Daily View

Good morning. As widely expected, the Fed left its policy rate unchanged at the 3.50%–3.75% range. However, for the first time since 2016, the decision was approved by a 9–3 vote, with three members voting in favor of a rate hike, reinforcing expectations that the possibility of a future rate increase has gained traction. Fed Chair Warsh's remarks were also interpreted as broadly hawkish. Combined with President Trump's renewed threats toward Iran, these developments triggered a broad sell-off in U.S. equities, with major indices losing as much as 2% yesterday. This morning, U.S. futures are attempting a modest rebound, while European futures remain in negative territory and Asian markets are trading mixed. Borsa Istanbul ended yesterday's session down 1.4% at 13,501, falling below the critical 13,600 support level that we have been highlighting for some time. As noted yesterday, this break opens the door for a potential pullback toward the 13,000–13,200 range. On the upside, 13,600 and 13,770 will be the key resistance levels to monitor in any recovery attempt. The stocks contributing positively to the index yesterday were TUPRS, PASEU, DSTKF, TOASO, and TAVHL, while AKBNK, ODINE, ASELS, ISCTR, and THYAO were the main negative contributors. Over the past week, TUPRS, CRDFA, ENJSA, TKFEN, ANHYT, and ANSGR have continued to stand out with consistent fund inflows. The 2026 second-quarter earnings season is underway. Among the latest results, GARAN stood out after reporting net income approximately 8% above market expectations, while CWENE and BIGCH delivered strong results according to our evaluation framework. On the other hand, we found the earnings released by TOASO and ARCLK to be weaker than expected. Today's macroeconomic calendar is particularly busy. In Türkiye, investors will monitor the Economic Confidence Index, employment data, CBRT foreign exchange reserves, and foreign investor transactions. In Europe, attention will focus on the Bank of England's interest rate decision, confidence indicators, GDP growth, and the unemployment rate. In the U.S., GDP and the Core Personal Consumption Expenditures (Core PCE) Price Index will be released. Türkiye's 5-year CDS premium starts the day at 240 basis points.

Macro and Politics

*** June Employment figures will be released @ 10:00 local time.** The seasonally adjusted unemployment rate remained unchanged at 8.2% in May, while the broad underutilization rate — which we closely monitor as a more comprehensive gauge of labor market conditions, and which includes time-related underemployment, potential labor force and unemployment — increased from 30.1% to 31.0% over the same period. A breakdown of the subcomponents shows that the combined rate of time-related underemployment and unemployment rose from 19.3% to 20.2%, whereas the combined rate of unemployment and potential labor force remained stable at 20.5%. The fact that broad unemployment continues to remain above the 30% threshold suggests that fragilities in the labor market remain elevated. While the relatively subdued headline unemployment rate indicates that the narrow definition of unemployment fails to fully capture the underlying weakness in labor market conditions, the persistently high level of potential labor force points to significant remaining slack in the labor market. Taken together, we believe labor market conditions continue to present a weaker picture than what the headline unemployment rate of 8.2% alone would imply.

*** TURKSTAT will release June Economic Confidence Index @ 10:00 local time.** The Economic Confidence Index rose to 98.9 in June from 97.2 in the previous month, while the three-month moving average edged up to 97.5 from 97.2. Although readings above the 100 threshold signal optimism regarding the overall economic outlook, the index remained below this level, pointing to a still-cautious assessment of economic activity. Looking at the June sub-indices, consumer confidence increased by 2.5% to 87.9, while the real sector confidence index rose by 1.0% to 102.0. Confidence also improved across the services, retail trade and construction sectors, with the respective indices rising to 110.5, 112.8 and 83.0. While the broad-based improvement across all sub-indices suggests a modest recovery in sentiment during June, the Economic Confidence Index remains below the neutral 100 threshold and tight financial conditions continue to weigh on economic activity. As such, we do not anticipate a strong or broad-based acceleration in growth over the near term. That said, the recovery in consumer and real sector confidence, together with the recent improvement in leading indicators, points to somewhat more resilient economic growth in the second quarter relative to the first quarter.

*** The CBT will release weekly foreign portfolio flows, money & banking statistics, and international reserves for the July 17 – 24 period at 14:30 local time today.** Based on our calculations using the CBT's analytical balance sheet, we estimate that the CBT's net FX reserves increased by USD293mn to USD51.4bn in the week of July 17–24, while gross FX reserves rose by USD2.3bn to USD162.8bn. We expect today's official reserve data to confirm a reserve build broadly consistent with our analytical balance sheet-based estimates. To briefly recall the previous week's data: Foreign investors recorded a modest USD37.5mn net purchase in equities, while the bond market excluding repo transactions attracted a USD196.6mn net foreign inflow during the July 10 – 17 period. During the same period, residents' FX deposits excluding gold and adjusted for the EUR/USD parity effect increased by USD4.8bn, while their total FX deposits including gold, adjusted for gold price effects, increased by USD5.2bn. Over the same period, the CBT's gross FX reserves declined by USD2.8bn to USD160.5bn, while net FX reserves fell by USD5.1bn to USD51.1bn. The swap stock decreased by USD263mn to USD13.5bn, while net reserves excluding swaps declined by USD4.8bn, reaching USD37.6bn.

Sector and Company News

- **ARCLK (Slightly Negative)** reported net sales of TL141.3bn, EBITDA of TL5.9bn and net income of TL3.4bn in 2Q26. Net sales were broadly in line with the market consensus and slightly below our estimate, while EBITDA came in below both the market consensus and our forecast. Net income, meanwhile, exceeded expectations, supported by one-off income related to the Whirlpool transaction. Net sales declined by 12% y/y, while EBITDA contracted by 37% y/y and the EBITDA margin fell by 1.7pp to 4.1%. Although the gross margin improved by 0.9pp y/y to 29.3%, supported by procurement savings and material cost improvement initiatives, higher operating expenses continued to weigh on operational profitability. The company revised its 2026 revenue guidance for both Türkiye and international operations from flat to a low-single-digit decline, while maintaining its adjusted EBITDA margin guidance at 6.25%–6.50%, net working capital-to-sales guidance at around 22% and capex guidance at approximately EUR250mn. Net debt increased by 7% q/q to TL193.7bn, indicating that balance sheet pressure remains elevated. While disciplined capital spending supported a sequential improvement in free cash flow, deleveraging remains a key priority. Overall, we assess the results as slightly negative, given the weak operational performance and high leverage despite the better-than-expected net income. **We maintain our HOLD recommendation and TL141 target price for ARCLK.**

- **CWENE** reported revenue of TL 4.5bn, EBITDA of TL 1.0bn and net profit of TL 501mn in 2Q26. Revenue increased by 9% y/y, while effective cost management supported operational margins.

- **GARAN** reported a net profit of TL 30.3bn in 2Q26. Net profit increased by 7% y/y, while declining by 9% q/q.

- **TOASO** reported revenue of TL 100.0bn, EBITDA of TL 2.1bn and net profit of TL 3.1bn in 2Q26. Revenue increased by 9% y/y, while EBITDA declined by 33% due to higher costs. Net profit was supported by one-off income.

- **TSKB** reported a net profit of TL 3.0bn in 2Q26. Net profit declined by 12% y/y and increased by 3% q/q.

- **BULGS** announced that it has applied to the CMB for a 646.27% bonus capital increase to be funded entirely from internal resources. The transaction will raise issued capital from TL 268 million to TL 2 billion, with the registered capital ceiling also lifted from TL 1 billion to TL 2 billion.

- **CLEBI** announced that it decided to participate in the capital increases of its two subsidiaries in Indonesia with a total payment of approximately USD 2.2mn.

- **FONET** announced that it signed a TL 198.5mn contract with the Aydın Provincial Health Directorate for the provision of a 36-month Healthcare Information Management System service.

- **HURGZ** announced that it decided to sell scrap equipment, printing machinery and second-hand office materials at its Adana facility for TL 36.6mn.

- **MEKAG** announced that its subsidiary received a EUR 651.7k order for a crushing and screening plant from an overseas customer.

- **MIATK** announced that it signed a TL 7.5mn contract with TÜSEB for six months of maintenance, technical support and training services.

- **OZATD** announced that it signed three ship repair, maintenance and overhaul contracts worth a total of USD 2.3mn with three overseas companies.

- **TBORG** announced that it has proposed a gross cash dividend of TL 9.52 per share (TL 8.09 net) for submission to the General Assembly's approval. The dividend entitlement date is 2 September 2026, with payment scheduled for 4 September 2026.

- **TRALT** announced that it repurchased approximately 4.77 million shares at prices ranging between TL 43.96 and TL 45.54 under its share buyback program. Following the transaction, treasury shares reached 3.87% of the company's share capital.

- **YEOTK** announced that the consortium formed with its local partner signed a USD 9.8mn contract for the digitalization of Chad’s electricity distribution network.

Share Transactions

Alıcı	Satıcı	Şirket	Türü	# lot	İşlem Fiyatı (TL)	İşlem sonrası sermaye içindeki payı
DAGI		DAGI	Buyback	700.000	8,72	1.74%
BIMAS		BIMAS	Buyback	360.000	386,74	1.38%
TRALT		TRALT	Buyback	4.765.188	44,71	3.87%
LOGO		LOGO	Buyback	101.354	136,10	2.64%
ARSAN		ARSAN	Buyback	1.150.000	3,33	6.86%
METRO		METRO	Buyback	1.400.000	7,83	2.69%
BALAT		BALAT	Buyback	2.000	71,00	0.23%

Important Disclosures

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