

## Daily View

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Good morning. Global markets are starting the day with a cautious tone, accompanied by a slight recovery in risk appetite following the Fed's decision yesterday. As expected, the Fed kept interest rates unchanged. Chair Powell reiterated that monetary policy is "in a good place" and did not provide a clear signal for a near-term rate cut. Following these statements, the probability of a rate cut in September dropped from 68% to 35%, while the dollar index approached the 105 level, in line with our forecasts. After a mixed close on Wall Street, U.S. futures are trading in positive territory this morning. European futures are also slightly higher. In Asia, the picture is mixed. Weak PMI data from China is weighing on Shanghai and Hong Kong, while strong retail and industrial data in Japan is supporting the Nikkei. The Bank of Japan, in line with expectations, kept its policy rate unchanged at 0.5% this morning. Turning to domestic markets, the BIST 100 index rose by 1.26% yesterday to close at 10,619 points, attempting to recover the losses accumulated since the beginning of the week. In the short term, the 10,700 level stands out as the initial resistance, while 10,800 points represents a key resistance zone. On the downside, the 10,450 – 10,300 range is monitored as the first support area in the event of renewed selling pressure. Today, the local economic calendar is quiet. Internationally, preliminary CPI data for July from Germany will be released at 15:00 local time, followed by June PCE inflation and weekly jobless claims from the U.S. at 15:30. Turkey's 5-year CDS premium starts the new day at 276 basis points.

## Macro and Politics

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**\* TURKSTAT will release June foreign trade figures 10:00 local time.** Preliminary data released by the Ministry of Trade point to a widening in the foreign trade deficit in June. According to the preliminary figures, exports rose by 8% y/y to USD20.5bn, while imports increased by 15.3% to USD28.7bn. Based on these figures, the trade deficit expanded from USD6.6bn to USD8.2bn in June, while the rolling 12-month deficit widened from USD86.8bn to USD89.1bn.

**\* The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the period of July 18 – 25 @ 14:30 local time.** To recall the data from previous week: 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.

**\*The Treasury will release its next three-month (August – October 25') domestic borrowing strategy today @ 17:30 local time.** According to the previous program (July – September 25'), the Treasury has a domestic redemption of TL314.7bn in August, while in return plans to borrow TL399.5bn throughout the month.

**\*The adjusted unemployment rate increased from 8.4% to 8.6% in June.** As per the broad-based unemployment calculations: The rate of composite measure of labor underutilization – including time related underemployment, potential labor force and unemployment – rose from 31.1% to 32.9%, marking a record-high level. Moreover, the

combined rate of time-related underemployment and unemployment increased from 20.8% to 23%, while the combined rate of unemployment and potential labor force remained unchanged at 20.3%. Beyond the headline unemployment figure, we closely monitor the broad-based indicator of labor underutilization, where we expect elevated levels to persist over the coming period.

**\*The Economic Confidence Index declined from 96.7 to 96.3 in July.** Remaining below the 100-threshold since March, the index continues to signal that perceptions regarding the overall economic outlook remain on the pessimistic side. According to the sub-components of the July data: the Consumer Confidence Index declined by 1.8% to 83.5, while the Real Sector Confidence Index edged up by 0.5% to 98.9. The Services Confidence Index fell by 0.8% to 110.0, the Retail Trade Confidence Index eased by 0.5% to 107.9, and the Construction Confidence Index rose by 2.2% to 88.8 compared to the previous month.

## Sector and Company News

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- **FROTO (Neutral):** Ford Otosan posted 2Q25 net income of TL6.1bn, in line with both our estimate and the consensus. The figure marked a 24% YoY and 11% QoQ decline due to a high base effect. Revenue rose 35% YoY and 14% QoQ to TL194.8bn, broadly in line with expectations. EBITDA came in at TL12.6bn, largely flat YoY with slight margin pressure. We view the results as neutral. The company raised its estimate for the total Turkish auto market to 1.05–1.15mn units while maintaining its own sales and production guidance. CAPEX expectation was revised down to EUR600–700mn depending on realization and billing calendar. Revenue growth is still expected in the “high single-digit” range and adjusted EBITDA margin is maintained at 7–8%. We keep our 12-month target price of TL135 per share. FROTO remains in our model portfolio.
- **GARAN (Positive):** Garanti BBVA reported 2Q25 net income of TL28.2bn, exceeding the market expectation by 23%. Net profit rose by 12% QoQ and 26% YoY. Strong net interest income, higher fee generation and provision reversals from collections supported bottom-line performance. The swap-adjusted net interest margin remained stable at around 5.1%. Management maintained its 2025 outlook, expecting TL loan growth in line with inflation, a NIM recovery in the second half and credit cost near the lower bound of the 2–2.5% range. The ROE target was also reaffirmed at 30–32%. Garanti remains in our model portfolio with a 12-month target price of TL180.40 per share.
- **YKBNK (Slightly Positive):** The bank reported a net profit of TL11.3 billion in 2Q25, 20% above market expectations. While earnings remained flat QoQ, they increased by 60% YoY. In its 2025 guidance, management maintained growth targets for TL and FX loans, revised down its net interest margin improvement expectation to 200–225 bps, and raised its commission income growth target to above 40% on the back of strong momentum.
- **BIGCH** will distribute a gross dividend of TL0.73 per share today. The implied dividend yield based on the last closing price is 1.6%.
- **PASEU** announced its participation in the Middle Corridor Freight Transport Cooperation Agreement signed between Turkey and Kazakhstan. The agreement covers regular block train services and logistics cooperation along

the China–Turkey–Europe corridor. This step is considered a key milestone in reaching the target of 1,000 block trains annually.

- **PETKM** announced that its guarantee for the bank loan extended by JPMorgan to Petlim has been fully terminated. The process, last disclosed on July 1, has now been concluded. No additional financial details were provided.
- **KARTN** decided to explore partial or full sale options of certain real estate assets to meet liquidity needs and reduce financing costs. Further developments will be disclosed through separate board decisions.
- **ALKIM** reported a sharp increase in potassium sulfate exports over the past two months. In July, it signed sales contracts for 5,000 tons to Morocco and 1,200 tons to Serbia. In August, it plans to export 5,000 tons of potassium sulfate to Morocco and 8,200 tons of sodium sulfate to Egypt.
- **KCHOL** published its 2024 Sustainability Report along with TSRS-aligned disclosures. The interim emission reduction target for Scope 1 and 2 by 2030 was revised from 27% to 20% versus the 2017 baseline. The 2050 net-zero target remains unchanged.
- **FRIGO** approved a 239.9% rights issue. Paid-in capital will rise from TL147mn to TL500mn through a TL353mn capital increase.
- **MAVI** announced that it repurchased 200K shares at a price of TL41.01 each, raising the proportion of treasury shares to approximately 0.13% of its share capital.

## Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
LKMNH		LKMNH	Buyback	53.515	17.33	3.71%
OFSYM		OFSYM	Buyback	10.833	55.08	0.40%
MAVI		MAVI	Buyback	200.000	41.01	0.13%
HUNER		HUNER	Buyback	500.000	4.44	0.05%

# Important Disclosures

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