

Daily View

Good morning. The resolution of the Greenland dispute between the US and Europe within the NATO framework is contributing to a renewed improvement in global risk appetite. US futures are notably positive this morning, Asian markets are trading with a positive bias, while European futures are slightly negative. The constructive outlook in Borsa Istanbul remains intact. Although the anticipated consolidation in the 12,800 / 13,000 range has materialized, momentum remains positive, supported by ongoing capital inflows, foreign investor interest, and elevated trading volumes. Despite expectations for a 150 basis point rate cut, the CBRT's decision to deliver a 100 basis point cut led to a limited intraday pullback yesterday, which was later offset by renewed buying interest. As a result, the BIST 100 Index closed the session up 0.97% at 12,851. The stocks contributing most positively to the index were TCELL, BIMAS, TUPRS, EREGL, and ASTOR, while AKBANK, KLRHO, ASELS, YKBNK, and ISCTR weighed negatively. Over the past week, YKBNK, EREGL, GARAN, GUBRF, TUPRS, and TAVHL have stood out with consistent capital inflows. From a technical perspective, the 12,800 / 13,000 band remains a key resistance zone, with 12,915 monitored as an interim resistance within this range. Support levels are seen at 12,700 and 12,570. In today's macro agenda, PMI data from Europe and the US will be followed. In the evening, credit rating assessments from Moody's (Ba3, stable) and Fitch (BB-, stable) on Türkiye are expected. While no rating change is anticipated, both agencies are expected to revise their outlooks to "positive." Finally, Türkiye's 5-year CDS spreads start the day at 211 basis points, with easing observed amid declining geopolitical tensions.

Macro and Politics

***Credit rating agencies Fitch and Moody's are scheduled to release Türkiye's sovereign rating review today.** 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. Any potential announcement would be expected after market close. At its latest July 25 review, Moody's upgraded Türkiye's sovereign credit rating to "Ba3" from "B1", while revising the outlook from "positive" to "stable". On the same date, Fitch concluded its review without any changes, affirming Türkiye's Long-Term Foreign Currency Issuer Default Rating (IDR) at "BB-" with a "stable" outlook. In its July assessment, Moody's highlighted Türkiye's continued vulnerability to large-scale balance-of-payments shocks. Fitch, in reaffirming the stable outlook, cited Türkiye's history of high inflation, political interference in monetary policy, limited external liquidity relative to its sizeable financing needs, and weaker governance indicators compared with peer economies. As Türkiye's exposure to balance-of-payments shocks has diminished, reserve accumulation has strengthened, and a tight monetary policy stance has been maintained, we assess that both agencies could revise the outlook from "stable" to "positive" in today's reviews. That said, we do not expect either Moody's or Fitch to implement a rating upgrade at this stage.

*** The Monetary Policy Committee (MPC) lowered the policy rate by 100bp to 37%, undershooting market expectations of a 150bp cut to 36.5%.** While our baseline scenario had also envisaged a 150bp reduction, we had flagged the risk of a more cautious 100bp move. In light of the prospect of a strong January inflation print and upcoming changes to CPI weights in February, the CBT appears to have opted for a slower pace of easing, signaling a more cautious policy stance. The January MPC statement highlighted rising uncertainty on both the inflation and demand fronts, reinforcing this more tightly managed approach to rate cuts. Early signals from the data we monitor point to a January monthly inflation print of around 4.1%, implying a moderation in annual CPI from 30.9% to 29.8%. We expect the disinflation process to remain gradual in the first half of the year, with headline inflation easing to around 28.9% by the end of the first quarter and

27% by the end of the second quarter, before a more pronounced decline materializes in the second half, bringing year-end 2026 inflation to around 23%. With the next MPC meeting scheduled for 12 March, the roughly 200bp decline in headline inflation we project for the first quarter supports the case for another cautious rate cut at that meeting. Under this outlook, our year-end 2026 policy rate forecast stands at 29.5%.

Sector and Company News

- **ASTOR** decided to launch investments for the Phase 3 High Power Transformer Plant and Phase 4 High Power Mechanical Plant at its facilities in Ankara. The total investment amount is approximately USD 150 million. With these projects, the company aims to increase transformer production capacity to 100,000 MVA and mechanical plant capacity to 108,000 MVA. Once fully operational, the new facilities are expected to contribute around USD 1 billion in revenue and USD 350 million in EBITDA.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	20.000	17.33	5.66%
ESCAR		ESCAR	Buyback	125.000	24.75	1.32%
OFSYM		OFSYM	Buyback	70.000	72.66	0.96%

Important Disclosures

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