

Daily View

Good morning. Uncertainty surrounding the Strait of Hormuz and oil prices hovering near the USD 100 mark continue to dominate the outlook. This backdrop, which is adding to global inflation risks, has pushed expectations for Fed rate cuts out to 2027, while markets are now pricing in a rate hike from the European Central Bank in the second half of this year. The shift in monetary policy expectations is weighing on global equities. Still, following yesterday's sell-off, US and European futures are searching for a rebound this morning, while Asian markets are trading lower as yesterday's pessimism is only now being priced in across the region. In Borsa Istanbul, the BIST 100 tested the 13,450 resistance level after the MPC decision, but failed to hold above it and closed the day at 13,286. The index was up 0.7% day-on-day, with TUPRS, KLRHO, BIMAS, SASA, and ASTOR providing the strongest positive contribution, while ASELS, AKBNK, YKBNK, ISCTR, and HALKB weighed most on the index. Over the past week, SAHOL, ODINE, TURSG, ISGYO, and HEDEF have stood out with consistent money inflows. Technically, the 13,450 / 13,550 range remains the first key resistance zone; a break above this area would bring 14,000 and higher levels back into focus. On the downside, support levels are seen at 12,900 / 13,000 and 12,400. Today's agenda includes the CBRT Market Participants Survey domestically, industrial production data in Europe, and growth- and inflation-related data releases in the US. Türkiye's 5-year CDS spreads start the day at 264 basis points.

Macro and Politics

*** The CBT will release the results of the Survey of Market Participants for March @ 10:00 local time.** According to the latest results of the February survey, respondents revised their year-end 2026 CPI forecast upward to 24.1% from 23.2%, while the year-end 2027 inflation expectation increased to 18.4% from 17.8%. Expectations for CPI inflation 24 months ahead edged up to 17.1% from 16.9%, and the five-year-ahead annual inflation expectation rose to 11.4% from 11.1%. Following the sharp increase in global energy prices triggered by the US–Iran tensions, we expect the March survey to reflect upward revisions in year-end forecasts for the current account balance, the policy rate and inflation.

***The Monetary Policy Committee kept the policy rate unchanged at 37%, in line with both our house forecast and the market median expectation, while leaving the interest rate corridor unchanged at 35.5%–40%.** This decision effectively limits the likelihood of a further near-term increase in the effective market rate, currently around 40%. The MPC noted that underlying inflation remained broadly flat in February, while pointing to rising geopolitical uncertainty, deteriorating global risk appetite and higher energy prices as risks to the inflation outlook, reiterating that policy could be tightened if inflation prospects were to deteriorate. Our calculations point to monthly CPI inflation of around 1.9% in March, implying an annual rate of roughly 30.8%. While the recently introduced fuel tax-smoothing mechanism has so far limited the pass-through from energy prices, persistent increases in oil and other energy costs could create additional upside risks. Against this backdrop, we consider revising our year-end inflation forecast of 23% upward as pricing dynamics become clearer. After yesterday's "no change" MPC decision, we expect funding through the upper bound of the corridor (40%) to continue for some time, with the trajectory of market rates largely depending on the CBT's liquidity management preferences. Persistent geopolitical uncertainty and energy price risks are limiting the room for renewed monetary easing, and we do not rule out additional tightening if risks intensify. Conversely, if uncertainties ease, the CBT could gradually resume weekly repo auctions, allowing market rates to converge toward the policy rate (37%) before rate cuts resume thereafter. Our year-end policy rate forecast stands at 29.5%.

*** The current account posted a USD6.8bn deficit in January, slightly wider than our house forecast of USD6.5bn. As a result, the 12-month cumulative current account deficit widened to USD32.9bn from USD30.1bn.** The current account balance excluding gold and energy (core balance) recorded a USD1.2bn deficit in January, while the 12-month cumulative surplus in the core balance declined to USD33.9bn from USD37.3bn. The balance-of-payments-defined foreign trade deficit narrowed to USD7bn in January, down from USD7.5bn in December. Gold imports declined to USD1.7bn from USD2bn in the previous month, while gold exports fell to USD287mn from USD338mn over the same period. On the services side, net revenues remained broadly stable at USD2.6bn, with net travel income also largely unchanged at USD2.5bn compared to the previous month. The primary income balance recorded a net outflow of USD2.2bn, while the secondary income balance posted a net outflow of USD307mn in January. Looking ahead, we expect the current account to post a USD7.5bn deficit in February. We forecast the balance-of-payments-defined foreign trade deficit to widen to USD7.5bn, while the services surplus is likely to decline to around USD2bn, reflecting lower net travel revenues. Against the backdrop of higher energy prices following the US–Iran tensions, we revise our year-end current account deficit forecast to USD36bn (2.1% of GDP), from USD30bn (1.7% of GDP). That said, upside risks to our forecast remain in place. Elevated volatility in energy prices driven by geopolitical developments continues to cloud the outlook for the energy import bill. Should oil prices remain around current levels, upward pressure on the current account deficit through the import channel is likely to intensify.

*** Foreign investors recorded net sales of USD755.6mn in equities and USD1.7bn in the bond market (excluding repo transactions) during the week of 27 February – 6 March.** As a result, foreign outflows from the bond market extended into a third consecutive week, with the foreign share in the total government bond stock declining from 8.9% to 8.1%. In the equity market, meanwhile, net foreign outflows were observed last week following thirteen consecutive weeks of inflows. Following the US – Iran tensions, risk appetite toward emerging market assets appears to have weakened. In this environment, we expect portfolio flows from foreign investors to remain subdued in the near term. Moreover, the residents' FX deposits increased by USD294mn (excluding gold, EUR/USD parity effect adjusted), while their total FX deposits (including gold, price adjusted) rose merely by USD233mn during the week of February 27 – March 6. In terms of official reserves, the CBT's gross FX reserves slumped by USD12.8bn to USD197.6bn, net international reserves slid by USD13bn to USD78.6bn and net reserves excluding swaps dropped by USD13.8bn to USD64.9bn.

Sector and Company News

DOFRB completed the establishment of its subsidiary in China.

DURDO decided to update its organizational structure and implement workforce adjustments in certain departments as part of operational efficiency and cost optimization efforts.

EYGYO signed a real estate sales promise agreement for the transfer of 24 independent units in its project located in Zeytinburnu.

GLCVY decided to distribute a gross dividend of TL 2.5 per share from 2025 earnings. The proposed ex-dividend date is April 13, corresponding to a dividend yield of 3.7% based on the last closing price.

GLRMK signed a contract with Polish State Railways together with a consortium in which it holds a 65% stake for a railway construction and design project worth PLN 1.64 billion. GLRMK's share in the project corresponds to approximately 28% of its 2025 revenues.

KARTN applied to the CMB for the issuance of debt instruments up to TL 2 billion to be sold to qualified investors in the domestic market.

KAYSE reported 3Q25 net loss of TL 1,959 million. KAYSE had posted TL 757 million net profit in the third quarter of the previous year and TL 1,039 million net loss in the previous quarter. KAYSE also saw its corporate shareholder apply for the conversion of 10 million shares, corresponding to 0.3% of the company's capital, into tradable shares.

KUYAS decided to establish a gold refinery and initiate the necessary legal approval processes in order to expand its activities in the precious metals sector.

LIDER decided to distribute a gross dividend of TL 0.14 per share in four installments from 2025 earnings, corresponding to a dividend yield of 0.2% based on the last closing price.

NTGAZ announced that it submitted the best bid of TL 811.6 million in a tender for LNG/CNG natural gas procurement.

TUCLK saw its individual shareholder apply for the conversion of 10 million shares, corresponding to 2.8% of the company's capital, into tradable shares.

YUNSA decided to distribute a gross dividend of approximately TL 0.37 per share from 2025 earnings. The proposed ex-dividend date is April 27, corresponding to a dividend yield of 4.2%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
BOBET		BOBET	Buyback	500.000	19.40	1.93%
KONKA		KONKA	Buyback	494.369	16.36	0.26%
ESCAR		ESCAR	Buyback	615.000	27.47	3.19%

Important Disclosures

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