

Daily View

Good morning. Global markets are starting the new week on a positive note, supported by optimism surrounding a potential agreement between the United States and Iran. The official agreement is expected to be signed in Switzerland on Friday, June 19. A decline of up to 4% in oil prices, along with gains in U.S. and European futures and Asian equities, suggests that investors are increasingly confident that a deal will be reached. Meanwhile, expectations for the Federal Reserve's first rate hike have been pushed back from December 2026 to April 2027, providing support for gold and silver prices. In Türkiye, the BIST 100 Index rose 1.4% on Friday to close at 13,938 points. The five stocks contributing most positively to the index were AKBNK, YKBNK, THYAO, SAHOL, and ISCTR, while ASTOR, ASELS, RALYH, TUPRS, and PASEU exerted the greatest negative impact. Over the past week, consistent fund inflows have been observed in AKBNK, SAHOL, YKBNK, EREGL, ISCTR, GARAN, EKGYO, and TCELL. For this morning, we expect the BIST 100 to move toward the 14,100–14,200 resistance zone. A breakout above this range could open the way toward the 14,450–14,650 target area. We also expect the XBANK Banking Index to continue outperforming the broader BIST 100 for some time, supported by declining CDS premiums and expectations that June inflation could come in close to 1%. Such an outcome may increase the likelihood of the Central Bank of the Republic of Türkiye (CBRT) gradually lowering its Weighted Average Funding Cost from the 40% range toward 37% ahead of the July 23 Monetary Policy Committee meeting. In addition, the strong fund inflows and foreign investor purchases observed on Friday may continue in the near term. On today's economic calendar, investors will be monitoring industrial production data from Türkiye, Europe, and the United States. Later in the week, attention will turn to the Federal Reserve's policy meeting, chaired for the first time by Kevin Warsh, along with the accompanying policy statement and guidance. Finally, Türkiye's five-year CDS premium starts the day at 229 basis points.

Macro and Politics

*** The Treasury will hold 8m zero-coupon and a 2y fixed-coupon bond auctions today.** Following today's double auctions, the Treasury will hold 5y fixed-coupon bond auction as well the direct sale of 1y TLREFK-indexed lease certificate tomorrow and finalize its June domestic borrowing program. According to the Treasury and Finance Ministry's three-month domestic borrowing strategy for the June–August 2026 period, domestic redemptions amounting to TL555bn in June are planned to be met with total domestic borrowing of TL543.8bn, implying a rollover ratio of 98%. Having already raised TL293.2bn since the beginning of the month, the Treasury is expected to borrow approximately TL250.6bn through this week's bond auctions and direct sale.

*** TURKSTAT will release April industrial production figures today at 10:00 local time.** The sequential (seasonally and calendar-adjusted monthly figure) industrial production (IP) contracted by 0.8% m/m in March, while calendar-adjusted annual IP declined by 1.1% y/y. Following the rebound recorded in February, the renewed weakening signaled by the March data came broadly in line with our expectations, while subcomponents and high-frequency indicators suggest that the soft underlying trend is likely to persist in the coming period. Foreign trade data continue to provide important signals regarding industrial activity, with imports of intermediate goods excluding gold and energy pointing to a loss of momentum on the production side in April. Meanwhile, another key leading indicator, the Istanbul Chamber of Industry Turkey Manufacturing PMI, fell sharply to 45.7 in April from 47.9 in March, marking its lowest level since October 2024 and signaling a more pronounced deterioration in manufacturing sector activity. Against this overall picture, we expect the weak trend in industrial production to remain in place in April.

*** The Treasury and Finance Ministry will release May central government budget figures @ 11:00 local time.** The central government budget posted a TL338.7bn deficit in April, while the primary balance recorded a TL81.1bn deficit. As a result, the cumulative budget deficit reached TL758.8bn during the first four months of the year, while the 12-month rolling budget deficit widened to TL1.7tn. The widening in the April budget deficit was primarily driven by a decline in SCT revenues under the échelle mobile mechanism and the fading impact of tax collections that had been pulled forward into March due to changes in VAT filing deadlines. We expect the budget deficit to widen further in May. The reintroduction of the fourth provisional corporate tax payment last year resulted in corporate tax collections being recorded in May, whereas the corresponding revenues were shifted to February this year. This creates an adverse base effect for corporate tax revenues and is likely to result in a palpable year-on-year decline in corporate tax collections in May, exerting additional pressure on the budget balance. Our year-end budget deficit forecast stands at TL3.3tn, corresponding to 4.0% of GDP.

*** The CBT released its June 2026 Survey of Market Participants.** Year-end 2026 and 2027 CPI expectations increased modestly to 29.1% and 21.4%, respectively. While 12-month ahead inflation expectations remained unchanged at 23.8%, 24-month ahead expectations eased slightly to 18.3%, while 5-year ahead expectations remained stable at 11.9%. Monthly CPI expectations stand at 1.36% for June, followed by 1.6% in July and 1.5% in August. Following May's 1.71% monthly CPI print, we estimate monthly inflation to ease toward 1% in June, potentially somewhat below that level. We maintain our year-end CPI forecast at 28%, while continuing to monitor upside risks. Survey participants expect the Monetary Policy Committee (MPC) to keep the policy rate unchanged at 37% at the July 23 meeting, while September pricing points to a limited easing expectation, with the policy rate forecast at 36.3%. Our year-end policy rate forecast remains at 35%. Participants' year-end 2026 USD/TRY forecast declined marginally to 51.5 from 51.6. Our year-end USD/TRY forecast stands at 51.5, broadly in line with market expectations. On the macro front, participants revised down their 2026 growth forecast to 3.2%, while keeping the 2027 forecast unchanged at 4.1%. Current account deficit expectations increased to USD49.2bn for 2026 and USD42.5bn for 2027. We maintain our 2026 growth forecast at 3.2%. On the external balance side, after previously revising our 2026 current account deficit forecast from USD36bn to USD45bn following recent geopolitical developments, we now raise our forecast further to USD54bn (3% of GDP), reflecting mounting risks to the external balance outlook.

*** The current account balance posted a USD5.7bn deficit in April, coming in wider than both the market median forecast and our house estimate.** As a result, the cumulative current account deficit for the Jan – Apr period reached USD29.4bn, marking a significant deterioration compared to the USD22.6bn deficit recorded in the same period last year. Meanwhile, the 12-month rolling current account deficit narrowed to USD37bn from USD39.7bn in March, largely driven by favorable base effects. Excluding gold and energy, the current account balance (core balance) recorded a USD319mn surplus in April, while the cumulative core balance posted a USD6.1bn deficit in the January–April period. On a 12-month rolling basis, the core current account surplus increased from USD26.6bn to USD29.45bn. The balance of payments-defined foreign trade deficit declined to USD6.8bn in April, down from USD9.5bn in March. On the services side, net services income rose to USD3.7bn in April from USD2.6bn in the previous month, while net travel revenues — the largest component within services — increased from USD2.2bn to USD2.9bn. On the capital flows side, net portfolio inflows amounted to USD4.1bn in April. Looking at the underlying breakdown, non-residents recorded USD892mn of net equity purchases, USD3.4bn of net inflows into mutual funds, and USD382mn of net purchases in government bonds during the month. Following the outbreak of the US–Iran conflict, we had previously revised our 2026 current account deficit forecast upward from USD36bn (2.1% of GDP) to USD45bn (2.5% of GDP). At this stage, taking into account the growing impact of geopolitical developments on the external balance outlook, we now further raise our 2026 current account deficit forecast to USD54bn, corresponding to 3% of GDP.

Sector and Company News

- **Automotive Manufacturers Association (OSD)** announced automotive data for May.
 - Total automotive production declined by 10% YoY to around 539k units in the January–May period. Passenger car production fell by 20% YoY to 301k units, while total production including tractors stood at 547k units.
 - In the January–May period, commercial vehicle production increased by 6% YoY, while heavy commercial vehicle production rose by 8% YoY and light commercial vehicle production increased by 6% YoY.
 - The lower number of working days in May compared to last year weighed on production and export volumes. In the January–May period, total exports declined by 15% YoY in unit terms to around 374k units. Passenger car exports fell by 29% YoY, while commercial vehicle exports increased by 5% YoY. Tractor exports rose by 20% YoY to 5,149 units.
- **The CMB extended the measures regarding the short selling ban in Borsa Istanbul equity markets and the flexible application of equity ratio requirements in margin trading until the end of the trading session on June 26.**
- Under the VBTS framework, short selling and margin trading bans will be imposed on **CELHA, ONRYT** and **RYSAS** shares between June 15 and July 14.
- **ALARK** announced that a process was initiated for the conversion of shares held by an individual shareholder, corresponding to 3% of the company's capital, into tradable type.
- **BANVT** announced that it is among the 13 companies for which a supervisory trustee measure was imposed as part of the investigation into the white meat sector. BANVT stated that its operations continue within the framework of legal obligations.
- **BFREN** applied for an investment incentive for a new product investment related to commercial vehicle systems. The first orders are targeted for 2026, while mass production is planned to start in 2027.
- **BULGS** will distribute a gross dividend of TL0.09 per share today, implying a dividend yield of 0.2% based on the latest closing price.
- **DENGE** acquired shares corresponding to 9.26% of SB Çelik Madencilik's capital for TL1.75bn.
- **DERHL** applied to the CMB to increase its capital by 401% through a bonus issue, from TL197mn to TL989mn.
- **GENIL** participated in the capital increase of its subsidiary Gen Pharma Caucasus with USD9.8mn and maintained its 66% stake in the company.
- **KLSYN** announced that talks initiated in 2023 with an Egypt-based organization regarding licensed production and strategic cooperation were terminated.

- **KONTR** announced that its shares will be removed from the BIST Corporate Governance Index, XKURY, as of June 15 due to the expiry of its corporate governance rating agreement.
- **LOGO** will distribute a gross dividend of TL0.09 per share today, implying a dividend yield of 3.7% based on the latest closing price.
- **LRSHO** announced that the capital of its subsidiary Big Power Enerji was increased from TL50mn to TL120mn.
- **MAGEN** announced that its Chairman purchased 2mn shares at TL30.06 per share. Following the transaction, his stake in the company increased to 0.07%. MAGEN also launched a share buyback program for up to 25mn shares, corresponding to around 0.85% of its capital, and/or up to TL1bn in funds.
- **MARKA** signed an agreement with a company operating in the IT and software sector to evaluate partnership, acquisition or strategic cooperation options.
- **ORGE** decided to increase its issued capital by 400% through a bonus issue, from TL80mn to TL400mn.
- **RALYH** announced that its shareholders withdrew their CMB applications for the conversion of shares corresponding to a total of 10% of the company's capital into tradable type.
- **SNGYO** signed a construction agreement in return for land share for two land plots in Beşiktaş.
- **TSKB** signed a USD350mn green loan agreement with Japan Bank for International Cooperation, JBIC.
- **TURSG** will increase its capital by 100% through a bonus issue today, from TL10bn to TL20bn.
- **ULAS** acquired a 50.3% stake in Künye Gıda for TL70mn.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
MAGEN		MAGEN	Buyback	1.000.000	30.06	0.03%
BOBET		BOBET	Buyback	250.000	18.77	2.62%

Important Disclosures

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