Daily View

Good morning. As tensions between the United States and Iran continue to escalate, active Brent crude oil prices have approached the $90 per barrel level. Investors will be closely monitoring how long this process persists and where oil prices ultimately find equilibrium, as higher energy prices are likely to weigh negatively on both global growth and inflation expectations. In addition, it is worth noting that technology stocks, particularly artificial intelligence companies and semiconductor manufacturers, experienced sharp selling pressure on Friday. U.S. and European futures are starting the week on a relatively balanced footing, showing signs of a potential rebound. In Asia, Japanese markets are closed today, while China and Hong Kong are trading higher, whereas South Korea and India are under selling pressure. Borsa Istanbul ended last week below the 14,000 level, closing at 13,981 points after a decline of nearly 2% on Friday. Alongside global market weakness, domestic political developments also contributed to the selling pressure. Stocks that made the largest positive contribution to the index were TUPRS, AKSEN, MGROS, EFOR, and SKBNK, while DSTKF, ASTOR, BIMAS, EREGL, and AKBNK were the main negative contributors. Companies that attracted consistent fund inflows throughout the previous week included KCHOL, TUPRS, AKSEN, KRDMD, EKGYO, and TOASO. It is also noteworthy that all of these stocks delivered positive returns over the week. From a technical perspective, resistance levels for the BIST 100 Index can be monitored at 14,050, 14,160, and 14,250 points, while the 13,600–13,800 range stands out as the primary support zone. On today's agenda, the CBRT Market Participants Survey and Treasury auctions will be closely watched domestically, while the international data calendar remains relatively light. Looking ahead, the market focus will shift to this week's CBRT and ECB interest rate decisions, growth-related economic data releases, and developments surrounding the U.S.–Iran conflict. Finally, Turkey's 5-year CDS premiums start the day at 237 basis points.

Macro and Politics

*** The CBT will release the results of the Survey of Market Participants for July @ 10:00 local time.** The CBT's latest June 2026 Market Participants Survey showed that respondents' year-end CPI expectation for 2026 edged up to 29.1% from 28.9%, while the year-end inflation forecast for 2027 increased to 21.4% from 21.1%. In today's July survey, market attention will primarily focus on expectations ahead of Thursday's Monetary Policy Committee (MPC) meeting. Although the policy rate currently stands at 37%, the CBT continues to fund the market at the upper bound of the interest rate corridor (40%). Therefore, we believe that participants' expectations for the overnight rate in the BIST Repo and Reverse Repo Market, rather than policy rate forecasts, will provide a more accurate gauge of market expectations regarding the interest rate outlook. Our baseline scenario remains that, following the 23 July MPC meeting, the CBT will gradually resume one-week repo auctions and initiate a symbolic normalization in its funding composition. Accordingly, we expect overnight rates to converge only gradually from 40% towards the 37% policy rate. We believe that renewed geopolitical tensions between the US and Iran, through their impact on oil price volatility, reinforce our expectation that any decline in market interest rates will remain gradual and limited. We maintain our year-end policy rate forecast at 35%. On the inflation front, we expect monthly CPI inflation to come in at around 1.8% in July. The price developments we have monitored throughout the month point to a pickup in food inflation, largely driven by vegetable prices. In addition, we estimate that the increase in examination co-payments at both public and private healthcare institutions following the revision to the Health Implementation Communiqué (SUT), together with other administered price adjustments, will contribute roughly 0.6 percentage points to July's monthly inflation. A realization in line with our forecast would bring annual CPI inflation down from 32.1% to 31.8%. That said, we believe that the renewed escalation in the US-Iran conflict has increased the upside risks surrounding our 28% year-end inflation forecast.

*** The Treasury will hold the direct sale of a 2y lease certificate today. This will be followed on July 21 by auctions of a 7m zero-coupon bond and a 2y fixed-coupon bond, as well as the direct sales of a 2y USD-denominated bond and a 2y USD-denominated lease certificate, thereby completing its July domestic borrowing program.** According to the Treasury's July–September 2026 domestic borrowing strategy, it plans to borrow a total of TL606.8bn in July against redemptions of TL638.7bn, implying a rollover ratio of 95%. Having already raised TL238.5bn since the beginning of the month, the Treasury could borrow approximately TL370bn through this week's auctions and direct sales.

*** Credit rating agency Fitch affirmed Turkey's 'BB-' sovereign credit rating with a Stable Outlook in its review released on Friday.** The agency cited Turkey's low public debt burden, large and diversified economy, relatively high GDP per capita compared with rating peers, its ability to preserve access to external financing during periods of market stress, and a resilient banking sector as key rating strengths. Fitch projects year-end inflation at 29.5% in 2026, while noting that its inflation forecasts for Turkey remain among the highest across its rated sovereign universe. The agency also cautioned that an early or aggressive easing cycle could materially amplify inflationary pressures and heighten risks to macroeconomic stability and the external balance. Fitch expects the Turkish economy to grow by 2.8% in 2026 and 4.4% in 2027, while forecasting the current account deficit to widen to 3.0% of GDP in 2026. According to the sovereign rating calendar, Turkey's next sovereign rating review is scheduled for July 24, Friday, by Moody's. We expect Moody's to leave Turkey's 'Ba3' sovereign credit rating and Stable Outlook unchanged.

Sector and Company News

- **ARCLK** announced that it will release its second-quarter 2026 financial results on July 29, 2026.
- **ARMGD** decided to increase its issued capital by 1,510% through a bonus issue from internal resources, raising it from TL264mn to TL4.25bn.
- **AVGYO** decided to launch a one-year share buyback program for up to 25mn shares and TL415.5mn in funds.
- **AYGAZ** announced that it will release its 2Q26 financial results on August 4.
- **BIMAS** repurchased 200k shares under its share buyback program, bringing the ratio of repurchased shares to capital to 1.29%.
- **EKGYO** generated TL50.7bn in total pre-sales revenue in the first half of 2026 through the sale of 2,598 independent units and 25 land plots.
- **GARAN** sold NPL portfolios with a total principal amount of TL2.1bn to asset management companies for TL311mn.
- **HALKB** completed the establishment of its USD5bn GMTN (Global Medium Term Notes) program under international borrowing activities, making it ready for issuances.
- **JANTS** repurchased 95.6k shares under its share buyback program, bringing the ratio of repurchased shares to capital to 0.13%.

- **KTLEV** decided to transfer its 70% stake in its subsidiary Bainbridge Gayrimenkul for a total consideration of USD120mn.
- **METRO** sold 50k nominal VANGD shares, reducing its stake in the company to 2.5%.
- **PSDTC** decided to increase its issued capital by 100% through a bonus issue from internal resources, raising it from TL7.4mn to TL14.9mn.
- **RALYH** announced that the EIA process started for its planned 30 MW storage-integrated WPP project.
- **TRALT** repurchased 4.04mn shares under its share buyback program, bringing the ratio of repurchased shares to capital to 2.80%.
- **ZOREN** decided not to participate in the EUR5.1mn capital increase of Electrip Global Limited, in which it holds a 47.6% stake.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
BOSSA		BOSSA	Buyback	1.100.000	7.03	3.46%
BOBET		BOBET	Buyback	250.000	19.30	2.88%
TRALT		TRALT	Buyback	4.035.579	50.04	2.80%
BIMAS		BIMAS	Buyback	200.000	388.88	1.29%
JANTS		JANTS	Buyback	95.618	15.69	0.13%

Important Disclosures

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