

## Daily View

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Good morning. Progress on tax cuts in the U.S. and the resulting concerns over budget sustainability have led to weak demand in the latest Treasury auction, triggering a sell-off on Wall Street. Although budget concerns remain dominant for now, a potential corporate tax cut in the coming period could support U.S. equities. U.S. equity index futures are trading flat this morning, while European futures and Asian markets are under selling pressure. On BIST, the 9750 / 9800 resistance zone was tested for four consecutive sessions last week but could not be breached. Amid ongoing capital outflows, the index has slipped slightly below the 9400 level. We are observing a weakening in short-term momentum and trend indicators as well. Given the weak performance in global markets, we expect continued downward pressure on BIST. The 9200 / 9250 range can be monitored as the initial support zone, while 9500 remains a critical resistance level. Following weak Q1 2025 earnings results, downward revisions have materialized for BIST-100 index targets, with the average 12-month forward target falling to around 13,800. Compared to yesterday's close, this implies an upside potential of approximately 47% at the index level. However, the market is struggling to identify catalysts that could drive the index toward this potential target. This reinforces the notion that "a market unable to rise is prone to fall," bringing the 9000 / 9100 band back into focus. On today's agenda, domestic data releases include real sector confidence, capacity utilization, and CBRT reserves. In the U.S. and Europe, PMI figures will be in the spotlight. Turkey's 5-year CDS spread starts the day at 295 basis points.

## Macro and Politics

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**\* The CBT will release the May Real Sector Confidence Index and Capacity Utilization Rate @ 10:00 local time today.** The unadjusted Real Sector Confidence Index (RSCI) declined from 104.1 to 103.2 in April, while the seasonally adjusted RSCI fell from 103.2 to 100.8 — its lowest level since September. Meanwhile, the capacity utilization rate (CUR) edged down from 74.4% to 74.3% in April, with the seasonally adjusted CUR decreasing more notably from 75.2% to 74.6%. We have started to observe the adverse impact of heightened political tensions and market volatility — particularly since March 19 — on leading indicators as of April. While our GDP growth forecast for 2025 remains at 3.1%, we assess that downside risks to this projection are mounting. The combination of tighter financial conditions and recent domestic developments raises the probability of sub-3% growth in 2025.

**\*The CBT will unveil the 2<sup>nd</sup> Quarterly Inflation Report of the year @10:30 local time.** Today's report will shed light on the Bank's future monetary policy, inflation and output expectations. The CBT Governor Karahan's assessments on monetary policy and inflation outlook as well as the Q&A session will be closely scrutinized today. Between 10:30 am - 11:00 am, Governor Fatih Karahan will present the Inflation Report, followed by a Q&A session from 11:00 am - 11:30 am. Please recall that in the 1<sup>st</sup> Quarterly Inflation Report of the year, delivered on February 7<sup>th</sup>, the inflation forecasts were revised upward to a range of 19% and 29% (with a midpoint of 24%), from the previous report's range of 16% and 26% (with a midpoint of 21%). We assess that the significant tightening in financial conditions since March has substantially curtailed exchange rate pass-through and associated inflationary pressures. Accordingly, since we believe that the upper bound of the CBT's latest 2025 inflation forecast range, set at 29%, appears to constitute a plausible reference point at the current juncture, we do not expect the bank to revise its inflation projections in today's presentation. That said, given the intensifying impact of tighter domestic financial conditions on aggregate demand, we expect the CBT to adjust its output gap estimates to reflect a more negative trajectory.

\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of May 9 – 16 @ 14:30 local time. Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of May 9 – 16, the net international reserves climbed by USD2.48bn to USD40bn and the gross FX reserves increased by USD1.32bn to USD145.8bn. We anticipate that today's official reserve data will likely reflect a similar trend in line with our calculations. To recall the data from the previous week: 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.

## Sector and Company News

- **CLEBI** reported that the second hearing regarding the termination of its subsidiary's concession agreements for Delhi operations in India was held yesterday, with the next hearing scheduled for today.
- **EREGL**'s ex-dividend date for the gross dividend payment of TL0.25 per share is set for July 2.
- **THYAO** received general assembly approval to launch a share buyback program for up to 23.5 million shares (1.7% of share capital) and/or a maximum fund size of TL9 billion. The previous buyback program, under which 6.3 million shares (0.46% of capital) were repurchased at an average price of TL170.88, has been terminated.
- **YKBNK** announced the sale of TL2.5 billion in receivables to asset management companies for a total consideration of TL507 million.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
TNZTP		TNZTP	Buyback	130.000	38.06	0.06%
INVES		INVES	Buyback	7.877	219.50	0.70%
MAKIM		MAKIM	Buyback	30.616	16.42	0.33%
REEDR		REEDR	Buyback	50.000	12.08	0.07%
ATATP		ATATP	Buyback	22.410	86.92	0.42%
LKMINH		LKMINH	Buyback	119.061	16.69	1.78%

# Important Disclosures

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