

Daily View

Good morning. U.S. President Trump is expected to announce his nominee for the Federal Reserve Chair today, with former Fed official Kevin Warsh emerging as a leading candidate. Given Warsh's relatively hawkish stance, leaning toward tighter monetary policies, profit-taking is being observed in precious metals. On the equity side, U.S. futures are negative, European futures are positive, and Asian markets are mixed but generally display a weak overall tone. In contrast, the rally in Borsa Istanbul continues. The BIST 100 Index rose 3.2% yesterday, closing at a new record high of 13,831, while trading volume also set a new record at TRY 302.5 billion, surpassing the previous record by 16%. Foreign inflows and buying interest remain strong. The top five contributors to the index were KLRHO, BIMAS, ASELS, AKBNK, and YKBANK, while TAVHL, CCOLA, ECILC, MPARK, and CIMSAA had the most negative impact. Stocks attracting steady inflows over the past week include YKBANK, GARAN, AKBANK, ISCTR, GUBRF, SASA, and SAHOL. From a technical perspective, the 13,600–13,800 range can now be monitored as a support zone, with 14,000 as the first resistance level. However, on a USD-based chart, as long as the index remains above the 314-dollar level, there appears to be ample upside potential toward the 320–340 dollar range, which implies that the uptrend could extend toward 14,800 in TRY terms. On today's agenda, domestic data will include the foreign trade balance and tourism figures; in Europe, growth and unemployment data will be monitored; and in the U.S., PPI data along with President Trump's statements will be in focus. Turkey's 5-year CDS premiums start the day at 221 basis points.

Macro and Politics

*** TURKSTAT will release December foreign trade figures @ 10:00 local time.** Preliminary December foreign trade data released by the Ministry of Trade point to a further widening in the trade deficit. According to the advance figures, exports rose by 12.8% y/y to USD26.4bn, while imports increased by 11.2% y/y to USD35.8bn. As a result, the trade deficit widened to USD9.4bn in December from USD8.0bn in November, while the 12-month rolling trade deficit edged up from USD91.3bn to USD92.0bn. We expect the current account deficit to reach USD5.3bn in December. For the same month, we project the balance-of-payments-defined trade deficit to widen to USD6.7bn, while the services balance surplus is likely to decline to USD3.1bn, reflecting a moderation in net travel income. Against this backdrop, we now expect the 2025 current account deficit to close at around USD24bn (1.5% of GDP), exceeding our previous house forecast of USD20bn (1.3% of GDP), barring potential revisions. We also revise up our end-2026 current account deficit forecast to USD30bn (1.7% of GDP) from USD25bn (1.5% of GDP).

*** The seasonally adjusted unemployment rate fell sharply in December, declining from 8.5% to 7.7% and reaching a record low.** However, the rate of composite measure of labor underutilization – consisting of time-related underemployment, potential labor force and unemployment – registered only a modest improvement, edging down from 28.9% to 28.6% over the same period. Looking into the composition of the underutilization measure, the combined rate of time-related underemployment and unemployment declined from 18.6% to 18.1%, while the composite measure of unemployment and potential labor force fell from 20.1% to 19.5%. Although broader indicators have moved lower, they remain elevated, underscoring the persistence of significant labor market slack. Meanwhile, the employment rate has remained unchanged at 49.1% for the past three months, while the labor force participation rate declined to 53.2% in December from 53.7% in the previous month. Overall, despite the headline unemployment rate reaching a historical low, broader measures suggest that labor market conditions remain weaker than the headline figure alone would imply.

*** The Economic Confidence Index was unchanged in January, holding steady at 99.4 and preserving its highest level since March 2025.** While the index remaining below the 100-threshold continues to signal that overall sentiment is still in pessimistic territory, the gradual rise from 96.3 in July to 99.4 suggests that the deterioration in perceptions has been losing momentum. A breakdown of the sub-components shows a mixed picture across sectors. Consumer confidence edged up by 0.3% to 83.7, whereas the Real Sector Confidence Index declined by 0.7% to 103.0. Confidence in the services sector improved by 1.3% to 113.8, while the retail trade confidence index fell by 2.4% to 112.6. Meanwhile, construction sector confidence increased by 1.5% to 85.7. Overall, the index's ability to remain at elevated levels indicates that there has been no material weakening in economic sentiment at the start of the year, although the pace of improvement appears uneven across sectors.

***Foreign investors posted strong net inflows in the week of January 16 – 23, purchasing USD490.6mn in equities and USD1.26bn in government bonds (excluding repo transactions).** As a result, the foreign share in the total domestic bond stock increased from 8% to 8.6%, marking its highest level since January 2025. Equity inflows thus extended into an eighth consecutive week, with cumulative foreign purchases over this period surpassing USD1.8bn. Meanwhile, the bond market has continued to attract steady foreign demand since late October. Since inflows began to accelerate in the week of October 31, cumulative foreign purchases in the government bond market have reached USD5.8bn. Moreover, during the week of January 16 – 23, the residents' FX deposits eased a tad by USD60mn (excluding gold, EUR/USD parity effect adjusted), while their total FX deposits (including gold, price adjusted) increased by USD1.8bn during the week of January 16 – 23. In terms of official reserves, the CBT's gross FX reserves soared by USD10.5bn to USD215.7bn, net international reserves surged by USD6.3bn to USD97.2bn and net reserves excluding swaps increased by USD6.7bn to USD85.3bn.

Sector and Company News

- **ANSGR** reported a net profit of TL 4.09 billion for 4Q25, exceeding the market expectation of TL 3.7 billion by 10%. The result indicates a 36% YoY and 19% QoQ increase.
- **AKENR** announced that the Kemah Dam and Hydroelectric Power Plant project could not be realized due to the inability to relocate the railway line within the dam's reservoir area. The Energy Market Regulatory Authority (EPDK) rejected the company's request for an extension, terminating the license. No investment had been made in the project, and the decision is not expected to have a material impact on operations or financials.
- **KORDS** sold its entire 10% stake in BPREG Kompozit in exchange for venture capital fund participation shares worth EUR 500,000, thereby exiting the partnership.
- **MHRGY** announced that zoning plan amendments for approximately 41,400 square meters of reserve land under the Ataşehir Urban Transformation Project have been finalized, allowing the implementation phase to begin.
- **MIATK** received approval for its mixed reality-based remote technical support system project for mining sites, with a total budget of TL 15.5 million. The project is planned to be completed within 24 months.
- **TRALT** announced that it is a stakeholder in the 2026 TEKNOFEST Mining Technologies Competition, the first event of its kind at the festival. The company emphasized the importance of this step in supporting high-tech, AI-driven, and sustainable mining solutions in Türkiye.

- **VKGYO** purchased 24 independent units within the Kundu Villas Project from Türkiye Vakıflar Bankası for TL 900 million in cash. The transaction corresponds to 3.12% of the company's total assets based on the latest financial statements.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	19.358	17.92	5.72%
KLYPV		KLYPV	Buyback	650.000	60.22	0.56%
AVGYO		AVGYO	Buyback	153.649	10.65	0.80%
ESCAR		ESCAR	Buyback	150.000	26.14	1.44%
MEPET		MEPET	Buyback	346.381	20.60	1.38%

Important Disclosures

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