

Daily View

Good morning. In the U.S., CPI data exceeded expectations, while underlying components of the core personal consumption expenditures (PCE) index — the Fed's preferred measure of inflation — also showed notable increases. As a result, market pricing for a potential first rate cut by the Fed in October has diminished. However, political pressure from President Trump on Fed Chair Powell continues to intensify. This backdrop increases uncertainty and raises the risk of a shift toward irrational monetary policy, triggering sell-offs in global equities, particularly in U.S. markets. This morning, U.S. and European equity futures are trading in negative territory, while Asian markets are showing mixed performance. On Borsa Istanbul, we observed a 1.3% decline on Monday along with significant outflows based on institutional trading activity. The weakness in momentum may persist, influenced by the global market outlook. On the BIST 100 index, support levels are seen at 10,120 and the 9,800–10,000 range, while the first resistance zone stands at 10,350–10,450. Market participants continue to expect rate cuts from the CBRT's Monetary Policy Committee (MPC), which may limit the downside potential in BIST. However, any upward movement will likely be deferred until after the MPC decision. Therefore, we expect a period of range-bound and tight trading activity. On today's domestic agenda, the focus will be on the central government budget balance. After recording a surplus of TRY 235.2 billion in May, the budget is expected to return to a deficit in June. For full-year 2025, we project a budget deficit of TRY 1.9 trillion, approximately 3% of GDP. Externally, attention will be on the U.S. PPI data. Turkey's 5-year CDS premiums opened the day at 288 basis points.

Macro and Politics

*** The Treasury and Finance Ministry will release June central government budget figures @ 11:00 local time, and we expect the budget to revert back to deficit.** The central government budget posted a surplus of TL235.2bn in May, broadly in line with our house estimate, while the primary balance registered a surplus of TL346.bn. It is worth noting that the sizeable surplus recorded in May was largely driven by a surge in corporate tax revenues, stemming from the structural impact of the removal of the fourth corporate provisional tax payment, which was abolished starting in May 2023. The removal of this instalment has led to a concentration of corporate tax declarations in May, reflecting both the first-quarter provisional taxes for the current year and corporate taxes announced for the previous year's last quarter. Consequently, we expect this effect to dissipate in June, with the budget reverting back to a deficit. We forecast the 2025 budget deficit at TL1.9tn, corresponding to 3% of GDP, with upside risks attached.

Sector and Company News

- **DARDL** repaid its EUR 78 million loan from DenizBank and secured a new USD 31.8 million loan with a 3-year maturity.
- **EUPWR** announced that its indirect subsidiary, Peak PV Solar, received a contract invitation for TEİAŞ's transmission line tender worth TL 234.4 million. The contract is expected to be signed within 10 days.
- **GENIL** decided to increase its capital from TL 300 million to TL 4.5 billion through a 1,400% bonus issue using internal resources.

- **ZOREN** sold 10% of its 25% stake in Israel-based Dorad Energy Ltd. to Phoenix Group for 282.9 million NIS (approximately TL 3.4 billion). The approval process for the sale of the remaining 15% stake to existing shareholders is ongoing.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	73.785	15.27	3.34%
OFSYM		OFSYM	Buyback	13.935	53.09	0.29%
AHGAZ		AHGAZ	Buyback	81.853	26.65	1.33%

Important Disclosures

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