

## Daily View

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Good morning. Although former U.S. President Trump's messages about imposing a 25% tariff on steel and aluminum imports have caused some concern, global markets are starting the new week on a positive note. After Friday's employment and wage data led to sell-offs in the U.S., both U.S. and European futures, as well as Asian markets, have begun the new week with gains. On Friday, Borsa Istanbul saw a strong inflow of over 2 billion TL from active institutions, continuing its upward trend. We anticipate that this momentum will persist at the beginning of the new week, with the BIST 100 index aiming above 10,000. The key resistance range to watch for the BIST 100 index is between 10,200 and 10,300, while the support levels stand at 9,800 and 9,620. On today's agenda, domestic data releases include December industrial production, the unemployment rate, and Treasury auctions. The December industrial production data will provide crucial insights into GDP growth for the fourth quarter. Apart from this, the day's agenda remains relatively calm, while later in the week, U.S. inflation data and European growth figures will be in focus. Turkey's 5-year credit default swap (CDS) premiums start the day at 254 basis points.

## Macro and Politics

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**\* The Treasury will hold a 2-year fixed coupon bond auction today.** According to three-month (Fed – Apr 25) domestic borrowing strategy, the Treasury has a total domestic redemption of TL117.8bn in February, while in return plans to borrow TL180.1bn throughout the month, via five auctions and one direct sale. After today's single auctions, the Treasury will hold a 5-month G-bond auction and a direct sale of 2-year lease certificate tomorrow.

**\* TURKSTAT will release December Industrial Production (IP) figures today @ 10:00 local time.** The sequential IP (the seasonal and calendar adjusted monthly figure) increased by 2.9% m/m in November 2024, while the calendar adjusted IP rose by 1.5% y/y. Recall that IP had declined both on a monthly and annual basis in October. Leading indicators for December suggest that the recovery in industrial production may continue in this month as well. Preliminary data for the last quarter of 2024 suggest signs of modest improvement in economic activity compared to the previous quarter, while the manufacturing PMI, which continues to remain below the 50 threshold, signals a more limited contraction in the final months of the year. It is important to emphasize that the manufacturing sector continues to exhibit a contractionary trend in overall industrial activity. We project GDP growth to conclude 2024 at around 2.9%, with a further slowdown to 2.6% by the end of 2025.

**\* December Employment figures will be released @ 10:00 local time.** The adjusted unemployment rate edged down to 8.6% from 8.7% in November, yet the broad-based unemployment calculations deteriorated as the rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment—increased to 28.2% from 27.6%. The combined rate of time-related underemployment and unemployment remained unchanged at 18.5%, while the combined rate of unemployment and potential labor force rose to 19.4% from 19%. We expect growth dynamics to gain some momentum starting in the second quarter of 2025, although we forecast GDP growth for 2025 to be lower than in 2024, at 2.6%. As a result, we anticipate that the unemployment rate could rise above 10% in 2025.

**\*The inflation forecasts were revised upwards during the 1<sup>st</sup> Quarterly Inflation Report of the year, delivered by the CBT Governor Karahan.** Accordingly, inflation is projected to be between 19% and 29% (with a midpoint of 24%) at end

of 2025, up from the previous report's range of 16% and 26% (with a midpoint of 21%). The 2026 inflation forecast was maintained in the range of 6% to 18%, with a midpoint of 12%. Governor Karahan emphasized that the CBT is not in an autopilot regarding rate cuts and will continue to make decisions on a meeting-by-meeting basis. We anticipate that the CBT will proceed with an interest rate cut of 250bps in March. Yet, it is important to underline that the February inflation data will be critical. A February inflation outcome that deviates above the CBT's forecast path could pose a risk to our interest rate cut expectations. In line with our forecast that the pace of disinflation will be rather slower in the second half of this year compared to the first half, we believe the magnitude of rate cuts may start to decelerate from the June meeting onwards. Our year-end 2025 policy rate expectation stands at 30%, with an inflation forecast of 28%.

## Sector and Company News

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- **ANSGR (Positive)** reported Q4 2024 financial results with a net profit of TL2.99bn, slightly above market expectations. For the full year 2024, net profit reached TL10.9bn, marking an 84% year-on-year increase. Technical income grew by 66% year-on-year to TL58.8bn, while technical expenses rose by 56% to TL43.8bn. The technical balance-to-income ratio showed a slight increase, reaching 0.25, in line with the previous year. The company expanded its equity by 116% year-on-year to TL30.7bn, while the average return on equity (ROE) stood at 48.50%.
- **AVPGY** announced its decision to acquire 26 commercial units in the Avrupa Konutları Yenimahalle project for TL980mn + VAT in cash as part of its investment strategy to generate regular rental income. The market value of the properties was determined at TL1.09bn, with the acquisition completed at a ~10% discount.
- **AYDEM** received an "A Leadership Level" rating in the 2024 CDP Climate Change and Water Reporting, maintaining its place on the Global A List. It remains the only company in the energy sector to achieve the highest score in both categories.
- **BAHKM** announced that it has received an additional machinery and equipment incentive of TL16.6mn from the Ministry of Industry and Technology to expand production and diversify its product range at its existing factory in Kırıkkale. With this addition, the total amount of the investment incentive certificate has reached TL29.1mn.
- **EBEBK** announced that the total number of products sold through stores and the e-commerce channel in Turkey increased by 7% year-on-year in January, reaching 7.3mn.

- **ORGE** revised its contract for the Pendik-Fevzi Çakmak Metro Project, increasing its value by TL81.6mn through a price adjustment agreement, bringing the total to EUR9.8mn + TL133.8mn.
- **PRKME** announced that it will release its 4Q24 financial results on March 6.
- **TCELL** announced that the capital of its subsidiary BeST was increased by BYN 40.9mn to BYN 1.36bn, with full payment for the new shares.
- **TRCAS** announced that its 30% subsidiary, RWE & Turcas Güney Elektrik Üretim, will reduce its capital by TL400mn to TL763mn.

## Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|----------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| LKMNH    |        | LKMNH   | Buyback                      | 20.000    | 20.44                  | 0.13%                              |
| INVES    |        | INVES   | Buyback                      | 23.750    | 185.90                 | 0.51%                              |
| OBAMS    |        | OBAMS   | Buyback                      | 100.000   | 64.00                  | 2.09%                              |
| GEDIK    |        | GEDIK   | Buyback                      | 200.000   | 6.90                   | 0.06%                              |
| VERUS    |        | VERUS   | Buyback                      | 9.000     | 244.53                 | 4.77%                              |
| TUKAS    |        | TUKAS   | Buyback                      | 3.111.439 | 1.98                   | 2.22%                              |
| KAYSE    |        | KAYSE   | Buyback                      | 370.000   | 18.62                  | 0.17%                              |

# Important Disclosures

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