

Daily View

Good morning. Global markets are off to a mixed start for the new year. U.S. futures are on the positive side despite the terrorist attack in New Orleans, while European futures remain flat, and Asian markets are generally negative. Borsa Istanbul ended 2024 below the 10,000 level, closing at 9,830 points, pressured by the appointment of a trustee to AB inBEV Efes, a subsidiary of Anadolu Efes in Russia, during the last two trading days of the year. This morning, we expect partial rebound buying; however, we believe the weakness in momentum will persist. Starting today, the short-selling ban for BIST 50 companies will be lifted. In our [2025 Outlook Report](#), we provided a list of these companies and mentioned the potential implementation of the "up-tick" rule. While this decision has not yet been announced, the Borsa Istanbul administration will monitor the situation and may choose to apply this rule if there is significant pressure on the BIST. Nevertheless, even without the implementation of the up-tick rule, we believe BIST will remain resilient to potential selling pressure given its current valuations and multiples. Additionally, the ability to conduct short-selling transactions is expected to attract foreign investors who operate globally and have been unable to engage in short-selling on the BIST since February 2023. This could boost both the liquidity and trading volume of the BIST. The day's agenda is relatively quiet. Turkey's 5-year CDS premiums begin the day at 262 basis points.

Macro and Politics

*** Istanbul Chamber of Industry (ICI) December PMI figures will be announced @ 10:00 local time.** ICI November PMI increased to 48.3 level from 45.8, while standing below the 50-threshold for the eighth consecutive month. After averaging 49.8 in Q1 2024 and 48.5 in Q2 2024, the manufacturing PMI dropped to an average level of 46.4 in Q3 2024. In the first two months of the final quarter, PMI averaged around 47, indicating a modest improvement in activity, but still signaling an overall deterioration in the manufacturing sector. Thus, the data received so far for the final quarter point to a slightly more optimistic outlook for activity compared to the third quarter. The evident rise in consumption in recent months raises the likelihood of positive quarterly growth in 4Q24, yet we anticipate that stringent financial conditions will place additional strain on the industrial sector, with annual GDP growth expected to decelerate further over the next two quarters. Hence, we project GDP growth to conclude 2024 at around 2.9%, with a further slowdown to 2.6% by the end of 2025.

*** The CBRT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of December 20 – 27 today @ 14:30 local time.** Based on our calculations upon the CBRT's analytical balance sheet, we estimate that during the week of December 20 – 27, the net international reserves rose by USD1.7bn to USD63.4bn and the gross FX reserves dropped by USD1.2bn to USD155.1bn. To recall the data from the previous week (December 13 – 20): The equity market experienced a foreign outflow of USD169.2mn, while there was a net foreign inflow to the bond market at an amount of USD336.8mn (excluding the repo transactions). Moreover, the foreigners' share in total bond stock rose to 7.76% from 7.6%. Besides, the residents' FX deposits dropped slightly by USD325mn (gold accounts excluded, EUR/USD parity adjusted), while the residents' total FX deposits (including gold, price adjusted) slid moderately by USD180mn in the week of December 13 – 20. The CBRT's gross FX reserves fell by USD7.2bn to USD156.3bn, while the net international reserves decreased by USD3.7bn to USD61.8bn during the same period. Net reserves excluding swaps also declined by USD3.5bn to USD46.4bn.

*** Istanbul Chamber of Commerce has released monthly Istanbul inflation for December at 1.74% level.** There is quite a strong correlation between Istanbul fresh vegetables & fruit price changes and TURKSTAT'S nationwide fresh vegetables & fruit price changes, which will be unveiled tomorrow. ICC announced that food prices registered a monthly rise of 0.93% in December and we believe there are downside risks to our house forecast based on the inflation data to be released by TURKSTAT tomorrow. We had previously stated our monthly inflation forecast for December at 1.8%, while the market estimate stands at 1.6%. We assess that the probability of the December CPI increase falling below 1.5%—and thus coming in below both our house forecast and market expectations—has risen.

* **TURKSTAT released November foreign trade figures and imports rose by 2.7% y/y to USD29.7bn and exports dropped by 3.1% y/y to YSD22.3bn.** We expect the current balance to revert to a deficit in the last two months of the year, with the annual deficit increasing slightly. We estimate that the current account balance will post a deficit of approximately USD3.2bn in November and around USD2.5bn in December. Accordingly, we expect the current account deficit for 2024 to close at approximately USD9bn (0.7% of GDP), excluding any potential revisions.

Sector and Company News

- **ALARK** announced the repurchase of 215K shares at an average price of TL92.39. As a result of the transaction, the ratio of owned shares to the company's capital increased to 2.10%.
- **ASELS:** Aselsan announced the signing of a \$105.5mn contract with the Presidency of Defense Industries for the security of petroleum and natural gas pipelines. Deliveries are planned to take place between 2025 and 2028.
- **AYDEM** announced its electricity production data for October. According to the data, total electricity production in October decreased by 5%. In the first 10 months of 2024, total production declined by 4% year-on-year, reaching 1.9 GWh.
- **BINHO** announced that the capital of its wholly owned subsidiary, Algoritma, was increased from TL5mn to TL150mn, with the capital increase being financed through cash loans provided to Algoritma.
- **CVKMD:** CVK Maden İşletmeleri announced that the final acceptance procedures for the Energy Transmission Line constructed at the gold mine site in Balıkesir-Sarıalan were completed by Uludağ Elektrik Dağıtım on January 1, 2025.
- **DOAS:** Doğu Otomotiv announced that the paid-in capital of its 100%-owned subsidiary, Doğu Şarj, will be increased from TL50mn to TL100mn, with the entire cash capital increase to be covered by the company.
- **EFORC** completed its 9,949.5 kWp solar power plant (SPP) investment and began energy production. The investment is expected to generate annual revenue of USD1.4mn and an EBITDA contribution of USD1mn.
- **ETILR** announced that it has initiated efforts to establish a wholly-owned subsidiary in Dubai or acquire a foreign company's branch.
- **KOTON** announced that the total number of stores reached 451 as of December 31.
- **KUTPO** announced the acquisition of a 15,258 m² facility and its equipment in Kütahya Çalca for TL320.4mn.
- **MACKO** announced the signing of a contract worth TL168mn.
- **MERCN:** Mercan Kimya announced that its shareholders, Gültekin Okay Salgar, Berkin Salgar, and Sinan Salgar, have applied to the Capital Markets Board (SPK) by preparing a "Share Sale Information Form" to convert a total of 19,018,059 B group shares into marketable securities.
- **MIATK** announced that its subsidiary Vitalis Technology was fully transferred to Link Computer, resulting in a 14.13% ownership stake in the company.
- **PLTUR:** Platform Turizm Taşımacılık announced the signing of a contract worth TL419mn for the "Vehicle Leasing Service Procurement" tender organized by Sarıyer Municipality.

- **SISE** announced that it holds the management and control of all its subsidiaries based in Russia, ensuring uninterrupted and continuous production and sales operations at 8 facilities across its 4 main business lines.
- **TKFEN** announced the repurchase of 153K shares at an average price of TL65.69. As a result of the transaction, the ratio of owned shares to the company's capital increased to 2.87%.
- **ULUUN** announced the sale of its old production facility in Samsun Tekkeköy for TL317.5mn.
- **VKGYO** announced the addition of independent sections (totaling 8,801.75 m²) in the Cubes Ankara Project to its portfolio for TL628.1mn.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
KRVGD		KRVGD	Buyback	50.000	2.27	1.31%
TKFEN		TKFEN	Buyback	153.000	65.69	2.87%
LKMNH		LKMNH	Buyback	45.000	18.26	2.89%
ALARK		ALARK	Buyback	215.000	92.39	2.10%
YGGYO		YGGYO	Buyback	29.948	62.02	3.38%
OĞUZ TEKSTİL SAN VE TİC A.Ş.		BOSSA	Market	1.622.741	7.20	1.17%
TÜRKİYE İŞ BANKASI A.Ş.		SISE	Market	2.500.000	41.94	52.12%
TÜRKİYE İŞ BANKASI A.Ş.		ISGYO	Market	500.000	18.92	52.27%
INVES		VERUS	Market	42.981	279.25	63.67%
EGEMEN OTO KİRALAMA A.Ş.		RYSAS	Market	700.000	17.00	0.88%

Important Disclosures

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