

Daily View

Good morning. The recent statement by U.S. President Trump regarding the potential increase in tariffs on steel products from 25% to 50% is once again dampening global risk appetite. This morning, U.S. and European equity futures, along with open Asian markets, are trading in negative territory. We anticipate that the negative momentum carried over from last week will persist as Borsa Istanbul kicks off the new week. A decline below the 9,000 level on the BIST 100 index appears likely. From a technical perspective, 8,870 and 8,560 are key support levels, while 9,100 and 9,250 can be monitored as resistance levels. The Central Bank's weighted average cost of funding (WACF) has once again approached the 49% threshold. The weakness in the growth outlook remains evident, and preliminary forecasts for corporate second-quarter earnings largely point to a subdued outlook. Despite 12-month target levels for the BIST 100 suggesting an index value around 13,800 and an implied upside potential of over 50%, we believe the index will continue to struggle in finding meaningful catalysts. We maintain our cautious stance with a preference for reduced risk exposure. On today's agenda, PMI data releases will be in focus both domestically and abroad. Additionally, a Cabinet meeting is scheduled in Turkey, and the continuation of Russia-Ukraine negotiations in Istanbul is expected. Turkey's 5-year CDS spreads started the day at 322 basis points.

Macro and Politics

***Istanbul Chamber of Industry (ICI) Turkey May Manufacturing PMI will be announced @ 10:00 local time.** The Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI remained unchanged at 47.3 in April, holding at its lowest level since October. Persistently below the 50-threshold since March 2024, the PMI continues to signal a sustained slowdown in manufacturing sector activity. Following an average of 47.73 in the final quarter of 2024, the index recorded a marginal uptick to 47.87 in the first quarter of 2025, indicating no palpable change in momentum. The accompanying note underlined that the Turkish manufacturing sector continued to face challenges in April, although there were some signs of improvement as rates of moderation in output, new orders and exports all eased. The note highlighted that firms again scaled back employment and purchasing activity, while muted demand conditions contributed to the most pronounced quickening of vendor lead times since the end of 2022.

***Turkey's economy grew by 2% y/y and 1% q/q in 1Q25, coming in slightly below expectations, as both our house forecast and the market consensus had pointed to a 2.3% annual growth rate.** An expenditure-side breakdown of the 1Q25 performance reveals that the strongest contribution to growth came again from household consumption, which rose by 2% y/y and contributed 1.6ppt to the annual growth rate. Moreover, public spending increased by 1.2% y/y, adding approximately 0.2ppt to growth and indicating that fiscal policy remained supportive of economic activity during the quarter, while inventory build-up posted an annual rise of 2.1%, contributing an additional 0.2ppt to overall growth. Meanwhile, exports remained flat, while imports rose by 3%, leading to a negative contribution of 0.6pt from net exports to headline growth. While the economy entered 2025 on a relatively strong footing, supported by resilient domestic demand, we expect growth to lose momentum in the second quarter. We maintain our 2025 growth forecast at 3.1%, though we believe downside risks are mounting. Given the recent domestic developments and tightening financial conditions, we believe the likelihood of full-year GDP growth coming in below 3% in 2025 has increased significantly.

*** The adjusted unemployment rate climbed from 8% to 8.6% in April.** As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment,

potential labor force and unemployment – rose sharply from 28.8% to 32.2%, marking an all-time high and signaling a pronounced weakening in labor market conditions. Moreover, the combined rate of time-related underemployment and unemployment rose from 17.9% to 22.5%, while the combined rate of unemployment and potential labor force edged down from 20.1% to 20%. Heightened domestic financial turbulence starting from March 19 and the subsequent tightening measures introduced by the CBT are expected to weigh more explicitly on economic activity as of the second quarter. Accordingly, rather than focusing solely on the headline unemployment rate, we anticipate that the rate of composite measure of labor underutilization, which we monitor more closely, will remain elevated, reflecting persistent weakening in the labor market.

Sector and Company News

- **FONET** announced that it won the tender titled "36-Month Health Information Management System Service Procurement" issued by the Eskişehir Provincial Health Directorate, with a bid of TL57mn.
- **İNDES** announced that an application has been submitted to the Capital Markets Board (CMB) for the merger process, based on the simplified procedure, whereby its 100% subsidiary ASF Emlak Gayrimenkul A.Ş. will be merged into the company as a whole, including all its assets and liabilities.
- **MHRGY** decided to distribute a dividend of TL0.05 per share on July 1.
- **SRVGY** announced that 40 independent units located in Ankara, known as "Sinpaş Altınoran Agora Çarşı" and owned by Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş., have been purchased from Sinpaş GYO for a price of TL702mn excluding VAT.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMINH		LKMINH	Buyback	60.500	15.38	1.99%
ENERY		ENERY	Buyback	1.500.000	4.86	2.20%
INVES		INVES	Buyback	9.102	220.02	0.73%
REEDR		REEDR	Buyback	100.000	11.59	0.17%
KOCMT		KOCMT	Buyback	130.000	12.97	0.40%
MACKO		MACKO	Buyback	200.000	40.02	1.50%
AHGAZ		AHGAZ	Buyback	120.892	23.75	1.22%
ORGE		ORGE	Buyback	20.000	77.00	0.05%
GUBRF		GUBRF	Buyback	150.000	238.10	0.41%
GLYHO		GLYHO	Buyback	1.198.701	6.97	0.50%
ALARK		ALARK	Buyback	655.433	81.76	5.29%
BOBET		BOBET	Buyback	100.000	26.50	0.57%

Important Disclosures

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