

## Daily View

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Good morning. As expected, the Fed kept its policy rate unchanged within the 4.25% - 4.50% range. The phrase "progress has been made in easing inflation" was removed from the statement, which can be interpreted as a hawkish signal. However, the market had already priced in the Fed's stance, expecting only one rate cut this year, likely in early June. Therefore, the Fed's decision does not have a significant impact on global markets this morning. Looking at the stock markets, U.S. and European futures are in positive territory, while Asian markets display a mixed outlook. On Borsa Istanbul, following JP Morgan's "overweight" recommendation for Turkish equities, the index surged to 10,180 before retreating to 10,077 in the last hour of trading. Meanwhile, reports indicate that foreign interest in Turkish companies continues to grow, confirmed by the increasing number of recent analyst reports. The 12-month average target level for the BIST 100 index has climbed to 14,100. This potential, combined with expectations of real appreciation in the Turkish lira, suggests an attractive return in dollar terms, sustaining foreign investor interest. If capital inflows follow, we may see a more pronounced upward movement in BIST. Today's agenda includes growth data from Europe and the U.S., as well as the ECB interest rate decision. Turkey's 5-year CDS premiums start the day at 260 basis points.

## Macro and Politics

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**\*TURKSTAT will release January Economic Confidence Index @ 10:00 local time.** The Economic Confidence Index increased by 1.8% m/m in December, rising from 97.1 to 98.8. Analyzing the three-month averages, the index level rose from 96.7 to 98 as of December. However, it is noteworthy that the index has remained below the critical threshold value of 100 since March. The Economic Confidence Index, which ranges between 0 and 200, reflects a pessimist outlook regarding the general economic outlook when it falls below the 100 threshold. With the release of these preliminary data for January, we continue to compile the initial signals for economic activity in 2025. Our projections for 2025 suggest that economic activity will exhibit a pronounced cyclical pattern throughout the year. Based on the CBT's output gap estimates, we expect the lagged impacts of tight monetary policy to continue to be felt until 2Q25. However, in the second half of 2025, we anticipate a modest rebound in activity, driven by easing inflation and the delayed impact of imminent rate cuts. Accordingly, growth, which we expect to decelerate to 2.9% in 2024, is projected in our baseline scenario to show a pronounced divergence between the first and second halves of 2025, ultimately closing the year at a subdued 2.6%, indicating a further decline from the previous year.

**\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of January 17 – 24 today @ 14:30 local time.** Based on our calculations from the CBT's analytical balance sheet, we estimate that during the week of January 17 – 24, the net international reserves increased further by USD2.3bn to USD73.7bn and the gross FX reserves climbed by USD4.3bn to USD167.7bn, reaching new record-high levels. To recall the data from the previous week: During the week of January 10 – 17, the equity market witnessed a foreign outflow of USD67.2mn, while the bond market recorded a notable foreign inflow of USD1.2bn (excluding repo transactions). Furthermore, the foreigners' share in the total bond stock soared to 8.5% from 7.9%, which stands for the highest level since February 2020. On an annual basis, the equity market saw a cumulative foreign outflow of USD2.9bn, whereas the bond market (excluding repo transactions) experienced a cumulative foreign inflow of USD17.7bn. Besides, the residents' FX deposits increased by USD802mn (gold accounts excluded, EUR/USD parity adjusted) in the period of January 10 – 17, while the residents' total FX deposits (including gold, price adjusted) rose by USD516mn in the mentioned period. The CBT's

gross FX reserves rose by USD2.85bn to USD163.42bn, while the net international reserves climbed by USD1.46bn to USD71.41bn. The net reserves excluding swaps, moreover, surged by USD4.5bn to USD59.38bn.

## Sector and Company News

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- **GARAN (Slightly Positive)** reported a Q4 2024 net profit of TL25.2bn, in line with expectations (Consensus: TL24.7bn). For the full year 2024, net profit increased by 6% to TL92.2bn, with a return on equity (ROE) of 32.6%. The net interest margin (NIM) rose by 0.9 percentage points quarterly to 4.7% but declined annually to 3.7% for the full year. Fee income grew by 12% quarterly, while the cost/income ratio increased to 42%. Non-performing loans (NPLs) increased by 12%, but the NPL ratio remained flat at 2.2%. While the bank benefited from strong interest income growth, overall operating income and net profit growth are viewed as slightly positive. The bank expects TL loan growth above the average CPI and low double-digit FX loan growth. ROE is targeted to remain around 30%, though sustaining this level appears optimistic.
- **ASUZU** According to Anadolu Group Automotive Division President Bora Koçak, Anadolu Isuzu is interested in acquiring a commercial vehicle and bus manufacturing plant in Uzbekistan. Koçak stated that a non-binding offer was submitted two months ago and that a final offer will be made by mid-February. He emphasized that, if the acquisition is completed, modernization investments will be required, with USD70-80mn planned for technological upgrades over the next two years. Additionally, the company targets an export revenue of over EUR150mn in 2025, while total revenue is expected to exceed USD500mn.
- **CWENE** signed a contract worth USD7.6mn. The amount corresponds to 3.2% of its 12-month USD-based revenue.
- **FROTO** has applied to the Capital Markets Board for approval of a 900% bonus capital increase.
- **GLRMK** announced that it submitted the most advantageous bid of TL14bn in the tender it participated in.
- **KLKIM** has purchased the factory in Muğla, which the company is currently leasing, with 2,020 m<sup>2</sup> of indoor space and 5,652 m<sup>2</sup> of outdoor space, along with its equipment, for TL115.6mn.

- **MPARK** decided to suspend operations at Medical Park Çanakkale Hospital as of January 30, 2025, following a seismic safety analysis. The hospital is planned to reopen in a new building within 18 months, while the option of strengthening the existing building is also being evaluated. The hospital accounted for 1.1% of the group's consolidated hospital revenue in the first nine months of 2024.
- **RALYH**'s 51%-owned subsidiary, MÇ Müteahhitlik, announced that it submitted the second most advantageous bid of TL 2.59 billion in the tender it participated in.
- **TKFEN** announced that it repurchased 230K shares at an average price of TL64.60. As a result of this transaction, the repurchased shares now represent 3.55% of the company's total capital.
- **TTRAK** announced that its financial reports for the fourth quarter of 2024 will be disclosed to the public on February 13.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	50,000	20.86	3.08%
KRVGD		KRVGD	Buyback	350,000	2.04	1.44%
TKFEN		TKFEN	Buyback	230,000	64.60	3.55%
ATAKP		ATAKP	Buyback	30,000	42.59	0.12%

# Important Disclosures

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