Daily Bulletin

July 25, 2025

TACİRLER
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Daily View

Good morning. Global markets continue to draw support from the agreement between the United States and Japan. The U.S. also appears to be moving toward a separate negotiation process with the European Union, which is contributing to positive sentiment in European equities. This morning, U.S. and European futures, as well as Asian stock markets, are generally trading higher. On Borsa Istanbul, the index has remained in a balanced wait-and-see mode around the 10,600 level for the past three days ahead of the expected interest rate cut by the Monetary Policy Committee (MPC). Despite supportive news flow during this period, the market's reaction has been relatively muted. Should the MPC deliver a rate cut in the range of 250–350 basis points and signal the continuation of the easing cycle in the statement, we would expect the positive trend on Borsa Istanbul to persist. However, a smaller-than-expected rate cut or a strong emphasis on “data-dependent, meeting-by-meeting decisions” may trigger some profit-taking. In such a scenario, we would still expect any pullbacks to remain limited, with the index maintaining its position within the medium-term upward trend channel. On a long-term valuation basis, the BIST 100 index is once again approaching target levels near 14,000. Provided that non-economic risks do not resurface, we believe Borsa Istanbul could return to its primary upward trend. In terms of short-term technical levels, the 10,800–11,000 range is seen as the initial resistance zone, while the 10,300–10,400 range is considered the first support area. On today’s agenda, alongside the MPC decision, the European Central Bank (ECB) interest rate decision will be closely monitored, although no change is expected. On the data front, PMI figures from both Europe and the U.S. will be in focus. Turkey's 5-year CDS spread starts the day at 282 basis points.

Macro and Politics

*** The CBT will release the July Real Sector Confidence Index and Capacity Utilization Rate @ 10:00 local time today.** The RSCI declined from 101.4 in June to 100.3, retreating to its lowest level since the beginning of the year, while the seasonally adjusted index decreased from 98.6 to 98.4, marking its lowest point since August 2024. It is worth recalling that readings below the threshold of 100 in the RSCI reflect a waning sentiment among real sector representatives regarding economic activities. Meanwhile, the Capacity Utilization Rate (CUR) slipped from 75% to 74.6% in June, while the seasonally adjusted CUR dropped from 75.1% to 74.4%. Following the heightened political angst and market volatility since March 19, we began to observe adverse impacts on leading indicators from April onwards. Thus, the decline in the RSCI seen in April and May has evidently intensified in June. We anticipate that the growth, which commenced positively in 2025 supported by robust domestic demand, will shift towards a weaker footing by the second quarter. Household consumption - driven by sustained momentum in credit growth trends and the pre-March 19 interest rate cuts - delivered the strongest annual growth contribution of 1.6% in the first quarter; however, we expect its supportive effect to dwindle, albeit modestly, in the second quarter. Meanwhile, we project industrial activity to experience a deepening slowdown. Although the downside risks to growth outlook have increased following tighter financial conditions domestically post-March 19, high-frequency data have yet to indicate a clear cooling in domestic demand dynamics. On the other hand, public expenditure continues to provide a supportive backdrop for the growth outlook. Accordingly, we maintain our growth forecast at 3.1% currently.

*** The Monetary Policy Committee (MPC) cut the policy rate by 300bps, lowering it from 46% to 43%.** Both our house forecast and the market median estimate had anticipated a more moderate 250bps cut. Accordingly, the decision can be characterized as somewhat more dovish than expected. That said, the policy statement maintained a cautious tone, which we believe precludes the assumption of an automatic or uniform pace of easing. In addition to the policy rate cut, the Committee also lowered the overnight lending rate from 49% to 46% and the overnight borrowing rate from 44.5% to 41.5%. Hence, the CBT appears to be maintaining its asymmetric interest rate corridor, preserving policy flexibility by keeping the upper bound 300bps above the policy rate—thereby retaining room to maneuver amid heightened uncertainties. Yesterday's 300bps rate cut has increased downside risks to our year-end policy rate forecast of 36%. Nevertheless, we do not yet see a compelling reason to revise our projection. While no MPC meeting is scheduled for August, we believe the inflation print for that month will be critical in shaping the Committee's decision in September. Following the expected July spike, the level at which inflation stabilizes in August will play a key role in shaping policy expectations.

*** In the week of 11 – 18 July, foreigners registered a net purchase of USD209.4mn in equities and USD36mn in government bonds (excluding repo transactions).** Thus, the foreigners' share in total bond stock rose a tad from 6.2% to 6.3% within the mentioned week. Within the mentioned period, residents' FX deposits surged by USD2bn (excluding gold accounts and adjusted for the EUR/USD parity effect), driven primarily by corporates' demand as household FX deposits increased marginally by USD104mn, while corporate FX deposits soared by USD1.9bn. Examining the CBT's reserves reveals that during the week of 11 – 18 July, the gross FX reserves rose by USD2.3bn to USD168.7bn and the net international reserves increased by USD3bn to USD62.7bn. Moreover, the net reserves excluding swaps climbed by USD3.3bn to USD44.3bn.

Sector and Company News

- **AZTEK**: According to GFK's H1 2025 report, Turkey's headphone market revenue grew by 23.5%, while the speaker market revenue increased by 34.9%. AZTEK, through the brands it distributes, accounted for 49% of the headphone market and 60.4% of the speaker market.

- **LRSHO** established a new venture capital investment trust named "Invito Venture Capital Investment Company" with a capital of TL 300 million as a wholly owned subsidiary. An application has been submitted to the Capital Markets Board (CMB).

- **OBAMS** decided to increase its capital by 500% through internal resources, raising it from TL 479.4 million to TL 2.88 billion.

- **MIATK** invested in a new digital platform aimed at developing a taxi-hailing application through its subsidiary Tripy Mobility Teknoloji. Additionally, it completed an investment in 1,500 electric bicycles via Tripy Mobility.

- **TCKRC** inaugurated its Bozuyuk production facility on July 25 with a total investment of TL 1.35 billion. The company targets a 250% increase in production capacity and a 70% export ratio with this new facility.

- **FORTE** entered into two separate strategic partnerships with HAVELSAN. It became the exclusive business partner for the "DOKU" product and was authorized to promote and market "KOVAN" products both domestically and internationally.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	77.000	16.31	3.59%
OFSYM		OFSYM	Buyback	10.435	56.30	0.37%
AHGAZ		AHGAZ	Buyback	224.995	27.73	1.37%
ENERY		ENERY	Buyback	200.000	7.87	2.40%

Important Disclosures

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