

Agenda

11 Monday

- Turkstat, 4Q18 GDP Growth
- CBRT, January balance of payments
- Germany, January industrial production
- U.S., January retail sales

12 Tuesday

- U.K., Brexit - Parliamentary vote on Brexit process
- U.K., 4Q18 GDP Growth
- U.S., February CPI

13 Wednesday

- Eurozone, January industrial production
- U.S., February PPI
- U.S., January durable goods orders
- U.S., January construction spending

14 Thursday

- TurkStat, January industrial production
- CBRT, March expectations survey
- China, January industrial production
- Germany, February CPI
- U.S., jobless claims
- U.S., January new home sales

15 Friday

- Turkstat, January retail sales indices
- Turkstat, January sectoral turnover indices
- Ministry of Treasury and Finance, February budget realizations
- TurkStat, December labor statistics
- BoJ, rate decision
- Eurozone, February CPI
- U.S., March Empire Manufacturing
- U.S., February industrial production and capacity utilization
- U.S., March Michigan Consumer sentiment

Outlook:

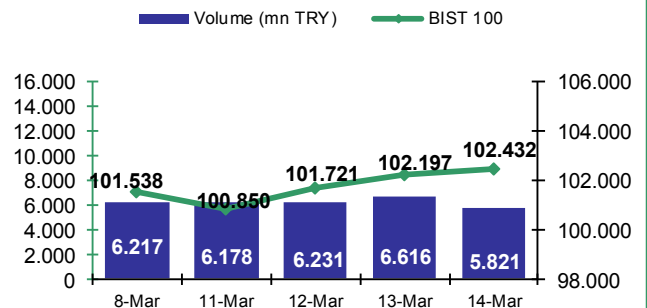
Global stock markets traded higher on Thursday as investors awaited the vote delaying Brexit, although the announcement of lower-than-expected new home sales data in the US later led to some profit taking. Having traded in parallel to the course of major international markets, the BIST100 closed 0.2% higher at 102,432, led by the 0.7% advance among industrial stocks. Reactionary buying at the BIST, prevalent of late, has been somewhat restrained by higher oil prices, the acceleration of benchmark yields and the slightly negative decoupling of the TRY. Compared to last week, however, the retreat in Turkey CDS to 321 suggests relatively improved risk perception. While the developments on Brexit negotiations will continue to top investors' agenda, and the near-term focus will remain on global growth and trade negotiations, market participants will today follow the Ministry of Finance's February budget realizations and TurkStat's January retail sales, sectoral turnover indices and labour statistics data. From abroad, the Eurozone February CPI, US February industrial production and capacity utilization, March Empire manufacturing and Michigan consumer sentiment data will also be monitored. UK MPs voted yesterday to delay the Brexit process. Asian markets have been advancing today, also with improving sentiment on progress in U.S.-China trade negotiations. In parallel to the course of major international markets, we expect the BIST to open positively today. Reactionary buying may continue during the day with relatively weaker momentum, while the possibility of further advances being utilized as profit takings remains. The benchmark index has lately been trading within a narrow bandwidth of 4,000-4,500 points; this pattern is likely to continue until the local elections of March 31st. Unless risk appetite remains unchanged, we believe 100,000 – 100,700 levels should provide opportunities for further buying into the market, with advances towards the upper band of 104,000- 105,000 to spark trade-driven profit taking. SUPPORT: 102,200-101,500, RESISTANCE: 103,500-104,100.

Money Market:

The Lira was negative yesterday, weakening 0.21% against the USD to close at 5.4725. Additionally, the currency depreciated by 0.14% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income markets were negative. The ten-year benchmark bond was traded within a range of 16.09%-16.28%, ending at the 16.26%, 40 bps above its previous close.

Domestic Headlines:

Heavy macro data to be released today: Today, markets will receive December (November-January average) employment and January's sectoral turnover and volume indices at 10:00 local time, while, the February budget will also be disclosed at 11:00. Recall that last month witnessed the first YoY employment decline since August 2009, while the (adjusted) unemployment rate rose to 12.0% from 11.6%. Today's data will provide information as to whether the deterioration in employment data has continued. Following yesterday's January IP print, sectoral turnover and volume indices are equally important in providing clues regarding economic activity. Finally, a detailed budgetary analysis will also be critical as the preliminary cash budget signaled deterioration in fiscal performance.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	102.197	102.432	0,23%	12,23%
BIST 30	128.405	128.627	0,17%	12,49%
BIST-Financial	116.714	116.621	-0,08%	15,86%
BIST-Industrial	120.924	121.815	0,74%	16,15%
BIST-Services	73.412	73.456	0,06%	2,67%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
ALYAG	19,23	FONET	-8,53	THYAO	886.013.917
TRCAS	10,49	PEKGY	-7,12	GARAN	589.536.320
IHYAY	9,09	POLTK	-5,61	KRDMD	548.722.079
KAREL	8,77	LOGO	-4,57	AKBNK	343.510.888
SAYAS	8,33	SKTAS	-3,95	PETKM	340.966.487

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	22,75	22,75	23,80	25,48
Bond (Benchmark, %)	18,79	18,94	18,47	19,73

Currency	Previous	Last	Chg.	YTD
US\$	5,4610	5,4725	0,21%	3,57%
Euro	6,1725	6,1775	0,08%	2,28%
Euro/Dolar	1,1303	1,13177	0,13%	-0,99%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	67,2	67,2	0,08%	22,07%
Oil (NYMEX future, \$)	58,9	58,9	0,02%	26,60%
Gold (Ounce, \$)	1.296,3	1.298,8	0,19%	1,23%
Silver (XAG, \$)	15,2	15,3	0,60%	-1,50%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money	1,504427	1,504801	0,02%	4,48%
Fiba Portfoy Şekerbank Short T.	0,017714	0,017721	0,04%	4,02%

* Prices as of 15-Mar-19

IP continues to shrink YoY, but sequential contraction ends in January: January's industrial production (IP) index, fell by 7.3% YoY in both unadjusted and WD-adjusted terms, somewhat better than the -8.0% median market expectation and our -8.6% estimate. In seasonally- and WD-adjusted terms, there was a 1.0% MoM improvement following the five consecutive month of deceleration.

Major manufacturing sectors, which have a relatively higher share in the total index, continued to register high YoY contraction. Among those sectors, we especially note the other non-metallic minerals (-23%), base metals (-19%), machinery-equipment (-18%), motor vehicles (-12%), rubber and plastics (-12%), fabricated metals (-8%) and electrical equipment (-8%). Contraction in other non-metallic minerals is indicative of the tough period the construction sector has been experiencing. Meanwhile, contraction in the food sector, which has about a 12% weight, and the textile sector, which has about a 7% weight, eased somewhat to 3% and 5%, respectively. In contrast, we may cite some sectors that have registered YoY positive growth, such as other transport equipment (38%), other manufacturing (27%), pharmaceuticals (16%), tobacco (7%) and furniture (1.5%). [For our detailed analysis, please click the link:](#)

Sector News:

Moody's rating agency has stated that government measures to reduce the interest paid by public banks to state-controlled institutions were positive for Turkish banks in margin terms. For FY19, we expect sector margins to narrow 40bps YoY adjusted for the swaps. Among the state-controlled banks **Vakıfbank (VAKBN.TI; MP)** is likely to benefit more because of its relatively high weight of deposits from public institutions (**Neutral**).

Company News:

The CMB has approved **İsbank's (ISCTR.TI; MP)** application to issue a covered bond of TRY400mn abroad with 5Y maturity (**Neutral**).

Yapi Kredi Bank (YKBNK.TI; OP) has finalized its USD500mn bond issue abroad with 5.5-years maturity (**Neutral**).

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	25.703	25.710	0,03%	10,21%	
Nasdaq (US)	7.643	7.631	-0,16%	15,01%	
S&P 500 (US)	2.811	2.808	-0,09%	12,03%	
Bovespa (Brasil)	98.904	98.605	-0,30%	12,19%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	11.572	11.587	0,13%	9,74%	
FTSE 100 (UK)	7.159	7.185	0,37%	6,80%	
CAC 40 (France)	5.306	5.350	0,82%	13,09%	
MIB30 (Italy)	20.749	20.877	0,62%	13,93%	
PSI20 (Portugal)	5.206	5.272	1,26%	11,41%	
ASE (Greece)	710	720	1,37%	17,38%	
RTSI (Rusia)	1.189	1.182	-0,60%	10,60%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	21.290	21.287	-0,02%	6,36%	
Hang Seng (Hong Kong)	28.807	28.851	0,15%	11,63%	
Shanghai Comp. (China)	3.027	2.991	-1,20%	19,92%	
KOSPI (South Korea)	2.148	2.156	0,34%	5,62%	
Sensex (India)	37.752	37.755	0,01%	4,68%	
Turdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (April 19)	130,275	130,225	-0,04%	10,34%	
USD (April 19)	5,5978	5,596	-0,04%	2,51%	
EURO (April 19)	6,3589	6,360	0,02%	1,14%	
GOLD (April 19)	236,28	234,15	-0,90%	3,46%	
Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Doğuş Otomotiv	07/11/18	4,83	5,15	6,6%	-0,6%
Turkish Airlines	06/12/17	12,80	13,03	1,8%	5,6%
Pegasus	06/03/18	35,64	29,22	-18,0%	-6,4%
Migros	07/12/18	15,27	15,30	0,2%	-8,3%
Akbank	17/01/19	6,61	6,57	-0,6%	-6,1%
Türk Telekom	01/03/19	5,20	5,21	0,2%	1,0%
Turkcell	01/11/18	11,93	14,32	20,0%	8,3%
Garanti Bank	17/01/19	9,25	9,08	-1,8%	-7,2%
Portfolio Yield (yoy)				-32,1%	-22,1%
Portfolio Yield (mom)				1,1%	0,3%

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