Daily View

Good morning. While oil prices remain elevated, U.S. 10-year Treasury yields are also trading above 5% for the first time since 2023. However, during that period, yields remained above 5% for only one day (October 23, 2023), after which the 10-year yield declined from around 5% to 3.8% over two months, despite the Fed policy rate remaining at around 5.5% for an extended period. During the same period, the S&P 500 rallied from around 4,100 to approximately 5,200. Given the geopolitical risks, pressure on valuations and expectations of Fed rate hikes in the current environment, we consider the likelihood of a similar scenario recurring to be very low. We believe U.S. Treasury yields may remain elevated, which would continue to weigh on U.S. equities as well as global equity markets. Turning to this morning, U.S. and European equity futures, along with Asian markets, are broadly trading lower. In Borsa Istanbul, meanwhile, foreign selling and a loss of daily momentum stand out, albeit on relatively low trading volumes, while the BIST 100 Index declined 1.6% yesterday to 14,235 points. The stocks contributing positively to the index were DSTKF, SASA, TUPRS, RALYH and PGSUS, while ASELS, KTLEV, ASTOR, BIMAS and ODINE were the main negative contributors. Over the past week, the stocks standing out with consistent net inflows were PGSUS, ISCTR, TTKOM, AEFES, GLYHO and SOKM, as well as relatively smaller-cap names KUYAS, BAHKM, DERHL and KLYPV. From a technical perspective, 14,180 and 14,000–14,050 can be monitored as support levels for the BIST 100 Index, while 14,350 and 14,500–14,550 stand out as resistance levels. On today's agenda, Treasury auctions and the budget balance will be monitored domestically, while the external calendar remains relatively light. The Fed meeting starts today, with the rate decision due tomorrow at 21:00. Turkey's 5-year CDS spreads are starting the day at 230 basis points.

Macro and Politics

*** The Treasury will hold auctions of 5y and 8y fixed-coupon bonds as well as a direct sale of a 2y lease certificate today and finalize its domestic borrowing program for September.** The Treasury tapped the domestic markets to the tune of TL144bn, including TL60.7bn through non-competitive sales, in yesterday's auctions of a 2y fixed-coupon bond (new benchmark bond) and a 4y TLREF-indexed bond. Demand at the 2y fixed-coupon bond auction was relatively weak, with a bid-to-cover ratio of 1.84x, while the average compound yield stood at 39.98%. The 2y bond maturing on September 13, 2028, which was issued for the first time yesterday, will become Turkey's new 2y benchmark government bond. Demand at the 4y TLREF-indexed bond auction was relatively strong, with a bid-to-cover ratio of 2.28x, while the periodic rate stood at 18.64%. Under its September–November 2026 domestic borrowing strategy, the Treasury plans to raise TL281.9bn from the domestic market in September against TL296.7bn of redemptions. Accordingly, the Treasury could borrow around TL138bn through today's auctions and direct sale.

*** The Treasury and Finance Ministry will release August central government budget figures @ 11:00 local time.** The Treasury cash balance posted a surplus of TL49.8bn in August, while the primary cash balance recorded a surplus of TL209.6bn. The Treasury cash balance provides an early indication of the August central government budget figures, due to be released on September 15. As a reminder, the central government budget had posted a TL114.2bn surplus in June, largely driven by base effects stemming from deferred tax collections and temporary tax payments, before swinging back into a TL378.1bn deficit in July as these effects faded and budget expenditures rose sharply. The return of the Treasury cash balance to surplus in August points to a marked improvement in the central government budget balance compared with July. We forecast the 2026 year-end budget deficit at TL2.8tn, equivalent to 3.3% of GDP.

Sector and Company News

- **TKFEN** reported TL12.6bn in revenue, TL1.8bn in EBITDA and TL949mn in net profit in 2Q26. In the same period last year, the company had posted TL15.4bn in revenue, negative EBITDA of TL1.5bn and a net loss of TL2.1bn.

- Under the VBTS framework, short selling and margin trading bans will be imposed on **CITAS, CATES** and **SELEC** shares between September 15 and October 14.

- **AKFGY** will distribute a gross dividend of TL0.09 per share today, implying a dividend yield of 0.3% based on the latest closing price.

- **BULGS** will distribute a gross dividend of TL0.01 per share today, implying a dividend yield of 0.5% based on the latest closing price.

- **GARAN** sold six NPL portfolios with a total principal amount of TL3.01bn for TL449mn.

- **GRSEL** launched a one-year share buyback program with TL300mn in funds for up to 1mn shares and repurchased 14k shares on the first day.

- **INFO** will increase its capital by 100% through a bonus issue today, raising it from TL960.3mn to TL1.92bn.

- **LIDFA** will increase its capital by 51.54% through a bonus issue today, raising it from TL1.09bn to TL1.65bn.

- **PCILT** launched a one-year share buyback program with TL100mn in funds for up to 2.85mn shares, corresponding to a maximum of 2.41% of its capital.

- **PEKGY** announced that the mandatory tender offer will be carried out between September 16 and September 29 at TL18.77 per share. Investors who held shares as of February 27 and still continue to hold them will be eligible to participate.

- **PGSUS** announced that passenger traffic increased by 5% YoY to 4.51mn in August, while the load factor declined by 1.4pp YoY to 89.5%. In the January-August period, total passenger traffic increased by 4% YoY to 29.15mn, while domestic passenger traffic rose by 13% YoY to 11.37mn and international passenger traffic declined by 1% YoY to 17.78mn.

- **PRKME** collected an additional TL457.9mn related to the Ciner Enerji share sale.

- **SISE** announced that the consent solicitation regarding its 2029 and 2032 Eurobonds totaling USD1.5bn was accepted, while no changes were made to the bonds' amount, coupon or maturity.

- **ZOREN** appointed financial advisors to evaluate financing options and strategic alternatives regarding its capital structure.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
DAGI		DAGI	Buyback	1.219.612	8.96	4.85%
GRSEL		GRSEL	Buyback	14.092	295.00	0.01%
GLYHO		GLYHO	Buyback	100.000	16.49	1.90%
EGEGY		EGEGY	Buyback	250.000	22.84	0.18%

Important Disclosures

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