

Agenda

16 Monday

- U.S. markets closed
- MoF, December budget realizations
- TurkStat, September labor statistics

17 Tuesday

- Treasury auctions
- Germany, January ZEW survey
- U.S., January Empire manufacturing index

18 Wednesday

- U.S., December CPI
- U.S., December industrial production and CUR

19 Thursday

- BoE, announcement
- U.S., jobless claims
- U.S., December housing starts and building permits
- U.S., January Philadelphia Fed survey

20 Friday

- N/A

Outlook:

The BIST100 continued to recover by 0.8% on Friday; the market consolidated with the services and industrial stocks rising 1.6% and 1.1% on average, respectively, while there was some profit taking in the banking sector index, which lost 0.5%. The BIST100 index closed at 81,524; total trading volume was at TRY 6.5bn. Meanwhile, major global equity markets closed flat to slightly positive on Friday. The TRY continued to recover with the recent rise in risk appetite, and owing also to the impact of the CBRT not holding repo auctions and limiting liquidity. The decline in benchmark yields was also supportive. On Friday evening, after the market close, the CBRT reduced Interbank Money Market lending to banks to TRY11bn from TRY22bn, which has also supported the TRY's recovery; the USD/TRY rate has declined to 3.75s from 3.79s, and is trading at 3.76s at the time of this writing. Today, the Turkish Ministry of Finance will share the December budget realizations, while September labor statistics will be out from TurkStat. The markets will continue to follow news flow on the voting of the constitutional amendment package at the Grand Assembly of Parliament from Tuesday onwards. The US markets will be closed today; there are no important data releases from abroad. We expect the BIST to maintain its uptrend led by the banking sector, should the TRY continue to recover and domestic benchmark yields continue to decline, and expect a positive opening today. RESISTANCE LEVELS: 81,900 – 82,600 / SUPPORT LEVELS: 81,100 – 80,300.

Money Market:

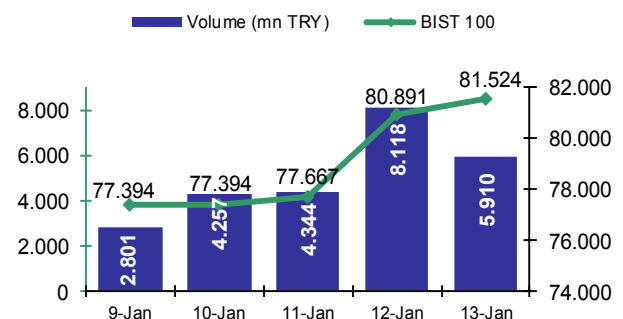
The Lira was positive on Friday, gaining 0.08% against the USD to close at 3.7885. Additionally, the currency appreciated by 0.12% against the basket composed of \$0.50 and €0.50. The local fixed income markets were relatively flat. The two-year benchmark bond was traded within a range of 11.21%-11.34%, ending the day at a low of 11.21%, 2 bps below its previous close.

Domestic Headlines:

On Friday evening after the markets closed, the Central Bank of the Republic of Turkey (CBRT) reduced Interbank Money Market lending rate to banks to TL11bn from TL22 bn Earlier last week, the Banks' borrowing limits at the Interbank Money Market established by the CBRT were lowered to TL22 billion (there was no limit before) as an attempt by the CBRT to squeeze liquidity to prevent a further sell-off in the face of extreme TRY volatility. The CBRT also repeated the statement that, "on days deemed necessary, the amount of funding provided by the CBRT through Borsa Istanbul repo markets may be limited. Banks will be able to meet their remaining liquidity needs without limits at the late liquidity window funding rate at the end of the day." This is meant to push O/N lending rates to as high as unannounced, or announced as high as 10% from the current 8.5%, without resorting to an explicit rate hike at the MPC. This merely provides the potential for such a rise.

Company News:

Bagfas (BAGFS.TI; N/C) has received a total fertilizer order of 11.3k tons worth USD 3.0mn from Helm and Keytrade for export to England and Croatia. Delivery will be completed in January, 2017. The company has also announced receiving an order from >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	80.891	81.524	0,78%	4,33%
BIST 30	98.762	99.607	0,86%	4,30%
BIST-Financial	106.278	106.581	0,28%	2,88%
BIST-Industrial	87.669	88.589	1,05%	5,99%
BIST-Services	51.461	52.272	1,58%	5,33%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
VAKKO	17,33	BRKSN	-19,84	GARAN	1.281.877.524
KERVIT	13,19	PINSU	-15,57	THYAO	642.150.658
VKGYO	10,30	YKGYO	-12,33	AKBNK	473.318.656
YGYO	10,00	SANFM	-5,88	HALKB	361.120.086
MRGYO	9,52	ALCAR	-4,11	ISCTR	224.207.867

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	7,71	7,89	7,89	9,50
Euro Bond (30 year, \$)	146,50	146,50	147,00	147,10
Bond (Benchmark, %)	11,23	11,21	11,10	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,7915	3,7255	-1,74%	5,31%
Euro	4,0345	3,9615	-1,81%	6,91%
Euro/Dolar	1,0643	1,06068	-0,34%	1,21%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	55,5	55,6	0,16%	-1,94%
Oil (NYMEX future, \$)	52,4	52,6	0,34%	-2,49%
Gold (Ounce, \$)	1.197,4	1.202,5	0,43%	4,44%
Silver (XAG, \$)	16,8	16,9	0,19%	5,78%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,346592	0,348960	0,68%	3,11%
Şeker Portfoy Debt Instruments	0,024454	0,024509	0,22%	-0,14%
Şeker Portfoy Money Market	1,108023	1,108701	0,06%	0,24%
Şeker Portfoy Mix Fund	0,019955	0,020010	0,28%	1,65%
Şeker Portfoy Gold Fund	0,022935	0,022572	-1,58%	9,90%
Şeker Portfoy Short T. Debt	0,013249	0,013259	0,08%	0,10%

* Prices as of 16-Jan-17

>>> Pankobirlik (Sugar-beet Cooperative) for USD11.3mn (excluding VAT) for the fertilizer purchase bid for the 2017 production year.

Anadolu Efes (AEFES.TI; NC) has announced sales volume data for Q42016. Accordingly, quarterly consolidated sales volume rose 4.5% YoY thanks to significant contributions from soft drinks and international beer operations. Consolidated sales volumes in FY2016 were up 1.5% to 87.5 mhl in accordance with company guidance. Total beer sales volume grew 3.0% YoY in 4Q16 following the strong growth of the previous quarter, which brought the full year decline further down to 3.8% compared to 2015. The result was mainly attributable to international beer operations, especially in Russia, outperforming expectations set at the start of the year. Turkey beer volume was 6.0 mhl in 2016, down by 9.9% on a year-on-year basis due to the higher than inflation 10% excise tax increase. EBI's consolidated sales volumes grew 8.1% YoY in 4Q16, despite all ongoing macroeconomic and geopolitical challenges in EBI countries of operation. Anadolu Efes' soft drink consolidated sales volume, meanwhile, climbed 5.0% in 4Q16.

Pegasus Airways (PGSUS.TI; MP) has released its traffic figures for December 2016. Accordingly, the carrier's total Pax growth decelerated to +6.9% in Dec'16 from +12.0% YoY in Nov'16. Pegasus' domestic Pax growth decelerated to +5.1% YoY in Dec'16 from +11.7% in Nov'16, while international Pax growth also decelerated to +10.2% YoY from +12.4% YoY in Nov'16. The load factor was at 78.3% in the month of Dec'16, indicating a successful +1.0 pp YoY rise, thanks mainly to the +1.7 pp YoY improvement in the domestic load factor, while the international load factor has also improved by +0.3 pp YoY in Dec'16. The figures indicate a seat capacity increase of +5.6% YoY in the month, and an ASK rise of +4.9% YoY, which has decelerated when compared to +6.4% YoY capacity increase in Nov'16. Pegasus' 2016 ASK growth, thus, slightly declined to 9.1% YoY, which is within the 9-11% range of ASK growth projected by the carrier for the full year. Though still in high single digits, Pegasus' total Pax growth in 2016 reached +8.1% YoY (11M2016: +8.2% YoY). Pegasus has exceeded its target of 5-7% Pax growth for 2016, which was revised down earlier in the year. The carrier has also performed better than its expectation of LFs remaining flat in the domestic market and declining >>>

>>> by 4-6 ppt. YoY in the international market, having seen a rise of 0.9 pp in domestic LF and a -2.7 pp decline in its international LF.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	19.891	19.886	-0,03%	0,62%	
Nasdaq (US)	5.547	5.574	0,48%	3,55%	
S&P 500 (US)	2.270	2.275	0,18%	1,60%	
Bovespa (Brasil)	63.954	63.652	-0,47%	5,69%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	11.521	11.629	0,94%	1,29%	
FTSE 100 (UK)	7.292	7.338	0,62%	2,73%	
CAC 40 (France)	4.864	4.922	1,20%	1,24%	
MIB30 (Italy)	19.157	19.515	1,87%	1,46%	
PSI20 (Portugal)	4.592	4.615	0,50%	-1,36%	
ASE (Greece)	665	652	-2,03%	1,25%	
RTSI (Rusia)	1.175	1.158	-1,45%	0,51%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	19.135	19.287	0,80%	0,90%	
Hang Seng (Hong Kong)	22.829	22.937	0,47%	4,26%	
Shanghai Comp. (China)	3.119	3.113	-0,21%	0,29%	
KOSPI (South Korea)	2.087	2.077	-0,50%	2,48%	
Sensex (India)	27.247	27.238	-0,03%	2,30%	
Turdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (FEBRUARY 17)	99,425	100,625	1,21%	4,52%	
USD (FEBRUARY 17)	3,8089	3,834	0,65%	7,51%	
EURO (FEBRUARY 17)	4,0660	4,066	0,00%	7,89%	
GOLD (FEBRUARY 17)	147,59	146,87	-0,49%	10,18%	
Portfolio	Inclusio	Inclusio	Last	Chg.	BIST
Recomend.	Date	Price	Close	(%)	Relative
Garanti Bank	26.01.16	7,11	7,89	11,0%	-4,0%
Trakya Cam	30.05.16	2,22	2,99	34,7%	28,9%
Is Bank	26.07.16	4,42	5,43	22,9%	11,0%
Migros	09.11.15	19,05	17,75	-6,8%	-6,4%
Tupras	26.08.16	57,65	75,60	31,1%	23,5%
Erdemir	31.10.16	4,18	5,64	34,9%	29,6%
Portfolio Yield (yoy)				10,9%	-3,3%
Portfolio Yield (mom)				3,6%	-1,4%

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