

Daily View

Good morning. While U.S. futures started the day in negative territory, European futures and Asian markets are on the positive side. Israel's renewed operation in Gaza could weigh on global risk appetite later in the day. Yesterday, Borsa Istanbul tested the 10,900 level but failed to break through, leading to a loss of intraday momentum and a mostly flat session. After a three-week rally of 15% in TL terms and 14% in USD terms, it is normal to see some consolidation as we approach the 11,000–11,250 resistance zone. That being said, formation targets still point towards the 11,500 region. For this to materialize, the index needs to hold above the 10,800 and 10,650 support levels, with the primary support zone at 10,200–10,300. If these support levels are breached, reducing risk exposure may be preferable. Despite the loss of intraday momentum, the daily outlook for BIST remains positive. In USD or inflation-adjusted terms, current levels are still significantly below all-time highs. If momentum strengthens again, new record levels could be tested. Today's agenda includes Turkey's housing price index and Treasury auctions, while in the U.S., data on building permits, housing starts, industrial production, and capacity utilization will be monitored. Tomorrow, the focus will be on the Fed's interest rate decision. Turkey's 5-year CDS started the day at 256 basis points.

Macro and Politics

*** The Treasury will hold 3y CPI-indexed and 5y fixed coupon bond auctions tomorrow, finalizing its domestic borrowing program for March.** The Treasury tapped the domestic markets for TL21.1bn (including non-competitive sales) through yesterday's 7y FRN bond auction and total domestic borrowing so far this month has reached TL123.4bn. According to the three-month (Mar–May 2025) domestic borrowing strategy, the Treasury faces total domestic redemptions of TL124.7bn in March, while it plans to borrow TL201.2bn throughout the month. Hence, in line with the Treasury's domestic borrowing projection, a domestic borrowing of approximately TL78bn is anticipated in the auctions scheduled for today.

*** The CBT will release January short-term external debt stock figures @ 10:00 local time.** Short-term external debt stock in December materialized at USD172.3bn, up by 0.4% m/m. In terms of short-term debt statistics, we believe that "debt stock on a remaining maturity basis," calculated based on the external debt maturing within one year or less regarding the original maturity, is rather critical, which is at USD221.3bn as of December 2024. Out of this figure, USD16.3bn is debt to the resident banks and private sectors to the banks' branches and affiliates abroad. Stripping this amount from the total results in USD205bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey's annual external financing need (EFN). Accordingly, we calculate EFN as of December 2024 around USD230bn.

*** The CBT will release the Residential Property Price Index for February @ 10:00 local time.** The Residential Property Price Index (RPPI) registered a monthly rise of 4.7% and an annual increase of 32% in January, reaching a level of 165.9. Yet, in real terms, RPPI dropped by 7.1% y/y. We would like to highlight that while the annual real depreciation in housing prices has persisted since February 2024, the 7.1% annual decrease observed in January marked the most moderate contraction since March, with the pace of annual decline slowing since October. 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 since February 2024, will rise in the coming period.

* **The central government budget recorded a deficit of TL310.1bn in February, while the primary balance posted a deficit of TL170.4bn.** Accordingly, the 12-month cumulative budget deficit increased from TL2.1tn to TL2.3tn, and the 12-month cumulative primary deficit rose from TL782.3bn to TL853.7bn. The cumulative budget deficit for the first two months of the year, moreover, stood at TL449.5bn, while the primary deficit amounted to TL146.6bn. It's worth noting that the Treasury's cash balance posted a deficit of TL397.6bn in February, with the primary balance showing a deficit of TL265.9bn. As such, the budget deficit in the second month of the year was approximately TL87.5bn lower than the cash deficit, highlighting the continued divergence between the accrual-based and cash-based budget. While cash-based performance is likely to remain weak, in the absence of a forthcoming improvement in the cash budget, we believe that upside risks to growth could intensify. As 2025 is set to be the year of a decisive battle against inflation, the effective implementation of fiscal policy in greater coordination and the achievement of fiscal consolidation will be critical in striking a balance between inflation and growth. In this context, we maintain our 2025 budget deficit forecast at TRY 1.61 trillion (2.7% of GDP). However, we believe that risks to our forecast are increasingly skewed to the upside.

Sector and Company News

- **AZTEK** announced that the opening of its second store at Hilton Mall of Istanbul took place on March 17, bringing the total number of stores to 7.
- **BIOEN** announced that the Capital Markets Board (SPK) approved its application to increase its registered capital ceiling from TL625mn to TL2bn.
- **CWENE** announced the completion of the first phase of its annual 12K ton capacity aluminum frame production facility. The official opening ceremony of the facility is planned for the second half of the year.
- **GESAN** announced that it submitted the most competitive bid of YSD3.27mn in the design, procurement, and installation tender for the solar power plant (GES) project to be established in Kayseri.
- **GLYHO** released its February passenger statistics. In February 2025, the number of ships arriving at the ports increased by 52% compared to February 2024, while passenger movements were 27% higher than in February 2024. The occupancy rate of ships arriving at the ports on a consolidated basis was 106% in January 2025.
- **HTTBT** signed a partnership agreement with Italian airline SkyAlps. As of March 17, 2025, SkyAlps started using Hitit's cloud-based software solutions for reservation, ticketing, check-in, flight operations, and dynamic pricing processes. The agreement will be valid for five years.
- **PCILT** announced that its subsidiary, UP İletişim, has reached an exclusive agreement with İpekyol for providing media planning and purchasing services across online and offline channels.
- **VAKKO** has decided to distribute a gross dividend of TL4.00 per share. The company's gross dividend yield is 5.22%.
- **KZBGY** announced that, in addition to its previous notification regarding its hotel-timeshare project in Marmaris, Muğla, Marmaris Municipality issued a demolition order and an administrative fine of TL43,059.91 on January 22,

2025 (Decision No: 2025/177). In response, the company filed a lawsuit with the Muğla 3rd Administrative Court (Case No: 2025/350), requesting cancellation and suspension of execution of the decision.

- **ISATR, ISBTR, ISCTR:** The company announced plans to purchase shares of ANHYT, ANSGR, ISFIN, ISGSY, ISGYO, ISMEN, ISYAT, SISE, TSGYO, and TSKB from the market, with a total buyback limit of up to TL5bn.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
GEDİK		GEDİK	Buyback	127.361	8.04	0.42%
LKMNİH		LKMNİH	Buyback	56.765	19.38	0.84%
YYLGD		YYLGD	Buyback	65.000	9.80	0.89%
KRVGD		KRVGD	Buyback	100.000	2.38	1.54%
FRİGO		FRİGO	Buyback	286.424	8.29	3.16%
OĞUZ TEKSTİL SAN VE TİC AŞ		BOSSA	Market	400.000	7.00	1.28%
İC İCTAŞ İNŞAAT SAN VE TİC AŞ		ENTRA	Market	1.001.947	9.83	0.21%
MEMİŞOĞLU TARIM ÜRÜNLERİ LTD. ŞTİ.		TATGD	Market	298.792	13.05	51.38%

Important Disclosures

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