

Daily View

Good morning. We start the day with two key headlines. The first is the outcome of the Fed meeting concluded last night: as expected, the Fed left interest rates unchanged; however, it revised inflation forecasts upward and growth forecasts downward. Additionally, stronger emphasis was placed on rising uncertainties and inflation risks in the upcoming period. The second topic is the ongoing Iran–Israel tension, with claims in U.S. media suggesting that the U.S. may take direct military action against Iran in the coming days. These claims have also been intermittently reflected in statements by U.S. President Trump. These two developments are weighing on global risk appetite, leading to a generally negative tone across U.S. and European futures as well as Asian equity markets this morning. The pressure from these developments is also being felt on Borsa Istanbul, and we believe the weakness may persist in the short term. From a technical perspective, support levels for the BIST 100 index are at 9,060 and 8,950, while resistance levels are observed at 9,250 and 9,430. On today's domestic agenda, attention will be on the Monetary Policy Committee (MPC) meeting at 14:00 local time. We expect the policy rate to be maintained at 46%, while the upper band of the interest rate corridor may be reduced from 49% to 47.50%. The MPC decision statement may include signals of a potential rate cut at the next meeting scheduled for July 24. Therefore, while we expect appetite for Borsa Istanbul to strengthen once geopolitical risks ease, we reiterate that risks remain elevated in the short term. On the global front, today's data flow is quiet, and U.S. markets will be closed. Turkey's 5-year CDS premiums started the day at 305 basis points.

Macro and Politics

*** We expect the Monetary Policy Committee (MPC) to leave the policy rate unchanged at 46% at today's rate-setting, while lowering the upper bound of the interest rate corridor from 49% to 47.5%, thereby restoring corridor symmetry.** The MPC decision will be announced @ 14:00 local time today. The CBT has already performed an effective rate cut of 300 bps through increasing the size of its weekly repo auctions and lowering the WACF as well as TLREF from 49% to 46%. Hence, we do not anticipate an additional rate cut today as either likely or warranted. Instead, we anticipate a 150bps reduction in the overnight lending rate to 47.50%, aligning the interest rate corridor symmetrically and effectively lowering the upper bound of market rates. Starting in July, we expect the CBT to embark on a gradual easing cycle, delivering monthly rate cuts of 250bps, with the policy rate likely to fall to 36% by year-end.

*** TURKSTAT will release May house sales figures @ 10:00 local time.** House sales totaled 118,359 units in April, indicating a 6.8% increase m/m, while registering a sharp rise of 56.6% on an annual basis. Mortgage-backed sales reached 17,465 units, marking a robust annual increase of 147%, despite a 4.2% decline on a monthly basis. The share of mortgage sales in total housing transactions stood at 14.8%. Meanwhile, sales to foreign nationals rose by 13.2% year-on-year to 1,440 units, accounting for 1.2% of total housing sales.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of June 6 – 13 @ 14:30 local time.** Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of June 6 – 13, net international reserves increased by USD1.3bn to USD53.4bn, while gross FX reserves edged up by USD3.3bn to USD159.4bn. We anticipate that today's official reserve data will likely reflect a similar picture in line with our calculations. To recall the data from the previous week: During the week of May 30 – June 6, foreign investors were net buyers of equities, with inflows amounting to USD51.3mn, while they posted a net outflow

of USD1.6bn in the bond market (excluding repo transactions). During the same period, the residents' FX deposits dropped further by USD2.3bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) retreated by USD2.6bn. Besides, within the mentioned week, the CBT's net international reserves increased by USD2.8bn to USD52.1bn, while gross reserves rose by USD2.7bn to USD156.1bn. Moreover, net reserves excluding swaps climbed by USD2.5bn, reaching USD32.5bn.

Sector and Company News

- **BERA** announced that its subsidiary Komyapı İnşaat has signed a TL2.5bn contract with TOKİ for the construction of 997 housing units and a commercial center comprising 29 shops, including all related infrastructure and landscaping works in Malatya.
- **ONRYT** reported receiving a USD359K order from a domestic customer to supply voice-communication capabilities for its electronic-warfare solutions.
- **SKTAS** said it has signed an agreement to install a rooftop solar power plant (GES) on its Aydın facility. Scheduled to come online on 15 October, the plant is expected to cover 42 % of the company's total electricity consumption in 2024.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMINH		LKMINH	Buyback	119.200	14.67	2.63%
HRKET		HRKET	Buyback	50.000	75.27	1.09%
TCKRC		TCKRC	Buyback	21.237	35.53	0.07%
BOBET		BOBET	Buyback	150.000	19.80	0.72%
GLYHO		GLYHO	Buyback	150.000	7.25	0.57%
GUBRF		GUBRF	Buyback	71.688	221.49	0.44%
TERA		TERA	Buyback	20.000	285.50	7.40%

Important Disclosures

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