

Daily View

Good morning. Global markets are starting the new week with the backdrop of the U.S. intervention in Venezuela; however, equity markets are broadly maintaining a positive tone. Despite holding the world's largest proven oil reserves, Venezuela's contribution to global supply has fallen below 1% in recent years. Therefore, following the U.S. intervention, a contraction in oil supply is not anticipated; on the contrary, an increase appears more likely. Within the geopolitical framework, the primary uncertainty centers on questions such as "Which regions or countries could be subject to similar U.S. actions?" and "How might China, Russia, and Iran respond?" Recent messages from the U.S. administration suggest that Cuba, Colombia, Greenland, and Denmark are in focus. While markets will continue to monitor these developments, the overall outlook this morning remains constructive. In Borsa Istanbul, the index rose by 2.1% on Friday. The top five positive contributors were AKBNK, KLRHO, YKBNK, SAHOL, and THYAO, while ASELS, PASEU, AKSEN, GENIL, and TURSG exerted negative pressure on the index. Stocks that have stood out with consistent fund inflows over the past week include KCHOL, GARAN, MGROS, ULKER, and TAVHL. The index closed Friday at 11,498, marking the second-highest close in BIST history, and we believe it has built sufficient momentum to test its all-time high of 11,605 during the week. The 11,400 level can be monitored as the first support. On today's agenda, December data—and thus full-year 2025 inflation figures—will be in focus domestically. We expect annual CPI inflation to be announced within the 30.5%–31.0% range. Turkey's 5-year CDS premiums start the day at around 205.

Macro and Politics

*** TURKSTAT will release December inflation data today @ 10:00 local time.** We expect December CPI to rise by 0.8% m/m, slightly below the market consensus of around 1%. In case of the monthly realization to align with our forecast, year-end inflation for 2025 would decline to 30.8%. We project annual CPI to stand at 23% by end-2026. Our forecast is built on the assumption that, following the removal of excess pricing pressures during the initial phase of disinflation, the subsequent phase will be shaped predominantly by sticky price dynamics in high-inertia components such as food and housing. Persistent rigidity in services inflation and the structurally volatile nature of food prices imply a framework in which the marginal utility of monetary policy diminishes, and disinflation proceeds at a rather slower pace. With inflation expected to end 2025 just below 31%, we project a gradual disinflation path in 2026, with headline CPI easing to 27.6% by end-1Q26, 26.2% by end-2Q26, 24% by end-3Q26, and retreating to 23% by year-end. Our baseline scenario assumes no sustained real depreciation in the exchange rate over the year, real GDP growth close to 4%, and the absence of persistent volatility in oil prices. Moreover, the 27% increase in the minimum wage has materialized in line with our baseline assumptions and remains consistent with our end-2026 CPI forecast. Still, the forthcoming update to CPI basket weights at the start of the year, along with imminent adjustments to administered prices and taxes, constitutes a key source of upside risk to our forecast. As such, we plan to reassess our 23% inflation projection once the data set becomes clearer toward the end of the first quarter.

***Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI increased from 48 to 48.9 level in December, climbing the highest level for a year.** Accordingly, the manufacturing PMI averaged 47.8 in the final quarter of the year, signaling an improvement from the third-quarter average of 46.63. While the PMI has remained below the 50-threshold since April 2024 - pointing to a loss of momentum in the manufacturing sector for over 18 months - the recent uptick in the index suggests that the pace of contraction in manufacturing activity has begun to moderate. The accompanying note underlined that the Turkish manufacturing sector moved closer to stabilization in December as business conditions moderated only slightly at the end of 2025. Softer slowdowns in output, new orders, employment and purchasing were registered amid signs of improving

demand conditions. Meanwhile, inflationary pressures strengthened after having eased in November. Moreover, the ICI Türkiye Sectoral PMI survey pointed that only three of the ten manufacturing sectors tracked reported an increase in output in November. Output growth was strongest in the food products sector, recording its fastest pace since September 2024. The other sectors registering output expansion were electrical and electronic products, as well as wood and paper products. In contrast, the sharpest contraction in output was observed in machinery and metal products, while the textiles sector showed early signs of recovery. Improvements in new orders remained confined to the electrical and electronic products and food products sectors.

*** Foreign investors recorded net equity purchases of USD283.8mn during the 19 – 26 December period, while the bond market saw a net foreign outflow of USD236mn (excluding repo transactions).** Over the same period, foreigners' share in the total bond stock edged down to 7.3% from 7.4%. As the week ending 26 December effectively captures most of 2025, year-to-date figures show that foreign investors have accumulated USD2.2bn in net equity inflows and USD2.9bn in net bond purchases excluding repos. Despite the net outflow recorded in the 19 – 26 December week, foreigners have posted cumulative bond purchases of USD282.7mn since the beginning of December, following USD2bn of net buying throughout November. Meanwhile, cumulative equity inflows since early December have exceeded USD800mn. Moreover, during the week of December 19 – 26, the residents' FX deposits posted a strong increase of more than USD1bn (excluding gold, EUR/USD parity effect adjusted), while their total FX deposits (including gold, price adjusted) climbed by USD2.5bn during the week of December 12 – 19. In terms of official reserves, the CBT's gross FX reserves climbed by USD1.6bn to USD193.9bn, net international reserves decreased by USD0.7bn to USD79.6bn and net reserves excluding swaps increased by USD0.8bn to USD67.4bn.

Sector and Company News

- **ASTOR** announced that it made a sale worth USD 21.5 mn (approximately TL 923 mn) to a domestic customer.
- **BIGCH** announced that, with the opening of two domestic branches in December 2025, it has reached a total of 140 branches, comprising 127 in Türkiye and 13 abroad.
- **EBEBK** announced that its number of stores in Türkiye increased from 291 as of November 30, 2025 to 300 as of December 31, 2025; that it opened 9 new stores in Türkiye in December; and that it also has 3 stores in the United Kingdom and 1 store in Northern Iraq.
- **SONME** announced that it collected TL7.5mn in dividends from Sönmez Çimento, in which it holds a 15% stake.
- **UNLU** announced its participation in the capital increase of Piapiri Teknoloji A.Ş., its wholly owned subsidiary, raising its capital from TL 40 million to TL 100 million.
- **ZOREN** announced that it contributed an additional EUR 6 mn to the capital increase of Electrip Global Limited, in which it holds a 49.99% stake. With this payment, Zorlu Enerji's total contribution of EUR 10 mn has been fully completed.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	42.389	18.85	5.51%
BOBET		BOBET	Buyback	243.972	19.05	1.61%

Important Disclosures

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