Daily Bulletin

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Daily View

Good morning. Let's begin this morning with the interest rate decision from the Central Bank of the Republic of Turkey (CBRT) Monetary Policy Committee (MPC). In line with our expectations, the MPC raised the policy rate from 42.5% to 46.0%, and increased the overnight lending rate (the upper bound of the interest rate corridor) to 49%. The Committee also announced that it will resume weekly repo auctions, signaling its intention to maintain funding around the 46% level. This implies that despite a 350 basis point increase in the policy rate, there will be no significant change on the funding side. However, the upper bound of the interest rate corridor at 49% provides room for intervention if needed to support the Turkish lira (TRY) and TRY-denominated assets. Therefore, we interpret the decision as supportive for TRY assets. As of March 19, our base case expectation was for the policy rate to be at 40% by the end of April. However, we are now observing a level of 46%. Although we anticipate rate cuts to resume following the June 19 MPC meeting, we believe that target levels for the BIST 100 index pointing above 14,000 may be subject to downward revisions in the short term. Nevertheless, we do not expect the index-based potential—currently calculated above 50%—to fall below 45% even with revised figures. For this reason, we foresee a continued "accumulation" phase in BIST. Current market dynamics and capital inflows also support our outlook. In the short term, resistance levels are observed at 9,500 and 9,580, while support levels can be monitored at 9,250 and 9,000/9,100. Today's agenda is relatively quiet, with most international markets closed for holiday. Turkey's 5-year CDS premiums start the day at 329 basis points.

Macro and Politics

*** The CBT will release February short-term external debt stock figures @ 10:00 local time.** Short-term external debt stock in January materialized at USD174.6bn, up by 0.9% m/m. In terms of short-term debt statistics, we believe that "debt stock on a remaining maturity basis," calculated based on the external debt maturing within 1 year or less regarding the original maturity, is rather critical, which is at USD224.3bn as of January 2025. Of this, USD20.7bn is attributed to loans taken by resident banks and private sector affiliates from their branches and affiliates abroad. Stripping this amount from the total results in USD203.6bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey's annual external financing need (EFN). Accordingly, we calculate EFN as of January 2025 around USD230bn.

*** The Monetary Policy Committee (MPC) raised the policy rate from 42.5% to 46%, in line with our house estimate. Market consensus has anticipated the policy rate would be left unchanged at 42.5%.** Additionally, the Committee has also increased the overnight lending rate from 46% to 49% and the overnight borrowing rate from 41 %to 44.5%. Asa result, the upper bound of the interest rate corridor was again settled 300 bps above the policy rate. According to the post-decision statement, the Bank decided to resume the one-week repo auctions that were suspended on March 20, 2025, maintaining the effective cost of funding at 46%. We view the decision as a constructive step toward strengthening policy credibility and anchoring market confidence. It also represents a meaningful move to curb the residents' rising demand of the foreign currency. By delivering the policy rate hike and setting the upper bound at 49%, the MPC has not only tightened financial conditions but also signaled room for an additional 300 basis points of tightening, if warranted. Our year-end policy rate forecast remains at 35%. Following yesterday's decision, we believe the CBT may have created space to proceed with rate cuts in the second half of the year. Our baseline scenario assumes the easing cycle will resume as of June; however, the trajectory will largely depend on domestic political developments and the behavior of resident FX demand.

*** During the period of April 4 – 11, the equity and the bond market (excluding repo transactions) experienced net foreign outflows of USD293.2mn and USD2.8bn, and the foreigners' share in total bond stock tumbled from %6 to 5.2%, which stands for the lowest level since May 2024.** Moreover, residents' FX deposits slid by USD3bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) slumped notably by USD2.4bn during the week of April 4 – 11. Besides, during the same period, the CBT's gross FX reserve dropped by USD6.8bn to USD147.7bn and net international reserves slumped by USD9.8bn to USD38.8bn, while net reserves excluding swaps tumbled by USD10.3bn to USD20.8bn.

***The Residential Property Price Index (RPPI) registered a monthly rise of 2% and an annual increase of 32.3% in March, reaching a level of 174. Yet, in real terms, RPPI dropped by 4.2% y/y.** It is important to note that while the annual real depreciation in housing prices has continued since February 2024, the 4.2% annual decline observed in February 2025 represents the most moderate contraction in over a year, with the pace of decline slowing since October 2024. Despite consistently high mortgage rates, the sharp annual rise in mortgage-backed home sales seems to reflect expectations that housing prices, which have been falling in real terms since February 2024, will increase in the near future. The continuation of these trends in both mortgage-backed sales and housing prices was also evident in the March data. However, in light of heightened domestic financial market volatility as of March 19 and the CBT's recent interest rate hike, we expect the moderation in real price depreciation and the upward momentum in mortgaged housing sales to lose pace starting in April.

Sector and Company News

- **ALARK** announced that 1 million shares were repurchased at an average price of TL97.23. As a result of the transaction, the proportion of shares held in the company's capital increased to 4.16%.
- **FONET** announced that it signed a contract worth TL35.5mn with the Uşak Provincial Health Directorate.
- **HLGYO** announced a dividend distribution of TL0.004 per share. The dividend yield was calculated at 1.09%.
- **RUBNS** announced that 467K shares were repurchased at an average price of TL24.03. As a result of the transaction, the proportion of shares held in the company's capital increased to 1.13%.
- **VESTL**'s indirect subsidiary, Vestel Holland B.V., acquired 100% of Cylinda, a Sweden-based company engaged in the sales and distribution of white goods, for a consideration of SEK69.5 million (TL274.5 million). It was decided that no adjustment would be made to the share purchase price paid on the closing date (June 4, 2024), and the acquisition price has been finalized.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
RUBNS		RUBNS	Buyback	466.754	24.03	1.13%
ALARK		ALARK	Buyback	1.018.062	97.23	4.16%
SASA		SASA	Buyback	30.000.000	4.18	0.22%
HRKET		HRKET	Buyback	50.000	58.33	0.07%
AKFIS		AKFIS	Buyback	49.035	19.86	0.06%
AHGAZ		AHGAZ	Buyback	350.029	21.99	2.06%
ENERY		ENERY	Buyback	6.750.000	4.33	1.64%
BOBET		BOBET	Buyback	206.000	21.44	0.08%
PCILT		PCILT	Buyback	70.000	11.92	0.72%
AKFGY		AKFGY	Buyback	200.000	1.88	0.04%
ADESA MAĞAZACILIK TEKSTİL VE DERİ SAN.TİC. A.Ş		DESA	Market	60.000	8.35	1.32%

Important Disclosures

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