Daily View

Good morning. In addition to the numerous topics being monitored in the U.S., sentiment in the markets weakened yesterday after negative news regarding regional banks' loan portfolios and indications in some earnings reports that portions of their loan books had been written off. At present, there are no expectations of a systemic credit risk spreading to major U.S. banks or other nationwide financial institutions; however, renewed concerns over credit quality—an issue deeply associated with the 2008 financial crisis—have dampened market morale. Following yesterday's declines, U.S. equity futures remain in negative territory this morning. Similarly, we are observing selling pressure across European futures and Asian markets. In Borsa Istanbul, the index fell by nearly 1% yesterday, once again approaching the critical 10,200–10,300 support range. We believe holding above this zone is crucial, as the neckline of the double-top formation formed around 10,500 coincides with this level. A sustained move below 10,300 could technically open room for a decline toward the 9,000 level. Therefore, maintaining a cautious stance and closely monitoring support levels is advisable. Today's agenda includes the CBRT Market Participants Survey domestically, inflation data from Europe, and housing sector indicators from the United States. Turkey's 5-year CDS spreads start the day at 267 basis points.

Macro and Politics

*** The CBT will release the results of the October Market Participants' Expectations Survey today @ 10:00 local time.** Following the significantly higher than expected September inflation print, we anticipate a palpable deterioration in market participants' year-end inflation expectations. Please recall that, in the latest survey results released for September, the year-end 2025 inflation expectation rose to 29.86%, marking the second consecutive monthly increase. For the October survey to be published today, we expect participants' year-end forecasts to come in above the 31% level. Based on the prices we have compiled so far, we estimate October CPI inflation at 2.71% m/m, suggesting that the likelihood of year-end inflation falling below 30% has largely faded. In parallel, we have recently revised our 2025 year-end CPI forecast upward from 29.7% to 31.5%. For the upcoming MPC meeting on 23 October, we expect a 150bps rate cut, while not ruling out the possibility of a smaller move. Our year-end policy rate forecast stands at 37.5, though we see risks tilted to the upside. For end-2026, we project CPI at 23% and the policy rate at 28%.

*** The CBT will release August short-term external debt stock figures @ 10:00 local time.** The short-term external debt stock in July materialized at USD170.9bn, up by 1.1% m/m. In terms of short-term debt statistics, we believe that "debt stock on a remaining maturity basis," calculated based on the external debt maturing within 1 year or less regarding the original maturity, is rather critical, which is at USD223.3bn as of July 2025. Of this total, USD24.6bn is attributed to loans taken by resident banks and private sector affiliates from their branches and affiliates abroad. Stripping this amount from the total results in USD198.7bn. We also add 12-month forward-looking CAD expectations on this amount so as to reach Turkey's annual external financing need (EFN). Accordingly, we calculate EFN as of July 2025 around USD220bn.

***The credit rating agency S&P is expected to release Turkey's sovereign rating review today.** Any possible review announcement would likely come late at night Turkish time. 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. Please note that S&P last revised Turkey's sovereign credit rating on April 25, affirming Turkey's long-term sovereign credit rating at 'BB-' with a "stable" outlook. We expect S&P to maintain Turkey's sovereign credit rating in its review scheduled for today, though an upward revision in the outlook from "stable" to "positive" appears likely. It's worth noting that credit rating agencies Moody's, S&P and Fitch currently assess Turkey three notches below investment grade, all with a stable outlook.

*** There was a modest net foreign outflow from the equity market in the week of 3–10 October, amounting to USD109.7mn, while the bond market (excluding repo transactions) saw a net foreign inflow of USD307.8mn.** Moreover, during the same period, the residents' FX deposits dropped by a mere USD99mn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) climbed drastically by USD1.4bn. Hence, it's evident that soaring gold prices have prompted a surge in demand across households and corporates alike. In terms of official reserves, the CBT's gross FX reserves increased by USD3.5bn to USD190bn and net international reserves rose by USD4bn to USD79.1bn, while net reserves excluding swaps climbed by USD2.3bn to USD61.7bn. Consequently, net reserves excluding swaps have exceeded USD60bn for the first time since the March 19 period.

Sector and Company News

- **BIMAS** repurchased 60K shares at TL535.75 per share; the proportion of treasury shares to total share capital rose to approximately 1.05%.

- **CCOLA** saw Özgörkey Holding sell 1.5 million shares at TL 45.84 per share, reducing its ownership from 0.55% to 0.49%.

- **DOBUR** changed its trade name to Big Medya Teknoloji A.Ş. The change has been officially registered, and an application was submitted to update the stock ticker in line with the new name.

- **EGGUB** completed the installation of cranes purchased under the USD 16.3 million pier capacity expansion project and commenced full-capacity operations.

- **GRSEL** completed the establishment of its wholly owned subsidiary Gürsel Mobility Corp., based in Delaware, USA. The new company will operate in the field of autonomous mobility services.

- **HDFGS** decided to increase its registered capital ceiling from TL 2 billion to TL 10 billion. The new ceiling will remain valid until December 31, 2029.

- **KBORU** won the Amasya Aydınca Dam GRP pipe procurement tender for TL 47.8 million.

- **LILAK** expanded its land allocation for the Erzurum investment from 144,000 square meters to 168,000 square meters. Following the completion of land registration, updates on the investment plans will be disclosed.

- **MANAS** applied to the CMB for a 200% rights issue corresponding to a TL 331.1 million capital increase. Following the transaction, the company's capital will rise to TL 496.6 million.

- **MAVI** repurchased 250K shares at TL38.56 per share; the proportion of treasury shares to total share capital rose to approximately 1.06%.

- **OZGYO** applied to the Capital Markets Board (CMB) for a 53.85% bonus capital increase, aiming to raise its capital from TL 650 million to TL 1 billion.

- **SAHOL** increased the capital of its subsidiary Sabancı Climate Technologies by TL 2.11 billion to TL 9.87 billion. Of the increase, TL 528 million was paid in cash, while the remaining amount will be paid within 24 months. Sabancı Holding's total capital contribution to this company has now reached USD 361.9 million.

- **TCELL** won 160 MHz of spectrum in the 5G auction organized by the Information and Communication Technologies Authority (BTK) for USD 1.22 billion. The license will remain valid until December 31, 2042. With this allocation, Turkcell now controls 42% of Türkiye's total 949.2 MHz spectrum, becoming the operator with the widest frequency portfolio. The payment will be made in three installments between 2026 and 2027.

- **TRCAS** will distribute a gross dividend of TL 1.06 per share today, including both dividend and advance dividend payments. Based on last closing price, the dividend yield stands at 2.9%.

- **TTKOM** won a total of 120 MHz of spectrum in the BTK 5G auction for USD 1.09 billion. The license will be valid until December 31, 2042, and the payment will be made in three installments between 2026 and 2027. Following this acquisition, Türk Telekom reached a total bandwidth of 315 MHz, becoming the operator with the highest per-subscriber capacity in the 3.5 GHz band.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	30.000	15.86	4.86%
AHGAZ		AHGAZ	Buyback	61.000	25.43	1.80%
MAVI		MAVI	Buyback	250.000	38.56	1.06%
ESCAR		ESCAR	Buyback	50.000	19.63	0.21%
AKFIS		AKFIS	Buyback	10.000	20.94	0.75%
ENERY		ENERY	Buyback	700.000	9.47	2.99%
AKFYE		AKFYE	Buyback	168.234	16.80	1.06%
TCKRC		TCKRC	Buyback	200.000	42.10	0.29%
AKFGY		AKFGY	Buyback	900.000	2.50	0.92%
BIMAS		BIMAS	Buyback	60.000	535.75	1.05%

Important Disclosures

Disclaimer