

## Daily View

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Good morning. Today, we begin the day awaiting the announcement of the Central Bank of Turkey's (CBRT) Monetary Policy Committee (MPC) interest rate decision. The decision will be announced at 2:00 PM, and we expect a 250 basis points rate cut from the MPC. As a result, the policy rate would decrease from 47.5% to 45%, while the annual compounded equivalent of the policy rate would drop from 61% to 57%. This rate remains above both the inflation rate of the past year and the expected inflation for the upcoming year. Therefore, we can state that tight monetary conditions in Turkey will persist despite the rate cut, which will continue to support the disinflation process. Since we expect this approach to persist in the coming months, we believe the MPC will continue with rate cuts. We also hope to see our expectations confirmed in the messages delivered in the MPC Statement. Messages suggesting that the rate cuts could continue at the current pace would support Borsa Istanbul, particularly the banking sector. In this scenario, as mentioned on page 16 of our [2025 Outlook Report](#), the BIST 100 index, which currently targets around 14,000, could continue rising toward the 15,000 level. Additionally, the U.S. weekly jobless claims will be monitored on today's agenda. Meanwhile, Turkey's 5-year CDS premiums start the day at 266 basis points.

## Macro and Politics

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**\* We expect the Monetary Policy Committee (MPC) to cut the policy rate by 250 bps to 45% in today's rate-setting meeting.** We expect a cautious tone in the decision document, one that avoids sending dovish signals and emphasizes that data-driven decisions will be made in every meeting. Ahead of the January inflation data, which will be released at the beginning of February and is estimated to be around 4% on a monthly basis (though we have not yet finalized our official forecast), we believe the MPC may proceed with further rate cuts. We also note that the absence of meetings until March, following the January meeting, will provide the MPC with sufficient time to monitor inflation developments. Our year-end policy rate forecast for 2025 is 30%, while our inflation forecast stands at 28%.

**\*TURKSTAT will release January Consumer Confidence Index @ 10:00 local time.** The consumer confidence index data to be released for January will provide the first growth signals for 2025. Recall that the Consumer Confidence Index rose to 81.3 level from 79.8 to as of December, indicating 1.9% m/m rise. The Index, which declined from an average of 79.8 in the third quarter to 76.8, rebounded to an average of 80.6 in the final quarter of the year, signaling some improvement in domestic demand. The evident rise in consumption tendency in recent months raises the likelihood of positive quarterly growth in 4Q24. Nonetheless, 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. We expect annual growth to gain some momentum starting in the second quarter of 2025, following a relatively subdued period. We project GDP growth to conclude 2024 at around 2.9%, with a further slowdown to 2.6% by the end of 2025.

**\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of January 10 – 17 today @ 14:30 local time.** Based on our calculations from the CBT's analytical balance sheet, we estimate that during the week of January 10 – 17, the net international reserves increased further by USD1.63bn to USD71.6bn and the gross FX reserves climbed by USD2.9bn to USD163.4bn, reaching new record-high levels. To recall the data from the previous week: During the week of January 3–10, the equity market witnessed a foreign outflow of USD211.8mn, while the bond market recorded a net foreign inflow of USD460.5mn (excluding repo transactions).

Furthermore, the foreigners' share in the total bond stock remained unchanged at 7.9% during this period. On an annual basis, the equity market saw a cumulative foreign outflow of USD2.7bn, whereas the bond market (excluding repo transactions) experienced a cumulative foreign inflow of USD16.4bn. The residents' FX deposits receded by USD1.1bn (gold accounts excluded, EUR/USD parity adjusted) in the period of January 3 – 10, while their total FX deposits (including gold, price adjusted) eased by USD1.2bn in the week of January 3 – 10. The CBT's gross FX reserves increased by USD2.52bn to USD160.56bn, while net international reserves rose by USD2.34bn to USD69.95bn. Net reserves excluding swaps, moreover, climbed by USD8.3bn to USD54.9bn.

## Sector and Company News

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- **AGESA** announced its decision to increase the capital of its 100% subsidiary, Medisa Sigorta, from TL500mn by TL650mn, to TL1.15bn.
- **EKGYO** raised the minimum company share total revenue for the Batı Yakası Project from TL1.09bn to TL2.22bn.
- **EKOS** announced that, within the framework of its ongoing strategic collaboration with General Electric, it has received an order worth USD5.5mn from a power transformer manufacturer for projects to be carried out in Saudi Arabia.
- MC Müteahhitlik, a 51% subsidiary of **RALYH**, has been invited to sign contracts for two tenders totaling TL 6.1bn. Additionally, Ral Yapı Mühendislik, a 100% subsidiary of **RALYH**, has been invited to sign a contract for a tender valued at TL 1.61bn.
- **OTKAR** announced that it will disclose its Q4 2024 financial results on February 4.
- **SANFM** announced that a contract was signed with Gün İnşaat for a factory investment in Hendek 2nd Organized Industrial Zone. The total contract value is TL130mn, with an advance payment of TL75mn. The factory construction is expected to be completed and delivered within 240 days.
- **TAVHL** announced that it will disclose its 4Q24 financial results on February 18. Additionally, the company submitted a bid for the Kuwait International Airport Terminal 4 operations and maintenance services tender, organized by the Kuwait Civil Aviation Authority.
- **TOASO** announced that it will disclose its Q4 2024 financial results on February 12.

- **YATAS** announced that the construction work at its Foam Facility, located on a land of approximately 200,000 m<sup>2</sup> in the İncesu Organized Industrial Zone, has reached the final stage.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	30,000	21.17	3.01%
FRIGO		FRIGO	Buyback	20,000	8.08	2.77%
KRVGD		KRVGD	Buyback	50,000	2.16	1.39%

# Important Disclosures

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