

Daily View

Good morning. Global risk appetite is slightly negative, and the loss of momentum continues in Borsa Istanbul. The BIST 100 index closed just below the 200-day exponential moving average at 9,575 yesterday, with capital outflows persisting. We believe the pressure on the index mainly stems from short-term news flow. In terms of financial performance and valuations, improvements in growth-oriented indicators and the Central Bank of Turkey's interest rate cuts remain supportive. Therefore, considering the 12-month index targets pointing above 14,000, we see the recent decline in Borsa Istanbul as a "buying" opportunity. However, we should note that high volatility may persist in the short term. From a technical perspective, daily support levels can be monitored at 9,550 and 9,470, while resistance levels stand at 9,620 and 9,690. On today's agenda, the Central Bank of Turkey's sectoral inflation expectations survey, as well as U.S. housing prices and confidence indices, will be closely followed. Meanwhile, Turkey's 5-year CDS starts the day at 252 basis points.

Macro and Politics

*** The CBT will release the February Sectoral Inflation Expectations survey @ 10:00 local time.** According to the January Sectoral Inflation Expectations survey results, the decline in the 12-month ahead annual CPI expectations continued to decline, with the decrease accelerating significantly compared to the previous month. According to the January survey results, 12-month-ahead annual inflation expectations decreased by 1.7 points to 25.4% for market participants, by 3.8 points to 43.8% for the real sector, by 4.3 points to 58.8% for households. The pronounced acceleration in the downward trend of inflation expectations as of January reinforces our expectation that the CBT is likely to proceed with another 250bps cut in interest rates in March. We anticipate that the decline in annual inflation will prevail, albeit at a slower pace, in the second half of the year compared to the first half. Accordingly, we believe that after the 250bps cut in March, and most likely in April as well, the pace of interest rate cuts could be moderated starting from the June meeting.

*** The Real Sector Confidence Index (RSCI) further improved to a level of 102.4, up from 100.9 in February, while the seasonally adjusted RSCI rose slightly to 102.8, up from 102.6.** Additionally, the Capacity Utilization Rate (CUR) showed a modest change, with the unadjusted CUR edging down to 74.5% from 74.6%, while the adjusted CUR increased to 74.9% from 74.8% in February. Despite the increase observed in the unadjusted Real Sector Confidence Index (RSCI) in January, the leading indicators across the board pointed to a weakening on an m/m basis in the first month of the year. However, preliminary data for February signals a renewed recovery trend in economic activity. Our baseline scenario for this year suggests that after a decline in annual growth in the first quarter of 2025, activity will begin to recover from the second quarter onwards, with GDP growth for the year to be 2.6%. However, preliminary data received so far indicates that the weakening in growth we anticipated in the first quarter may not occur to the extent we had predicted. At the same time, it suggests that the trajectory of growth dynamics continues to pose a risk for the disinflationary process.

*** Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of February 14 – 21, the net international reserves slumped by USD5.8bn to USD72.3bn and the gross FX reserves slid by USD3.2bn to USD170.1bn.** We anticipate that the official reserve data, set to be released on Thursday at 14:30 local time, will likely reflect a similar trend in line with our calculations.

Sector and Company News

- **ARMGD** reported Q4 2024 financial results with a net profit of TL528mn, bringing the full-year net profit to TL808mn, marking a 188% year-on-year increase. Annual sales declined by 13% year-on-year to TL7.6bn. During this period, the company increased its equity by 139% to TL4.2bn, while return on equity (ROE) stood at 27.14%.
- **RAYSG (Positive)** reported Q4 2024 financial results with a net profit of TL628mn, bringing the full-year net profit to TL2.2bn, marking a 145% year-on-year increase. Technical income grew by 154% year-on-year to TL12.5bn, while technical expenses increased by 149% to TL9.7bn. The technical balance-to-income ratio stood at 0.23. Investment income increased by 37% to TL3.6bn, while investment expenses rose by 32% to TL3.2bn. The company increased its equity by 117% to TL4.4bn, while return on equity (ROE) stood at 12.12%.
- MOI OGG won the privatization tender for the 20-year operating rights of vehicle inspection stations, offering USD830mn for Region 1 and USD890mn for Region 2. **DOAS**, the current operator through TUVTURK, withdrew from both tenders.
- **ALARK** announced that companies with a capital of TL18mn and TL250K have been established by its subsidiaries Alfor Aviation and Technical Services L.T.D. and Alarko Tarım, respectively.
- **ASELS** signed a contract worth EUR97mn with BMC Otomotiv, representing 0.8% of its total backlog.
- **DGNMO** announced that a license-exempt solar power plant with a capacity of 2.992 kWp/2.000 kWe, located in Çanakkale-Biga, has been commissioned.
- **EREGL** announced that the request for correction of the decision in the lawsuit filed by the Privatization Administration was rejected. The long-standing legal process regarding the annulment of the 2006 dividend distribution decision has concluded with a ruling against the company.
- **TOASO** renewed its existing credit rating agreement with Saha Kurumsal for 2 years.

- **YATAS** announced that it has submitted an application to the Capital Markets Board (SPK) to increase its current registered capital ceiling of TL300mn to TL2bn and to update its validity period to cover the years 2025-2029.

Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|----------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| MERKO | | MERKO | Buyback | 100.000 | 13.94 | 1.13% |
| GEDİK | | GEDİK | Buyback | 78.564 | 6.83 | 0.26% |
| AHGAZ | | AHGAZ | Buyback | 300.000 | 20.03 | 1.67% |
| LKMNH | | LKMNH | Buyback | 50.000 | 19.78 | 0.38% |
| DAPGM | | DAPGM | Buyback | 150.000 | 6.96 | 0.09% |

Important Disclosures

Disclaimer

This document was produced by Tacirler Yatırım Menkul Değerler A.Ş. ("Tacirler Investment"), solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient.

This document does not constitute an offer of, or an invitation by or on behalf of Tacirler Investment to any person to buy or sell any security. The information contained herein has been obtained from published information and other sources which Tacirler Investment considers to be reliable. Tacirler Investment does not accept any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document.

Recipients of this document are urged to base their investment decisions upon their own appropriate investigations that they deem necessary and they should make their own independent decisions as to whether an investment or instrument is proper or appropriate based on their own individual judgment and their risk-tolerance. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and Tacirler Investment accepts no liability for any such loss or consequence. Not all investment strategies are appropriate at all times, and past performance is not necessarily a guide to future performance.

Tacirler Investment may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or their derivative securities thereon either on their own account or on behalf of their clients.

Tacirler Investment may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates presented in this document.