

## Daily View

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Good morning. Global risk appetite continues to remain on the positive side. Concrete progress in the United States' trade negotiations with individual countries, alongside tax cuts and spending plans, has reinforced expectations that the pressure on the Fed will persist through year-end, likely culminating in rate cuts. This outlook is fueling buying activity across global equity markets, led by U.S. stock indices. In Borsa Istanbul, the BIST 100 index continues to hold above the 10,000 level, supported by sustained capital inflows and rising trading volumes. While the index has recorded its highest TL-based closings since March 19, it still appears to have further upside potential in USD terms. In this context, the USD-equivalent levels of \$270 and \$297 are notable. Based on current exchange rates, these correspond to BIST 100 index levels of approximately 10,800 and, subsequently, above 11,500. Assuming no escalation in non-economic (i.e., political or legal) risks and continued disinflation—supporting expectations of interest rate cuts by the Monetary Policy Committee—these levels could be monitored as short-term targets. From a medium- to long-term perspective, the 12-month target prices for BIST 100 companies currently point to a BIST 100 index target of around 13,600. It is worth recalling that this target was previously revised down from 14,400, reflecting a more cautious outlook in earlier periods. Looking ahead, we now expect gradual upward revisions to these targets. On today's agenda, domestic attention will focus on June inflation data. The average market forecast for monthly CPI is 1.50%, while Tacirler Investment's estimate stands at 1.38%. In the afternoon, U.S. employment data will be in the spotlight. Meanwhile, Turkey's 5-year CDS premiums start the day at 283 basis points.

## Macro and Politics

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**\* TURKSTAT will release the June inflation figures today @ 10:00 local time. We expect CPI to rise by 1.38% m/m in June, lower than the median estimate at 1.5%.** Should the monthly figure materialize in line with our forecast, annual inflation edge down from 35.4% to 35.1%. A monthly reading below 1.5%, aligned with our forecast, would likely fuel market expectations for a policy rate cut by the CBT. However, even in the case of such a surprise downside, we expect the Bank to proceed with caution. While the June MPC statement softened the hawkish tone by neutralizing the forward guidance, the decision to keep the upper band of the interest rate corridor unchanged signals that the CBT remains cautious in its approach. Against this backdrop, we take a prudent view on the recent rise in market expectations for an aggressive rate cut. Following an effective 300bps easing in June, we believe the policy framework has not yet fully reverted to pre-March 19 conditions, limiting the scope for a sharp cut in July. It is also worth noting that net reserves excluding swaps still remain at only half the level observed prior to March 19. In addition, we believe the Committee continues to monitor dollarization risks, and by maintaining the upper band, aims to preserve policy flexibility in the face of ongoing uncertainties. Given that the MPC refrained from lowering the upper band in June, we think a sizable cut in July is unlikely. Accordingly, our baseline scenario envisions 250bps rate cuts at each meeting starting in July, bringing the policy rate down to 36% by year-end.

**\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of June 20 – 27 @ 14:30 local time.** Based on our calculations upon the CBT's analytical balance sheet, we estimate that during the week of June 20 – 27, gross FX reserves dropped by USD1.16bn to USD154.7bn, while net international reserves sliding below USD47bn. We expect today's official figures to confirm a decline in line with our projections.

## Sector and Company News

- **ALFAS** signed a contract worth approximately USD19mn with a domestic client for the installation of a solar power plant. The project is scheduled to be completed in the fourth quarter of 2025.
- **CWENE** provided updates on three previously announced projects. The completion of its solar power plant (GES) project has been postponed to year-end, while a USD 2.5mn lithium battery delivery has been rescheduled for the second half of the year. The official opening of the aluminum frame production facility is planned for July.
- **PATEK** signed a subcontracting agreement worth TL406.8mn under the Ministry of Health's Electronic Case System project. The project is expected to contribute to revenue and enhance the company's position in digital healthcare services.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	213.250	14.88	3.01%
INVES		INVES	Buyback	4.607	259.98	0.80%
AHGAZ		AHGAZ	Buyback	230.000	27.75	1.31%
ENDAE		ENDAE	Buyback	115.000	16.48	1.43%
TEZOL		TEZOL	Buyback	140.000	20.98	0.10%

# Important Disclosures

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