Daily Bulletin

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TACİRLER YATIRIM

Daily View

Good morning. The executive order signed by President Trump, which introduces reciprocal customs duties in the U.S., is having a positive impact on global markets despite including measures such as VAT. This positive effect primarily stems from the perception that an aggressive and confrontational tariff policy will not be pursued and that, at least from the U.S. perspective, fairness in tariffs is being considered. Looking at the stock markets, there were gains in both the U.S. and Europe yesterday. This morning, U.S. futures remain in positive territory, while European futures are negative. In Asia, the overall trend is predominantly bullish. Borsa Istanbul closed slightly above 9,900 yesterday with an increase of over 1%. This morning, we expect the positive momentum to continue. In the short term, the BIST 100 index could target the 9,980 – 10,000 resistance zone. However, the main resistance area is seen between 10,200 and 10,300, while the primary support range is between 9,600 and 9,700. Although the market remains volatile, continued capital inflows and positive valuations suggest that the main resistance zone may be tested in the coming days. On today's agenda, domestically, the CBRT Market Participants Survey and housing sales data will be monitored. Internationally, growth data in Europe and consumer-focused indicators in the U.S. will be in focus. Turkey's five-year CDS premiums start the day at 253 basis points.

Macro and Politics

*** The CBT will release the results of the January Market Participants' Expectations Survey today @ 10:00 local time.** In light of the CBT's upward revision of its 2025 year-end inflation forecasts during last week's Q1 Inflation Report presentation, we anticipate that today's survey results will reflect an upward adjustment in market participants' year-end expectations as well. In the latest survey published in January, market participants' year-end inflation expectation materialized at 27%. Given the adaptive nature of the expectations, it would not be surprising to see this figure edge higher towards 29% in the February survey results set to be released today. While we maintain our 2025 year-end CPI forecast at 28%, we acknowledge the upside risks and are considering a possible upward revision in the near term. Moreover, today's survey results will be closely scrutinized for market participants' expectations regarding the policy rate trajectory. In light of the anticipated upward revisions in inflation expectations, we believe market expectations could evolve to anticipate the Central Bank slowing rate cuts sooner than previously expected. Although our year-end policy rate forecast is set at 30%, we recognize that there are upside risks to this outlook.

*** TURKSTAT will release January house sales figures @ 10:00 local time.** House sales recorded a strong increase in December, reaching a total of 212,637 units, up by 53.4% year-on-year and 39% compared to the previous month. In 2024 as a whole, housing sales rose by 20.6% compared to 2023, totaling 1,478,025 units. Over the year, mortgage-backed home sales declined by 10.8% y/y, reaching 158,486 units. Meanwhile, home sales to foreigners dropped by 32.1% compared to the previous year, amounting to 23,781 units in 2024. In December, mortgage-backed home sales increased by 6.8% m/m to 23,277 units, marking a significant 285.3% y/y surge. When analyzing mortgage loan interest rates in the housing market, we observe that the average mortgage interest rate, which stood at 42.1% in December 2023, remained relatively unchanged at 41.1% in December 2024. Despite persistently high mortgage rates, the sharp annual increase in mortgage-backed home sales appears to be driven by expectations that housing prices, which have been declining in real terms for some time, will rise in the coming period.

***There was net foreign selling activity through standard portfolio channels during the week of January 31 – February 7.** Accordingly, the equity and the bond market (excluding the repo transactions) experienced a foreign outflow of USD49.6mn and USD1.5bn, respectively. Moreover, the foreigners' share in the total bond stock retreated to 8.4% from 8.6%. On an annual basis, the equity market recorded a cumulative foreign outflow of USD2.8bn, whereas the bond market (excluding repo transactions) saw a cumulative foreign inflow of USD16bn. Besides, the residents' FX deposits climbed approximately by USD3bn (gold accounts excluded, EUR/USD parity adjusted) in the period of January 31 – February 7, while the residents' total FX deposits (including gold, price adjusted) surged by USD3.2bn. Moreover, the CBT's gross FX reserves climbed by USD1.5bn to USD167.6bn, while net international reserves rose by USD0.6bn to USD72.3bn. Net reserves excluding swaps eased by USD0.2bn to USD65bn, while net swap stock edged up by USD0.8bn to USD7.2bn.

*** The CBT announced the December balance of payments statistics, revealing a USD4.65bn current account deficit, higher than our house estimate at USD3.5bn of deficit and median estimate of USD4bn of deficit.** Accordingly, the current account balance for 2024 posted a deficit of USD9.97bn, slightly above our house expectation of a USD9bn deficit (0.7% of GDP). Preliminary data released by the Ministry of Trade indicates a slight decrease in the foreign trade deficit in January. According to the preliminary figures for January, exports increased by 5.8% year-on-year, reaching USD21.bn, while imports rose by 10.2%, reaching USD28.8bn. Based on these preliminary data, the foreign trade deficit decreased from USD8.8bn to USD7.7bn in January, while the annual deficit climbed from USD82.1bn to USD83.5bn. For 2025, our year-end current account deficit forecast stands at USD15bn (1% of GDP), with upside risks attached.

Sector and Company News

- **LILAK (Neutral)** announced its 4Q24 financial results with a net profit of TL133mn. The reported net profit decreased by 29% year-over-year and by 64% quarter-over-quarter. The net profit was pressured by a net cash loss of TL475mn. During the same period, the company's sales revenue declined by 12% on a yearly basis and 17% on a quarterly basis. The gross profit in TL terms dropped by 9% compared to the previous quarter. The company increased its total sales tonnage by 13% on a yearly basis in 2024. Despite the increase in tonnage, the primary reason for the decline in net sales in TL was that a large portion of net sales consisted of export revenues, and exchange rates increased at a rate below inflation. The gross profit margin increased by 2.3 basis points compared to the previous quarter. The EBITDA margin was maintained thanks to low costs. Additionally, the company decided to distribute a gross dividend of TL1.50 per share. The dividend yield stands at 5.95%.

- **TTRAK (Negative)** announced its 4Q24 financial results with a net loss of TL316mn, significantly below the market expectation of a TL1.2bn net profit. The company had reported a TL4.8bn net profit in 4Q23 and TL985mn in 3Q24. Despite this weak quarter, TTRAK closed 2024 with a total net profit of TL5.7bn. In 4Q24, the company generated TL14.3bn in revenue, exceeding the market expectation of TL13.4bn. However, sales revenue declined by 33% YoY, while increasing by 4.2%

QoQ. In this period, marked by cost pressures and weakening demand, operational profitability dropped by 91% YoY and 75% QoQ. Throughout 2024, TTRAK produced 43,611 tractors, reflecting a 15.2% decline compared to the previous year. Total tractor exports for the year also dropped by 22% YoY to 12,516 units, aligning with the company's guidance range of 12,000-13,500 units. Consequently, TTRAK's export share declined from 79% to 73%. The January 2025 data also came in weak compared to the previous year, with total production down 36%, domestic sales declining by 16%, and exports dropping by 53.5%. The company's management has released its 2025 outlook, forecasting the Turkish tractor market size in the range of 48,000 – 56,000 units. Domestic tractor sales are expected to be between 23,000 – 28,000 units, while export sales are projected to range between 11,000 – 13,000 units. Additionally, the company anticipates capital expenditures of $140 – 160mn. We expect demand-driven contraction in volumes to persist through the first half of 2025, while the second half could see a more accelerated rate-cut cycle and a gradual easing in financing costs.

- **EKOS** announced that it has signed a sales contract worth EUR1.28mn with a company based in Turkey.

- **FONET** announced that it has signed a 36-month contract for TL25.5mn for the use of its "Lifeline Intensive Care Management System" product in 14 hospitals belonging to Medicana Healthcare Group.

- **PGSUS**' application to increase its registered capital ceiling from TL500mn to TL2.5bn has been approved by the Capital Markets Board (SPK) and the Ministry of Trade.

- **TCELL** announced that it will release its 4Q24 financial results on February 27.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	20.000	20.14	0.17%
BIGCH		BIGCH	Buyback	375.000	32.92	0.42%
GEDIK		GEDIK	Buyback	200.000	6.96	0.14%

Important Disclosures

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