

Agenda

07 Monday

- Germany, November factory orders
- U.S., December non-mfg index
- U.S., November factory orders

08 Tuesday

- Germany, November industrial production
- Eurozone, December Consumer Confidence
- U.S., November trade balance

09 Wednesday

- Eurozone, November unemployment rate
- BoE President Carney's speech

10 Thursday

- U.S., jobless claims

11 Friday

- CBRT, November balance of payments
- U.S., December CPI

Outlook:

Global stock markets faced some profit taking on Thursday, attributable to a lack of clarity regarding US-China trade talks. The BIST100 closed flat at 91,196. Investors will today be following November BoP figures from the CBRT, expected to be announced at 10:00 IST time (GMT+3), where we estimate a US\$0.9bn surplus compared to the market average expectation of US\$1.05bn. From abroad, the US December CPI data will be followed. US Fed Chair Powell yesterday stated that the Fed could show patience in terms of its interest rate hikes, and that he does not foresee a recession in the US economy in 2019. The US markets closed higher on these dovish comments, and Asian markets have been trading positively today. We expect the BIST to open positively today with volatile trading to follow in parallel to the course of major international stock markets. SUPPORT: 90,700 – 89,900; RESISTANCE: 92,000 – 92,600.

Money Market:

The Lira was positive yesterday, gaining 1.18% against the USD to close at 5.4370. Additionally, the currency appreciated by 0.89% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income markets were negative. The ten-year benchmark bond ended at 16.88%, 13 bps above its previous close.

Domestic Headlines:

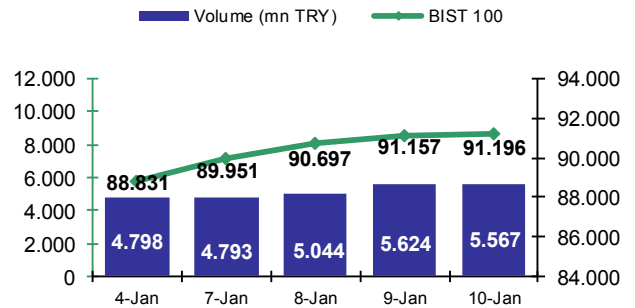
Eurobond issue: In yesterday's USD-denominated 2029 Eurobond issue, the Treasury sold USD2.0bn at a 7.68% annualized yield. The issue was reportedly 2.5x oversubscribed. The Treasury plans to raise around USD8.0bn from Eurobond issuances throughout 2019.

Sector News:

Treasury and Finance Minister Berat Albayrak released the details of the SME loan support package. Accordingly, 13 banks will participate the loan scheme, which would have a **1.54% monthly interest rate (20.1% annualized) with a 6-month grace period**. Total size of the facility would be TRY20bn, which is about 3% of the outstanding SME loans. SMEs with revenues less than TRY25 million will be eligible for loans.

Banks Association of Turkey chairman Huseyin Aydin has put the sector's restructured loans at TRY118bn in November from TRY65bn in 3Q18. This amount corresponds to 5% of total lending (3Q18: 2.5%) (**Negative**).

According to a decree in the Official Gazette, the BRSA is to set the number of instalments on credit cards after taking the opinions of the Presidency Strategy and Budget Office, Treasury and finance Ministry and Trade Ministry. This should increase cooperative efficiency (**Slightly Positive**).



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	91.157	91.196	0,04%	-0,08%
BIST 30	114.530	114.455	-0,07%	0,10%
BIST-Financial	98.544	98.414	-0,13%	-2,23%
BIST-Industrial	107.488	107.600	0,10%	2,60%
BIST-Services	71.490	71.480	-0,01%	-0,09%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
AVOD	18,09	OZGYO	-13,95	THYAO	963.444.947
NIBAS	12,19	DOKTA	-10,32	GARAN	823.110.719
FROTO	7,26	PEKGY	-9,57	AKBNK	446.020.038
RTALB	6,47	DZGYO	-8,82	ASELS	416.430.260
LOGO	6,42	FONET	-5,54	KRDMD	258.883.105

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	23,00	23,00	23,00	25,48
Euro Bond (30 year, \$)	118,93	118,93	118,93	118,93
Bond (Benchmark, %)	19,55	19,27	20,24	19,73

Currency	Previous	Last	Chg.	YTD
US\$	5,5020	5,437	-1,18%	2,90%
Euro	6,305	6,265	-0,63%	3,73%
Euro/Dolar	1,1459	1,15222	0,55%	0,80%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	61,7	61,6	-0,13%	11,87%
Oil (NYMEX future, \$)	52,9	52,9	-0,04%	13,64%
Gold (Ounce, \$)	1.286,3	1.293,1	0,53%	0,79%
Silver (XAG, \$)	15,6	15,7	1,00%	1,25%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portföy Şekerbank Money	1,447483	1,448529	0,07%	0,57%
Fiba Portföy Şekerbank Short T.	0,017098	0,017110	0,07%	0,43%

* Prices as of 11-Jan-19

Company News:

Aselsan (ASELS.TI;OP) has signed an agreement with Roketsan regarding the OMTAS Missile Infra-Red Seeker Serial Production for TRT 63mn+ Euro 31.5mn (a total ~USD 47.4mn). Deliveries will be made in between the years 2019-2024. The latest deal represents 0.6% of the company's total backlog (**Slightly Positive**).

Coca-Cola Icecek (CCOLA.TI; OP) has announced sales volume data for Q4 of 2018 and FY2018. Accordingly, consolidated sales volume rose by 0.6% YoY to 229mn unit cases in 4Q18, while volume grew by 6.3% YoY to 1.315mn uc in FY2018, slightly below our 1.322mn uc estimates. Our sales volume expectation was 235mn unit cases in 4Q18. The company's 2018 year-end sales volume forecast on a consolidated basis was in the range of 4% - 6%. On a consolidated basis, the Company achieved an annual sales volume increase of 77mn unit cases in FY2018, yoy. On a consolidated basis in the sparkling category, there has been 6.8% increase yoy, a rise of 9.6% in still beverages and an increase of 6% in the water category. In the tea category, sales volume declined by 1.2% in FY2018. Company operations in Turkey achieved 4.8% yoy growth in sales volume in 2018 to 650 million unit cases. The company recorded strong volume growth in 2018 in all categories excepting tea in Turkey. The share of small packages in the sparkling category portfolio continued to increase from 23% in 2017 to 23%. In 4Q18, despite the contraction in the non-alcoholic beverages sector, the company posted a flat sales volume of 120 million unit cases. In terms of sales volume, macroeconomic conditions adversely impacted consumer confidence and price increases in September. In international operations, the Company increased its sales by 7.8% to 664 million units in 2018, mainly due to growth in Pakistan and Kazakhstan. Pakistan's sales volume rose by 7.3% in 2018, after 3.5% growth in 2017. Middle East operations increased by 2.0%; Central Asian operations recorded double-digit growth in all markets except Turkmenistan (2018 sales volume increase: 12.7%) (**Neutral**).

Turkish Airlines' (THYAO.TI; OP) passenger traffic growth decelerated further to 0.7% YoY in Dec 2018, following growth of 3.9% YoY in Nov 2018. This was due mainly to the 4.5% drop in domestic PAX, attributable to the sharp decline in local air travel demand, following the swift depreciation of the TRY in 3Q18. THY's international PAX growth also decelerated to 5.0% YoY in Dec 2018, from growth of >>>

>>> 9.8% YoY in Nov 2018, while its O&D PAX growth remained strong, yet decelerated to 8.2% YoY (Nov 2018: +11.5% YoY)

- **Load factor improved 0.5 pp YoY** – Turkish Airlines' capacity increased by 2.0% YoY in Dec 2018 (Nov 2018: +4.2% YoY), while its RPK advanced 2.6% YoY (Nov 2018: +6.8% YoY). The load factor thus continued to improve by 0.5 pp YoY to 80.2% in Dec 2018, thanks both to 0.5 pp YoY improvements of the carrier's international and domestic LFs in Dec 2018.
- **Cargo volume growth remained strong**, yet decelerated somewhat to 19.4% YoY in Dec 2018 (Nov 2018: +24.5% YoY); the double-digit growth figures attained so far continue to support the company's target of delivering significant growth in its cargo business in 2018E and beyond.

We expect the impact of the data announcement to be neutral on the carrier's share performance - Turkish Airlines' Dec 2018 traffic figures were already expected to show some deceleration in its PAX growth, in view of the recently-announced State Airports Authority's traffic data. Even though its total PAX growth has virtually declined to 1% YoY in Dec 2018, the carrier has achieved its 2018 PAX guidance, having carried 42mn international and 33mn domestic PAX in 2018. Meanwhile, Turkish Airlines has exceeded its LF guidance by 1 pp having recorded a total LF of 81.9% on an ASK growth of 5% in 2018. We therefore expect the impact of the traffic data announcement on the carrier's share performance to be neutral.

Turk Telekom (TTKOM.TI; OP) Fitch Ratings has affirmed Turk Telekom's long-term foreign and local currency issuer default ratings of "BB+" with a negative outlook, and senior unsecured rating of "BB+", as part of its routine annual review process (**Neutral**).

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	23.879	24.002	0,51%	2,89%	
Nasdaq (US)	6.957	6.986	0,42%	5,29%	
S&P 500 (US)	2.585	2.597	0,45%	3,58%	
Bovespa (Brasil)	93.613	93.806	0,21%	6,73%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	10.893	10.922	0,26%	3,43%	
FTSE 100 (UK)	6.907	6.943	0,52%	3,19%	
CAC 40 (France)	4.814	4.806	-0,16%	1,58%	
MIB30 (Italy)	19.179	19.301	0,63%	5,33%	
PSI20 (Portugal)	4.924	4.924	0,00%	4,06%	
ASE (Greece)	638	633	-0,79%	3,24%	
RTSI (Rusia)	1.136	1.142	0,60%	6,89%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	20.427	20.164	-1,29%	0,74%	
Hang Seng (Hong Kong)	26.462	26.521	0,22%	2,61%	
Shanghai Comp. (China)	2.544	2.535	-0,36%	1,65%	
KOSPI (South Korea)	2.065	2.063	-0,07%	1,09%	
Sensex (India)	36.213	36.107	-0,29%	0,11%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (February 19)	118,225	118,125	-0,08%	0,08%	
USD (February 19)	5,5622	5,568	0,11%	2,01%	
EURO (February 19)	6,4533	6,447	-0,10%	2,53%	
GOLD (February 19)	231,84	232,21	0,16%	2,60%	
Portfolio	Inclusion	Inclusion	Last	Chg.	BIST
Recomm end.	Date	Price	Close	(%)	Relative
Doğuş Otomotiv	07/11/18	4,83	4,22	-12,6%	-8,5%
Turkish Airlines	06/12/17	12,80	14,96	16,9%	36,2%
Pegasus	06/03/18	35,64	22,10	-38,0%	-20,5%
Migros	07/12/18	15,27	14,13	-7,5%	-4,9%
Tüpraş	09/10/18	142,90	121,10	-15,3%	-10,1%
Arçelik	01/11/18	15,45	15,78	2,1%	3,5%
Turkcell	01/11/18	11,93	12,60	5,6%	7,0%
Portfolio Yield (yoy)				-37,4%	-21,3%
Portfolio Yield (mom)				-4,3%	-5,5%

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