

Agenda

30 Monday

- Domestic markets closed.
- US, July personal income and spending figures.

31 Tuesday

- Eurozone, July unemployment figures.
- US, Conference Board consumer confidence.
- Fed to announce meeting minutes.

01 Wednesday

- US, August ADP employment figures.
- US, July construction spending figures.
- US, August ISM manufacturing index.

02 Thursday

- Eurozone, 2Q10 GDP figures.
- ECB to announce interest rate decisions.
- US, jobless claims.
- US, July pending home sales figures.

03 Friday

- TurkStat to announce inflation figures for August.
- US, August unemployment figures.

Outlook:

Good morning! The ISE100 inched forward by 0.30% to a new all-time-high, closing off at 60,866, with a slightly lower volume of TRY 1.4bn. The maximum was the new intraday record at 60,955 (+0.44%) and the minimum was observed at 60,395 (-0.48%). Yesterday's increase was mostly led by consumer goods (+2.01%) as the top five brokers oversaw a cash inflow of USD 15.5mn. The index is trying to remain above the psychological threshold of 60k, and market participants will closely monitor CPI figures that are to be released today. Due to the effect of Ramadan, the figure may come in at a higher-than-expected level. As the market is attempting to preserve the positive mood prior to next week's referendum, the index is vulnerable to any domestic or international development such as negative CPI figures that may induce sell-off pressure. Today, we expect a sideways opening ahead of the economic data release. Speaking from a technical point of view, the downward support levels are 60,000 and 59,400. In any upward movements, 61,000 is the first resistance point, yet penetrating this front appears less than likely today without a significant external development. The secondary resistance point is 62,500.

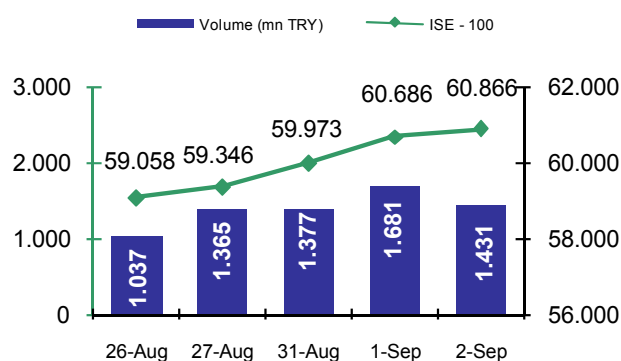
Money Market:

In the domestic markets, April 2012 benchmark yields increased by 4bps to 8.14% due to the profit taking sales. On the currency front, the TRY gained ground against USD and closed Thursday's trading at TRY 1.5125. In terms of the news flow, market participants will have their focus on August economic indicators today, namely domestic inflation and US unemployment. Note that our in house estimate for August monthly CPI stands at 0.11%, below the market consensus of 0.22%. Given the mixed mood around the markets, we expect domestic money markets to trade sideways, however August inflation figures may also be the determining factor over the course of today's direction.

Domestic Headlines:

For August, we estimate a 0.05% MoM increased in headline CPI, below the market consensus of 0.22%, with a high food price increase of 0.80% MoM and contraction in the clothing sector (-5.99% MoM). Note that the market forecasts a range of -0.10% to 0.80% for monthly CPI and the Istanbul Chamber of Commerce (ICC) posted a CPI rise of 0.75% MoM in August. On the other hand, annual CPI will increase above to 8% in August from 7.58% in July. Lower than expected inflation realizations for the past two months have been supportive of the downward trend in yields in the secondary markets. Moreover, market participants have already delayed their rate hike expectations to 1H11 and the better-than-expected inflation figures will support these sentiments.

According to the latest report by The Banks Association of Turkey (TBB), the net balance of outstanding consumer loans has reached TRY 102.4bn in June 2010 showing an increase of 26.5% YoY and 9% QoQ. The same report showed that the number of consumer loan customers has reached 9,826,815. General Purpose Loans has the largest share with TRY 54bn, whereas mortgage/home loans and auto loans reached TRY 50bn and TRY 4.3bn, respectively.



Indices (TRY)	Previous	Last	Chg.	YTD
ISE-100	60.686	60.866	0,30%	15,22%
ISE-30	76.946	77.136	0,25%	15,14%
ISE-Financial	93.924	94.267	0,37%	18,18%
ISE-Industrial	44.934	45.046	0,25%	18,86%
ISE-Services	38.166	38.290	0,32%	5,97%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
VKFRS	20,00	IDGYO	-8,51	GARAN	152.267.876
FRIGO	14,62	BISAS	-5,29	VAKBN	145.887.665
KENT	12,37	OZGYO	-3,73	KENT	112.634.137
DGGYO	7,69	ATAYO	-3,67	YKBANK	100.074.863
ARENA	6,54	ADNAC	-3,51	ISCTR	82.919.803

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	6,90	6,83	6,54	6,66
Euro Bond (30 year, \$)	170,90	171,50	154,75	161,50
Bond (Benchmark, %)	8,08	8,14	8,23	8,80

Currency	Previous	Last	Chg.	YTD
US\$	1,5145	1,512	-0,17%	0,97%
Euro	1,9415	1,9385	-0,15%	-9,80%
Euro/Dolar	1,2810	1,2816	0,05%	-10,47%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	76,2	75,9	-0,37%	-1,91%
Oil (NYMEX future, \$)	73,9	73,6	-0,46%	-7,48%
Gold (Ounce, \$)	1.244,6	1.250,7	0,49%	14,00%
Silver (XAG, \$)	19,3	19,6	1,14%	16,01%

Şeker Funds	Previous	Last*	Chg.	YTD
Şekerbank A T. Variable	0,271443	0,271642	0,07%	4,33%
Şekerbank B T. Bond&Bill	0,018701	0,018697	-0,02%	3,64%
Şekerbank B T. Liquid	0,730719	0,730779	0,01%	1,97%
Şeker Yat. B T. Variable	0,016923	0,016928	0,03%	2,11%
Şeker Yat. B T. Gold	0,012361	0,012229	-1,07%	10,46%

* Prices of 03-Sep-10

Company News:

Erdemir (EREGL.TI; Outperform) announced that negotiations to terminate the existing partnership between Erdemir, ArcelorMittal Ambalaj Celigi San. TAS and Borcelik Celik San. TAS continue. Accordingly, The Competition Authority gave an additional 6 months on top of the current 12 months to complete the negotiations.

Karsan (KARSN.TI; N/R) announced signing an agreement with Italian BredaMenarinibus for the manufacture and sale of buses in Turkey.

The Capital Market Board allowed **Ihlas Yayin Holding AS** and **Kiler Alis-veris Hizmetleri Gida San. Tic. AS** to switch to registered capital for the purpose of an initial public offering.

Vakifbank (VKBNK.TI; Market Perform) announced today that it secured a two trench (USD 145mn and EUR 453mn) syndication loan of USD 720mn. The company had mandated West LB for the loan with a total cost of LIBOR/EURIBOR + 130bps for a maturity of 1 year and LIBOR/EURIBOR + 175bps for a maturity of 2 years.

According to media reports, the Israeli Ramat Hovav local planning and building commission approved the construction of **Zorlu Energy's (ZOREN.TI; Market Perform)** 120MW natural gas power plant in Israel. The total investment of the project is estimated at USD 200mn with construction to begin in 2011.

World Indices	World Indices			
	Previous	Last	Chg.	YTD
America				
Dow Jones (US)	10.269	10.320	0,49%	-1,04%
Nasdaq (US)	2.177	2.200	1,06%	-3,05%
S&P 500 (US)	1.080	1.090	0,91%	-2,24%
Bovespa (Brasil)	67.073	66.808	-0,39%	-2,60%
Merval (Argentina)	2.315	2.315	0,00%	-0,27%
Mexico Bolsa (Mexico)	32.339	32.417	0,24%	0,92%

Europe	Europe			
	Previous	Last	Chg.	YTD
Dax (Germany)	6.084	6.084	0,00%	2,12%
FTSE 100 (UK)	5.366	5.371	0,09%	-0,77%
CAC 40 (France)	3.624	3.631	0,21%	-7,75%
WSE WIG (Poland)	42.470	42.704	0,55%	6,80%
Prague (Czech Republic)	1.157	1.178	1,88%	5,45%
Budapest (Hungary)	23.011	22.858	-0,66%	7,68%
RTSI (Rusya)	1.454	1.461	0,50%	1,12%

Asia/Africa	Asia/Africa			
	Previous	Last	Chg.	YTD
Nikkei (Japan)	8.927	9.063	1,52%	-14,07%
Hang Seng (Hong Kong)	20.624	20.869	1,19%	-4,59%
Shanghai Comp. (China)	2.623	2.656	1,25%	-18,96%
KOSPI (South Korea)	1.765	1.776	0,63%	5,52%
JSE Africa All Shr.(S.Africa)	27.979	27.841	-0,49%	0,63%

Turkdex (Set. Price)	Previous	Last	Chg.	YTD
INX100 (SEPTEMBER 10)	61,975	60,600	-2,22%	14,99%
INX30 (OCTOBER 10)	77,475	77,475	0,00%	15,89%
IR365 (OCTOBER 10)	88,350	88,350	0,00%	-0,84%
USD (OCTOBER 10)	1,531	1,528	-0,16%	2,24%
EURO (OCTOBER 10)	1,967	1,957	-0,48%	-9,10%
COTTON (OCTOBER 10)	3,590	3,590	0,00%	38,08%
WHEAT (SEPTEMBER 10)	0,643	0,643	0,00%	13,01%
GOLD (OCTOBER 10)	61,095	61,175	0,13%	16,39%

Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	ISE Relative
Tofas	23.08.10	5,85	6,40	9,4%	5,6%
Aygaz	21.05.10	5,80	6,70	15,5%	3,3%
TAV Airports Holding	08.01.10	4,88	6,95	42,4%	28,6%
TSKB	16.08.10	2,06	2,28	10,7%	6,3%
Is Bank	21.05.10	4,82	5,65	17,2%	4,9%
Turkish Airlines	11.05.10	4,08	4,88	19,6%	10,9%
Is REIT	26.04.10	1,74	1,61	-7,5%	-11,3%
Erdemir	03.08.10	4,24	4,50	6,1%	5,8%
Portfolio Yield				21,3%	53,0%

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