Daily View

Good morning. Following the release of strong employment data in the U.S. on Friday, expectations for a Fed rate cut have been postponed until December of this year, with only one rate cut priced in over the next two years. As we have previously mentioned, if growth and employment-focused data in the U.S. continue to show strong performance, expectations for rate cuts by the Fed may diminish further. In fact, considering inflationary pressures anticipated during the Trump era, a rate hike by the Fed could even come into question. We are seeing global stock markets under pressure following the U.S. data. The massive wildfire disaster in California has also played a role in these sell-offs. Additionally, heightened geopolitical tensions expected during Trump's presidency, which begins next week, are likely contributing to the pressure on prices. This morning, U.S. and European futures, along with all Asian markets, are in negative territory. Borsa Istanbul also seems unable to decouple from the weakness abroad. In the near term, we believe that Borsa Istanbul will remain relatively resilient compared to external markets and will navigate this period with a sideways trend. For the BIST 100 index, a broad range of 9,500 - 10,300 and a narrower range of 9,800 - 10,100 can be monitored.

Macro and Politics

*** The Treasury will hold a 2y fixed coupon bond auction today.** According to three-month (Jan – Mar 25) domestic borrowing strategy, the Treasury has a total domestic redemption of TL225.4bn in January, while in return plans to borrow TL293.8bn throughout the month, via six auctions and two direct sales. After today's single auctions, the Treasury will hold 2y TLREF indexed and 5y fixed coupon bond auctions tomorrow.

***We expect the November Current Account Balance to register a deficit of USD3bn, in line with the median estimate according to the survey conducted by Foreks.** The CBRT will release November Balance of Payment figures today @ 10:00 local time. 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 project an annual current account deficit of USD9bn (0.7% of GDP) for 2024, excluding any potential revisions and our year-end current account deficit expectation for 2025 is USD15bn (1% of GDP). Our forecasts are based on the assumption of no disruptions in energy prices and the continuation of low levels of gold imports.

***The sequential (the seasonal and calendar adjusted monthly figure) industrial production (IP) increased by 2.9% m/m as of November 2024, while the calendar adjusted IP rose by 1.5% y/y.** IP had experienced a decline both on a monthly and annual basis in October. Following the positive signals from leading indicators for November, we had suggested that the contraction in IP in November might be more limited compared to October. Yet, the data appears to show a stronger-than-expected recovery. In November, the seasonally and calendar-adjusted intermediate goods index rose from 97 to 98, while the 3-month moving average increased from 97 to 97.8. The consumer durables index dropped from 109.8 to 107.7, with the 3-month average rising from 108.8 to 109.1. The capital goods index, on the other hand, increased from 120.3 to 130.4, with its 3-month average climbing from 121.7 to 125.1. Leading indicators for the final quarter signal a moderate recovery in economic activity, while PMI data also supports a more optimistic outlook for the quarter. However, it is important to emphasize that the manufacturing sector continues to exhibit a contractionary trend in overall activity. The leading data suggest that growth in the fourth quarter of 2024 could be positive on a quarterly basis, while annual growth is expected to remain slightly below 2%. We project GDP growth to conclude 2024 at around 2.9%, with a further slowdown to 2.6% by the end of 2025.

*** The adjusted unemployment rate edged down to 8.6% from 8.7% in November, yet the broad-based unemployment calculations deteriorated as the rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment—increased to 28.2% from 27.6%.** The combined rate of time-related underemployment and unemployment remained unchanged at 18.5%, while the combined rate of unemployment and potential labor force rose to 19.4% from 19%. We expect growth dynamics to gain some momentum starting in the second quarter of 2025, although we forecast GDP growth for 2025 to be lower than in 2024, at 2.6%. As a result, we anticipate that the unemployment rate could rise above 10% in 2025.

Sector and Company News

- **KARSN** signed an agreement worth EUR11.5mn with Romania's Craiova Municipality for the supply of 22 units of 12-meter e-ATA buses and 30 charging stations. The delivery of these vehicles is planned for 2025.

- **KOCMT** announced the signing of a EUR3.85mn contract for the procurement of a crane intended for investment in its wire rod and rebar production facility at its Osmaniye branch. Additionally, the company signed a TL34.5mn contract with BAYKA Zemin İnşaat to invest for the Pile Wall Retaining Project of its wire rod and rebar production facility.

- **LILAK** announced that it has decided to increase the capacity of the 5th Paper Production Line, which is planned to be commissioned at the beginning of 2027 with a net capacity of 30K tons/year, to a net 70K tons/year.

- **METUR** prepared a share sale information form for the sale of 16.231mn shares on the stock exchange and submitted it to the Capital Markets Board (SPK) for approval.

- **SNICA** finalized sales agreements totaling TL233mn through negotiations with its existing domestic dealers.

- **TKFEN** announced the repurchase of 36K shares at an average price of TL66.42. As a result of the transaction, the proportion of shares held in the company's capital increased to 3.0%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	17,500	20.66	2.95%
TKFEN		TKFEN	Buyback	36,000	66.42	3.00%
FRIGO		FRIGO	Buyback	20,000	8.38	2.66%
PCILT		PCILT	Buyback	10,000	17.60	2.05%
KRVGD		KRVGD	Buyback	100,000	2.30	1.34%
GEDIK		GEDIK	Buyback	18,867	7.95	2.33%
ERCB		ERCB	Buyback	4,150	98.20	0.02%

Important Disclosures

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