

Daily View

Good morning. Global markets are negatively affected by the release of the Fed minutes last night, which signaled a possible pause in rate cuts, as well as developments related to the Ukraine-Russia issue. In Europe, ECB Executive Board member Isabel Schnabel's statement that they may have to "pause or halt" rate cuts contributed to sell-offs of up to 2%. Domestically, in addition to global developments, political events and issues referred to the judiciary are also weighing on the markets. The BIST 100 index started the day by testing the 9,950 resistance level but ended the session at 9,764, down 1.6%, due to news-driven sell-offs towards the end of the day. In terms of active institutions, we observed a capital outflow of approximately 2.5 billion TL, primarily driven by foreign investors. This morning, we may see partial recovery buying; however, we believe the weakness in momentum will persist. The economic calendar for the day is relatively quiet. Domestically, consumer confidence, the CBRT's weekly foreign securities transactions, and reserves will be monitored. Internationally, U.S. weekly jobless claims will be in focus. Meanwhile, Turkey's 5-year CDS continues to trade below 250 basis points.

Macro and Politics

***TURKSTAT will release January Consumer Confidence Index @ 10:00 local time.** Following the weak signals of economic activity indicated by the leading indicators for January, the February data will be closely scrutinized. As a reminder, the consumer confidence index saw a slight decline from 81.3 to 81 in January, while the sub-index related to the assessment on spending money on durable goods over the next 12 months compared to the past 12 months period, which is an important leading indicator in terms of domestic demand, slid from 102.6 to 99.4. In the wake of robust leading indicators in December, which we attribute largely to a demand surge brought forward in anticipation of cost increases, we expect the leading indicators to revert into a weakening trend for the first quarter of 2025. We foresee annual growth in 2025 continuing to decelerate through the second quarter, followed by a rebound in the second half of the year. For the full year, we anticipate GDP growth will be 2.6%, marking a decline relative to 2024.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of February 7 – 14 @ 14:30 local time.** Based on our calculations from the CBT's analytical balance sheet, we estimate that during the week of February 7 – 14, the net international reserves increased by USD5.4bn to USD77.7bn and the gross FX reserves climbed by USD5.7bn to USD173.3bn. To recall the data from the previous week: During the week of January 31 – February 7, the equity and the bond market (excluding the repo transactions) experienced a foreign outflow of USD49.6mn and USD1.5bn, respectively. The last week's USD1.5bn bond sale by foreigners has been recorded as the largest outflow in this channel in the last 10 years, since the USD1.8bn bond sale observed during the week of January 17–24, 2014. 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.

Sector and Company News

- **CEMTS** reported a TL10bn net loss for 4Q24. During this period, the company's revenue declined by 32% y/y. Additionally, a TL151mn net monetary loss put pressure on financials. In 2024, the company's domestic sales decreased by 7% y/y, while exports increased by 21% y/y. Stabilizer bar sales declined by 23% in volume terms.
- **LIDFA (Slightly Positive)** reported Q4 2024 financial results with a net profit of TL200mn, slightly above institutional expectations. For the full year 2024, net profit reached TL657mn, marking a 16% year-on-year increase. Factoring income surged by 140% year-on-year to TL3bn. During the same period, equity grew by 72% to TL1.9bn, while return on equity (ROE) stood at 43.51%.
- **LKMNH (Positive)** announced its 4Q24 financial results with a TL 95mn net profit. The company had reported a TL 418mn net profit in the same period last year and TL 11mn in the previous quarter. During the same period, sales revenue increased by 1% YoY but declined by 3% QoQ, reaching TL 730mn. Operational profitability remained in line with the previous quarter. However, there was a slight increase in the company's net debt. Additionally, the company announced a net dividend of TL 0.35 per share, to be paid in two installments, resulting in a gross dividend yield of 2.09%.
- **METUR** announced a TL 3mn net loss in its 4Q24 financial results. The company had reported a TL 6mn net loss in the same period last year and a TL 3mn net profit in the previous quarter. During the same period, sales revenue declined by 60% YoY and 86% QoQ, reaching TL 8mn.
- **ALARK** announced that its affiliated company, Alarko Tarım, has decided to establish a joint stock company with a capital of TL250K to operate in the agriculture and greenhouse sectors.
- **BERA** announced that its affiliated company, Koveka Tekstil, will establish a 4000 kW solar power plant in Konya.
- **BIMAS (Negative)** announced that the Competition Authority has imposed an administrative fine of TL1.3bn on the company. If applied with a reduction, the fine will be TL972mn. However, as the reasoned decision has not yet been announced, the details of the legal recourse remain unclear.

Based on the company's statement, it has been confirmed that the penalty will be formally appealed.

- **BIOEN** applied to the Capital Markets Board (SPK) to increase its registered capital ceiling from TL625mn to TL2bn and extend its validity until 2029.
- **CWENE** announced the completion of the establishment process for its 100%-owned subsidiary, CW Kurumsal Hizmetler ve Pazarlama A.Ş..
- **GRSEL** announced that it has acquired a 1,762 m² land in Kocaeli-Çayırova for an investment purpose at a price of TL 54mn.
- **MIATK** announced that an agreement was signed between its affiliated company, Tripy Mobility, and Chinese-based Suzhou Dynalion Technology. The agreement aims at a joint investment in Turkey and the establishment of a production facility, covering various areas of cooperation regarding the supply of shared electric bicycle solutions and sales rights.
- **SNICA** announced that it has received an order worth USD 1.7mn for radiators, boilers, and pipe group products under agreements signed with international customers.

Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|--------------------------------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| MERKO | | MERKO | Buyback | 130.000 | 13.81 | 0.23% |
| GEDİK | | GEDİK | Buyback | 146.499 | 6.85 | 0.21% |
| KAYSE | | KAYSE | Buyback | 47.500 | 19.13 | 0.42% |
| KRVGD | | KRVGD | Buyback | 50.000 | 2.25 | 1.48% |
| AHGAZ | | AHGAZ | Buyback | 596.924 | 19.47 | 1.61% |
| INVES | | INVES | Buyback | 5.900 | 221.20 | 0.54% |
| EMNİYET TİCARET VE SANAYİ A.Ş. | | AKSA | Market | 1.865.000 | 12.29 | 24.17% |

Important Disclosures

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