

Daily View

Good morning. Global risk appetite is weak this morning. Domestically, the Central Bank of Turkey (CBRT) raised the upper band of the interest rate corridor from 44% to 46% half an hour before BIST's closing yesterday. Following this, it announced a suspension of one-week repo auctions, which had been the key policy rate at 42.5%. This effectively signals an interest rate hike. One of the most significant catalysts for Turkish assets and Borsa Istanbul since last November has been the argument that "in an environment where disinflation persists, CBRT's rate cuts will support growth." However, this argument has now been put on hold for the time being. The duration of this period remains uncertain at this stage. As a result, pressure and high volatility in BIST are expected to persist. It would not be rational to expect a rate cut from the Monetary Policy Committee (MPC) at its April 17 meeting. The outlook on this matter will also be shaped by non-economic developments. From a technical perspective, the 9400–9600 range serves as a critical support zone for the BIST 100 index, while the 10200–10300 range is a key resistance area. The 12-month target for the BIST 100 index still points above 14,000. However, if the delay in the rate-cut cycle weakens growth and consumption, downward revisions in these targets may follow. Today's economic calendar is relatively quiet. Meanwhile, Turkey's 5-year CDS premiums start the day at 294 basis points, marking their highest levels in recent times.

Macro and Politics

*** The Monetary Policy Committee (MPC) published an interim decision note, while introducing TL and FX liquidity measures to limit market volatility.** Yesterday, we closely monitored a series of actions taken by the Central Bank of Turkey (CBT). Initially, the CBT announced the initiation of TL-settled forward FX sale auctions to curb potential volatility in exchange rates and ensure balanced foreign currency liquidity. Subsequently, the MPC decided to raise the overnight lending rate to 46%, while keeping the policy rate and the overnight borrowing rate unchanged at 42.5% and 41%, respectively. In a follow-up announcement, it has been decided to suspend the one-week repo auctions for a period of time. The daily liquidity injected into the market via these one-week repo auction is TL5bn. On the other hand, the TL liquidity surplus in the market has remained substantial, amounting to TL790bn as of yesterday. Consequently, CBT's net funding position is negative — meaning that it has been withdrawing liquidity from the market. Hence, it is important to underline that by raising the upper band to 46%, the Bank aims to increase the interbank overnight borrowing cost. The CBT primarily sterilizes the excess TL liquidity through deposit auctions, borrowing TL from banks. Therefore, it can be expected the Bank to refer to the upper band of the corridor in its deposit auctions, with overnight rates likely rising towards this level. This can be interpreted as an effective rate hike and the decision significantly diminishes the likelihood of a rate cut in April. Moreover, in the statement accompanying the decision, the MPC emphasized that "Monetary policy stance will be tightened in case a significant and persistent deterioration in inflation is foreseen." This suggests that, if necessary, the CBT is prepared to implement interest rate hikes. Given the high pass-through effect of exchange rates in the current period, we would like to emphasize that the current volatility may partially reflect March inflation figures, but it is more likely to have a larger impact on April inflation outcomes.

*** The Consumer Confidence Index ameliorated to a level of 82, up from 81 as of February, indicating the highest level since June 2023.** Additionally, the 3-month moving average increased from 80.7 to 81.5, reaching its peak since July 2023. Following weak signals regarding economic activity in the January indicators, the initial data for February suggests a re-emerging recovery. We observe an increasing upside risk to our 2025 growth forecast, which stands at

2.6%. Our baseline scenario for this year had anticipated a palpable decline in annual growth in the first quarter of 2025, followed by a recovery in activity from the second quarter onwards, with overall growth for the year remaining at 2.6%. However, the leading indicators received so far suggest that the slowdown we expected in the first quarter may not materialize to the extent we had anticipated, signaling that the trajectory of growth dynamics continues to pose risks to the disinflationary process. Consequently, we are considering revising our 2025 growth forecast upwards to a range of 3.1% to 3.2% following the first quarter.

*** During the week of March 7 – 14, foreign investors recorded a net purchase of USD480.1mn in the equity market, marking the strongest foreign inflow since the week of December 8th, 2023.** Meanwhile, they were also net buyers in the bond market (excluding repo transactions), registering an inflow of USD1.46bn, which led to an increase in their share of the total bond stock to 8.3% from 8.1%. Moreover, during the period of March 7 – 14, the residents' FX deposits climbed by USD608mn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) increased by USD667mn. Moreover, the CBT's gross FX reserves rose by USD1.2bn to USD171.2bn, while net international reserves dropped by USD0.4bn to USD73.8bn. Total swap stock posted no palpable change compared to a week ago at USD8.5bn, while net reserves excluding swaps eased by USD0.3bn to USD65.3bn.

Sector and Company News

- **AGHOL** and **MGROS** announced that the incorporation of "Moneypay Financial Technology and Artificial Intelligence Inc." has been completed. **AGHOL** holds a 20% stake, while its subsidiary **MGROS** owns 55%. The company will operate in the corporate payment services segment.
- **ALFAS** announced its decision to establish a new joint venture company named "Zorlu Alfa Solar Hücre Üretimi". The company will operate in the production of photovoltaic solar panel cells, covering the entire process from ingot slicing to wafer and solar cell production. It aims to manufacture and sell solar panel cells primarily in Turkey, Europe, the United States, and other export markets.
- **ATATP** CEO Ümit Cinali made several statements to Bloomberg. According to him, the company's software sales surpassed hardware sales in 2024, with software offering significantly higher margins. This was one of the key drivers of profitability growth. 56% of total revenues are recurring, while international revenues make up 30%. The company is targeting revenue growth of 25–30% above inflation for 2025.
- **AYEN** decided to distribute a gross dividend of TL1.50 per share, to be paid in six installments. The dividend yield is 5.9%.
- **DOHOL** has decided to distribute a gross cash dividend of TL0.31 per share. The gross dividend yield stands at 2.16%.
- **PLTUR** signed a contract worth TL237.4mn.
- **TKFEN**: ARY Holding acquired a total of 5.1mn shares of TKFEN via off-exchange transfer. Following this transaction, its direct and indirect ownership in the company's capital increased to 21.24%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMINH		LKMINH	Buyback	74.496	17,94	0,94%
AHGAZ		AHGAZ	Buyback	655.332	20,45	1,82%
ENERY		ENERY	Buyback	5.750.000	3,39	1,23%
GEDZA		GEDZA	Buyback	4.000	25,68	0,79%
AVGYO		AVGYO	Buyback	242.358	8,05	0,22%
YYLGD		YYLGD	Buyback	128.500	9,15	0,94%
DMRGD		DMRGD	Buyback	80.219	12,40	5,38%
TUKAS		TUKAS	Buyback	2.000.000	2,10	2,44%
SEGMN		SEGMN	Buyback	100.000	19,88	0,14%
PRKME		PRKME	Buyback	20.000	18,09	0,86%
METUR		METUR	Buyback	120.000	16,10	1,85%
RALYH		RALYH	Buyback	50.000	88,28	1,07%
TCKRC		TCKRC	Buyback	100.000	35,86	0,06%
BIMAS		BIMAS	Buyback	150.000	469,21	2,03%
ARMGD		ARMGD	Buyback	120.000	31,92	0,05%
IC ICTAS INSAAT SAN. VE TIC. A.Ş.		ENTRA	Market	8.441.181	9,80	0,66%
MEMİŞOĞLU TARIM ÜRÜNLERİ LTD. ŞTİ.		TATGD	Market	379.554	12,06	51,54%
OĞUZ TEKSTİL SAN VE TİC AŞ		BOSSA	Market	500.000	6,50	1,32%
GÜRIŞ İNŞ. VE MÜH. A.Ş.		MOGAN	Market	50.000	8,59	10,97%
ARY HOLDİNG A.Ş.		TKFEN	Market	5.108.947	-	21,24%

Important Disclosures

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