

Agenda

03 Monday

- TurkStat, November inflation
- Germany and Eurozone, November manufacturing PMI
- U.S., November manufacturing PMI
- U.S., November ISM
- U.S., November construction spending

04 Tuesday

- CBRT, November inflation assessment
- CBRT, REER
- BoE President Carney's speech
- Eurozone, October PPI

05 Wednesday

- CBRT, "Monetary and Exchange Rate Policy for 2019" Report
- ECB, President Draghi's Speech
- Germany & Eurozone, November non-mfg PMI
- Eurozone, October retail sales
- U.S., ADP November employment change
- U.S., November non-mfg ISM

06 Thursday

- Germany, October factory orders
- U.S., jobless claims
- U.S., October trade balance
- U.S., November factory orders

07 Friday

- Germany, October industrial production
- Eurozone, 3Q18 GDP Growth
- U.S., November non-farm payrolls and unemployment rate
- U.S., November average hourly earnings
- U.S., December Michigan Consumer sentiment

Outlook:

Global stock markets retreated on Thursday as well, amid rising concerns over a dragging trade war between the US and China. This followed the detention of Chinese technology firm Huawei's CFO regarding a breach of US sanctions on Iran. Also, oil prices continued to decline as OPEC has delayed its final decision on output cuts, awaiting Russia's decision; the organization's meetings in Vienna are to continue today. In parallel to the course of major international markets, the BIST100 also shed 1.2% to close at 92,827, due mainly to the 1.9% average retreat among banking sector stocks. Investors will today follow October industrial production data from Germany, and Eurozone 3Q18 GDP growth figures (at 13:00 IST time, GMT+3). From the US, the non-farm payrolls and unemployment rate, average hourly earnings data of November (expected at 16:30 IST time; GMT+3), and December Michigan consumer sentiment data will be followed. Asian markets have been advancing somewhat today as the effect of trade war concerns has relatively eased, and on reports that members of the US Fed are debating whether to signal a "wait-and-see" approach, following a probable hike in policy rate at its meeting later this month. On another note, reportedly, the New York prosecutor's office has withdrawn an appeal to extend the sentence of Mr. Atilla, the former EVP of Halkbank. In parallel to the positive course in international markets, we expect the BIST to open quite positively today. RESISTANCE 94,000 – 94,600, SUPPORT: 92,500 – 91,800.

Money Market:

The Lira was negative yesterday, weakening 0.63% against the USD to close at 5.3525. Additionally, the currency depreciated by 0.82% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income markets were relatively flat. The two-year benchmark bond ended at 20.24%, unchanged from its previous close.

Domestic Headlines:

A Us attorney has withdrawn the application to appeal the length of prison term for Mehmet Hakan Atilla, the former EVP of Halkbank. Mr. Atilla is expected to be released on July 25 (Positive).

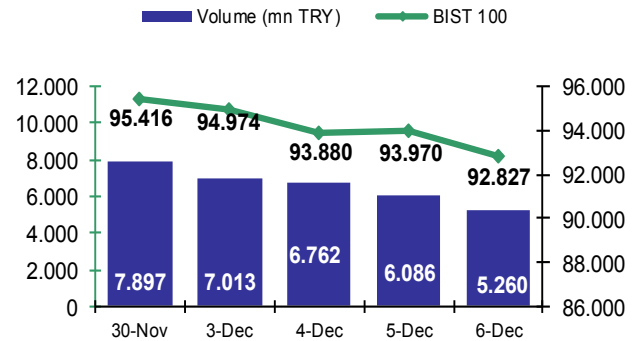
Sector News:

According to daily Dunya, the shopping mall sector is approaching banks to restructure their USD15bn debt. The amount corresponds to 89% of Turkish bank's total NPL book as of October 18 (Negative).

The BRSA has increased the minimum paid in capital requirement for financial institutions including leasing, factoring companies to TRY30mn from TRY20mn. Please note that the regulatory authority has also advised those banks with a Tier I ratio of below 12% not to distribute dividends (Negative).

Company News:

Adana Cimento (ADANA.TI; N/C) is to sell all its shares in OYKA Kağıt Ambalaj Sanayii ve Ticaret A.S. (a 49%-owned subsidiary), to OYAK Seluloz ve Kağıt Fabrikaları A.S. for a total consideration of TRY 9.155306/share in cash (total 513,569,000 TL). The sale decision will be discussed at the General Assembly to be held on December 31, 2018. Adana Cimento stated that minority shareholders who attended the General Assembly meeting and voted against the merger would have the right to benefit from the exit price at TRY 5.69227 /share for A group shares, TRY 3.94500/share for B group shares and TRY 1.42045/share for C group shares.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	93.970	92.827	-1,22%	-19,51%
BIST 30	117.194	115.693	-1,28%	-18,59%
BIST-Financial	101.429	100.388	-1,03%	-26,32%
BIST-Industrial	112.531	110.401	-1,89%	-14,69%
BIST-Services	72.503	72.097	-0,56%	-13,32%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
QNBFB	19,97	CEMAS	-19,50	GARAN	760.937.232
DZGYO	19,93	ADNAC	-13,13	THYAO	610.377.311
DENIZ	19,93	ADESE	-12,80	AKBNK	374.862.925
IZFAS	19,70	AVOD	-9,42	HALKB	267.369.239
YKGYO	15,58	BSOKE	-6,03	CEMAS	240.567.654

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	22,60	22,60	23,00	12,27
Euro Bond (30 year, \$)	118,93	118,93	118,93	156,43
Bond (Benchmark, %)	20,09	20,24	22,48	13,40

Currency	Previous	Last	Chg.	YTD
US\$	5,3190	5,3525	0,63%	41,28%
Euro	6,03	6,09	1,00%	34,19%
Euro/Dolar	1,1382	1,13666	-0,14%	-5,12%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	60,2	59,6	-1,04%	-10,12%
Oil (NYMEX future, \$)	51,5	51,1	-0,80%	-15,01%
Gold (Ounce, \$)	1.238,4	1.239,4	0,08%	-4,67%
Silver (XAG, \$)	14,5	14,5	0,03%	-14,31%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portföy Şekerbank Money	1,416177	1,417051	0,06%	15,43%
Şeker Portföy Gold Fund	0,031320	0,031392	0,23%	31,48%
Fiba Portföy Şekerbank Short T.	0,016843	0,016853	0,06%	14,79%

* Prices as of 07-Dec-18

The CMB has approved **Akbank's (AKBNK.TI; OP)** application to issue a covered bond of up to TRY1.5bn (**Neutral**).

Aksa Energy (AKSEN.TI; OP) has announced that 12 MW of the 24 MW power plant owned by Jiro Sy Rano Malagasy (Jirama) and located adjacent to its existing power plant running at 66 MW in Malagasy, and subject to the aforementioned agreement has been commissioned. Work is underway for the commissioning of the remaining 12 MW. The electricity generated by the power plant will be sold to Jirama for a duration of 5 years under a power purchase agreement (take-or-pay) denominated in US Dollars.

Isbank (ISCTR.TI; MP) has purchased 1.6 mn of its own shares within a TRY4.06-4.09/share price range. Isbank's total buyback under its buyback programme (up to 130mn shares) has thus far reached 97.97 mn shares (2.177% of its paid-in capital). The bank has also purchased 2.5 mn **ISGYO (ISGYO.TI; N/C)** shares within a 1.01-1.03 TL/share price range and increased its stake to 46.24% (**Neutral**).

Turkcell (TCELL.TI; OP): Turkcell Insurance, incorporated with paid-in capital of TRY300k in Jun 2018, and wholly-owned by consumer finance providing subsidiary Turkcell Finansman, has been officially registered as an Insurance Agency, becoming entitled to start respective activities. Though positive, as the company's activities would support Turkcell Finansman's strong growth, we do not expect the development to have a significant impact on the company's share performance.

TAV Airports Holding (TAVHL.TI; OP), Turkish Airlines (THYAO.TI, OP), Pegasus Airways (PGSUS.TI; OP) – According to data released by the State Airports Authority, the total number of passengers utilizing Turkish airports contracted by 2.5% YoY in Nov 2018, following growth of c.4% in Oct 2018. Of its own accord, the impact of the data announcement could be slightly negative for Turkish aviation stocks; still, we expect the positive impact of the recent sharp decline in oil prices to prevail.

- Total passenger traffic at Istanbul Ataturk International Airport, Turkish Airlines' hub and TAV Airports Holding's biggest asset, decelerated to c.1% YoY in Nov 2018 from growth of c.4% YoY in Oct 2018. International Pax growth at this airport remained strong at c.7% YoY, similar to Oct 2018, while the contraction in domestic passenger traffic accelerated further to c.12.5% YoY. Total PAX growth at Antalya International Airport, another major operation of TAV Airports Holding, in which it has co-control with Fraport, >>>

- >>> also remained quite strong at c.27% YoY in Nov, similar to Oct 2018. On the other hand, passenger traffic at Izmir, Ankara and Bodrum airports declined by 9%, 21% & 0.1% YoY (Oct 2018: -4% YoY, -13% YoY & +25% YoY, resp.). Traffic growth at Gazipasa Airport also decelerated to c.12% YoY in Nov, from growth of c.32% YoY in Oct 2018.
- Passenger traffic growth at Pegasus' hub Istanbul Sabiha Gokcen International Airport, which is also utilized by Turkish Airlines for its domestic flights, also decelerated to c.2% YoY in Nov 2018 from growth of c.6% YoY in Oct 2018. International Pax traffic growth at this airport nevertheless remained quite strong at c.16% YoY in Nov 2018, similar to Oct 2018, while domestic Pax shrank by c.3.5% YoY (Oct 2018: c.+1% YoY).

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	25.027	24.948	-0,32%	0,44%	
Nasdaq (US)	7.158	7.188	0,42%	3,43%	
S&P 500 (US)	2.700	2.696	-0,15%	0,31%	
Bovespa (Brasil)	89.040	88.846	-0,22%	16,29%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	11.200	10.811	-3,48%	-16,31%	
FTSE 100 (UK)	6.922	6.704	-3,15%	-12,80%	
CAC 40 (France)	4.944	4.780	-3,32%	-10,38%	
MIB30 (Italy)	19.329	18.644	-3,54%	-15,19%	
PSI20 (Portugal)	4.921	4.818	-2,10%	-10,47%	
ASE (Greece)	657	652	-0,74%	-18,52%	
RTSI (Rusia)	1.153	1.134	-1,64%	-0,82%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	21.919	21.502	-1,91%	-5,55%	
Hang Seng (Hong Kong)	26.820	26.156	-2,47%	-12,58%	
Shanghai Comp. (China)	2.650	2.605	-1,68%	-21,23%	
KOSPI (South Korea)	2.101	2.069	-1,55%	-16,16%	
Sensex (India)	35.884	35.312	-1,59%	3,69%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (DECEMBER 18)	119,050	119,225	0,15%	-17,89%	
USD (DECEMBER 18)	5,5070	5,408	-1,80%	40,34%	
EURO (DECEMBER 18)	6,2856	6,154	-2,10%	32,70%	
GOLD (DECEMBER 18)	219,83	216,02	-1,73%	33,18%	
Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Doğuş Otomotiv	07/11/18	4,83	4,44	-8,1%	-5,4%
Turkish Airlines	06/12/17	12,80	16,39	28,0%	46,6%
Pegasus	06/03/18	35,64	24,60	-31,0%	-13,0%
Akbank	23/01/18	10,22	6,65	-34,9%	-17,8%
Garanti Bankası	07/11/18	8,06	7,77	-3,6%	-0,8%
Tüpraş	09/10/18	142,90	125,00	-12,5%	-8,8%
Arçelik	01/11/18	15,45	15,51	0,4%	-0,1%
Turkcell	01/11/18	11,93	12,25	2,7%	2,2%
Portfolio Yield (yoy)				-31,8%	-20,7%
Portfolio Yield (mom)				0,5%	1,3%

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