

Daily View

Good morning. While concerns that the U.S. may intervene in Iran over the weekend are being priced in, a statement from the White House suggesting that “a decision on military intervention against Iran will be made within two weeks” is providing some relief to global equity markets. These remarks may be tactical in nature and should not be interpreted as a guarantee of non-aggression for two weeks; nevertheless, they are offering some breathing space. Meanwhile, the Iran–Israel tension and missile attacks continue. On another front, the Central Bank of the Republic of Turkey (CBRT) announced its Monetary Policy Committee (MPC) rate decision yesterday. As expected, the policy rate (one-week repo) was held steady at 46%. However, the upper bound of the interest rate corridor (overnight lending rate) was also kept unchanged at 49%, whereas we had expected a 150 basis points cut to 47.5%. The MPC Statement emphasized geopolitical risks and rising global trade protectionism. Although the rate decision was more hawkish than anticipated, the overall tone of the statement conveys only a very limited dovish stance. While we continue to expect a rate cut at the next MPC meeting scheduled for July 24, geopolitical risks and the trajectory of energy prices will remain key factors to monitor. On BIST, due to the limited easing in geopolitical tensions, we may observe an attempt to hold above the 9000 / 9100 range this morning and a possible move toward the 9200 / 9250 resistance zone. However, the impact of the MPC decision will likely act as a limiting factor. Turkey's 5-year CDS premiums are starting the day at 312 basis points.

Macro and Politics

*** In the week of June 6 – 13, foreigners registered a net purchase of USD475mn in equities and USD580mn in government bonds (excluding repo transactions).** This marked the ninth consecutive week of foreign inflows into the equity market, while the bond market saw a return to net foreign buying following two weeks of outflows. As a result, the foreigners' share in total bond stock edged up from 4.8% to 5.1% within the mentioned week. During the week of June 6–13, residents' FX deposits rose by USD 2.6bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) increased by USD2.9bn during the week of June 6 – 13. Besides, The CBT's gross FX reserves rose by USD3.4bn to USD159.5bn and net international reserves climbed by USD2.6bn to USD54.8bn, while net reserves excluding swaps surged by USD2.9bn to USD35.4bn.

*** The Monetary Policy Committee (MPC) kept the policy rate unchanged at 46% and made no adjustments to the interest rate corridor, maintaining the upper bound at 49%.** Both our house forecast and the market consensus had anticipated a reduction in the upper band to 47.5%. The decision is hawkish than expected, as the ceiling for market rates remains intact at 49%. Amid the ongoing recovery in reserves for the past five weeks, declining inflation and the uninterrupted decline in residents' FX deposits for seven consecutive weeks, we believe the CBT may initiate rate cuts as early as July. That said, geopolitical risks and the trajectory of energy prices will be key factors to monitor. Considering the existing market and economic dynamics, we believe the commencement of a rate-cutting cycle in July could pave the way for the policy rate to be reduced to the 36% – 38% range by year-end.

*** The CBT will release the Residential Property Price Index for May @ 10:00 local time.** The Residential Property Price Index (RPPI) rose by 1.4% m/m and 32.9% y/y in April, reaching a level of 176.4. Yet, in real terms, the index posted an annual decline of 3.6%. Although the annual real depreciation in housing prices has persisted since February 2024, the pace of this depreciation has been moderating since October. Notably, the 3.6% year-on-year decline recorded in April

marks the smallest real loss in value observed since February 2024. The y/y increase in mortgaged home sales appears to have been driven by expectations of further price appreciation, despite mortgage rates remaining elevated at around 40%. These expectations are likely supported by the recent stabilization in real house price depreciation, following an extended period of real term weakening. This trend in both mortgage-backed sales and house prices continued in April as well.

***TURKSTAT will release June Consumer Confidence Index @ 10:00 local time.** The consumer confidence index ameliorated by 1.1% to 84.8 level in May. Please recall that the index slumped by 2.3% to 83.9 level in April, mainly on the back rising idiosyncratic concerns. As of May, a renewed upward trend is evident, accompanied by a notable improvement in consumer sentiment. It is important to underscore that the consumer confidence index — which ranges from 0 to 200 — signals pessimism when it falls below 100, and optimism when it exceeds that threshold.

Sector and Company News

- **BORLS** launched a share buyback program covering up to 5 million shares, equivalent to 2.96% of its paid-in capital, with a maximum fund allocation of TL 500mn. The program starts today and will remain in effect for one year.
- **BRSAN** decided to consolidate its production operations in Istanbul Halkalı and Bursa into its Gemlik Campus in line with its growth, profitability, and efficiency targets. The strategic project includes an investment outlay of approximately USD 29mn and one-off expenses of USD 27mn. It aims to increase capacity, reduce fixed costs, and improve working capital by around USD 30mn. The investment is expected to be completed within 24 months without disrupting production and is projected to contribute positively to the company's EBITDA margin by 50–100 basis points.
- **EBEBK** announced that it has signed a 10-year licensing agreement with Mothercare Global Brand Limited for the licensed production and sale of Mothercare products in Turkey.
- **EUHOL** announced that it has decided to initiate partnership and acquisition discussions with companies operating in the healthcare sector, as part of its efforts to explore alternative revenue-generating investment opportunities.
- **HALKB** announced that Fitch Ratings affirmed its credit ratings and revised all outlooks from *Negative* to *Stable*. The long-term foreign currency rating was affirmed at B+, and the local currency rating at BB-.
- **POLHO** will increase its paid-in capital from TL 758.5mn to TL 3.8bn via a 397.7% bonus issue funded by internal resources. The record date for bonus share entitlement has been set as June 24, 2025.
- SPK approved the debt instrument issuance applications of **USAK**, **TKNSA**, and **ERCB**.
- **VBTYZ** announced that 30% of the shares of TSSX Bilişim ve Danışmanlık A.Ş. have been acquired by Neo Portfolio Management Inc. through the VBT Yazılım Venture Capital Investment Fund.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
KOCMT		KOCMT	Buyback	100.000	11.99	0.43%
HRKET		HRKET	Buyback	50.000	75.80	1.13%
LKMNH		LKMNH	Buyback	79.000	14.47	2.67%
PNLSN		PNLSN	Buyback	50.000	35.49	0.45%

Important Disclosures

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