

Agenda

20 Monday

- U.S. markets closed

21 Tuesday

- Treasury auctions

22 Wednesday

- CBRT, February real sector confidence index and CUR
- Germany, February IFO survey
- U.S., January existing home sales
- Fed, FOMC meeting minutes

23 Thursday

- U.S., jobless claims

24 Friday

- U.S., February Michigan consumer confidence
- U.S., January new home sales

Outlook:

Global stocks retreated somewhat midweek; the USD also declined following the release of the US Fed's minutes of its Jan 31-Feb 1 FOMC meeting, which included a less than recently imagined hawkish tone, thus providing almost no support to the possibility of an interest rate increase in March. The minutes indicated that many FOMC members have agreed that it may be appropriate to raise interest rates again "fairly soon" should jobs and inflation data emerge in line with expectations. Prior to the release of the FOMC minutes, the BIST had closed 0.5% down at 88,531, due mainly to the 1.4% average decline of the banking sector index, even though the USD/TRY rate and benchmark yields were declining. The USD/TRY has declined further to 3.58 levels from 3.60s after the FOMC minutes emerged. Today, there will be no major local data announcements. From abroad, we will be following the US jobless claims data and details of Germany's Q4 economic growth. Asian equity markets were mostly trading lower today. We expect the BIST to open on a slightly positive note nevertheless, with the uptrend to continue during the day. RESISTANCE LEVELS: 88,900 – 89,600 / SUPPORT LEVELS: 88,300 – 87,500.

Money Market:

The Lira was positive yesterday, gaining 0.74% against the USD to close at 3.6025. Additionally, the currency appreciated by 0.84% against the basket composed of \$0.50 and €0.50. The local fixed income markets were positive. The two-year benchmark bond was traded within a range of 11.04%-11.25%, ending at the 11.09%, 13 bps below its previous close.

Domestic Headlines:

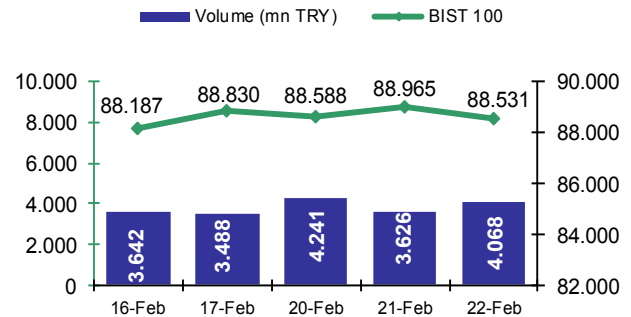
The seasonally-adjusted Real Sector Confidence Index for February showed a significant rise of 6 pp to 106.5 The increase was mostly driven by the strong recovery in the general business situation. After declining by 11 pp in January and by 13 pp in December, the general business situation picked up by 20.2 pp in February. Increases in the volume of output (8 pp) and exports orders (8.3 pp) for the next three months are also eye-catching. Export orders rose to 129.4 from 121.1 in January, marking the highest level since February 2010 (2010-2016 average at 120), boding well for export demand going forward.

The manufacturing Sector capacity utilization rate (CUR) in February rose by 1.9 percentage points to 75.4% Seasonally-adjusted (SA) CUR rose slightly by 0.3 pp in February to 74.6%, after falling by 1 pp (m/m) in January. Thus the average of the first two months stood at 74.5%, lower than the fourth quarter average of 75.1%.

Finance Minister Naci Agbal has announced the lifting of Value Added Tax (VAT) on the sale of foreigners' residential / business premises He added that this implementation would also apply to non-resident Turkish citizens. This implementation is positive for the Construction and REIT sectors.

Company News:

Avivasa Emeklilik (AVISA.TI; NR) has released a net profit of TRY 11.1mn in 4Q16 compared to a net loss of TRY 22.5mn in 4Q15, hence below the market estimate of TRY TRY26mn net profit.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	88.965	88.531	-0,49%	13,30%
BIST 30	109.243	108.733	-0,47%	13,86%
BIST-Financial	118.544	117.413	-0,95%	13,34%
BIST-Industrial	94.476	94.431	-0,05%	12,98%
BIST-Services	55.840	55.932	0,17%	12,71%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
MIPAZ	8,94	BMEKS	-7,50	GARAN	1.014.340.140
AVGYO	7,76	YGYO	-6,10	THYAO	347.218.951
GLYHO	7,20	SONME	-4,14	HALKB	275.412.194
PRKME	6,22	BUCIM	-3,99	AKBNK	255.970.189
NUGYO	5,21	BRKO	-3,85	VAKBN	181.530.584

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	10,18	10,11	9,21	9,50
Euro Bond (30 year, \$)	152,38	152,38	146,80	147,10
Bond (Benchmark, %)	11,22	11,09	11,34	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,6295	3,6025	-0,74%	1,84%
Euro	3,823	3,7875	-0,93%	2,21%
Euro/Dolar	1,0566	1,05605	-0,05%	0,77%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	56,2	56,3	0,23%	-0,78%
Oil (NYMEX future, \$)	53,6	54,1	0,88%	0,32%
Gold (Ounce, \$)	1.238,1	1.237,3	-0,07%	7,46%
Silver (XAG, \$)	18,0	18,0	-0,29%	12,97%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,376207	0,374353	-0,49%	10,61%
Şeker Portfoy Debt Instruments	0,024849	0,024875	0,10%	1,35%
Şeker Portfoy Money Market	1,118734	1,119025	0,03%	1,17%
Şeker Portfoy Mix Fund	0,020504	0,020392	-0,55%	3,59%
Şeker Portfoy Gold Fund	0,022136	0,022171	0,16%	7,95%
Şeker Portfoy Short T. Debt	0,013381	0,013386	0,04%	1,06%

* Prices as of 23-Feb-17

Cimsa (CIMSATI; MP) has disclosed a net profit of TRY 41.2mn in 4Q16 (4Q15: TRY 46.1mn net profit) down 10.7% YoY. Our net profit forecast was at TRY 65mn, while the market consensus was for a TRY 46mn net profit. Following the 4Q16 financial results, total profit reached TRY 246.0mn in 12M16 (12M15: TRY 245.3mn net profit). The company has recorded net sales revenues of TRY 289.4mn, down by 5.4% YoY (4Q15: TRY 305.9mn) (Şeker: TRY 321mn; Cons. TRY 299mn). On the EBITDA front, the company disclosed a quarterly print of TRY 41.2mn (4Q15: TRY 77.4mn), thus rather below our in-house EBITDA expectation of TRY 103mn and the market consensus of TRY 77mn. In addition, the EBITDA margin declined to 16.7% in 4Q16 from 25.3% in 4Q15, indicating a 8.6pp YoY fall.

Turk Traktor (TTRAKTI; N/R) is to propose to its General Assembly the distribution of a 468.43673% (TRY 4.6843673/share) cash dividend beginning on April 05, 2017 (dividend yield of 5.76%).

Yapi Kredi (YKBANKI; MP) has sold an NPL portfolio of TRY531mn for TRY28mn (TRY22mn after-tax), which will be reflected in 1Q17 financials. The valuation impact of this sale is insignificant.

Katmerciler (KATMRTI; OP) has received a TRY7.2mn worth armored vehicle order from the military to be delivered in 2017E. The development is positive; it illustrates that the company is making progress on increasing the volume of defense industry vehicles in its total sales mix; the agreement comprises ca.2.3% of our net sales estimate for the company for 2017E.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	20.743	20.776	0,16%	5,13%	
Nasdaq (US)	5.866	5.861	-0,09%	8,87%	
S&P 500 (US)	2.365	2.363	-0,11%	5,54%	
Bovespa (Brasil)	69.052	68.590	-0,67%	13,88%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	11.967	11.999	0,26%	4,51%	
FTSE 100 (UK)	7.275	7.302	0,38%	2,23%	
CAC 40 (France)	4.889	4.896	0,15%	0,69%	
MIB30 (Italy)	19.044	18.885	-0,83%	-1,82%	
PSI20 (Portugal)	4.686	4.669	-0,38%	-0,22%	
ASE (Greece)	655	647	-1,23%	0,54%	
RTSI (Rusia)	1.162	1.146	-1,35%	-0,55%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	19.381	19.380	-0,01%	1,39%	
Hang Seng (Hong Kong)	23.964	24.202	0,99%	10,01%	
Shanghai Comp. (China)	3.253	3.261	0,24%	5,08%	
KOSPI (South Korea)	2.103	2.107	0,17%	3,96%	
Sensex (India)	28.762	28.865	0,36%	8,41%	
Turdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (FEBRUARY 17)	109,550	109,025	-0,48%	13,24%	
USD (FEBRUARY 17)	3,6318	3,606	-0,70%	1,13%	
EURO (FEBRUARY 17)	3,8316	3,792	-1,04%	0,62%	
GOLD (FEBRUARY 17)	144,15	143,52	-0,44%	7,67%	
Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	BIST Relative
Vakifbank	30.01.17	4,72	5,31	12,5%	6,5%
Tofas	30.01.17	25,84	27,30	5,7%	0,0%
Isbank	26.07.16	4,42	6,25	41,4%	17,7%
Migros	09.11.15	19,05	20,20	6,0%	-1,9%
Tupras	26.08.16	57,65	83,90	45,5%	26,2%
Aksa Enerjy	30.01.17	2,95	3,07	4,1%	-1,5%
Turkcell	22.02.17	11,80	11,84	0,3%	0,8%
Portfolio Yield (yoy)				22,9%	4,0%
Portfolio Yield (mom)				9,4%	2,7%

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