

Agenda

15 Monday

- TurkStat, January labor statistics
- Ministry of Treasury and Finance, March budget realizations
- U.S., April Empire Manufacturing

16 Tuesday

- TurkStat, February industrial production
- Turkstat, February sectoral turnover indices
- Turkstat, February retail sales indices
- Germany, April ZEW Survey
- Eurozone, April ZEW Survey
- U.S., March industrial production and capacity utilization

17 Wednesday

- China, 1Q19 GDP Growth
- China, March industrial production
- China, March retail sales
- Japan, February industrial production
- U.K., March CPI & PPI
- Eurozone, March CPI
- Eurozone, February trade balance
- U.S., February trade balance
- U.S., February wholesale inventories

18 Thursday

- Germany, March PPI
- Germany, April Markit non-mfg PMI
- Germany, April Markit manufacturing PMI
- Eurozone, April Markit non-mfg PMI
- Eurozone, April Markit manufacturing PMI
- U.K., March retail sales
- U.S., March retail sales
- U.S., April Philadelphia Fed business outlook
- U.S., jobless claims
- U.S., April Markit non-mfg PMI
- U.S., April Markit manufacturing PMI

19 Friday

- U.S., U.K. and Germany - markets will be closed
- U.S., March housing starts and building permits

Outlook:

Major global stock markets closed mixed-to-slightly lower on Monday with some profit taking, although risk appetite continued amid easing global growth concerns and hopes for a US-China trade deal. Trading volumes were in general lower due to the Easter break. The BIST100 also closed 0.8% lower at 95,192, due mainly to the 1.3% average decline among industrial stocks, attributable also to higher oil prices and continuing uncertainty over Istanbul municipal elections. Total trading volume was relatively lower at TRY5.1bn. The Turkey 5-year CDS rates have reached 456 bps, suggesting that risk perception towards the TRY-based assets remains high; the TRY has continued to depreciate and is currently trading at 5.80 against the US\$ at the time of this writing. Investors will follow February industrial production data, sectoral turnover indices and retail sales indices to be released by Turkstat today, along with Germany and the Eurozone's April ZEW survey results and US March industrial production and capacity utilization data. We expect the BIST to open with some reactionary buying this morning. The market's upturn could be maintained throughout the day, although due to ongoing uncertainty over Istanbul's municipal elections, it could remain rather limited. SUPPORT: 95,000-94,200, RESISTANCE: 96,400-97,500.

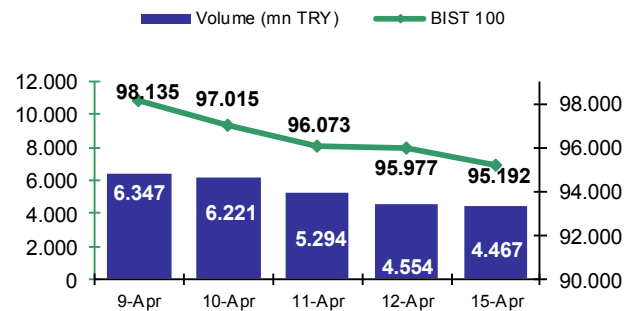
Money Market:

The Lira was negative yesterday, weakening 0.76% against the USD to close at 5.8010. Additionally, the currency depreciated by 0.70% 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 17.79%-18.16%, ending the day at a low of 17.79%, 28 bps above its previous close.

Domestic Headlines:

Budget deficit rising amidst poor tax collection, and despite strong contribution of non-tax revenues: The central government budget posted a TRY24.5bn deficit for March compared to a TRY20.2bn deficit in the same month of last year. There was also a TRY13.1bn primary deficit, vs. the TRY10.6bn primary deficit of March 2018. For the Jan-Mar period, we note a TRY36.2bn budget deficit and TRY2.8bn primary deficit compared to TRY20.4bn budget deficit and TRY1.9bn primary surplus in the same period of 2018. Meanwhile, 12-month rolling budget deficit has also reached TRY88.4bn (2.1% of our projected GDP), while the primary balance becomes a TRY3.3bn deficit. Yet, according to the IMF definition, i.e. adjusted for one-off items, there is a whopping ~TRY96bn primary deficit.

Weakness in tax collection, especially in consumption taxes, persisted in March with the respective 59% and 25% YoY declines in domestic VAT and SCT collection in real terms. Yet, certain one-off revenues (by IMF definition) continue to support budgetary figures, such as the CBT's remaining profit transfer of TRY3.8bn, in addition to the TRY34bn transfer in January. On the other hand, we witnessed some constraint in non-interest expenditures, which points to a 4.2% YoY decline in real terms. That said, for the January-March period, there is a 11.4% YoY rise in real terms, which suggest much greater fiscal discipline over the coming months, if the 1.8% budget deficit/GDP target is to be achieved.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	95.977	95.192	-0.82%	4.30%
BIST 30	120.186	118.985	-1.00%	4.06%
BIST-Financial	108.497	107.550	-0.87%	6.85%
BIST-Industrial	115.746	114.268	-1.28%	8.96%
BIST-Services	69.129	69.282	0.22%	-3.17%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
HLGYO	18,99	EGPRO	-11,08	GARAN	967.123.845
EUHOL	13,04	MERKO	-6,94	THYAO	646.487.752
IHEVA	8,65	CMEN	-5,55	HALKB	339.652.029
KUYAS	8,15	BRMEN	-5,00	AKBNK	247.670.806
DOAS	7,46	UTPYA	-4,90	KRDMD	215.883.809

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	22,75	23,00	22,95	25,48
Bond (Benchmark, %)	22,21	21,95	18,73	19,73

Currency	Previous	Last	Chg.	YTD
US\$	5,7570	5,801	0,76%	9,78%
Euro	6,501	6,5525	0,79%	8,49%
Euro/Dolar	1,1292	1,13038	0,10%	-1,11%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	71,4	71,1	-0,43%	29,10%
Oil (NYMEX future, \$)	63,6	63,5	-0,08%	36,46%
Gold (Ounce, \$)	1.288,0	1.285,3	-0,21%	0,18%
Silver (XAG, \$)	15,0	15,0	-0,24%	-3,58%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portföy Şekerbank Money	1,529034	1,532482	0,23%	6,40%
Fiba Portföy Şekerbank Short T.	0,017997	0,018035	0,21%	5,86%

* Prices as of 16-Apr-19

Employment data continues to worsen in January: TURKSTAT has disclosed January-December-February period) employment statistics, which imply that employment numbers have continued to deteriorate at a swift pace.

The seasonally-adjusted series suggests that headline unemployment rose further to 13.3% from 12.7% a month ago and 12.0% in the previous month. The non-agricultural and youth unemployment rates also rose to 15.5% and 24.5% from 14.9% and 23.2%, respectively. Recall that the seasonally-adjusted unemployment rates have consistently risen throughout the past year from 9.8%, 11.7% and 18.8%, respectively at end-2017. Remaining with the seasonally-adjusted series, the loss in employment over the past three months has reached 761K, 630K of which was from the industrial sector. Meanwhile, the number of unemployed fell by 503K over the same period.

The un-adjusted unemployment rate stood at 14.7% compared to 10.8% in the same period of last year, indicating almost a 4.0% point YoY increase. The workforce actually seems to have risen at a moderate pace by 387K (or 1.2%), which somewhat limited the spike in the unemployment rate. The number of employed fell by 872K (3.1%) YoY, which means that the number of unemployed rose by 1.26 million (37%) to 4.67 million over the same period.

Similar to the past few months, the YoY loss in employment is significant for the agriculture and construction sectors at 345K (-7.0%) and 480K (-24.5%), respectively. Yet, the situation seems to have worsened for the industrial and services sector as well, with industrial sector employment falling by 175K (3.1%) YoY, while total services sector employment rose by a mere 130K (0.8%), vs. the average of 567K (3.8%) throughout 2018.

Company News:

Turkish Airlines (THYAO.TI; OP) According to the press, the 26th collective bargaining agreement between Turkish Airlines and Hava-Is Labor Union was signed yesterday. Reportedly, the wages of THY's unionized personnel will be increased by CPI+2% for the first 6 months of 2019E and by CPI+1.5% for the second half of the year. The wage increases in 2020E will be similar to those of 2019E (CPI+2% in 1H20E & CPI+1.5% in 2H20E), and will be at CPI+1% for 1H21E & 2H21E. The wage increases for unionized personnel have been slightly higher than our forecasts for the period, however, we do not expect the development to weigh on the >>>

company's short-term share performance, as we believe its reaching an unproblematic agreement with the Union could also be welcomed by the market.

Vakifbank (VAKBN.TI; MP) has commenced the collective bargaining agreement with the Labor Union (**Neutral**).

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	26.412	26.385	-0,10%	13,11%	
Nasdaq (US)	7.984	7.976	-0,10%	20,21%	
S&P 500 (US)	2.907	2.906	-0,06%	15,91%	
Bovespa (Brasi)	92.875	93.083	0,22%	5,91%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	12.000	12.020	0,17%	13,84%	
FTSE 100 (UK)	7.437	7.437	0,00%	10,53%	
CAC 40 (France)	5.503	5.509	0,11%	16,45%	
MIB30 (Italy)	21.858	21.892	0,16%	19,47%	
PSI20 (Portugal)	5.380	5.410	0,56%	14,33%	
ASE (Greece)	766	774	1,02%	26,12%	
RTSI (Rusia)	1.253	1.247	-0,51%	16,68%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	21.871	22.169	1,37%	10,76%	
Hang Seng (Hong Kong)	29.910	29.811	-0,33%	15,34%	
Shanghai Comp. (China)	3.189	3.178	-0,34%	27,42%	
KOSPI (South Korea)	2.233	2.243	0,42%	9,89%	
Sensex (India)	38.767	38.906	0,36%	7,87%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (April 19)	121,850	120,500	-1,11%	2,10%	
USD (April 19)	5,7880	5,844	0,96%	7,06%	
EURO (April 19)	6,5694	6,616	0,71%	5,21%	
GOLD (April 19)	241,10	242,17	0,44%	7,00%	

Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Tofaş	08/04/19	18,90	18,51	-2,1%	-0,2%
Turkish Airlines	06/12/17	12,80	13,94	8,9%	21,6%
Pegasus	06/03/18	35,64	29,38	-17,6%	1,3%
Migros	07/12/18	15,27	13,72	-10,2%	-11,6%
Akbank	17/01/19	6,61	6,15	-7,0%	-5,4%
Turk Telekom	01/03/19	5,20	4,39	-15,6%	-8,4%
Turkcell	01/11/18	11,93	12,64	6,0%	2,8%
Garanti Bank	17/01/19	9,25	8,46	-8,5%	-7,0%
Portfolio Yield (yoy)				-30,8%	-20,4%
Portfolio Yield (mom)				-9,5%	-1,7%

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