

Daily View

Good morning. Following the sharp declines in precious metals, we have seen a recovery and rebound attempt over the past 24 hours, while global equity markets are also displaying a constructive tone. Yesterday, U.S. and European equity markets, which started the day with selling pressure, closed in positive territory, and buying interest continues this morning in index futures. Similarly, the overall picture in Asia is positive, with gains of up to around 5% standing out. Borsa Istanbul, which has risen by 21% year-to-date, recorded a daily decline of 1.6% yesterday; however, it is worth noting that the index staged an intraday rebound of nearly 3.4% from the lows, and capital outflows remained limited when assessed against the strong inflows seen in recent sessions. The top five positive contributors to the index yesterday were DSTKF, ISCTR, THYAO, CCOLA, and AEFES, while the main negative contributors were TUPRS, KLRHO, AKBNK, TRALT, and ASELS. Over the past week, stocks attracting consistent inflows include PGSUS, KCHOL, AKFYE, AEFES, and SASA. From a technical perspective, the 13,900 / 14,000 zone stands out as resistance, while 13,400 and the 13,000–13,300 band can be monitored as support levels. On today's agenda, the January CPI data will be in focus domestically. We expect a relatively strong monthly increase of around 4.13% driven by food prices, alongside a decline in annual CPI from 30.9% to 29.8%. Looking ahead, we project annual CPI to ease to 28.9% by the end of the first quarter, to around 27% by mid-year, and to approximately 23% by year-end. In parallel, we expect the Central Bank's MPC to continue with rate cuts. Abroad, the data calendar is relatively light. Finally, Turkey's 5-year CDS spreads start the day at 216 basis points.

Macro and Politics

*** TURKSTAT will release January inflation data today @ 10:00 local time.** We expect a notable acceleration in monthly inflation, primarily driven by food prices. Accordingly, we forecast headline CPI inflation to print at 4.13% m/m, with seasonally adjusted monthly CPI at 2.3%. An outcome in line with our forecast would bring annual CPI down from 30.9% to 29.8%, reflecting favorable base effects despite strong monthly momentum. The market median forecast is close to our view, at 4.2% m/m and 29.9% y/y. Price adjustments we have been tracking following the raw milk price hike, together with persistently high prices in fresh fruit and vegetables, suggest that food inflation is likely to remain elevated in February as well. We assess that disinflation will proceed at a slower pace during the first half of the year, with annual CPI easing to 28.9% by end-Q1 2026 and to around 27% by end-Q2 2026. A more pronounced decline should materialize mainly in the second half, and we continue to expect year-end 2026 inflation at 23%. In this context, after falling from above 40% to below 31% in 2025, we believe inflation will follow a more gradual path in 2026 as it transitions from the low-30s into the 20s.

*** The Treasury will start its February domestic borrowing program today with direct sales of a 1y USD-denominated bond and 1y USD-denominated lease certificates.** According to the Treasury's domestic borrowing strategy for the February–April 2026 period, the Treasury projects domestic borrowing of TL525.3bn against redemptions totaling TL656.6bn in February. The program also points to a similar stance in March and April, with planned borrowing remaining below redemption amounts. Following today's direct sales, the Treasury is scheduled to hold auctions of a 4y TLREF-indexed bond and a 5y fixed-coupon bond on 9 February, an 11-month Treasury bill auction and a 5y lease certificate direct sale on 10 February, a 2y fixed-coupon and a 5y CPI-indexed bond auction on 16 February, and direct sales of a 1.5y gold bond and a gold-backed lease certificate on 17 February.

*** The Istanbul Chamber of Industry (ICI) Turkey Manufacturing PMI declined from 48.9 to 48.1 in January.**

Remaining below the 50-threshold since April 2024, the index continues to signal a contractionary backdrop in the manufacturing sector. That said, the partial recovery observed in recent months—from the mid-46 range toward levels above 48 - suggests that the pace of deterioration in industrial activity has begun to moderate. In its accompanying note, the ICI emphasized that Turkish manufacturers continued to face challenging operating conditions at the start of the year, highlighting weak demand dynamics alongside declines in both new orders and output. Persistently subdued order flows have led firms to scale back production, employment, and purchasing activity, while both input costs and output prices recorded sharp increases, with inflation rates in both categories reaching their highest levels since April 2024. We expect growth to come in at 3.8% in 2025, accelerating modestly to around 4% in 2026. Despite the strong annual gains observed in industrial production, the expansion appears increasingly concentrated in a limited set of sectors - most notably construction-related segments and defense - rather than broad-based across manufacturing. This suggests that industry-driven growth continues to rely on a narrow sectoral base. Leading indicators and confidence surveys confirm that sectoral divergence within the growth composition remains in place, even as domestic demand and public-supported growth momentum appear to be holding up.

Sector and Company News

- **AKBNK** reported a 4Q25 net profit of TL 18.33 billion, in line with market expectations. Quarterly profit rose 99% YoY and 30% QoQ. The gradual improvement in the net interest margin (NIM) continued in 4Q25, with swap-adjusted NIM up 40bps QoQ, supported by normalizing funding costs and a positive TL loan-deposit spread. Net interest income increased by approximately 50% YoY, while operating expenses rose 33%, keeping the cost-to-income ratio at 50.6%. FY25 ROE stood at 21.5%.
 - For 2026 the bank targets TL loan growth above 30% and FX loan growth above 10%. Swap-adjusted NIM is expected to remain around 4%, with fee income growth above 30% and operating expense growth in the low 30s. The bank guides for ROE in the high 20s.
- **BANVT** disclosed that the Turkish Competition Authority has issued its reasoned decision regarding the TL 947.3 million fine imposed for violations of Law No. 4054.
- **CANTE** will increase its paid-in capital by 42.86%, from TL 7 billion to TL 10 billion, through a rights issue effective today.
- **EBEBK** stated that its store count in Türkiye increased from 300 to 302 as of January 31, 2026 (279 traditional, 23 mini). The company noted that it opened 2 stores in January (1 in Kocaeli, 1 in Tekirdağ) and disclosed that it has 3 stores in the UK and 1 store in Northern Iraq as of January 31, 2026.
- **EKOS** announced that it signed a contract worth TL102.8mn on February 2, 2026, related to AYEDAŞ's "Gas-Insulated Switchgear Cell & Kiosk" standard procurement.
- **FRMPL** received domestic orders totaling TL 750 million, with deliveries scheduled for completion by the end of March 2026.

- **MOGAN** generated 241,749 MWh of electricity from its wind power plants in January 2026, marking the highest January production in the past five years and representing a 108.7% YoY increase.
- **SEGMN** announced that its shareholders signed a preliminary agreement to transfer A and B group shares representing 74.85% of the company's capital to potential buyers. The final share purchase agreement will be signed following the fulfillment of preconditions, after which a mandatory tender offer will be launched.
- **TRGYO** completed the acquisition of 100% of Forum Kayseri Shopping Mall for EUR 132.2 million.
- **USAK** will increase its paid-in capital by 100%, from TL 1.2 billion to TL 2.45 billion, via a rights issue effective today.

Share Transactions

| Acquirer | Seller | Company | Type (Buyback / From Market) | # of lots | Transaction Price (TL) | Share in Capital after transaction |
|----------|--------|---------|------------------------------|-----------|------------------------|------------------------------------|
| LKMNH | | LKMNH | Buyback | 21.586 | 17.28 | 5.74% |
| AVGYO | | AVGYO | Buyback | 109.029 | 11.10 | 1.04% |
| OFSYM | | OFSYM | Buyback | 27.000 | 72.59 | 1.02% |

Important Disclosures

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