

### Agenda

#### 19 Monday

- Treasury auction

#### 20 Tuesday

- Treasury auction

#### 21 Wednesday

- U.S., July existing home sales
- U.S., Fed - FOMC meeting minutes

#### 22 Thursday

- U.S., jobless claims

#### 23 Friday

- U.S., July new home sales

### Outlook:

Global stock markets recovered part of their losses with reactionary buying on Friday, as the rise in US Treasury yields eased recession fears and President Trump tweeted that he and his Chinese counterpart Xi Jinping should hold a meeting to resolve the political crisis in Hong Kong and trade tension between the two countries. Having started the day positively, the BIST100, diverged negatively towards the end of Friday, losing 0.9% to close at 95,734, led once again by the 2.9% retreat in the banking sector index with the realization of expectations at the end of the earnings season, and profit taking on the TRY's relative strength. Meanwhile, the impact of the negative pricing in Argentine assets has remained limited on both EMs and TRY-based assets. The TRY has been trading more or less in parallel to the course of its EM peers' currencies. The Turkey 5-year CDS rates, which on Thursday had reached 423bps, retreated to 410bps on Friday, still suggesting that risk perception towards TRY-based assets has recently increased. Should CDS rates settle above 420-430bps levels, selling pressure on TRY-based assets may gain traction, enabling them to diverge negatively from their peers. Global risk appetite somewhat recovered on Friday, and the VIX declined to 18.5, below its critical level of 20; we have still to see lower than 16.5 levels for this index to be able to call an end to the recent risk aversion; otherwise volatility is likely to continue. Asian markets have started the week positively; we expect the BIST to also open somewhat positively today. The BIST may face some reactionary buying in the wake of the upturn in major global equity markets. Yet this could be short-lived as it broke its 200-day moving average on Friday. Hence, unless global risk appetite recovers significantly and expectations of a rate cut at the US Fed's September FOMC meeting strengthen significantly, any upturns could face profit taking led by banking sector stocks. SUPPORT: 95,500 – 94,400 - RESISTANCE: 96,200 – 97,500.

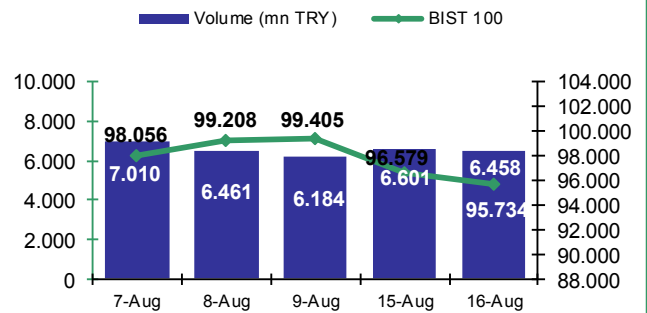
### Money Market:

The Lira was negative on Friday, weakening 0.04% against the USD to close at 5.5710. Additionally, the currency appreciated by 0.03% 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 tight range of 15.37%-15.38%, ending the day at a high of 15.38%, 40 bps above its previous close.

### Headlines:

**IP this time (in June) surprises on the downside:** June's industrial production (IP) index fell significantly by 9.6% YoY in unadjusted, and by 3.9% in WD-adjusted terms, both being notably worse than respective median market expectations of -6.2% and -1.0%. In seasonally- and WD-adjusted terms, there was a 3.7% sequential deceleration after last month's 1.2% MoM improvement. With the June figures, IP contraction for 2Q19 reached 3.8% (in unadjusted terms), which somewhat improved compared to the 7.3% and 5.9% contraction figures registered in 4Q18 and 1Q19, respectively.

The IP index had actually surprised on the upside in April, and especially in May, considering the manufacturing PMI, foreign trade figures and credit developments, etc. Nevertheless, this time, IP surprised significantly on the downside, which to some extent offset the relative improvement >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	96.579	95.734	-0,87%	4,89%
BIST 30	120.570	119.260	-1,09%	4,30%
BIST-Financial	111.388	109.489	-1,70%	8,78%
BIST-Industrial	109.748	108.752	-0,91%	3,70%
BIST-Services	74.584	75.218	0,85%	5,13%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
ADESE	13,33	PEKGY	-5,54	GARAN	1.308.659.594
SONME	9,64	EMKEL	-5,26	THYAO	778.090.330
DURDO	8,43	EGEEN	-5,05	AKBNK	347.676.555
KNFRT	7,83	SAMAT	-4,88	PGSUS	293.915.019
PEGYO	7,27	MPARK	-4,60	VAKBN	289.473.680

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	18,76	18,85	23,00	25,48
Bond (Benchmark, %)	15,22	15,55	17,76	19,73

Currency	Previous	Last	Chg.	YTD
US\$	5,5690	5,575	0,11%	5,51%
Euro	6,1775	6,1775	0,00%	2,28%
Euro/Dolar	1,1093	1,10913	-0,01%	-2,97%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	58,7	59,3	1,04%	7,73%
Oil (NYMEX future, \$)	54,8	55,3	0,95%	18,89%
Gold (Ounce, \$)	1.512,4	1.509,5	-0,20%	17,65%
Silver (XAG, \$)	17,1	17,0	-0,42%	9,78%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portföy Şekerbank Money	1,649320	1,651703	0,14%	14,68%
Fiba Portföy Şekerbank Short T.	0,019400	0,019425	0,13%	14,02%

\* Prices as of 19-Aug-19

>>> witnessed over the previous two months. In any case, the IP contraction for 2Q19 stood at 3.8% (in unadjusted terms), which still points to an improvement compared to the respective 7.3% and 5.9% contraction figures registered in 4Q18 and 1Q19.

Considering the strong correlation between IP growth and that of GDP, one might think that the relative improvement in the IP index would mean that GDP may contract at a much lesser magnitude in 2Q19 than the 2.6% contraction of 1Q19. And yet construction sector indicators, and particularly the construction turnover index, actually imply that the situation might have worsened for the construction sector, which had already contracted by 10.9% in 1Q19 (we expect a higher YoY contraction in 2Q19). Therefore, ongoing weakening in the construction sector may somewhat offset relative improvement in the industrial sector. As a result, **we still expect a similar contraction in 2Q19 to the -2.6% of 1Q19 (which also seems close to the consensus expectation).** [For our detailed analysis, please click the link:](#)

### Company News:

**Pegasus' (PGSUS.TI; OP)** Kobirate International Credit Rating and Corporate Governance Management Services has revised Pegasus' corporate governance rating up to 96.20 from 94.00 previously. Neutral.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	25.579	25.886	1,20%	10,97%	
Nasdaq (US)	7.767	7.896	1,67%	19,00%	
S&P 500 (US)	2.848	2.889	1,44%	15,23%	
Bovespa (Brasil)	99.057	99.806	0,76%	13,56%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	11.413	11.563	1,31%	9,51%	
FTSE 100 (UK)	7.067	7.117	0,71%	5,78%	
CAC 40 (France)	5.237	5.301	1,22%	12,05%	
MIB30 (Italy)	20.020	20.323	1,51%	10,91%	
PSI20 (Portugal)	4.718	4.804	1,82%	1,54%	
ASE (Greece)	799	792	-0,86%	29,15%	
RTSI (Rusia)	1.250	1.240	-0,83%	16,01%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	20.419	20.549	0,64%	2,67%	
Hang Seng (Hong Kong)	25.734	26.216	1,87%	1,43%	
Shanghai Comp. (China)	2.824	2.865	1,47%	14,89%	
KOSPI (South Korea)	1.927	1.939	0,64%	-4,98%	
Sensex (India)	37.350	37.601	0,67%	4,25%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (August 19)	121,500	120,275	-1,01%	1,91%	
USD (August 19)	5,6047	5,590	-0,27%	2,40%	
EURO (August 19)	5,7300	5,719	-0,20%	-9,06%	
GOLD (August 19)	274,17	271,42	-1,00%	19,92%	
Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Migros	05.07.19	14,42	18,47	28,1%	33,3%
Turkish Airlines	06.12.17	12,80	11,40	-10,9%	-1,1%
Pegasus	06.03.18	35,64	60,45	69,6%	107,2%
Petkim	06.08.19	3,74	3,43	-8,3%	-4,6%
Turkcell	01.11.18	11,93	12,45	4,4%	0,7%
Garanti Bank	17.01.19	9,25	8,93	-3,5%	3,5%
Portfolio Yield (yoy)				-0,2%	1,1%
Portfolio Yield (mom)				4,0%	5,4%

\*Starting date of portfolio 30/11/2004

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