

Daily View

Good morning. Global markets are starting the new week on a positive note. U.S. markets will remain closed today, while European futures are in positive territory, and Asian markets are generally trading higher. On Friday, Borsa Istanbul saw movement toward the psychological resistance level of 10,000. We anticipate that the positive momentum will continue today and throughout the week, with a potential push toward the 10,150–10,300 resistance zone. Technical indicators show improvement, particularly in short-term and higher-frequency signals, where we are starting to observe positive trends. Inflows of capital and increased trading volumes also support this outlook. The macroeconomic data calendar for the day is relatively quiet. In the U.S., Donald Trump is expected to take the oath of office and assume the presidency at 8:00 PM Turkish time. Although concerns about policies to be implemented during the Trump administration persist, we are not currently seeing any pressure from these concerns. Later in the week, especially toward the weekend, growth-focused data from the U.S. and Europe will be closely monitored. In Turkey, key events to watch include the CBRT Monetary Policy Committee (MPC) interest rate decision and Moody's announcement regarding Turkey's credit rating. We expect a 250 basis point interest rate cut from the MPC and a credit rating upgrade from Moody's. Turkey's 5-year CDS premiums started the day at 272 basis points.

Macro and Politics

***The Treasury will hold 6m G-bond auction today.** The Treasury tapped the domestic markets to the tune of TL136bn so far this month. After today's single auctions, the Treasury will hold 3y CPI-indexed and 6y FRN auctions tomorrow and the direct sales of 1y gold-denominated bond & 1y gold-denominated lease certificate on January 24th and finalize its domestic borrowing program for January. 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, indicating a roll-over ratio of 130%, via six auctions and two direct sales.

*** The CBRT released the results of the Market Participants Survey for January 2025.** The results revealed that the year-end inflation expectation for 2025, which stood at 27.07% in December, showed no palpable change in the January survey. Besides, survey participants projected a monthly CPI rise of 4.07% for January. Meanwhile, the 12-month ahead inflation expectations declined from 27.07% to 25.38%, and the 24-month ahead expectations fell from 18.47% to 17.72%. Although our projections are still under review, we anticipate January monthly inflation to be around 4%, with annual inflation falling below 42%, mainly driven by positive base effect. Our year-end CPI forecast for 2025 stands at 28%. Market participants anticipate that the Monetary Policy Committee (MPC) meeting on Thursday, January 23rd, will result in a 250bps rate cut, bringing the policy rate down to 45%, in line with our house estimate. The survey revealed an average USD/TRY exchange rate expectation of 43.03 for year-end 2025. Our house forecast is slightly higher at 45. In terms of growth and external balances, the survey participants maintained their 2025 growth estimate at 3.1%, with 2026 growth expected at 3.9%. Current account deficit expectations stand at USD17.4bn for 2025 and USD22.5bn for 2026. We expect 2025 GDP at 2.6%. On the external balance, we estimate a current account deficit of around USD3.5bn for December. For 2024, excluding potential revisions, we foresee a deficit of approximately USD9bn (0.7% of GDP), and for 2025, we project a deficit of 15 billion USD (1% of GDP).

* **Short-term external debt stock in November materialized at USD178.8bn, down by 0.8% 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 one year or less regarding the original maturity, is rather critical, which is at USD232.7bn as of November 2024. Out of this figure, USD23.8bn is debt to the resident banks and private sectors to the banks' branches and affiliates abroad. Stripping this amount from the total results in USD208.9bn. 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 November 2024 around USD225bn.

* **The Residential Property Price Index (RPPI) registered a monthly rise of 2% and an annual increase of 29.4% in December, reaching a level of 158.45.** Yet, in real terms, RPPI dropped further by 10.4% y/y. The real depreciation in RPPI on an annual basis has persisted since February.

Sector and Company News

- **GLYHO** released its December port statistics. According to the data, passenger movements in December 2024 increased by 45% compared to December 2023, while the number of ships rose by 56%. Port occupancy rates stood at 95%.
- **GRSEL** announced that its financial reports for the fourth quarter of 2024 will be disclosed to the public on March 3.
- **LKMNH** announced that it repurchased a total of 15,000 shares within the price range of TL21.40-21.44. Following this transaction, the company's shareholding in its own capital increased to 2.99%.
- **TKFEN** announced that it repurchased 150K shares at an average price of TL65.48. As a result of this transaction, the proportion of shares held in the company's capital increased to 3.18%.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	15,000	21.42	2.99%
TKFEN		TKFEN	Buyback	150,000	65.48	3.18%
FRIGO		FRIGO	Buyback	20,000	8.00	2.73%
KRVGD		KRVGD	Buyback	74,453	2.21	1.38%
GEDIK		GEDIK	Buyback	80,000	7.88	2.41%
PCILT		PCILT	Buyback	10,000	16.75	2.09%
ALKLC		ALKLC	Buyback	185,000	27.22	0.86%

Important Disclosures

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