Daily View

Good morning. The recent announcement of some flexibility in U.S. customs tariffs, investment announcements in Europe—particularly in defense—and stimulus expectations in China are driving buying activity in global markets. In Borsa Istanbul, strong momentum continues with high trading volume, foreign purchases, and capital inflows. The BIST 100 index closed at 10,189 yesterday, marking the second-highest closing level since August 5. Given the ongoing momentum and the positive outlook in global markets, we expect the 10,200–10,300 resistance zone to be tested today. A breakout above this zone could target the 10,450–10,500 range, effectively closing the gap formed seven months ago. However, it should be noted that this scenario does not apply to the BIST 100 index in dollar or inflation-adjusted terms, nor to the XUSIN BIST Industrial Index, as these indices remain well below their resistance levels from the past seven months. The rally, led by banks, may take some more time to spread across the broader market. While fourth-quarter financial results for non-banking sectors are stronger compared to the second and third quarters, they still reflect weakness. Therefore, despite 12-month BIST 100 index targets pointing above 14,000, the possibility of a short-lived rally remains. On today's agenda, the CBRT and ECB interest rate decisions stand out. We expect a 250-basis-point rate cut from the CBRT, with the wording of the decision statement being crucial. Meanwhile, Turkey's 5-year CDS starts the day at 255 basis points.

Macro and Politics

*** We expect the Monetary Policy Committee (MPC) to cut the policy rate further by 250bps to 42.5% at today's meeting, in line with the market consensus according to the survey conducted by ForInvest.** The decision will be announced at 14:00 local time. It is important to note that the retroactive reduction which was recently applied to a portion of the medical examination copayment increases resulted in a downward revision to February inflation forecasts, in line with our expectations. Hence, we believe the amendment to the Healthcare Implementation Communiqué will further strengthen the possibility of a 250bps rate cut in March. Our base case scenario suggests that rate cuts will continue by 250bps in both March and April, after which the pace of cuts may slow starting from the June meeting. We expect interest rate cuts to persist throughout 2025, with the policy rate projected to reach 30% by the end of the year.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of February 21 – 28 @ 14:30 local time.** Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of February 21 – 28, the net international reserves dropped further by USD3.6bn to USD68.3bn and the gross FX reserves slumped by USD4.6bn to USD165.6bn. We anticipate that today's official reserve data will likely reflect a similar trend in line with our calculations. To recall the data from the previous week: The equity and the bond market (excluding repo transactions) experienced a net foreign inflow of USD74mn and USD180mn, respectively, in the week of February 14 – 21. On an annual basis, the equity market recorded a cumulative foreign outflow of USD2.5bn, whereas the bond market (excluding repo transactions) saw a cumulative foreign inflow of USD17.9bn. In ytd terms, there has been a foreign inflow of USD330mn and USD2.1bn to the equity and the bond market (excluding repo transactions), respectively. During the week of February 14 – 21, the resident's FX deposits experienced the sharpest increase since August 2023 as the FX deposits surged by USD3.3bn (gold accounts excluded, EUR/USD parity adjusted), while total FX deposits (including gold, price adjusted) saw a palpable increase of USD3.7bn. The CBT's gross FX reserves dropped by USD3.2bn to USD170bn, while net international reserves slid by USD6.2bn to USD72bn. The CBT's net reserves excluding swaps, moreover, decreased by USD5.7bn to USD65.7bn.

Sector and Company News

- **AEFES (Negative)** recorded a TL1.4bn net loss, significantly below market expectations. For full-year 2024, net profit declined by 59% YoY to TL13.1bn. Net sales remained flat YoY, reaching TL231.4bn for the year.

- **ENKAI (Slightly Positive)** reported a net profit of TL6.24bn for 4Q24. The net profit declined by 27% YoY but improved by 10% QoQ. Meanwhile, the company's revenue increased by 22% YoY and 11% QoQ, reaching TL27.38bn. The gross profit margin improved by 11.7 ppt YoY and 6.0 ppt QoQ, reaching 28% in 4Q. Operating margins also improved. The company's portfolio reached USD5.8bn by year-end.

- **MGROS (Slightly Negative)** reported a 4Q24 net profit of TL731mn, representing a 77% decline QoQ and an 84% decline YoY. The full-year 2024 net profit amounted to TL6.3bn, marking a 50% YoY decline. Net sales were in line with expectations, remaining stable QoQ at TL75.6bn, while full-year revenue increased by 12% YoY to TL293.8bn.

- **PENTA** reported a net profit of TL98mn for 4Q24. The company had reported TL158mn net profit in the same period last year and TL145mn in the previous quarter. During the same period, revenue declined by 15% YoY but improved by 15% QoQ, reaching TL6.10bn. Operating margins remained stable, while financial expenses put pressure on net profit.

- **PETKM (Slightly Negative)** reported a net loss of TL6.21bn for 4Q24. The company had recorded a net profit of TL20.81bn in the same period last year and a net loss of TL3.19bn in the previous quarter. During the same period, revenue declined by 23% YoY and 9% QoQ, reaching TL16.64bn. EBITDA came in at negative TL855mn in 4Q. Market expectations were for TL16.69bn in revenue, negative TL570mn EBITDA, and a net loss of TL1.88bn. Deferred tax expenses of TL4.48bn put further pressure on net profit.

- **SUNTK (Slightly Negative)** reported a net profit of TL447mn for 4Q24. The company had recorded TL438mn in the same period last year and TL330mn in the previous quarter. During the same period, revenue declined by 17% YoY and 13% QoQ, reaching TL2.73bn. Higher costs and operating expenses led to margin contraction, while investment income supported net profit.

- **AKENR** announced that it will disclose its 4Q24 financial results on March 11.

- **DESA** CEO Burak Çelet stated that the retail segment performed strongly in 2023, increasing the gross profit margin from 49% to 57%. However, he noted a contraction in export demand and rising costs, leading the company to abandon low-margin customers. In 2024, they prioritized direct sales to end consumers over exports, but he expects export demand to recover in the second half of the year. Çelet emphasized the company's strong cash position and mentioned that sales volumes grew by 12% in the first months of 2025, although this was achieved through deeper promotions.

- **EBEBK** announced a gross dividend payment of TL1.00 per share in two installments, with a gross dividend yield of 1.89%. Additionally, the company released its visitor data for February, showing a 3% YoY decline in physical store visits, while website traffic increased by 3% YoY.

- **PEHOL** announced the establishment of a new company named "Tera Enerji Yatırımları A.Ş." as part of its growth strategy in the energy sector, with full ownership in the new entity.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDIK		GEDIK	Buyback	12.898	7.04	0.34%
LKMNH		LKMNH	Buyback	94.500	19.29	0.60%
YYLGD		YYLGD	Buyback	285.693	8.54	0.84%
INVES		INVES	Buyback	3.000	229.92	0.54%
ALKLC		ALKLC	Buyback	50.000	31.13	2.22%
FRIGO		FRIGO	Buyback	80.000	7.69	2.97%
OĞUZ TEKSTİL SAN. VE TİC. A.Ş.		BOSSA	Market	376.797	6.25	1.24%

Important Disclosures

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