

Daily View

Good morning. Tensions between the United States and Iran persist. As the two-week ceasefire period expires, oil prices climbed back toward \$100 last night following Iran's decision not to participate in negotiations in Pakistan. Subsequently, with the U.S. extending the ceasefire "indefinitely," prices are again hovering around \$93 this morning. U.S. futures are trading notably higher, European futures are slightly negative, and Asian markets are mixed. Despite the volatility observed last evening, we expect a positive opening in Borsa Istanbul this morning, supported by oil prices being in line with levels seen at yesterday's close and the strength in U.S. futures. From a technical perspective, resistance levels at 14,450–14,500 and 14,610 can be monitored, while the 14,000–14,200 range stands as a key support zone. The top positive contributors to the index yesterday were DSTKF, KTLEV, ASTOR, EREGL, and EFOR, while ASELS, AKBNK, FROTO, TCELL, and SAHOL weighed on the index. Over the past week, notable inflows have been observed in ISCTR, EREGL, PETKM, ULKER, and MGROS. On today's agenda, the Central Bank of the Republic of Türkiye (CBRT) Monetary Policy Committee (MPC) rate decision will be in focus at 14:00. We anticipate that the one-week repo auction rate, currently at 37%, may be raised to 40%, aligning with the effective funding rate. This could also imply an increase in the upper band of the interest rate corridor—the overnight lending rate—to 43%, providing additional flexibility to support the Turkish lira. We expect funding to continue at 40% with a shift from overnight to one-week funding. However, recent market developments also keep the possibility of no rate change or a more limited hike on the table. Türkiye's 5-year CDS premiums start the day at 234 basis points.

Macro and Politics

*** TURKSTAT will release April Consumer Confidence Index @ 10:00 local time.** The consumer confidence index declined to 85 in March from 85.7, bringing the first-quarter 2026 average to 84.8, up modestly from an average of 84 in the final quarter of 2025. A breakdown of the sub-components suggests a mixed picture: the index tracking households' current financial conditions improved to 72.8 from 71.3, while expectations for households' financial situation over the next 12 months deteriorated to 85.6 from 86.8. Similarly, expectations for the general economic outlook over the next 12 months weakened to 79.1 from 81.4. Meanwhile, the index measuring the propensity to spend on durable goods – a key proxy for the domestic demand outlook – edged down to 102.7 from 103.2. Overall, the tentative recovery observed in February appears to have reversed in March amid heightened geopolitical risks and elevated uncertainty. In this context, rising geopolitical tensions linked to the US – Iran conflict are pushing energy prices higher, thereby adding to inflationary pressures, while the concurrent deterioration in consumer confidence is reinforcing palpable downside risks to domestic demand and the broader growth outlook.

***The Monetary Policy Committee (MPC) decision will be announced today @ 14:00 local time.** We expect the CBT to raise the policy rate from 37% to 40% at today's meeting, aligning it with the prevailing funding rate. This step would mechanically lift the upper bound of the interest rate corridor to 43% and likely be followed by a resumption of one-week repo funding. As a result, we do not expect an effective change in market rates, which are currently around 40%. In our view, the key signal from such a move would be the preservation of an additional 300bps tightening buffer via the upper bound, if needed. Our base case therefore assumes an alignment of the policy rate with market funding conditions, without an effective shift in the overall stance. That said, we do not rule out an alternative scenario in which the CBT keeps the policy rate unchanged and continues funding through the upper bound. Our year-end policy rate forecast stands at 35%.

*** The unadjusted Real Sector Confidence Index (RSCI) declined by 0.4 points in April to 100.6, marking its lowest level since September.** The seasonally adjusted index fell by a more pronounced 1.4 points to 98.6, dropping below the critical 100 threshold for the first time since July. As a reminder, the unadjusted RSCI had already posted a sharp 3.1-point decline in March to 101, its steepest monthly drop since November 2023, while the seasonally adjusted measure fell by 4.1 points to 100. It's worth noting that readings below the 100 threshold signal a deterioration in confidence among real sector participants regarding economic activity. A breakdown of the diffusion indices indicates that, in April, assessments related to fixed investment spending and current total orders provided some support to the headline index. However, this was more than offset by negative contributions from evaluations of total orders over the past three months, the general business outlook, export orders and production expectations for the next three months, current finished goods inventories, and employment expectations. On the capacity side, the Capacity Utilization Rate (CUR) increased to 73.8% in April from 73.3%, while the seasonally adjusted measure remained broadly unchanged at 74%. As global conditions remain shaped by the ongoing US – Iran conflict, we observe a continued weakening in real sector confidence. Reflecting the anticipated drag on activity from the global supply shock and tighter domestic financial conditions, we have recently revised our growth forecast for this year down to 3.2% from 4.0%. We continue to see downside risks to the growth outlook.

*** The Treasury and Finance Ministry raised a total of TL58.1bn from the market at yesterday's auctions of 2y and 5y fixed-coupon government bonds, including TL35.2bn in non-competitive sales.** At the 2y auction, the bid-to-cover ratio stood at 1.97x, with the average compounded yield realized at 39.83%. In the inaugural issuance of the 5-year bond, the bid-to-cover ratio was 1.66x, while the average compounded yield came in at 36.16%. Having completed its April domestic borrowing program, the Treasury reached a total domestic borrowing of TL409.4bn for the month, coming in notably below its projected borrowing of TL480.1bn. The Treasury will announce its next 3-month (May – July 2026) domestic borrowing strategy on Thursday, April 30 at 17:30 local time. In the previous (April – June 2026) program, the Treasury had projected domestic borrowing of TL362.1bn against redemptions of TL335.3bn for May.

Sector and Company News

- **AKGRT** reported 1Q26 net profit of TL 268 million, down 24% YoY and 41% QoQ.
- **ATAKP** reported 1Q26 net loss of TL 104 million, compared to TL 4 million net profit in the same period last year and TL 131 million net loss in the previous quarter.
- **TABGD** reported 1Q26 net profit of TL 224 million, compared to TL 406 million in the same period last year and TL 2 million in the previous quarter.
- **ALVES** Bank of America reduced its stake from 5.5% to 4.88% through the net sale of 10.6 million shares.
- **ARCLK** signed an agreement to sell its 60% stake in Arcelik Hitachi to Hitachi for a total consideration of at least USD 261 million, including USD 205 million upfront and USD 56 million deferred. Following the transaction, its stake will drop to 0%, with the deal size corresponding to around 2.2% of total assets.

- **ASTOR** won two TEIAS tenders with a total contract value of TL 948 million, corresponding to approximately 2.7% of its 2025 revenue.
- **BALSU** stated that recent social media claims regarding mining activities and a Chile investment are not accurate, confirming that it has no mining operations and that the Chile investment is complementary to its operations in Türkiye.
- **BORLS** Bank of America increased its stake from 4.8% to 5.02% through the purchase of 1.8 million shares in the TL 6.91–6.94 range.
- **BORSK** signed a share purchase agreement to acquire 99.6% of Adapazari Sugar Factory owned by Yildiz Holding for USD 50 million.
- **EUPWR** received an invitation to sign a contract worth USD 1.6 million.
- **GUBRF** decided to transfer its dolomite mining license in Bilecik to its subsidiary for TL 10.3 million.
- **GUNDG** applied to the CMB to increase its registered capital ceiling from TL 150 million to approximately TL 3.8 billion and extend its validity until 2030.
- **HRKET** signed a contract worth USD 3.4 million.
- **KONTR** shares will be restricted from short selling and margin trading between April 22 – May 21 under VBTS.
- **LMKDC** decided to distribute a gross dividend of TL 2 per share from its 2025 profit, implying a dividend yield of 5.9%.
- **MAVI** announced that it repurchased 300,000 shares at TL43.92 per share under its share buyback program, bringing the total repurchased shares to 1.64% of its share capital.
- **PASEU**'s individual shareholders applied for the conversion of approximately 67 million shares, corresponding to 10% of the capital, into tradable shares.
- **TRCAS** announced that the natural gas combined cycle power plant, in which it holds a 30% stake, will be temporarily shut down between April 21 – May 2 due to scheduled maintenance.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
MAVI		MAVI	Buyback	300.000	43.92	1.64%
AHGAZ		AHGAZ	Buyback	300.000	26.68	2.49%

Important Disclosures

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