Daily View

Good morning. Following higher-than-expected inflation data in the U.S. and the stickiness seen in core figures, the expectation for the Fed's first rate hike was brought forward from January to December. We see that three different Fed officials have given messages in this direction one after another, and that in Reuters polls, all of the more than 100 participants shared an expectation of a rate hike in December. Fitch's expectation of a slowdown in data center investments after the U.S. midterm elections is also generally negative for technology stocks. With the wind changing direction so quickly, U.S. markets saw selling yesterday, while the 10-year U.S. Treasury yield also exceeded 5% again. This morning, as yields ease slightly, U.S. futures are seeing rebound buying. European futures and Asian markets are also generally in positive territory. In Borsa Istanbul, the short-term upward channel formed as we entered November is maintained, but the BIST 100 Index fell 0.43% to 11,661 points yesterday. The companies contributing to the index, which remained within the channel, were TCELL, THYAO, PGSUS, GARAN, MGROS, while those with a negative impact on the index were KCHOL, GUBRF, TRALT, SAHOL, CVKMD. Companies standing out with steady fund inflows over the past week were GARAN, AKBNK, YKBNK, ISCTR, THYAO and EKGYO. The positive divergence in the XBANK Banking index continues; since the end of August, the XBANK index has provided a 34% higher return relative to the XU100. For the BIST 100 index, from a technical perspective, the 11,800 / 11,900 band can be monitored as the first resistance and the 11,450 / 11,500 band as the first support area. Today's agenda is quiet. Turkey's 5-year CDS premium starts the day at 237 basis points.

Macro and Politics

*** The sequential (seasonally and calendar-adjusted monthly figure) industrial production (IP) index rose 2.1% m/m in September, exceeding our 0.5% forecast, while calendar-adjusted annual IP increased 2.6% y/y against our expectation of a milder contraction.** Manufacturing output rose 2.3% m/m, with headline production recovering after two consecutive monthly declines. Capital goods production increased 8.2% m/m, while gains in intermediate, durable consumer and non-durable consumer goods ranged from 0.5% to 1.6%. This uneven performance suggests the headline rebound does not yet signal a comparable improvement in underlying domestic demand and investment conditions. Production of other transport equipment, which includes defense-related products, rebounded 29.4% m/m and 34.8% y/y following August's sharp decline. High-technology production surged 26.1% m/m and 31.1% y/y, with strong increases also recorded in computer, electronic and optical products, and motor vehicles, trailers and semi-trailers. However, monthly and annual declines in fabricated metal products, basic metals and other non-metallic mineral products, alongside an 11.6% annual contraction in wearing apparel, underscore persistent weakness elsewhere in manufacturing. Despite September's rebound, industrial and manufacturing output contracted 1.8% and 2.2% q/q, respectively, in Q3, with calendar-adjusted annual growth limited to 0.2% in both. The manufacturing PMI's decline to 47.3 in October, alongside faster contractions in output and new orders, casts doubt on the recovery's durability. Real card spending and confidence indicators also remain consistent with slowing domestic demand. We expect Q3 GDP growth of around 3.2% y/y, supported by a strong recovery in agriculture amid favorable base effects and contributions from non-industrial sectors. Given our cautious Q4 outlook, we maintain our house forecast for 2026 growth at 2.8%, following the recent downward revision from 3.2%.

Sector and Company News

- **AKSEN** increased the capacity of its power plant in Gabon from 145 MW to 225 MW and extended the duration of its electricity sales agreement from 10 to 15 years.

- **AYES** commenced production at its Aliaga Plant following the completion of investment and testing processes.

- **CWENE** announced its 2027 targets of USD688mn in consolidated revenues and USD209mn in EBITDA, implying an EBITDA margin of 30.4%.

- **EREGL** announced that a total gold resource of 893k ounces was identified at its Alacahan Gold Project in Sivas, comprising 785k ounces of indicated resources and 108k ounces of inferred resources.

- **FLAP** will distribute a gross dividend of approximately TL0.11 per share today, implying a dividend yield of 1.1% based on the latest closing price.

- **GUBRF** repurchased 50k shares at an average price of TL289.2 per share, for a total consideration of TL14.5mn.

- **HALKB** completed the transfer of its 99.99% stake in Halk Katilim Bankasi to TVF Katilim Finans Yatirimlari for TL14.8bn, generating a gain of TL39.9mn from the transaction.

- **HUNER** applied to the CMB to increase its share capital from TL1bn to TL2bn through a 100% rights issue.

- **KARCL** signed a EUR14mn loan agreement with a maturity of 9.5 years for its 28.11 MW solar power plant investment and received loan approval for its EUR22.4mn rolling mill modernization project.

- **KRPLS** announced that it will pay the TL30.2mn fine imposed by the Competition Authority at a reduced amount of TL22.7mn, benefiting from a 25% early payment discount.

- **KTLEV** announced that all necessary regulatory permits and approvals for the transfer of Katilimevim to Emlak Katilim Bankasi had been obtained.

- **MGROS** will distribute a gross interim dividend of approximately TL6.49 per share today, implying a dividend yield of 1.3% based on the latest closing price.

- **NETAS** submitted its prospectus to the CMB for approval to increase its share capital from TL64.9mn to TL259.5mn through a 300% rights issue.

- **ORZAX** forecast TL10.5bn in revenues and TL3.6bn in EBITDA for 2026, while targeting TL14.3bn in revenues and TL4.5bn in EBITDA for 2027.

- **PGSUS** reported a 4% YoY increase in passenger traffic to 4.21mn in October, while the load factor declined by 0.5pp to 88.2%. In January–October, passenger traffic increased by 5% YoY to 37.64mn.

- **QUICK** reported a 16.2% YoY decline in gross premium production to TL24.8bn in January–October.

- **TAVHL** reported flat YoY passenger traffic at 11.6mn in October. In January–October, total passenger traffic increased by 2% YoY to 100.9mn, with international passenger traffic rising by 1% to 67.6mn and domestic passenger traffic increasing by 5% to 33.4mn.

- **TNZTP** completed core sampling studies for its 25k sqm hospital project in Balcova, Izmir, with the application proceeding to the evaluation stage.

- **ULUUN** announced that Sparta Portfoy funds sold 1.2mn shares, reducing their combined stake in the company from 3.06% to 2.91%.

- **YKBNK** signed syndicated loan agreements totaling USD933mn, with maturities of 367 and 734 days.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
MAVI		MAVI	Buyback	350.000	35.04	2.80%
DAGI		DAGI	Buyback	90.000	6.46	13.59%
ENERY		ENERY	Buyback	300.000	14.12	4.75%
AHGAZ		AHGAZ	Buyback	60.000	45.51	3.44%
SUWEN		SUWEN	Buyback	519.000	4.84	0.09%
YYLGD		YYLGD	Buyback	100.000	6.58	0.44%
ATATP		ATATP	Buyback	20.000	212.97	0.41%
GUBRF		GUBRF	Buyback	50.000	289.23	1.13%

Important Disclosures

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