

Daily View

Good morning. We are in a period where tariff concerns in the U.S. have resurfaced, leading to sell-offs in global stock markets. On the other hand, in Borsa Istanbul, the impact of the domestic agenda and weak momentum persist. As expected, CBRT reserve data indicated a decline of \$8 billion in gross reserves and \$12 billion in net reserves. We estimate that the decline in reserves has continued this week as well. Looking at CBRT data, we observed a foreign outflow of \$440 million last week, offsetting the inflow recorded in the previous week. We anticipate that foreign outflows have continued this week as well. During this period of high volatility and weakness in BIST, it is crucial to maintain low short-term risks while focusing on companies with mid-to-long-term potential and strong valuations. Today's agenda includes confidence indices in both domestic and European markets, while in the U.S., core personal consumption expenditures (Core PCE) will be closely monitored. As the Fed's key inflation indicator, which it tracks with a 2% target, Core PCE is expected to rise from 2.6% to 2.7% annually. This could lead to further postponement of rate cut expectations from the Fed. Turkey's 5-year CDS premiums start the day at 319 basis points. The increase in CDS is also influenced by warnings from the U.S. Congressional Budget Office (CBO) regarding the country's debt repayment capacity and rising debt burden. CDS levels for all countries are on the rise during this period.

Macro and Politics

***TURKSTAT will release March Economic Confidence Index @ 10:00 local time.** The Economic Confidence Index dropped merely by 0.5% m/m in February, easing to 99.2 level and continuing to remain below the 100-threshold. It's worth noting that the index level has remained below the critical threshold value of 100 since March. The Economic Confidence Index, which ranges between 0 and 200, reflects a pessimist outlook regarding the general economic outlook when it falls below the 100-threshold. The preliminary data for February so far signal a renewed recovery trend in economic activity. Examining the monthly changes in the subcomponents of the February data: Consumer confidence index increased by 1.4% to 82.1, real sector confidence index rose by 0.2% to 102.8, services confidence index dropped by 1.9% to 114.2, retail trade confidence index climbed by 1.6% to 116.3 and construction confidence index slid by 2.7% to 89.3 in February compared to the previous month.

***Foreign investors were net sellers in both the equity and bond markets in the week of March 14 – 21, following heightened domestic political tensions.** Accordingly, the equity and the bond market (excluding repo transactions) experienced a net foreign outflow of USD443.8mn and USD439.5mn, respectively. Besides, the foreigners' share in total bond stock dropped from %8.3 to 7.6%. During the same period, residents' FX deposits climbed by USD5.8bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) increased by USD5.86bn in the week of March 14 – 21. Moreover, the CBT's gross FX reserves dropped by USD8bn to USD163.3bn, while net international reserves slumped by USD11.8bn to USD62bn. Total swap stock increased by USD1.4bn to USD9.9bn, while net reserves excluding swaps eased by USD13.2n to USD52.1bn. We anticipate a continued decline in the upcoming reserve data for the week of March 21 – 28, set to be released next week. Our estimates suggest that the CBT sold approximately USD25bn over the past week. While we calculate that the Bank's net foreign exchange position declined by more than USD10bn as of last Friday, we observe that this decline has been reflected in the analytical balance sheet for Monday this week. Hence, considering next-day settlement FX sales, we expect that the FX interventions conducted by the CBT last week will likely be distributed between the official reserve data for the weeks of March 14 – 21

and March 21 – 28. Therefore, we anticipate a further decline in the international reserve data for the March 21–28 period, which will be released on Thursday, April 3. At this point, we would like to remind that, due to the Ramadan holiday next week, the weekly portfolio flows and money & banking statistics – ordinarily published alongside reserve data every Thursday – will instead be released on Monday, April 7, at 14:30 local time.

***According to foreign trade figures released by TURKSTAT, exports in February decreased by 1.6% y/y totaling USD20.8bn, while imports rose by 2.4% y/y reaching USD28.5bn.** Consequently, the trade deficit widened from USD7.5bn to USD7.8bn, and the annual deficit increased from USD83.6bn to USD84.6bn. Examining the core data, exports excluding energy and gold declined by 2.3% in February, amounting to USD19.1bn, while imports in this category fell by 3.1%, totaling USD20.3bn. The trade deficit excluding energy and gold stood at USD1.2bn. Consumption goods imports in February totaled USD4.2bn, while the annual consumption goods import figure remained close to a record high at USD55.1bn. We estimate that the current account balance will post a deficit of USD4.4bn in February. Our current account deficit forecast for the end of 2025 is USD22bn (1.5% of GDP).

*** The adjusted unemployment rate dropped from 8.4% to 8.2% in February.** As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment— dropped from 28.2% to 24%, which stands for the lowest level since February 2024. The combined rate of time-related underemployment and unemployment decreased from 18.8% to 16.2%, while the combined rate of unemployment and potential labor force edged down from 18.9% to 17.2%.

Sector and Company News

- **ANSGR** will distribute a gross dividend of TL4.20 per share today, implying a 4.4% yield based on the last closing price.
 - **AYGAZ**'s decision to distribute a gross dividend of TL12.55 per share was approved at the General Assembly. The ex-dividend date is set for April 2, implying a 7.7% yield based on the last closing price.
 - **BIGCH** announced a decision to distribute a gross cash dividend of TL0.73 per share.
 - **CIMSA** announced that the proposal to increase its registered capital ceiling from TL350mn to TL10bn was approved at the General Assembly. Additionally, the company will distribute a gross cash dividend of TL0.64 per share, with the ex-dividend date set as April 2, 2025.
 - **DOAS**'s decision to distribute a gross dividend of TL27.27 per share was approved at the General Assembly. While the General Assembly authorized the company management to determine the cash dividend payment date(s), the implied yield stands at 12% based on the last closing price.
- EGEEN** will distribute a gross dividend of TL53 per share today, implying a 0.6% yield based on the last closing price.

- **ERCB** secured a USD32.5mn order, corresponding to 16% of its 2024 USD-based revenue.
- **GARAN** will distribute a gross dividend of TL4.39 per share today, implying a 3.7% yield based on the last closing price.
- **ISCTR** will distribute a gross dividend of TL0.18 per share today, implying a 1.5% yield based on the last closing price.
- **ISMEN** will distribute a gross dividend of TL5.67 per share today, implying a 13.6% yield based on the last closing price.
- **PLTUR** won Istanbul Municipality’s personnel transportation service tenders with a contract value of TL1.2bn + VAT, corresponding to 28% of its 2024 revenue.
- **TUPRS** will distribute a gross dividend of TL7.78 per share today, implying a 5.8% yield based on the last closing price.
- **TUREX**’s bonus capital increase application was approved by CMB. Its capital will rise 900% to TL1,080mn.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
RYSAS		RYGYO	Market	1,124,076	14.30	62.00%
VAKBN		VAKBN	Buyback	2,971,644	24.64	0.01%
AHGAZ		AHGAZ	Buyback	400,000	21.12	1.96%
ENERY		ENERY	Buyback	3,500,000	3.32	1.32%
LKMNH		LKMNH	Buyback	60,246	18.17	1.13%
OZGYO		OZGYO	Buyback	314,354	4.83	2.40%
DCTTR		DCTTR	Buyback	100,000	35.84	0.12%
AGESA		AGESA	Buyback	30,000	126.55	0.02%
MHRGY		MHRGY	Buyback	1,000,000	4.80	0.22%
AVGYO		AVGYO	Buyback	86,000	9.00	1.43%
DAGHL		DAGHL	Buyback	30,000	50.25	0.30%
PCILT		PCILT	Buyback	70,000	11.93	7.60%

Important Disclosures

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