend yield of around 1% based on the last closing price.
- **ZOREN:** The company announced plans to drill three geothermal exploration wells in Diyardin under the World Bank-supported Risk Sharing Mechanism project.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	60.000	20.16	4.37%
AKSGY		AKSGY	Buyback	666.335	7.81	0.18%
BORSK		BORSK	Buyback	41.660	24.24	0.04%

Important Disclosures

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