

Daily View

Good morning. The global markets are experiencing a shock with the rise of the Chinese AI assistant "DeepSeek." Challenging the throne of ChatGPT, developed by US-based OpenAI, DeepSeek has climbed to the top of the Apple Store charts, raising doubts about the US and chip manufacturer Nvidia's leadership in this field. This development is particularly noteworthy as it coincides with a period when US tech companies are expected to announce their weakest earnings reports in two years. Reflecting these developments, US and European markets are weak, while Asian markets, except for Japan, are showing gains. Domestically, we start the week with disappointment following Moody's decision on Friday evening to leave Turkey's credit rating unchanged. Moody's maintained Turkey's credit rating at four notches below investment grade with a positive outlook, while highlighting themes such as disinflation, fiscal stability, "Liralization," and improvements in growth in its evaluation note. We anticipate the Borsa Istanbul (BIST) to make a weak start to the week, with efforts to hold above the 10,000 level likely to continue. On today's agenda, domestic highlights include real sector confidence and capacity utilization, while US housing sector data will take center stage abroad. Later in the week, decisions from the Federal Reserve (Fed) and the European Central Bank (ECB), as well as growth and inflation data, will be closely monitored. Meanwhile, Turkey's 5-year credit default swap (CDS) premiums start the day at 259 basis points.

Macro and Politics

*** Credit rating agency Moody's, which was expected to release Turkey's sovereign rating review on Friday, opted not to make a rating action and instead announced the completion of a periodic review of ratings of Turkey.** Market participants had anticipated Moody's to upgrade Turkey's credit rating by one notch and revise the credit outlook from "positive" to "stable." It's important to note that these calendars are only reference points and do not guarantee that the agencies will conduct a review or make a new rating decision. Nevertheless, since periodic reviews are generally released during interim periods rather than on scheduled review dates, Moody's decision on Friday was perceived as unexpected. In the periodic review, Moody's indicated that they expect disinflation to continue in 2025 with the inflation rate declining to about 30% by the end of the year. The agency noted that the rating could be upgraded if the authorities continue to effectively implement policies that restore macroeconomic stability, reduce inflation on a sustained basis, achieve lasting de-dollarization of the economy, and rebalance growth away from credit-driven domestic demand. The agency also highlighted that given the positive outlook, a downgrade is unlikely, however; they would likely change the outlook to stable if the improvements in disinflation, de-dollarization and current account deficits stalled or reversed or were not accompanied by structural changes that would reduce the risks that future inflation shocks become long-lasting. Following Moody's, Fitch's credit rating review for Turkey, scheduled for Friday, January 31st, will be the focal point of investors this week. For the Fitch review, we do not anticipate any changes in credit rating or outlook for Turkey. Please note that S&P and Fitch currently assess Turkey's credit rating as three notches below investment grade, while Moody's evaluates it four notches lower. In their most recent reviews, S&P and Fitch assigned a "stable" outlook, whereas Moody's maintained a "positive" outlook.

*** The CBT will release January Real Sector Confidence Index and Capacity Utilization Rate @ 10:00 local time today.** Today's will provide the first growth signals for 2025. As a reminder, the Real Sector Confidence Index (RSCI) eased to 99.1 level from 100.4 as of December, sliding below the 100-threshold for the first time since September and indicating a pessimistic outlook to the economic activity by the real sector agents covered by the Survey. The seasonally adjusted RSCI,

moreover, dropped to 102.7 from 103.4. In addition, the unadjusted Capacity Utilization Rate (CUR) decreased to 75.8% from 76.1%, while the adjusted CUR remained unchanged at 75.6% in December. The evident rise in consumption 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 Treasury sold TL87.7bn at the direct sale of 1y gold-denominated bond & 1y gold-denominated lease certificates last Friday, finalizing its domestic borrowing strategy for January.** Accordingly, the Treasury's total domestic borrowing since the beginning of the month totaled TL315bn, above the initial projection of TL293.8bn. The Treasury will release its next three-month (Feb – April 25') domestic borrowing strategy on January 31st. According to the previous program (Jan – March 25'), the Treasury has a domestic redemption of TL97.7bn in February, while in return plans to borrow TL166.4bn throughout the month.

Sector and Company News

- **AEFES** announced that JCR Eurasia Rating affirmed Anadolu Efes' Long-Term National Institutional Credit Rating at the highest level, "AAA (tr)," and its Short-Term National Institutional Credit Rating at "J1+ (tr)," with a "stable" outlook. Additionally, JCR Eurasia Rating affirmed the company's Long-Term International Institutional Credit Ratings in Foreign and Local Currency at "BB+" but revised the outlook to "negative."
- **AYDEM** received approval for a hybrid installation at the Göktaş HPP. Once completed, the installed capacity of Göktaş HPP will increase from 275.6 MWm to 283.1 MWm. Additionally, the company shared its electricity generation data for December, reporting a 33% year-on-year decline to 147 GWh. For 2024, electricity generation decreased by 9% compared to 2023, totaling 2,156 GWh.
- **AYGAZ** announced that it has decided to participate in the capital increase of its subsidiary Sendeo Dağıtım Hizmetleri A.Ş., in which it holds a 27.5% stake, to raise its capital to TL700mn. Aygaz will exercise its preemptive rights corresponding to TL110mn and will pay the full amount in cash by February 28, 2025. Additionally, Aygaz announced that it will disclose its 4Q24 financial results on February 17.
- **CWENE** announced the cancellation of a USD27mn contract signed on August 19, 2024, due to the client postponing the investment decision for the related project.

- **KCHOL** announced that it has approved the signing of the contract for the operational rights of the Fenerbahçe-Kalamış Marina by Kalamış A.Ş., in compliance with the tender specifications, and that USD504mn will be paid. In this context, it was decided to increase the capital of Tek-Art to TL361.5mn, and Koç Holding will participate in this capital increase. As a result, KCHOL's stake in Tek-Art's capital will rise to 75.3%. Additionally, Koç Holding announced that it will disclose its 4Q24 financial results on February 18.
- **TKFEN** announced the repurchase of 140K shares at an average price of TL63.50. Following this transaction, the total shares held by the company represent 3.39% of its share capital.
- **TURSG** announced that its unaudited total gross premium production for 2024 reached TL101.4bn, representing a 70% increase compared to the same period last year (TL59.5bn in the prior year).
- **YATAS** announced its decision to invest in solar energy systems to meet its energy needs. In this context, installations will be made on the rooftops of factories located in Ankara and Kayseri.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	20,000	21.80	3.04%
FRIGO		FRIGO	Buyback	183,576	8.00	2.91%
KRVGD		KRVGD	Buyback	200,000	2.14	1.41%
TKFEN		TKFEN	Buyback	140,000	63.50	3.39%
PCILT		PCILT	Buyback	10,000	17.70	2.11%

Important Disclosures

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