Daily View

Good morning. While tensions and mutual threats between the United States and Iran continue, oil prices remain above the $90 level. The latest earnings reports released in the U.S. have also been broadly weak. As a result, global risk appetite remains limited, with U.S. and European futures as well as Asian equity markets generally trading lower. The BIST 100 Index rose 1.2% yesterday to close at 14,138 points. The five companies contributing most positively to the index were ASELS, BIMAS, DSTKF, TUPRS, and ODINE, while the largest negative contributors were SKBNK, EUPWR, KRDMD, EFOR, and GESAN. Companies attracting consistent capital inflows over the past week include AKSEN, THYAO, TUPRS, PETKM, and MGROS. For the BIST 100, the 14,200–14,250 range continues to serve as a key resistance zone, while the 13,900–14,000 range remains an important support area. On today's agenda, the CBRT Monetary Policy Committee (MPC) meeting and the ECB interest rate decision stand out. No policy changes are expected from either central bank. Following this meeting, the CBRT may gradually resume one-week repo auctions; however, we believe policymakers will first monitor developments in oil prices and inflation dynamics. Within this framework, we maintain our expectation that overnight funding rates will converge toward the policy rate of 37% from the current 40% level in a very gradual manner. We also maintain our year-end policy rate forecast of 35%. Finally, Turkey's 5-year CDS spreads begin the day at 239 basis points.

Macro and Politics

***The Monetary Policy Committee (MPC) decision will be announced today at 14:00 local time.** Our base case remains that, following today's MPC meeting, the CBT will gradually resume weekly repo auctions, although we believe uncertainty surrounding the timing of this step has increased in recent weeks. Renewed tensions between the US and Iran have heightened upside risks to the inflation outlook through higher oil prices, which could prompt the CBT to pursue a more cautious timeline in normalizing its funding composition through the phased resumption of weekly repo auctions. Accordingly, we continue to expect overnight rates to converge only gradually from the current 40% toward the 37% policy rate. At the same time, we do not rule out the possibility that a sustained increase in oil prices and a further deterioration in global risk sentiment could delay the CBT's return to weekly repo auctions into the coming months. We maintain our base case that room for policy rate cuts will emerge only towards the final quarter of the year and keep our year-end policy rate forecast unchanged at 35%.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the July 10 – 17 period at 14:30 local time today.** Based on our calculations derived from the CBT's analytical balance sheet, we estimate that net FX reserves declined by USD4.9bn to USD51.3bn during the week of July 10–17, while gross FX reserves fell by USD2.9bn to USD160.4bn. We expect today's official reserve data to confirm a decline broadly in line with our estimates.

*** TURKSTAT will release July Consumer Confidence Index at 10:00 local time.** The consumer confidence index rose from 85.8 to 87.9 in June, reaching its highest level since May 2023. As a result, the index, which averaged 84.8 in the first quarter of 2026, increased to an average of 86.4 in the second quarter. Following a weak performance within the 85–86 range since March amid the negative impact of rising geopolitical tensions on expectations, consumer confidence posted a notable recovery in June, driven by an improvement in sentiment. Looking at the sub-components, the index measuring the financial situation of households at present increased from 69.2 to 72.3, while the financial situation expectation of households over the next 12 months rose from 87.9 to 89.5. The general economic situation expectation over the next 12 months recorded a notable increase from 81.4 to 83.9. Meanwhile, the assessment on spending money on durable goods over the next 12 months — an important gauge for the domestic demand outlook — edged higher from 104.5 to 105.9. Taken together, the recovery observed in consumer confidence throughout the second quarter points to a more balanced domestic demand outlook relative to the first quarter. High-frequency indicators, which we previously reckoned were signaling annual growth below 3% in the second quarter, have shown signs of improvement more recently, suggesting that annual growth in 2Q26 may come in slightly above 3%. Accordingly, we maintain our 2026 year-end growth forecast at 3.2%.

*** The unadjusted Real Sector Confidence Index (RSCI) fell by 1.3 points to 102.2 in July, while the seasonally adjusted index declined by 0.8 points to 101.2.** An analysis of the diffusion indices underlying the unadjusted RSCI indicates that assessments regarding export orders, total employment and production over the next three months, together with current finished goods inventories, contributed positively to the headline index. In contrast, evaluations of fixed capital investment expenditure, current total orders, total orders over the past three months, and the general business outlook weighed on the index. Meanwhile, the Capacity Utilization Rate (CUR) declined to 73.9% in July from 74.5% in the previous month, while the seasonally adjusted measure eased to 73.8% from 74.3%. July's readings suggest that the improvement observed in June has lost momentum, pointing to renewed weakness in manufacturing activity. The simultaneous decline in both the RSCI and CUR indicates that tight financial conditions and emerging signs of softer domestic demand continue to weigh on production. Accordingly, we maintain our cautious medium-term growth outlook and keep our 2026 GDP growth forecast

Sector and Company News

- Under the VBTS framework, short selling and margin trading bans will be imposed on **BIGEN, ANELE** and **ISVEA** shares between July 23 and August 21.
- **AHGAZ** repurchased 65k shares under its share buyback program, bringing the ratio of repurchased shares to capital to 2.79%.
- **ARCLK** signed a protocol with the Urban Transformation Directorate for the development of its properties in Beylikdüzü and Tuzla, with a total area of around 699k sqm.
- **ARMGD** applied to the CMB to increase its capital by 1,510% through a bonus issue, raising it from TL264mn to TL4.25bn.
- **BORSK** repurchased 857,542 shares under its share buyback program, bringing the ratio of repurchased shares to capital to 0.268%.
- **DIRIT** decided to increase its capital by 369.5% through a private placement, fully restricting the pre-emptive rights of existing shareholders, raising its capital from TL10.7mn to TL50mn.
- **GESAN** signed a contract worth EUR7.1mn.
- **GOLDA** signed sales contracts worth USD3mn.

- **ISGSY** announced that the investment process regarding its portfolio company Enlila Sağlık's acquisition of a 50.1% stake in US-based Crescenta Biosciences for USD24mn was completed.

- **KLSYN** signed a contract worth TL129.8mn.

- **TRALT** repurchased 3.7mn shares, bringing the ratio of total repurchased shares to capital to 2.98%. TRALT will also submit the distribution of a gross cash dividend of TL0.50 per share from its 2025 earnings to the approval of the General Assembly on July 30.

- **ULUUN** started electricity generation at its WPP turbine with 5.56 MW installed capacity in İzmir.

- **ZOREN** announced that, in the lawsuit filed by its subsidiary under the Tekkehamam II Geothermal Power Plant Project, the court decided to suspend the execution of the administrative action.

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Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
BOSSA		BOSSA	Buyback	300.000	6.98	3.58%
BORSK		BORSK	Buyback	857.542	6.11	0.27%
BALAT		BALAT	Buyback	2.000	72.70	0.15%
ENERY		ENERY	Buyback	300.000	9.37	4.03%
AHGAZ		AHGAZ	Buyback	65.000	35.66	2.79%
TRALT		TRALT	Buyback	3.687.183	50.01	2.98%

Important Disclosures

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