Daily Bulletin

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Daily View

Good morning. Despite the ongoing tensions between Pakistan and India, global risk appetite is positive this morning. Speculation that the United States may reach a trade agreement with the United Kingdom is fueling buying interest in U.S. and European futures, while purchases continue across Asian markets as well. In contrast, Borsa Istanbul remains under pressure due to the persistence of a high interest rate environment, weak corporate earnings, and ongoing non-economic risks. The BIST 100 index is once again testing the 9000 / 9100 support zone, while downward revisions continue in company target prices and, consequently, index targets. Although the revised targets point to lower potential returns compared to previous weeks, we believe that the expected index-level return—falling from around 55% to approximately 45%—remains attractive relative to expected inflation. However, for this attractive return to effectively support risk appetite, there is a high need for positive domestic catalysts, and we are not yet in a particularly optimistic period in this regard. Therefore, while we may occasionally see rebound buying on Borsa Istanbul, we expect the overall weakness to persist. Recently, warnings from international investment banks and credit rating agencies have drawn attention to the significant risk of economic slowdown should Turkey's high funding costs persist over an extended period. In the short term, the 9000 and 8870 levels can be monitored as supports, while the 9200 and 9250/9280 levels are key resistances. On today's agenda, foreign securities transactions and the budget balance will be followed domestically, while employment and consumption-focused data will be watched in the U.S. Turkey's 5-year CDS premiums start the day at 340 basis points.

Macro and Politics

*** TURKSTAT will release March Industrial Production (IP) figures today @ 10:00 local time.** The sequential IP (the seasonally and calendar adjusted monthly figure) contracted by 1.6% m/m in January 2025, while the calendar adjusted IP decreased by 1.9% y/y. The Istanbul Chamber of Industry (ICI) manufacturing PMI, which averaged 47.73 in 4Q24, showed little change in 1Q25, averaging 47.87. Accordingly, we expect IP in the first quarter of this year to mirror the performance seen in 4Q24. The adverse impacts of rising domestic angst and increased market volatility as of March 19 have begun to surface in April leading indicators. There are signs that perceptions regarding the overall economic outlook have once again shifted toward pessimism, accompanied by a deterioration in early indicators throughout April. Our year-end GDP growth forecast is 3.1%, yet with downside risks attached.

*** During the week of April 25 – May 2, foreign investors recorded a net purchase of USD173.6mn in the equity market, while they were net sellers in the bond market (excluding repo transactions), registering an outflow of USD1.2mn, which led to a slight decline in their share of the total bond stock from 4.7% to 4.5%.** Besides, during the same period, the residents' FX deposits slid further by USD952mn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) retreated by USD825mn. Moreover, the CBT's gross FX reserves dropped by an additional USD2.5bn to USD138.7bn, while the net international reserves decreased by USD2.2bn to USD32.8bn.

*** The Treasury recorded a cash deficit of TL183.5bn in April, bringing the cumulative cash deficit in Jan-Apr period to a hefty amount of TL1.1tn.** Moreover, the primary balance posted a surplus of TL73.6bn in March, while the cumulative primary deficit for the first four months amounted to TL411bn. The persistent divergence between the accrual-based and cash-based budget frameworks remains notable. The substantial cash deficit in Jan-Apr period underscores that elevated public expenditure continues to pose risks to the disinflation outlook. Given that more than a third of the annual deficit projection has materialized within the first three months of the year, we believe that achieving fiscal consolidation in the remainder of the year will be critical to restoring a healthier balance between inflation and growth dynamics.

Sector and Company News

- **BIMAS (Slightly Negative)** reported 1Q25 net income of TL2.7bn, which came in below market expectations and declined 50% YoY. Net sales grew 3% YoY, while gross profit increased 5% to TL25.9bn, with the gross margin remaining stable at 17.5%. During the period, the company's shareholders' equity rose by 58%, and ROE stood at 16.54%.

- **DESA (Neutral)** announced a net profit of TL122mn in 1Q25. The company had posted a TL24mn profit in the same period last year and TL25mn in the previous quarter. During the same period, revenue increased by 2% YoY but declined by 2% QoQ to TL758mn. Margins contracted both annually and quarterly.

- **DOHOL** announced a net loss of TL520mn in 1Q25. The company had posted a net profit of TL1.3bn in the same period last year and TL1.1bn in the previous quarter. During the same period, its revenue declined by 44% YoY and 14% QoQ to TL11.1bn. The main reason behind the annual drop in consolidated revenue was the significant decline in income from Doğan Trend Automotive due to a challenging regulatory environment. Operating margins contracted on a yearly basis but improved compared to the previous quarter. The Holding's solo net cash position stood at approximately USD646mn in 1Q25.

- **PGSUS (Neutral)** reported a net loss of TL 2,635mn in 1Q25, better than the market expectation of TL 2,877mn loss. In the same period last year, the company had posted a net loss of TL 3,501mn. Revenues increased by 36% YoY to TL 23,588mn. International revenues rose by 5% in USD terms, accounting for 43% of total sales, down from 48% in 1Q24. EBITDA came in at TL 1,304mn, up 10% YoY. However, the EBITDA margin declined by 127bps YoY to 5.5%.

- **TKFEN** announced a net loss of TL733mn in 1Q25. The company had also posted a TL733mn loss in the same period last year, and a TL380mn profit in the previous quarter. During the same period, revenue declined by 39% YoY but increased by 5% QoQ to TL13.6bn. Operating margins deteriorated on an annual basis but remained stable on a quarterly basis.

- **EBEBK** announced that the total number of products sold through both physical stores and the e-commerce channel in April rose by 8% YoY to 8.3 million units.

- **CWENE** signed a TL 478mn contract for the construction of a ground-mounted solar power plant.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
ENERY		ENERY	Buyback	5.201.271	4.21	1.93%
MACKO		MACKO	Buyback	100.000	38.69	0.95%
LKMNH		LKMNH	Buyback	47.134	15.89	1.58%
AHGAZ		AHGAZ	Buyback	150.003	21.74	2.16%
FRIGO		FRIGO	Buyback	629.603	6.94	2.64%
INVES		INVES	Buyback	5.000	203.83	0.67%
SASA		SASA	Buyback	20.000.000	3.81	0.67%
ASGYO		ASGYO	Buyback	348.000	10.20	0.44%
DCTTR		DCTTR	Buyback	4.597	40.94	0.43%

Important Disclosures

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