

Daily View

Good morning. On the final trading morning of the week, risk appetite remains subdued. Following the U.S. Court of Appeals' temporary suspension of a ruling that had blocked former President Trump's tariff decisions, U.S. equity futures are trading slightly negative this morning. Meanwhile, losses in Asian markets have exceeded 1%. Turning to the domestic market, Borsa Istanbul has been pricing in the opposite of the global positive sentiment observed since the beginning of the week. Daily trading volumes, significantly below average at around TRY 60–70 billion, have triggered a loss of momentum in the technical outlook. At this point, the index has tested its lowest levels since falling below 9,200 points at the beginning of May. We believe that end-of-month positioning and relatively low risk appetite ahead of the upcoming holiday have contributed to the pressure seen this week. However, despite the pullback, we have not observed a meaningful outflow of capital from the broader BIST All Index. Technically, with the breakdown of the 9,300 support level, the index has approached the key support zone between 9,000 and 9,100 points, which we continue to monitor closely as the week draws to a close. In the event of additional negative news flow, there is a risk that the pressure could deepen toward the lower bound of this zone—below 9,000 points. Given the current low trading volumes and the approaching holiday, we do not anticipate a sharp upward movement in the short term. In the event of intraday rebounds, the 9,300–9,370 range will be our initial resistance level to watch. On another note, the inflation data for May, to be announced on Tuesday next week, will be of significant importance. A reading below expectations could support a more positive pricing in Borsa Istanbul. The 12-month average target level for the BIST 100 index stands at 13,750 points, suggesting a 49% upside potential based on yesterday's closing price, according to company valuations. While near-term catalysts remain limited, we believe the long-term potential remains intact. At 10:00 AM today, Turkey's Q1 GDP growth data will be released. Internationally, Germany's May inflation data will be announced, followed by U.S. personal spending and PCE inflation figures at 3:30 PM (local time). Turkey's 5-year CDS spread continues its upward trend in recent days and starts the day at 318 basis points.

Macro and Politics

***TURKSTAT will release 1Q25 GDP figures today @ 10:00 local time.** We estimate annual GDP growth at 2.3% for the first quarter. According to the survey conducted by ForInvest, the market median forecast stands slightly below our projection, at 2.2% y/y for 1Q25. While leading indicators have yet to point to a palpable loss of momentum, we anticipate a more pronounced deceleration in the real sector and a broader slowdown in economic activity starting in the second quarter, driven by domestic developments since March 19 and tightening financial conditions. Accordingly, although our year-end growth forecast currently stands at 3.1%, we are considering a downward revision in the period ahead. The CBRT's output gap projection, as outlined in the second Inflation Report of the year, suggests that the gap will remain in negative territory through 2028, with a deeper contraction anticipated in 2025. Hence, we believe the likelihood of full-year GDP growth coming in below 3% in 2025 has increased significantly.

*** April Employment figures will be released @ 10:00 local time.** The adjusted unemployment rate dropped from 8.2% to 7.9% in March. As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment – climbed from 28.5% to 28.8%, which stands for the highest level since June 2024. Moreover, the combined rate of time-related underemployment and unemployment decreased from 18.4% to 17.9%, while the combined rate of unemployment and potential labor force increased from 19.6% to 20.1%. We assess that the rising idiosyncratic issues as of March 19, along

with the subsequent tightening measures undertaken by the CBT, may begin to weigh negatively on economic activity starting from the second quarter. Accordingly, we expect upward pressure to persist particularly in the rate of composite measure of labor underutilization, which we monitor more closely.

*** During the week of May 16–23, foreign investors were net buyers in both the equity and bond markets, albeit modestly, recording net purchases of USD13.2mn in equities and USD148.4mn in government bonds (excluding repo transactions).** Moreover, in the mentioned week, the residents' FX deposits dropped by USD1.2bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) slid by USD1.3bn during the week of May 16 – 23. Besides, the CBT's gross FX reserves climbed by USD7.5bn to USD153.3bn and net international reserves soared by USD8bn USD48bn, while net reserves excluding swaps climbed by USD5bn to USD28.3bn.

*** According to foreign trade figures released by TURKSTAT, exports rose by 7.8% y/y in April to USD20.8bn, while imports increased by 12.7% to USD32.9bn.** As a result, the foreign trade deficit widened significantly from USD7.2bn to USD12.1bn in April, marking its highest level since July 2023. On a 12-month rolling term, the deficit climbed from USD84.5bn to USD86.7bn. Looking at the core data, exports excluding energy and gold rose by 11.1% to USD19.3bn, while imports in the same category increased by 13.5% to USD25.4bn in April. The core trade deficit stood at USD6.2bn during the month. In light of this, we estimate that the current account recorded a notable deficit of around USD7.5bn in April. We maintain our year-end current account deficit forecast at USD22bn (1.5% of GDP).

Sector and Company News

- **GUBRF** reported a net profit of TL 998mn in 1Q25, compared to a net loss of TL 1,719mn in the same period last year. Net sales increased by 15% YoY to TL 17,655mn. International sales rose by 12% YoY in USD terms, maintaining a 19% share in total revenue (1Q24: 19%). The company posted an EBITDA of TL 2,737mn in 1Q25, up 492% YoY, with the EBITDA margin expanding by 1,250 bps YoY to 15.5%.
- **ALARK** announced that it will participate in the capital increase of its wholly-owned subsidiary, Alarko Tarım, raising its paid-in capital from TL850mn to TL2.9bn.
- **BERA** announced that its group company, Divapan Entegre Ağaç Panel, signed an installation agreement worth USD3.8mn with Metsan İnovasyon Enerji for the construction of a 10,200 kWe solar power plant in Konya.
- **CMET** announced that it has decided to sell its entire stake in its subsidiary, Kars Çimento Sanayi Ticaret A.Ş., free of debt and cash, including all rights and obligations, to Arsem Madencilik Enerji Sanayi ve Ticaret A.Ş. for a share sale price of EUR 21.1 million, subject to the receipt of all necessary legal approvals.
- **EKOS** announced that it has signed product sales agreements with various domestic and international companies totaling USD3.3mn and EUR2.5mn. Deliveries are expected to be completed in 2025 and 2026.
- **GARAN** sold a non-performing loan portfolio with a total size of TL 456mn to an asset management company for TL 113.5mn.

- **MIATK** signed a goodwill and non-disclosure agreement with Spain-based ISAAAC Association as part of its international R&D and innovation-driven growth strategy. The collaboration aims to focus on EU-supported projects in AI, smart cities, and autonomous systems.
- **REEDR** announced that it has initiated cooperation talks with US-based Aerendir regarding biometric verification technologies to develop an AI-powered security system.
- **SAHOL** announced that its Netherlands-based subsidiary DxBV will transfer its 69.84% stake in Radiflow to the existing partner for a consideration of USD1.
- **SISE** will distribute a gross cash dividend of TL 0.65 per share today, corresponding to a dividend yield of 1.9% based on the last closing price.
- **YKBNK** secured a syndicated loan facility totaling USD 1.165bn, composed of three tranches.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	47.000	15.64	1.96%
FRIGO		FRIGO	Buyback	50.000	6.71	3.40%
ENERY		ENERY	Buyback	2,544.970	4.90	2.19%
INVES		INVES	Buyback	11.728	214.38	0.72%
REEDR		REEDR	Buyback	100.000	11.93	0.16%
KOCMT		KOCMT	Buyback	390.000	13.48	0.37%
MACKO		MACKO	Buyback	100.000	40.14	0.55%
MHRGY		MHRGY	Buyback	621.128	4.86	0.80%
TCKRC		TCKRC	Buyback	61.515	36.87	0.65%
AHGAZ		AHGAZ	Buyback	70.000	24.02	1.22%
ORGE		ORGE	Buyback	10.000	78.56	0.02%

Important Disclosures

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