Daily View

Good morning. Following the continued sell-off in global markets yesterday, we are seeing a rebound in risk appetite this morning, supported by stronger-than-expected inventory data in the US, a decline in oil prices, and US 10-year Treasury yields falling below 5%. US and European futures, as well as Asian equities, are broadly trading higher. The Fed's interest rate decision, expectations, the statement, and accompanying remarks will be released tonight and will be closely watched. Just two weeks ago, markets were debating whether the Fed would raise rates in December or at its January or March 2027 meetings. Over the past week, however, expectations have shifted rapidly, with markets now pricing in a rate hike from the Fed tonight, followed by two or three additional hikes. This shift carries various risks for a wide range of assets, including emerging market assets, commodities, technology stocks, and US Treasuries. Therefore, the messages from the Fed at 21:00 Türkiye time will be highly critical. Domestically, the moderation in expectations for a rate cut by the CBRT's Monetary Policy Committee, at a time when major central banks are raising rates or are expected to do so, triggered a notable sell-off in Borsa Istanbul yesterday, led by banks. The BIST 100 Index declined 2.4% to 13,892 points. The top five stocks contributing positively to the index were DSTKF, ASELS, TKFEN, PATEK, and ENERY, while BIMAS, AKBNK, THYAO, YKBNK, and KTLEV had the most negative impact. The stocks that have stood out with consistent fund inflows over the past week are AEFES, GLYHO, and ISDMR. From a technical perspective, 13,800 and 13,690 can be monitored as support levels for the BIST 100 Index, while 14,000 and 14,220 stand out as resistance levels. On today's agenda, housing sales in Türkiye, industrial production in Europe, and retail sales in the US will be closely monitored in addition to the Fed decision. Türkiye's 5-year CDS premium starts the day at 230 basis points.

Macro and Politics

*** The CBT will release the Residential Property Price Index (RPPI) for August @ 10:00 local time.** The Residential Property Price Index (RPPI) increased by 1.5% m/m and 25% y/y to 234.8 in July, while declining by 5.1% y/y in real terms. Besides, the New Tenant Rent Index (NTRI) rose by 1.9% m/m and 28.4% y/y to 328.5, while recording a 2.6% annual decline in real terms. The July data indicate that nominal residential property price growth continues to lag inflation, pointing to an ongoing real adjustment in the housing market.

*** The central government budget posted a surplus of TL12.9bn in August, while the primary balance recorded a surplus of TL209.9bn.** The return to a budget surplus was supported by a 17.2% monthly increase in revenues and a decline of more than 8% in expenditures, with the latter largely driven by a marked fall in interest expenses. Accordingly, the cumulative central government budget deficit reached TL1.3tn in Jan–Aug, corresponding to 48.2% of the TL2.7tn full-year deficit target for 2026. Budget revenues rose by 28.5% y/y to TL1.6tn in August, lagging annual CPI inflation of 31.5%. The overall revenue performance, amid a marked decline in tax revenues from fuel products and signs of cooling domestic demand, indicates that revenue growth continues to trail inflation. Budget expenditures, meanwhile, increased by 37.8% y/y to TL1.6tn, despite declining by more than 8% from the previous month. The August figures suggest that the sharp monthly decline in interest expenses was the main driver of the moderation in overall spending. We maintain our 2026 budget deficit forecast at TL2.8tn, equivalent to 3.4% of GDP. Budget performance in the first eight months of the year remains broadly consistent with the full-year target. Nevertheless, the fact that annual revenue growth continues to lag inflation, together with persistently elevated interest expenses, remains a key consideration for the fiscal outlook. Over the remainder of the year, the trajectory of economic activity, tax collection performance and the impact of energy prices on the budget will be key determinants of the fiscal performance.

*** The Treasury tapped the domestic markets to the tune of TL118bn, including TL69.3bn through non-competitive sales, in yesterday's auctions of 5y and 8y fixed-coupon bonds.** Demand at the 5y fixed-coupon bond auction was weak, with a bid-to-cover ratio of 1.33x, while the average compound yield stood at 38.73%. Demand was similarly weak at the 8y fixed-coupon bond auction, with a bid-to-cover ratio of 1.36x, while the average compound yield came in at 35.19%. The Treasury also raised TL32.2bn through a direct sale of a 2y lease certificate yesterday. With these transactions, the Treasury completed its September domestic borrowing program, raising a total of TL294bn during the month, slightly above its TL281.9bn borrowing target. The Treasury's next three-month domestic borrowing program, covering October–December 2026, will be announced on Wednesday, September 30 at 17:00 local time. Under its September–November 2026 domestic borrowing strategy, the Treasury plans to raise TL409.1bn from the domestic market in October against an equivalent amount of redemptions, implying a projected rollover ratio of 100%.

Sector and Company News

- **PENTA:** Penta Teknoloji announced that it has signed a distribution agreement with Constructor Tech, which develops artificial intelligence-powered education and research solutions.

- **RUBNS:** Rubenis Tekstil announced that it signed cash sales contracts with nine domestic companies totaling TL 270 million between July 1 and September 15.

- **SDTTR:** The Company signed a USD 14.6 million contract in the field of defense systems, with deliveries planned for 2028–2029.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
DAGI		DAGI	Buyback	233,211	8.72	4.91%
GRSEL		GRSEL	Buyback	35,908	295.00	0.05%
GLYHO		GLYHO	Buyback	200,000	16.25	1.91%
EGEGY		EGEGY	Buyback	250,000	22.44	0.30%
ARSAN		ARSAN	Buyback	1,300,000	3.94	7.19%
ORGE		ORGE	Buyback	540,000	22.44	0.61%
PCILT		PCILT	Buyback	100,000	30.14	0.08%
BALAT		BALAT	Buyback	3,000	68.65	1.33%
TEZOL		TEZOL	Buyback	500,000	8.61	0.10%

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