Daily Bulletin

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Daily View

Good morning. The unprecedented nine-day uninterrupted rally in the U.S. stock markets over the past 20 years came to an end yesterday, as indices returned to the levels seen on April 2 when customs tariffs were announced globally. Contributing factors to the sell-off included Warren Buffett's announcement that he will step down as CEO of Berkshire Hathaway, former President Trump's plan to impose a 100% tariff on foreign films, and the postponement of initial rate cut expectations to September ahead of the Federal Reserve's rate decision tomorrow. This morning, continued selling in U.S. futures contracts signals that markets are entering a period of bilateral negotiations, which we anticipate will also influence the sentiment across global equity markets. In Borsa Istanbul, weak momentum and capital outflows persist. Against the backdrop of a sustained high interest rate environment, weak earnings performance, and ongoing political risks, we expect continued pressure on the BIST. In this context, the 9000 / 9100 support zone and the 9250 / 9280 resistance zone should be closely monitored. Approximately 35% of Borsa Istanbul-listed companies have reported Q1 2025 results, with only 15% meeting the six key criteria we prioritize (revenue, gross profit, EBITDA, EBITDA margin, net profit, and return on equity growth). As a result of these outcomes, we foresee continued downward revisions to the 12-month average index target, which will likely cap the BIST until a new equilibrium is established. On today's agenda, European PMI figures and PPI data will take the spotlight. Turkey's 5-year CDS premiums start the day at 349 basis points.

Macro and Politics

***The Treasury will hold 2y fixed coupon and 7y FRN bond auctions today.** According to three-month (May – July 2025) domestic borrowing program, the Treasury has a domestic redemption of TL160.7bn in May, while in return it plans to borrow TL187.5bn in total throughout the month via four auctions and two direct sales. The first Treasury auctions of May will be held today. The Treasury is set to issue a new 2y fixed-coupon bond, which will replace the February 10, 2027-maturity bond as Turkey's new benchmark bond once it begins trading. In addition, the Treasury will also conduct an auction for a 7y FRN note today.

***The CBT will release April Real Effective Exchange Rate (REER) today @14:30 local time.** Considering the inflation data and the average Basket/TRY change for April, we expect the REER to decline from 73.48 to 72.27, implying a 1.6% real depreciation of the Turkish lira.

*** TURSTAT will release April seasonally adjusted CPI and special CPI aggregates today @16:00 local time.** Based on our calculations, we forecast the seasonally adjusted monthly CPI change for April to be approximately 2.8%. We expect a similar outcome in today's adjusted figures.

*** The CBT will release the Monthly Price Developments report for April today @18:00 local time.** The report is a technical one and does not contain a policy message. Still, the assessment of trend core inflation will be monitored closely.

*** The CPI rose by 3.0% m/m in April, slightly below both our in-house estimate of 3.08% and the market consensus of 3.2%.** On an annual basis, CPI inflation edged down from 38.1% to 37.9%, reflecting a noticeable deceleration in the pace of disinflation. Meanwhile, the PPI increased by 2.8% m/m, with annual PPI inflation easing from

23.5% to 22.5%. Our year-end inflation forecast for 2025 stands at 31%. We anticipate the pace of disinflation to moderate over the summer months compared to the earlier part of the year. In light of recent domestic developments, we do not foresee a near-term rate cut by the CBT. While we expect the June meeting to result in a hold, we currently assign a low probability to a rate cut in July as well. The additional macroprudential measures introduced recently by the CBT are also consistent with our view that policy rates will remain elevated for an extended period.

Sector and Company News

- **GWIND (Slightly Negative)** announced a net profit of TL134 million in 1Q25, 28% below market expectations. This corresponds to a 54% YoY and 36% QoQ decline.

- **ONCSM** posted a net profit of TL8 million in 1Q25, compared to a net profit of TL50 million in 1Q24 and a net loss of TL7 million in the previous quarter.

- **ENJSA (Slightly Negative)** reported a net loss of TL741 million in 1Q25, significantly below the market expectation of TL247 million net profit. The bottom-line miss was mainly driven by elevated financial expenses and deferred tax charges. Operational profitability declined slightly YoY. ENJSA had reported a net loss of TL3.8 billion in 1Q24 and TL460 million in the previous quarter. We view the 1Q25 results as slightly negative.

- **EKOS** announced that it has signed a contract worth EUR1.6mn with the Best Elektrik–Balıkesir Elektromekanik joint venture under TEİAŞ's Atışalanı GIS TM Project.

- **KARTN** announced that the TL200mn intra-group cash loan obtained in April 2024 from Asil Holding, a Pak Group company, has been fully repaid in cash using funds raised through the company's private debt issuance.

- **JANTS** is distributing a gross cash dividend of TL0.03 per share today, implying a dividend yield of 0.1% based on the last closing price.

- **KLKIM** is distributing a gross cash dividend of TL0.43 per share today, corresponding to a dividend yield of 2.0% at the last close.

- **FROTO** announced that May 7 will be the start date for rights trading related to its 900% bonus capital increase. The company's paid-in capital will increase from TL351mn to TL3.5bn.

- **TOASO:** Following the full acquisition of Stellantis Otomotiv Pazarlama, the company decided to consolidate all Stellantis brand operations and sales activities in Turkey under a newly established brand directorate.

- **MERCN** announced that it has initiated negotiations to acquire an additional 21% stake in its 30%-owned affiliate Fevup Brands, aiming to reach a majority ownership of 51%.

- **THYAO (Slightly Positive)** reported April traffic data:
  - Total pax reached 7.4mn, up 5.6% YoY and 20% MoM. While dom. pax dropped 5.1% YoY to 2.6mn, int'l pax rose 12.6% YoY to 4.8mn.
  - Load factor improved by 2.3pp YoY to 83.2% in April 2025.
  - Total cargo volume reached 172K tons, up 5.6% YoY but down 4.5% MoM.

Following a relatively weak 1Q25 earnings results, we evaluate April traffic data as slig. supportive for 2Q outlook. We maintain THYAO in our model portfolio with a 12-month TP of TL428/share.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
ENERY		ENERY	Buyback	3.250.000	4.27	1.85%
MAKIM		MAKIM	Buyback	31.500	15.96	0.22%
SANFM		SANFM	Buyback	50.000	26.90	0.07%
BOBET		BOBET	Buyback	200.000	23.00	0.24%
ASGYO		ASGYO	Buyback	100.000	10.20	0.39%
LKMNH		LKMNH	Buyback	60.730	15.54	1.50%
NATEN		NATEN	Buyback	50.000	42.99	0.09%
KAYSE		KAYSE	Buyback	470.264	17.77	0.70%
AHGAZ		AHGAZ	Buyback	100.000	21.25	2.14%
DCTTR		DCTTR	Buyback	124.407	38.60	0.43%
FRIGO		FRIGO	Buyback	84.000	7.05	1.57%
ENDAE		ENDAE	Buyback	800.001	15.05	1.28%

Important Disclosures

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