Daily View

Good morning. Iran has now targeted a U.S. military base in Bahrain, yet oil prices have shown little meaningful reaction to the development. Looking at equity markets, expectations for the next Fed rate hike have been pushed back by one meeting following the latest U.S. economic data, while post-earnings buying in technology stocks is supporting broader equity markets. U.S. indices gained strongly yesterday, rising between 1.2% and 2.8%, and futures are trading firmly higher again this morning. European futures and most Asian markets are also in positive territory. In contrast, weak momentum continues to weigh on Borsa Istanbul. After falling another 1.6% yesterday to close at 13,292, the BIST 100 approached the 13,000–13,200 support and short-term target zone that we previously highlighted. The index may open broadly in line with global markets this morning. However, for the ongoing downtrend to be challenged, the index needs to reclaim the 13,400–13,500 range. That said, several factors are likely to limit the potential for a meaningful rebound despite the supportive global backdrop: (i) continued weakness in market momentum, (ii) potential selling pressure from the unwinding of arbitrage positions as today marks the final trading day of July, (iii) increasing appreciation of the Japanese yen, raising the risk of carry trade unwinding, and (iv) the possibility of a U.S. military strike against Iran over the weekend. Yesterday, the biggest positive contributors to the index were ASTOR, PASEU, TRALT, AEFES, and SASA, while ASELS, ODINE, TUPRS, AKBNK, and THYAO weighed most heavily on performance. Over the past week, TCELL, ENJSA, TKFEN, KRDMD, ANHYT, and ANSGR have stood out with consistent fund inflows. On today's economic calendar, investors will monitor Turkey's foreign trade data and inflation figures from Europe. Turkey's five-year CDS spread begins the day at 239 basis points.

Macro and Politics

*** TURKSTAT will release June foreign trade figures @ 10:00 local time.** The preliminary June trade figures released by the Ministry of Trade point to a marked widening in the foreign trade deficit compared to the previous month. According to the preliminary data, exports rose by 21.9% y/y to USD24.9bn, while imports increased by 23.1% y/y to USD35.3bn. As a result, the monthly trade deficit widened to USD10.4bn in June from USD5.6bn in May, lifting the rolling 12-month deficit to USD95.7bn from USD93.5bn. Following the renewed deterioration in the trade balance in June, we expect the current account deficit to widen back above USD5bn after narrowing to USD1.5bn in May.

*** The seasonally adjusted unemployment rate declined to 7.6% in June from 8.1% in the previous month.** Meanwhile, the composite measure of labor underutilization – our preferred broad measure of labor market conditions, comprising time-related underemployment, the potential labor force and unemployment – declined to 28.8% from 30.8%. The underlying breakdown also pointed to an improvement, with the combined rate of time-related underemployment and unemployment declining to 18.5% from 20.1%, while the combined rate of unemployment and the potential labor force eased to 19.2% from 20.4%. Despite the decline in June, the underutilization rate remains elevated by historical standards, suggesting that the headline unemployment rate continues to understate the degree of slack in the labor market. In particular, the persistently high level of the potential labor force points to still-significant spare capacity in the labor market.

*** The Economic Confidence Index rose to 99.8 in July from 98.9 in June, reaching its highest level since February.** **T**he three-month moving average also increased to 98.6 from 97.5. While readings above the 100-threshold signal optimism regarding the overall economic outlook, the index remained below this level, suggesting that the cautious view on economic activity remains intact. Looking at the July sub-indices, consumer confidence increased by 2.2% to 89.8, while confidence in the services and construction sectors rose by 1.4% and 0.6% to 112.0 and 83.5, respectively. In contrast, the real sector confidence index declined by 0.8% to 101.2, while retail trade confidence fell by 1.6% to 111.0. The divergence across the sub-indices suggests that the recovery has yet to broaden across sectors. Although high-frequency indicators point to a partial recovery in domestic demand compared to the first quarter, we believe the underlying weakness in economic activity has yet to dissipate. We continue to expect second-quarter growth to prove somewhat more resilient than in the first quarter. However, tight financial conditions continue to weigh on economic activity, leading us to expect no strong or broad-based acceleration in growth over the near term. Looking into the second half of the year, we expect economic activity to move onto a more balanced footing as financial conditions gradually ease. We maintain our 2026 GDP growth forecast at 3.2%.

*** Foreign buying activity remained muted in the equity market during the July 17 – 24 period, with net purchases totaling only USD38.9mn, while the bond market recorded a strong USD805.5mn net foreign inflow excluding repo transactions.** Moreover, foreign investors' share of the total bond stock increased from 6.8% to 7% during the July 17 – 24 period, reaching its highest level since the week of March 6. During the same period, residents' FX deposits, excluding gold and adjusted for the EUR/USD parity effect, increased by USD2.2bn, while their total FX deposits, including gold and adjusted for valuation effects, increased by USD2.4bn during the July 17 – 24 period. According to the CBT's official reserve data, gross FX reserves fell by USD8.0bn to USD149.2bn during the June 19 – 26 week, while net FX reserves declined by USD6.6bn to USD45.3bn. We believe the decline in reserves was largely driven by the correction in gold prices observed over the same period. As of June 26, gold accounts for 63.6% of the CBT's gross FX reserves. Over the same period, the swap stock decreased by USD2.7bn to USD16.7bn, while net reserves excluding swaps deteriorated by USD3.9bn, falling to USD30.7bn.

Sector and Company News

- **AFYON** reported revenue of TL 1.3bn, EBITDA of TL 213mn and a net loss of TL 133mn in 2Q26. Revenue increased by 32% y/y, while EBITDA rose by 251%. Operational margins improved on a yearly basis but weakened q/q. The bottom line was pressured by finance expenses and monetary losses.

- **AKGRT** reported a net profit of TL 750mn in 2Q26. The company had posted a net profit of TL 858mn in the same period last year and TL 268mn in the previous quarter. The market consensus for the quarter stood at TL 650mn.

- **TATGD** reported revenue of TL 2.4bn, EBITDA of TL 31mn and net profit of TL 215mn in 2Q26. Revenue increased by 6% y/y, while EBITDA declined by 53%. Higher costs and operating expenses weighed on profitability. Net profit was supported by the y/y improvement in finance expenses. Nevertheless, operational profitability remained weak, with the EBITDA margin standing at approximately 1%.

- **YKBNK** reported a net profit of TL 10.7bn in 2Q26. The bank had posted a net profit of TL 11.3bn in the same period last year and TL 20.3bn in the previous quarter. Market consensus stood at TL 10.8bn, while our estimate was TL 11.0bn.

- **AEFES** announced that its 50.1%-owned subsidiary, AE Mercan, completed the acquisition of a 60% stake in Tariş Üzüm for an estimated consideration of USD 26mn.

- **BARMA** announced that it filed for concordat to restructure its debt and ensure the uninterrupted continuation of its operations.

- **BIMAS** announced that it repurchased 140,229 shares on 30 July 2026 under its share buyback program, bringing its total treasury shares to 16,720,000 (1.39% of share capital).
- **EUHOL** announced that it decided to sell a property comprising five independent units in Çankaya, Ankara, for TL 120mn.
- **EUREN** announced that it signed a solar glass sales agreement with Alfa Solar worth USD 21.3mn, excluding VAT.
- **GESAN** announced that it won a TEİAŞ tender worth TL 294mn.
- **RYSAS** announced that it added more than 100 trucks and trailers to its fleet to meet increasing customer demand. The total cost of the vehicles amounted to EUR 10.3mn, including taxes.
- **TNZTP** announced that it sold the Galen Hospital building in İzmir to Kuveyt Türk for TL 1.05bn under a sale-and-leaseback arrangement. The company signed a 60-month financial leasing agreement with an early repayment option for the property.
- **TRALT** announced that its 2025 Annual General Meeting approved a gross cash dividend of TL 0.50 per share (TL 0.4250 net), for a total gross amount of TL 1.60 billion, with payment scheduled for 6 October 2026.

Share Transactions

Acquirer	Seller	Company	Type (Buyback / From Market)	# of lots	Transaction Price (TL)	Share in Capital after transaction
DAGI		DAGI	Buyback	400.000	8.65	1.84%
BIMAS		BIMAS	Buyback	140.229	385.51	1.39%
LOGO		LOGO	Buyback	97.241	134.30	2.75%
ARSAN		ARSAN	Buyback	300.000	3.29	6.88%
BALAT		BALAT	Buyback	950	70.00	0.23%
BORSK		BORSK	Buyback	450.000	5.86	0.55%

Important Disclosures

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