

Daily View

Good morning. While U.S. President Trump's tax cut proposal and trade policies with other countries continue to increase uncertainty regarding the outlook for the U.S. economy, the decision to impose a 50% tariff on goods imported from the European Union and the tariff threats directed at Apple have brought global trade concerns back into focus. However, Trump announced that the implementation of this decision would be postponed from June 1 to July 9, 2025. These developments triggered selling pressure in global equity markets at the end of the week, while demand for safe-haven assets supported gains in gold prices, and supply concerns drove Brent crude oil prices higher. Turning to today, Trump's partial policy reversal is being priced in positively for global risk appetite. Although U.S. indices declined following his remarks, U.K. markets are closed today due to Spring Bank Holiday and U.S. markets are shut for Anna Day. On Borsa Istanbul, buying interest driven by expectations of a new Credit Guarantee Fund turned into selling pressure on Friday, with the BIST 100 Index closing the week at 9,356 points. The index remains sensitive to additional negative developments, both domestic and international, and is showing signs of weakening technical momentum due to net capital outflows. As long as the 9,700–9,800 resistance zone is not sustainably breached, it remains difficult to talk about a relief effect. However, in the wake of external declines, intraday rebound buying could be considered a natural reaction. For upward intraday moves, the 9,500–9,600 resistance levels remain critical, while the key support zone lies in the 9,000–9,100 range in the event of additional negative flows. Today's agenda is relatively quiet. For the rest of the week, markets will be focused on Q1 GDP, unemployment rate, and economic confidence index data domestically, while in the U.S., GDP growth and the PCE price index will be the key releases to watch. Turkey's 5-year CDS premium starts the day at 305 basis points.

Macro and Politics

*** The CBT has changed the reserve requirement ratios (RRR) for short-term Turkish lira-denominated funding obtained from abroad to strengthen macro financial stability and the monetary transmission mechanism.**

Accordingly, the RRR which was 12% for maturities up to 1 year for TL-denominated funds from repo transactions abroad has been differentiated across maturities and loans obtained from abroad have been raised to 18% for maturities up to one month, and 14% for maturities up to three months. We view the CBT's recent move as a tightening measure aimed at curbing the decline in market interest rates observed in recent weeks. The reduction in the amount supplied through 1-week repo auctions (through policy rate), coupled with the RRR adjustment, suggests that the Bank is actively seeking to contain the decline in yields. Hence, while we do not anticipate a rate cut in June, we remain cautious but do not entirely rule out the possibility of a cut in July.

*** The foreign investors were the net buyers on both the equity and bond markets in the week of May 9 – 16.**

Accordingly, the equity and the bond market (excluding repo transactions) experienced a net foreign inflow of USD245.2mn and USD1.9bn, respectively. Thus, foreign inflows into the equity market extended their streak for a fifth consecutive week, while the USD1.9bnn worth of foreign purchases in government bonds marked the strongest weekly inflow observed since the week of May 10, 2024. Besides, the foreigners' share in total bond stock remained unchanged at 4.6%. Moreover, during the period of May 9 – 16, the residents' FX deposits rose by USD544mn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) increased by USD865mn during the week of May 9 – 16.

*** According to the results of the May Sectoral Inflation Expectations Survey, 12-month-ahead annual inflation expectations have retreated by 0.5pp to 25.1% for market participants and by 0.7pp to 41% for the real sector, while rising by 0.6pp to 59.9% for households.** We assess that the sharp increase in household inflation expectations observed in May, following a relatively flat trend since February, was mainly driven by the heightened political angst and uncertainty that has prevailed since March 19. It's worth noting that during last week's Inflation Report presentation, the CBT Governor Karahan underscored that inflation expectations remain a key risk factor to the disinflation outlook.

Sector and Company News

- **ALARK** announced that its subsidiary Altek Alarko has established "Alarko Gotion Green Energy Energy Storage Systems Manufacturing Joint Stock Company" to operate in the energy-storage systems sector.
- **ASTOR** decided to acquire 100% of the shares of Esener Enerji for a total consideration of TL281mn.
- **ASUZU** will distribute a gross dividend of TL1.98 per share today, implying a dividend yield of 3.5% based on the latest closing price.

CCOLA will distribute a gross dividend of TL1.07 per share today, with a dividend yield of 2%.

LKMNH will distribute a gross dividend of TL0.21 per share today, corresponding to a 1.2% dividend yield.

MAVI will distribute a gross dividend of TL1.17 per share today, implying a dividend yield of 3.6%.

- **CLEBI** reported that the fourth hearing regarding the cancellation of concession agreements for its Delhi operations in India was held on Friday, and the next hearing is scheduled for Saturday.
- **GLRMK** announced its decision to acquire 100% of the shares of Hanningfield 1 Limited, a company operating in the renewable energy sector, for GBP2.5mn.
- **KLNMA** signed a USD500mn loan agreement with the International Bank for Reconstruction and Development (IBRD) to support employment retention and growth in 18 provinces affected by the February 6 Kahramanmaraş earthquake and neighboring regions.
- **OBAMS:** Esterad Bank has applied to convert approximately 11.7 million OBAMS shares, representing 2.4% of the company's capital, into publicly traded shares.
- **SMART** announced the termination of the planned merger with ITserv, citing that the targeted synergy could not be achieved.
- **TURSG** reported unaudited gross written premiums of TL50.6 billion for the period between January 1 and April 30, representing a 38% increase compared to the same period of the previous year.

- **YYLGD** disclosed its forward-looking expectations, projecting net sales to reach TL17.1 billion in 2025.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
MACKO		MACKO	Buyback	100.000	40.19	1.15%
REEDR		REEDR	Buyback	100.000	11.95	0.09%
LKMINH		LKMINH	Buyback	70.000	16.04	1.84%
TEZOL		TEZOL	Buyback	234.000	17.48	0.05%
FRIGO		FRIGO	Buyback	50.000	7.03	3.27%
ENERY		ENERY	Buyback	2.378.314	5.32	2.12%
MHRGY		MHRGY	Buyback	300.000	4.83	0.66%
BOBET		BOBET	Buyback	200.000	28.60	0.49%
AHGZ		AHGZ	Buyback	125.000	25.31	1.21%
ALARK		ALARK	Buyback	589.000	84.84	4.91%
ATATP		ATATP	Buyback	50.000	85.44	0.48%

Important Disclosures

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