Daily View

Good morning. The announcement that the U.S.–China meeting will take place on October 30, along with some better-than-expected corporate earnings, is driving global equities higher. This morning, U.S. and European futures, as well as all major Asian indices, are trading in positive territory. In Borsa Istanbul, we observed a move above the 10,600 level yesterday. The Monetary Policy Committee (MPC) delivered a 100 basis point rate cut, which was in line with expectations. The statement highlighted a deterioration in the inflation outlook and a slowing disinflation process; nevertheless, the current policy rate (39.50%) and its annualized compound equivalent (48.4%) still indicate a significantly positive real yield. Therefore, we believe the CBRT still has room for further rate cuts in upcoming meetings and we expect another 100 basis point cut at the December meeting. From a technical perspective, the BIST 100 index closed within the 10,600–10,700 resistance range. Today, headlines related to the CHP Congress case will likely be followed closely. A decisive move above 10,700 could lead to a swift rally toward 11,000, while on the downside, the 10,200–10,300 region remains an important support zone. Yesterday, the top five contributors to the index were TUPRS, BIMAS, TOASO, AKBNK, and SASA, while TUPRS, TOASO, VAKBN, and KRDMD stood out as the main beneficiaries of continued fund inflows over the past week. On today's agenda, PMI data from Europe and the U.S. will be in focus. In the U.S., CPI data is also expected to be released according to its postponed schedule. Meanwhile, Turkey's 5-year CDS spread started the day flat at 267 basis points.

Macro and Politics

*** A Presidential Decree published in the Official Gazette introduced adjustments in the Special Consumption Tax (SCT) structure for both tobacco products and mobile phones.** The ad valorem SCT rate on cigarettes, cigars, and cigarillos was reduced from 50% to 45%, while the minimum specific tax was lowered by 6.9% to TL1.9750, and the specific tax was increased by 31.7% to TL16.00 per unit. Despite the lower ad valorem component, the rise in the specific tax is expected to generate a mild upward pressure on tobacco prices. For mobile phones, the SCT brackets were also revised, setting rates at 25% for devices priced below TL4,500, 40% for TL4,500 – 9,000, and 50% for those above TL9,000. Combined with the updated SCT brackets on mobile phones, we estimate a one-off impact of roughly 0.2–0.25 pps on headline CPI, which should remain transitory in nature.

*** The Monetary Policy Committee (MPC) lowered the policy rate by 100bps, from 40.5% to 39.5%.** Our baseline scenario had assumed a 150bps cut, though we had not ruled out a smaller adjustment. A closer look at the details reveals that the October MPC statement adopted a visibly more cautious tone compared to September, suggesting rising upside risks to our year-end policy rate forecast of 37.5%. Against this backdrop, another 100bps cut in December appears plausible, which would bring the policy rate to 38.5% by year-end. Yet, the October and November CPI prints will be key in shaping policy expectations ahead of the final MPC meeting on 11 December. Following the latest decision, markets will closely watch the October CPI data to be released on Monday, 3 November. We estimate October CPI to rise by 2.71% m/m, which would trim the annual rate slightly from 33.3% to 33.1%. We expect monthly inflation to ease markedly in the last two months—around 1.5% in November and 1% in December—mainly due to seasonality. Consequently, the probability of headline CPI ending the year below 30% has largely diminished. Accordingly, we have revised our 2025 year-end CPI forecast upward from 29.7% to 31.5%, while maintaining our 2026 CPI and policy rate forecasts at 23% and 28%, respectively. Following October inflation data, attention will turn to the Inflation Report presentation on 7 November, where we expect an upward revision to the CBT's year-end inflation forecast band (25% – 29%). Whether recent trends feed into the 2026 forecast range of 13% – 16% will be crucial for next year's monetary policy outlook.

*** There was a net foreign outflow from the equity market in the week of 10 – 17 October, amounting to USD178mn, while the bond market (excluding repo transactions) experienced a net foreign inflow of USD151.1mn.** Moreover, during the same period, the residents' FX deposits increased by USD1.2bn (excluding gold accounts and adjusted for the EUR/USD parity effect), while their total FX deposits (including gold, price adjusted) climbed by USD2.3bn. In terms of official reserves, the CBT's gross FX reserves surged notably by USD8.7bn to USD198.5bn, while net international reserves increased by a mere USD398mn to USD79.5bn. Moreover, net reserves excluding swaps climbed by USD1.5bn to USD63.2bn.

*** The consumer confidence index dropped barely from 83.9 to 83.6 level in October.** It is important to underscore that the consumer confidence index — which ranges from 0 to 200 — signals pessimism when it falls below 100, and optimism when it exceeds that threshold. A breakdown of the October consumer confidence index reveals the following: The sub-index reflecting the financial situation of household at present decreased merely from 67.8 level to 67.7, while the sub-index measuring financial situation expectation of household over the next 12 months increased marginally from 84 to 84.2. Moreover, general economic situation expectation over the next 12 months rose from 78 to 78.6, while the sub-index tracking assessment on spending money on durable goods over the next 12 months — a key indicator of domestic demand — dropped from 105.7 to 104 level in October. The Consumer Confidence Index, which has remained broadly flat within the 84–85 range since April and continues to stand below the 100 – threshold, indicates that the prevailing pessimism in consumer sentiment persists.

Sector and Company News

- **AKBNK (Positive):** The bank reported a 3Q25 net profit of TL14.1bn, 4% above market expectations. Net profit rose 56% YoY and 26% QoQ, reflecting strong core operating trends.

- **ANHYT (Positive):** The company announced a 3Q25 net profit of TL1.4bn, in line with market expectations, marking a 109% YoY and 9% QoQ increase.

- **EBEBK** reported TL 6.9bn revenue, TL 981mn EBITDA, and TL 113mn net profit in 3Q25. Both gross margin and operating margins declined year-on-year and quarter-on-quarter, with operating expenses acting as a headwind.

- **LILAK** reported a net profit of TL411mn in 3Q25. Net profit declined by 12% YoY and 59% QoQ. Net sales decreased by 21% YoY and 8% QoQ, reaching TL3.2bn. EBITDA came in at TL663mn, up 3% YoY but down 3% QoQ. Globally weak cellulose prices and the depreciation of the Turkish lira remaining below inflation led to a decline in sales volumes and profitability.

- **TATGD** announced its financial results for the third quarter of 2025, reporting a net profit of TL48mn. Thus, the company moved from a net loss to a net profit on both a yearly and quarterly basis. Net sales increased by 6% year-on-year and 9% quarter-on-quarter, reaching TL1,9bn. EBITDA posted a 100% year-on-year increase to TL261mn, resulting in an EBITDA margin of 13.2%.

- **TAVHL (Positive):** The company reported a 3Q25 net profit of TL5.95bn, coming in 18% above both our and the market expectation of TL5.04bn. The figure represents a 56% YoY improvement and a return to profitability after posting a TL192mn net loss in 2Q25.

- **ALKLC** signed an agreement with a national retail chain with over 13,000 stores to distribute its lactose-free kefir product nationwide.

- **ALVES** major shareholder applied to convert 9.6mn shares (representing 6% of company capital) into tradable form.

- **ASELS** signed an agreement with Oman-based Sinan Advanced Industries to establish a joint venture, as part of its export-oriented growth strategy.

- **BRYAT** received competition authority approval for the sale of its 30.53% stake in Borusan Supply Chain Solutions and Technology to CEVA Logistics. The transaction is expected to be completed for approximately USD134mn.

- **ENKAI** announced that its indirect wholly owned subsidiary, ENKA UK Properties, acquired the Park House office building (approx. 18,000 sqm) in the United Kingdom for about GBP186mn.

- **FORTE** subsidiary Milsoft ranked first in a Ministry of Defense tender with a TL500mn bid for the maintenance and support of Air Force Information Systems.

- **GESAN** won the Konya Metropolitan Municipality solar power plant tender worth USD29.6mn, with the contract to be signed today.

- **GOKNR** completed a fruit packaging line (20–25 tons/hour) and a 3,000-ton cold storage facility at its Afyon Dinar campus, with a total investment of TL91.6mn, fully financed through equity capital.

- **GUNDG** Chairman sold 7.8mn shares (representing 20% of the company's capital) at TL90 per share, reducing his ownership from 74.36% to 54.36%.

- **HDFGS** sold its 11.23% stake in Skyalp Financial Technologies to a fund managed by Hedef Portfolio for TL147.2mn.

- **HEKTS** subsidiary Hektaş Asia initiated partnership talks with Uzbek-Oman Investment Company regarding its ongoing investments in Uzbekistan.

- **KMPUR** had its development roadmap under the Turquality Program approved by the Ministry of Trade, allowing the company to submit its program expenditures for approval directly through the system.

- **KONKA** will increase its capital from TL130mn to TL390mn today through a 200% bonus issue.

- **KOZAL** reported that in its ongoing trial at Ankara 24th High Criminal Court, arrest warrants for the defendants were extended, and the hearing was postponed to April 9, 2026.

- **MAVI** repurchased 250K shares at TL38.75 per share; the ratio of treasury shares to capital rose to approximately 1.18%.

- **MIATK** subsidiary Tripy Mobility signed a confidentiality agreement with PTT Information Technologies to develop joint projects in smart cities, digital infrastructure, and mobility solutions.

- **SEYKM** announced that in a trademark infringement case, the court partially accepted the plaintiff's claims, ordering the company to pay TL7.4mn in damages plus interest. SEYKM plans to appeal after receiving the justified decision.

- **TSKB** signed a EUR300mn partially IBRD-guaranteed loan agreement with BNP Paribas, Standard Chartered, and ING Bank, backed by the Turkish Treasury. The loan will be used to finance climate adaptation and resilience investments.

- **THYAO** Chairman provided an update on aircraft purchase negotiations with Boeing:
  • The narrow-body (Boeing 737 MAX) deal has not yet been finalized but is approaching the final stage. The company stated that once an agreement is reached with CFM on engine pricing, the deal could be signed shortly.
  • The airline has confirmed orders for 50 Boeing 787s and options for an additional 25. For narrow-body aircraft, a total order package of 150 firm + 75 optional (225 aircraft) is under consideration.

- **ZOREN** subsidiary Zorlu Doğal completed a 0.99 MW solar power plant integrated into the 15 MW Kızıldere-1 geothermal facility in Denizli, which commenced commercial operations following ministerial approval.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	35.877	16.05	4.92%
MAVI		MAVI	Buyback	250.000	38.75	1.18%
GEDZA		GEDZA	Buyback	4.000	27.60	0.84%
OFSYM		OFSYM	Buyback	27.600	72.39	0.65%
KLSYN		KLSYN	Buyback	120.000	5.48	1.41%
AKFYE		AKFYE	Buyback	60.000	16.78	1.10%
AKFIS		AKFIS	Buyback	30.000	24.00	0.77%
TCKRC		TCKRC	Buyback	100.000	44.17	0.35%
AKFGY		AKFGY	Buyback	900.000	2.47	1.02%

Important Disclosures

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