

Daily View

Good morning. Global risk appetite is balanced this morning. There were sell-offs in the U.S. yesterday, but futures are on the positive side today. European markets were generally buoyant yesterday, with futures looking balanced. In Asia, the picture is mixed. Borsa Istanbul started the new year on a positive note, rising by 1.33%. The gains were particularly driven by buying in banks. Following the lifting of the short-selling restrictions, we did not observe any additional pressure on the market. Yesterday, short-selling transactions on BIST 50 companies amounted to a total volume of 14.2 billion TRY. Compared to the daily trading volume of 95.5 billion TRY for the index, short sales accounted for 15% of BIST 50's total trading volume and 10% of the total trading volume of the exchange. Despite yesterday's rise in Borsa Istanbul, there was a net capital outflow. Therefore, momentum has yet to show a meaningful improvement, but technically, the resistance level of the consolidation zone has been approached. If the index holds above the 10,050 resistance, we could say the consolidation has broken upward, targeting the 10,100–10,300 range again. Support levels are at 9,910 and 9,820. On today's agenda, the December inflation data will be in focus domestically. We estimate a monthly increase of around 1.5% in CPI, bringing annual CPI to approximately 45% by the end of 2024. For the end of 2025, our annual CPI forecast stands at 28%. Additionally, we will monitor the Central Bank of Turkey's (CBRT) foreign securities transactions and the U.S. ISM data. Turkey's 5-year CDS premiums are starting the day at 262 basis points.

Macro and Politics

*** TURKSTAT will release December inflation figures today @10:00 local time.** Based on recent price data and the Istanbul Chamber of Commerce's Istanbul inflation figures, we assess that the probability of December's CPI increase falling below 1.5% – and thus coming in below both our house forecast and market expectations – has risen. Recall that we had previously projected our monthly inflation forecast for December at 1.8%, while the market estimate stands at 1.6%. We now anticipate the December CPI to register a monthly rise between 1% and 1.5%, remaining below expectations. If the CPI increases by 1% to 1.5%, as we foresee, the 2024 year-end CPI is likely to be slightly below 45%. Please note that we expect the 2025 year-end CPI to be at 28%.

*** Istanbul Chamber of Industry (ICI) December PMI increased to 49.1 level from 48.3, while standing below the 50-threshold for the ninth consecutive month.** After averaging 49.8 in 1Q24, 48.5 in 2Q24 and 46.4 in 3Q24, the manufacturing PMI increased to an average level of 47.7 in 4Q24. The accompanying note underlined that the Turkish manufacturing sector neared stabilization in December as rates of moderation in output, new orders, purchasing and inventories all softened over the course of the month. The note highlighted that less positive was a renewed scaling back of employment, following a rise in November. Meanwhile, input costs increased markedly, but the rate of output price inflation eased to the weakest in just over five years. Leading indicators for the final quarter signal a moderate recovery in economic activity, with PMI data further supporting a more optimistic outlook for the period. However, it is important to emphasize that, on the manufacturing side, the overall trend continues to show a contraction in activity. Accordingly, the data we have collected so far indicates a positive sequential growth for Q4, with annual growth likely to stay slightly below 2% and show a modest decline compared to the previous quarter. We expect GDP growth to end 2024 at 2.9% and drop to 2.6% level by the end of 2025.

Sector and Company News

- **ALTNY** announced that its subsidiary DASAL Aviation Technologies signed a new contract worth USD2.7mn for UAV Systems Development and Procurement Projects.
- **BIGCH** reported that as of January, it opened 2 new branches in Turkey, bringing the total number of branches to 134.
- **BRLSM** announced that the project for the turnkey installation of a solar power plant, which was planned in cooperation with its subsidiary Solar Santral Enerji and a textile company based in Turkey, was mutually canceled due to insufficient distribution capacity in the project area allocated by Turkey Electricity Transmission Corporation (TEİAŞ).
- **EBEBK** announced that 9 new stores were opened in December, bringing the total number of stores to 270 as of December 31 (257 traditional stores and 13 mini stores). Additionally, a store in London was launched during this period.
- **EGGUB** announced that its quay capacity expansion project is expected to be completed in the first half of 2025. Additionally, it reported that operations at the tank farm, used as a bonded area and rented to third parties for chemical storage, will cease as of January 6.
- **EKGYO** announced the provisional acceptance of the Çekmeköy Stage 4 Phase 2 Residential and Commercial Construction, Infrastructure, and Landscaping Project, with the Provisional Acceptance Report approved.
- **ERCB** announced that its application to the Capital Markets Board (SPK) for the issuance of debt instruments with an issuance ceiling of USD200mn for international markets has been approved.
- **FROTO** (Positive) announced its domestic sales data for December. The company reported total vehicle sales of 17,182 units in December, marking a 43% increase compared to the same month last year (December 2023: 11,999) and a 63% rise compared to the previous month. On a quarterly basis, total sales (Passenger + Commercial) rose by 48%, reaching 36,425 units in Q4 2024, compared to 24,594 units in Q4 2023.
- **IMASM** announced the signing of a contract worth USD1.62 million.

- **KATMR** signed an EUR7.1 mn contract for the sale of fuel equipment to be used at airports in the domestic market. Deliveries are planned to be completed within 2025.
- **KZBGY** announced the sale of 270 timeshare units in the Sinpaş Kızılıbük Thermal Wellness Resort project in December, generating TL155.5mn in pre-sales revenue. This brought the total number of timeshare units sold to 29,140.
- **MEGAP** announced that its subsidiary, Mega Hazır Giyim, received an interim dividend payment of TL5mn.
- **MNDRS** announced that its Akça WPP (20 MW), Baklacı GPP (19.4 MW), and Tosunlar-1 GPP (4 MW) facilities have been included in the 2025 YEKDEM (Renewable Energy Support Mechanism) list.
- **TABGD** reported the opening of 64 new restaurants in Q4 2024 and 246 restaurants throughout the year. As of December 31, 2024, the company operates 1,010 restaurants, while 820 are operated by franchisees, bringing the total number of restaurants to 1,830.
- **TKFEN** repurchased 150K shares at an average price of TL65.35. Following this transaction, the total shareholding in the company's capital increased to 2.91%.
- **VBYTZ** announced that it was awarded the tender for SGK's "License Update and Support Maintenance Service Procurement" project with a contract value of TL169.2mn.

Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|----------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| KRVGD | | KRVGD | Buyback | 100.000 | 2.30 | 1.31% |
| TKFEN | | TKFEN | Buyback | 150.000 | 65.35 | 2.91% |
| LKMNH | | LKMNH | Buyback | 20.500 | 17.88 | 2.90% |
| GEDIK | | GEDIK | Buyback | 175.000 | 7.98 | 2.31% |
| YGGYO | | YGGYO | Buyback | 3.354 | 62.48 | 3.39% |
| FRIGO | | FRIGO | Buyback | 20.000 | 7.96 | 2.57% |

Important Disclosures

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