The expansionary policies of the main central banks led to increased risk appetite...

Entering the last week of November, Borsa Istanbul has tested 84,000 levels, the highest of the year.

The BIST upped its recovery pace in November…

One of the determinants of the rise is the increased perception of the FED not being in rush towards increasing the interest rates, while discontinuing asset purchasing, with the amount being decreased in January 2014, at its meeting in October, and opting to hold interest rates between 0-0.25% for a notable period going forward. On the other hand, the expansionary policies of European, Chinese and Japanese central banks supported the rise.

Concern over global economic activity brought crude oil prices to below $80. The retreat, which increased anticipation of a positive effect on Turkey's weak spot, the trade deficit, led to a positive decay of Turkish markets from their peers. Confirmations of Turkey's credit ratings and outlook by credit ratings agency Fitch and S&P supported the positive mood.

The Central Bank did not opt for a change in interest rates…

The other factor supporting the markets in November was the easing in interest rates to below 8% levels; this despite the CBRT's decision to hold rates steady at its November meeting. Regarding the aforementioned retreat in interest rates, the positive effect of regressive crude oil prices on the trade deficit and inflation was a contributor.

In December, we expect the markets to maintain an upward pace...

In December, the markets' focus will be on the decision from the FED's meeting on December 16-17 and the macro-economic news flow from the US and the EU in an environment where ECB, BOJ and CBC's expansionary policies prevail. On the domestic front, the main determinants will be the CBRT's interest rate resolution, macro-economic news flow, mainly inflation, and the progress of FX and interest markets.

In the second half of December, a drop in volumes is visible as a result of foreign investors being on holiday. In light of the aforementioned expectations, in December, we expect the markets to sustain the rising trend of November and try to set a new peak for 2014.

Our portfolio recommendations for December…

In light of expectations, we maintain our portfolio coverage of 65% in bonds, 15% in FX, and 20% in equities.