

## Daily View

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Good morning. After the lower-than-expected U.S. CPI data, markets saw buying activity; however, futures are in negative territory this morning. A similar outlook is observed in Europe, while in Asia, markets are mostly under selling pressure except for Tokyo. Consequently, global risk appetite remains weak this morning. Meanwhile, in Borsa Istanbul, foreign inflows, capital entries, and increasing trading volume continue, pushing the BIST 100 index to 10,580 yesterday—returning to pre-August 5 levels, which we have long regarded as a milestone. However, when viewed in dollar terms, inflation-adjusted terms, or based solely on the industrial companies index, the picture is not as strong as the BIST 100 itself. That being said, we are also witnessing a recovery and an improvement in these alternative measures. Upward revisions in growth expectations, the continued decline in inflation, ongoing foreign investments, global political developments centered around Turkey—particularly in EU relations—continue to provide support for Turkish assets. In terms of the technical outlook for BIST 100, formation and trend analyses indicate that levels between the historical peak of 11,250 and 11,500 are coming into focus. Meanwhile, the 10,200–10,300 range can be monitored as the key support and stop-loss zone for this short-term outlook. Today's agenda includes domestic housing sales data, foreign transactions, and reserve figures to be released by the CBRT, while abroad, European industrial production and U.S. PPI data will be closely watched. Turkey's 5-year CDS starts the day at 264 basis points.

## Macro and Politics

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**\* TURKSTAT will release February house sales figures @ 10:00 local time.** House sales declined to 112,173 units in January, indicating the lowest level since June 2024. This represents a sharp 47.2% monthly contraction, yet a 39.7% y/y increase. Please recall that housing sales had surged to a three-year high of 212,637 units in December 2024. Notably, in January, mortgage-backed home sales fell by 28.1% m/m to 16,726 units in January, while continuing to post a substantial rise on an annual basis with 182.8% increase. Notably, mortgage-backed sales have exhibited significant annual growth since September. A closer look at mortgage rates in the housing market reveals that the average mortgage lending rate stood at 42% in 4Q23 and posted no palpable change at 41.3% in 4Q24. As of January 2025, moreover, mortgage rates have remained above 40%. Despite persistently high mortgage rates, the sharp annual increase in mortgage-backed home sales appears to be driven by expectations that housing prices, which have been declining in real terms for some time, will rise in the coming period.

**\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of February 28 – March 7 @ 14:30 local time.** Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of February 28 – March 7, the net international reserves rose by USD3.9bn to USD72.2bn and the gross FX reserves climbed by USD4.5bn to USD170bn. 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: During the week of February 21 – 28, the bond market (excluding repo transactions) experienced a modest foreign inflow of USD53.5mn, while foreign investors emerged as net sellers in the equity market with a net outflow of USD107.7mn. Moreover, following a cumulative increase of nearly USD5bn in corporates' FX deposits over the past three weeks, this upward trend reversed during the week of February 21 – 28. Hence, during the mentioned period, the resident's FX deposits dropped by USD1.3bn (including gold, price adjusted), saw a palpable decrease of USD1.3bn. Besides, the CBT's gross FX reserves

dropped by USD4.6bn to USD165.5bn, while net international reserves eased by USD3.6bn to USD68.3bn. Net reserves excluding swaps tumbled by USD5bn to USD60.6bn, while swap stock increased by USD1.4bn to USD7.7bn.

**\*In January, the current account balance posted a deficit of USD3.8bn, coming in below our house expectation of USD4.5bn, while exceeding the market median forecast of USD3.3bn.** Accordingly, the annual current account deficit widened from USD10bn to USD11.5bn in January. Excluding gold and energy, the core current account balance posted a surplus of USD2.4bn January, while the annual surplus declined from USD52.6bn to USD51.2bn. We estimate that the current account balance will record a deficit of approximately USD4.8bn in February. We would like to reiterate that we have recently revised our 2025 year-end current account deficit forecast to USD 22bn (1.5% of GDP) from USD 15bn (1% of GDP), based on the assumptions that: (i) the real appreciation of the Turkish lira will persist in 2025, albeit to a more limited extent compared to 2024, (ii) the upward trend in consumption goods imports will be sustained, and (iii) subdued demand conditions in key export markets will continue.

## Sector and Company News

- **BAKAB** announced the establishment of BAK Flexibles Germany GmbH by its wholly-owned subsidiary Bak Flexibles, based in the Netherlands, to provide faster and more efficient service to customers in Germany.
- **NTGAZ** submitted the best bid in ÇAYKUR's 310mn kWh natural gas procurement tender. The tender amount is TL534.7mn.
- **GWIND** decided to distribute a gross dividend of TL0.32 per share, with a dividend yield of 1.13%.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDIK		GEDIK	Buyback	200.000	7.57	0.40%
LKMNH		LKMNH	Buyback	100.500	18.49	0.75%
YYLGD		YYLGD	Buyback	34.000	9.40	0.87%
INVES		INVES	Buyback	3.500	228.20	0.55%
MSGYO		MSGYO	Buyback	282.000	15.60	0.21%
ATAKP		ATAKP	Buyback	16.000	40.14	0.20%
TUKAS		TUKAS	Buyback	8.000.000	1.99	2.40%
DMRGD		DMRGD	Buyback	1.400.000	12.84	5.31%
NTHOL		NTHOL	Buyback	100.000	41.94	6.59%
MEMİŞOĞLU TARIM ÜRÜNLERİ LTD. ŞTİ.		TATGD	Market	165.160	12.60	51.26%
ARY HOLDING A.Ş.		TKFEN	Market	73.487.941	98.71	19.86%
	TUREX	TUREX	Market	525.000	169.04	0.00%

# Important Disclosures

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