

## Daily View

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Good morning. Global markets continue to focus on geopolitical developments, with the Iran–Israel tension currently topping the agenda. Yesterday, news suggesting conciliatory signals from Iran had supported equity markets during the day; however, we later observed a renewed wave of selling. Unconfirmed reports regarding the Strait of Hormuz—where nearly one-fifth of global oil and natural gas supply transits—and the persistence of geopolitical strain are keeping markets on edge. Borsa Istanbul recorded a modest gain of 0.4% yesterday, although capital outflows continue. We expect intraday volatility to persist. That said, the Central Bank of Turkey's Weighted Average Cost of Funding still hovers around 46%, and the potential for a rate cut signal from the Monetary Policy Committee on Thursday may lend support to Borsa Istanbul. For the BIST 100 index, resistance levels are at 9,430 and 9,560, while support is observed at 9,210 and 9,060. From a medium- to long-term perspective, we believe that a de-escalation in geopolitical tensions would further strengthen the positive momentum in Borsa Istanbul. Today's agenda is notably busy: domestic Treasury auctions, economic sentiment surveys in Europe, and in the U.S., key data including retail sales, import/export price indices, industrial production, and capacity utilization will be closely watched. Turkey's 5-year CDS started the day at 294 basis points.

## Macro and Politics

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**\*The Treasury will hold 4y TLREF-indexed and 9y fixed coupon bond auction today and finalize its domestic borrowing program for June.** The Treasury tapped the domestic markets to the tune of T60.8bn (including non-competitive sales) via yesterday's 2y fixed coupon and 4y CPI-indexed bond auctions. As a result, the Treasury's total domestic borrowing so far this month has reached TL158.6bn. According to three-month (June – August 2025) domestic borrowing program, the Treasury has a domestic redemption of TL265.6bn in June, while in return it plans to borrow TL279bn in total throughout the month. Having already raised TL158.6bn through domestic borrowing this month, the Treasury is likely to borrow around TL120bn via today's double auctions.

**\*The central government budget posted a surplus of TL235.2bn in May, broadly in line with our house estimate, while the primary balance registered a surplus of TL346.bn.** As a result, the cumulative budget deficit for the first five months of the year stood at TL50.3bn, corresponding to 33.7% of the TL1.93tn deficit target set for 2025. As of May, the 12-month rolling budget deficit reached TL2.3tn, while the 12-month rolling primary deficit stood at TL653.bn. It is worth noting that the sizeable surplus recorded in May was largely driven by a surge in corporate tax revenues, stemming from the structural impact of the removal of the fourth corporate provisional tax payment, which was abolished starting in May 2023. The removal of this instalment has led to a concentration of corporate tax declarations in May, reflecting both the first-quarter provisional taxes for the current year and corporate taxes announced for the previous year's last quarter. However, we anticipate this temporary revenue boost to disappear in June, with the budget balance returning to deficit territory in the subsequent month. We forecast the 2025 budget deficit at TL1.9tn, corresponding to 3% of GDP.

**\*The current account posted a deficit of USD7.86bn in April, slightly exceeding our house forecast of USD7.5bn.** Consequently, the 12-month trailing current account deficit widened from USD12.8bn to USD15.8bn. The core balance, which excludes gold and energy, also recorded a USD1.9bn deficit in the same period, marking the first negative print since April 2024. Accordingly, the 12-month cumulative surplus in the core balance narrowed from USD51.4bn to

USD49.5bn. Based on preliminary foreign trade data, we expect the current account to register a modest deficit of around USD200mn in May. Our year-end forecast for the 2025 current account deficit stands at USD22bn (1.5% of GDP).

\* **The CBT released the results of the June Market Participants' Expectations Survey.** Accordingly, the year-end inflation expectation, which had previously edged up from 30% to 30.35% in May, declined to 29.86% in the June survey—marking the first downward revision since March. In addition, the 12-month-ahead CPI forecast dropped from 25.06% to 24.56%, while the 24-month-ahead expectation decreased from 17.77% to 17.35%. Moreover, participants' monthly inflation forecast for June currently stands at 1.61%. Based on our compiled average price data so far, we estimate that monthly CPI inflation in June may come in within the 1.7% - 1.8% range. We maintain our year-end inflation forecast at 31%, though we now see the risks as skewed marginally to the downside. While no change is expected at this week's Monetary Policy Committee (MPC) meeting, expectations have shifted toward a 300bps rate cut in July. We expect the MPC to keep the policy rate unchanged at 46% at this week's meeting, while lowering the upper bound of the interest rate corridor (the overnight lending rate) from 49% to 47.5%. Should June inflation align with our projection and materialize within (or below) the 1.7% - 1.8% band, we believe the CBT may initiate a series of 250bps cuts starting in July, bringing the policy rate down to 36% by year-end.

## Sector and Company News

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- **SNICA** announced that a sales contract worth TL 185mn has been signed for the supply of infrastructure pipes within the scope of the Urfa Ceylanpınar Irrigation Project.
- **TKNSA** announced that the Competition Authority has decided to impose an administrative fine of TL17mn on the company.
- **GIPTA** will distribute a gross cash dividend of TL 1.06 per share today, implying a dividend yield of 1% based on the last closing price.
- **SMRTG** announced that its subsidiary Smart Gunes, signed a turnkey solar power plant installation contract worth USD 3.5mn with a domestic institutional client.
- **GLYHO** reported May 2025 passenger statistics for its indirect subsidiary Global Ports Holding. The number of cruise calls increased by 11% YoY, while passenger movements rose by 4%. In April 2025, the occupancy rate of incoming ships reached 107% on a consolidated basis.
- **BVSAN** signed a EUR 1mn contract for crane production and delivery as part of its new factory investment in Europe. Production and delivery are expected to be completed by April 2026.
- **SNICA** signed a TL 185mn sales contract to supply infrastructure pipes for the Ceylanpınar irrigation project in Şanlıurfa.
- **AKBNK** transferred a TL 3,461mn portion of its non-performing loan portfolio to four asset management companies for a total consideration of TL 765mn.

- **VSNMD** announced that at the Board of Directors meeting held at the company headquarters of Visne Madencilik; it was unanimously decided by the participants to purchase the real estate with an 18,955.44 m2 Olive Garden located in Çelemlı neighborhood of Yüreğir district of Adana province for investment purposes for a total price of TL7mn by paying TL5.9mn real estate price and TL1.1mn mortgage release.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	140.684	14.80	2.54%
PNLSN		PNLSN	Buyback	10.000	36.84	0.35%

# Important Disclosures

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