

### Agenda

#### 09 Monday

- Treasury auction
- Japan, 3Q19 GDP Growth
- China, November trade balance
- Germany, October trade balance

#### 10 Tuesday

- Treasury auction
- China, November CPI
- China, November PPI
- U.K., 3Q19 GDP Growth
- U.K., October industrial production
- U.K., October trade balance
- Germany, December ZEW Survey
- Eurozone, December ZEW Survey

#### 11 Wednesday

- CBRT, October balance of payments
- U.S., November CPI
- U.S., November Federal Treasury Budget
- Fed, rate decision

#### 12 Thursday

- CBRT, rate decision
- Germany, November CPI
- Eurozone, October industrial production
- ECB, rate decision
- U.S., November PPI
- U.S., jobless claims

#### 13 Friday

- TurkStat, October industrial production
- Japan, October industrial production
- U.S., November retail sales

#### Outlook:

Global stock markets closed higher on Friday thanks to positive expectations on US-China trade talks regarding a 'phase one' agreement before December 15. Having started the day positively, the BIST100 also gained 0.19% to close at 108,869, trading within a narrow band during the day. Meanwhile, Turkey's CDS rates retreated to 309bps on Friday. Moody's has not announced a change to Turkey's sovereign rating. And as market participants had anticipated the credit rating agency revising its outlook to "stable" from "negative", this may prompt some profit taking. Moreover, the current level of the BIST is still not supported by foreign institutional fund inflows, suggesting that the risk of profit taking remains high in December. This week, market participants will follow the course of political relations with the US, especially regarding Turkey's purchase of the S-400 missile system, along with the policy rate decision of the US Fed on December 11th, and that of the CBRT and ECB on December 12th. Asian markets have been trading positively today; we expect the BIST to open slightly negatively and, even though the benchmark index should maintain its uptrend, we caution readers of the chance of intraday profit taking. SUPPORT: 108,200-107,600 - RESISTANCE: 109,400-110-300.

#### Money Market:

The Lira was negative on Friday, weakening 0.33% against the USD to close at the day at a high of 5.7630. Additionally, the currency depreciated by 0.21% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income markets were relatively flat. The ten-year benchmark bond was traded within a tight range of 12.36%-12.40%, ending the day at a high of 12.40%, 4 bps above its previous close.

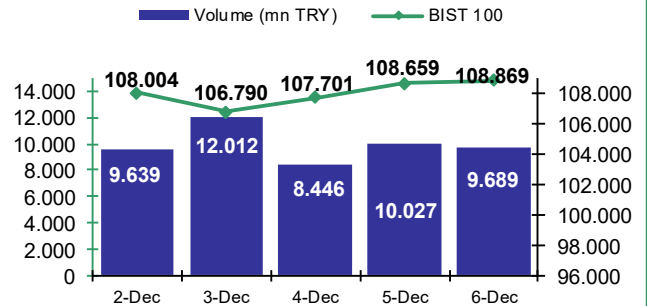
#### Sector News:

**The CBT has changed the banks' reserve requirements to enhance lending growth.** Accordingly, for standard and Group 2 TRY loans, RRs will be calculated using the 3-month averages adjusted for CPI. FC indexed loans and loans to financial institutions are excluded from this calculation. RRs will be 2% for all maturities excluding deposits of more than 1 year maturity and other liabilities of more than 3 year maturity for those banks with "annual adjusted" lending growth of less than 15% and above 5%.

For those banks with more than 15% annual lending growth, if "annual adjusted" lending growth is less than 15%, the RRs will be 2% for all maturities excluding deposits of more than 1 year maturity and other liabilities with over 3 year maturity.

For the calculation of adjusted annual lending growth, annual growth for those loans over 2 year maturity is deduced from the annual lending growth calculations excluding mortgage loans and consumer loans with over 5 year maturity and consumer credit card loans.

For those banks with less than 15% annual lending growth, adjusted annual lending growth is calculated by deducting 50% of annual growth on consumer loans (excluding mortgage loans with over 5 years maturity) and consumer credit cards from the annual growth figure. If adjusted >>>



| Indices (TRY)   | Previous | Last    | Chg.  | YTD    |
|-----------------|----------|---------|-------|--------|
| BIST 100        | 108.659  | 108.869 | 0,19% | 19,28% |
| BIST 30         | 132.767  | 132.835 | 0,05% | 16,17% |
| BIST-Financial  | 128.498  | 128.747 | 0,19% | 27,91% |
| BIST-Industrial | 129.775  | 129.922 | 0,11% | 23,88% |
| BIST-Services   | 83.334   | 83.668  | 0,40% | 16,94% |

| Advances |       | Declines |        | Most Active |             |
|----------|-------|----------|--------|-------------|-------------|
| Stocks   | (%)   | Stocks   | (%)    | Stocks      | Vol (TR)    |
| ISGSY    | 19,82 | FONET    | -20,00 | THYAO       | 929.233.372 |
| GLRYH    | 14,58 | SMART    | -19,98 | ASELS       | 718.883.182 |
| DENCM    | 12,77 | KFEIN    | -16,30 | ISFIN       | 537.039.170 |
| BOSSA    | 12,74 | LINK     | -7,28  | TTKOM       | 432.527.916 |
| RYGYO    | 12,09 | NETAS    | -6,82  | GARAN       | 426.088.939 |

| Money Market        | Previous | Last  | Pr. Mn | YE15  |
|---------------------|----------|-------|--------|-------|
| O/N Repo (%)        | 14,50    | 14,50 | 13,70  | 25,48 |
| Bond (Benchmark, %) | 12,18    | 12,15 | 12,20  | 19,73 |

| Currency   | Previous | Last    | Chg.   | YTD    |
|------------|----------|---------|--------|--------|
| US\$       | 5,7440   | 5,778   | 0,59%  | 9,35%  |
| Euro       | 6,37     | 6,386   | 0,25%  | 5,73%  |
| Euro/Dolar | 1,1090   | 1,10595 | -0,27% | -3,25% |

| Commodity              | Previous | Last    | Chg.   | YTD    |
|------------------------|----------|---------|--------|--------|
| Oil (Brent spot, \$)   | 65,0     | 64,6    | -0,55% | 17,41% |
| Oil (NYMEX future, \$) | 59,2     | 58,9    | -0,47% | 26,60% |
| Gold (Ounce, \$)       | 1.460,0  | 1.460,7 | 0,04%  | 13,85% |
| Silver (XAG, \$)       | 16,6     | 16,6    | -0,06% | 6,84%  |

| Şeker Funds                     | Previous | Last*    | Chg.  | YTD    |
|---------------------------------|----------|----------|-------|--------|
| Fiba Portfoy Şekerbank Money    | 1,724137 | 1,725793 | 0,10% | 19,82% |
| Fiba Portfoy Şekerbank Short T. | 0,020340 | 0,020360 | 0,10% | 19,51% |

\* Prices as of 09-Dec-19

>>> annual lending growth is more than 5% RRs will be 2% for all maturities excluding deposits with over 1 year maturity and other liabilities with over 3 year maturity. This should encourage long-term commercial lending.

### Company News:

**TAV Airports Holding (TAVHL.TI; OP) monthly traffic figures for November 2019.** As expected, the terminal operator's total PAX traffic declined significantly by c.52% YoY in November 2019, compared to the c.40% YoY decline of the previous month, due to the closure of Istanbul Ataturk International Airport to passenger traffic on April 6th, 2019. Excluding Istanbul Ataturk International Airport's traffic numbers, however, the Group has recorded PAX growth of c.1% in November 2019, at a decelerating pace when compared to c.6% growth attained in October 2019, attributable to the relative deceleration of its PAX growth in both international and Turkish operations. We expect the data announcement to have at most a slender impact on the Group shares' near-term performance.

- TAV Airports Holding's passenger traffic at its Turkish operations showed a significant decline of 65.1% YoY in November 2019 (October 2019: -45.1%), as Istanbul Atatürk International Airport had been closed for passenger traffic on April 6, 2019. Excluding Istanbul, the total number of PAX served in TAV Airports Holding's Turkish operations (Antalya, Ankara, Izmir, Bodrum & Gazipasa) have declined only very slightly by 0.4% YoY following a growth of 6.0% YoY in October 2019, attributable to the slowdown of growth in coastal airports in the off-season. Total PAX growth in Antalya International Airport, for instance, has decelerated to 12.2% YoY in November 2019 (October 2019: +15.1% YoY). Meanwhile, passenger traffic in Ankara, Izmir and Milas-Bodrum airports retreated by 10.6%, 3.3% & 7.0% YoY, respectively (October 2019: -12.6%, -2.2%, & +11.9% YoY, resp.), due mainly to the decline in domestic demand in Ankara and Izmir airports and to the contraction of international demand in Milas-Bodrum airport. On the other hand, passenger traffic in Gazipasa Airport has recovered to a growth of 0.3% YoY in November 2019 (October 2019: -8.5% YoY), thanks mainly to an increase in >>>**

| World Indices          |          |         |        |        |
|------------------------|----------|---------|--------|--------|
| America                | Previous | Last    | Chg.   | YTD    |
| Dow Jones (US)         | 27.678   | 28.015  | 1,22%  | 20,09% |
| Nasdaq (US)            | 8.571    | 8.657   | 1,00%  | 30,46% |
| S&P 500 (US)           | 3.117    | 3.146   | 0,91%  | 25,49% |
| Bovespa (Brasil)       | 110.622  | 111.126 | 0,46%  | 26,44% |
| Europe                 | Previous | Last    | Chg.   | YTD    |
| Dax (Germany)          | 13.055   | 13.167  | 0,86%  | 24,70% |
| FTSE 100 (UK)          | 7.138    | 7.240   | 1,43%  | 7,60%  |
| CAC 40 (France)        | 5.802    | 5.872   | 1,21%  | 24,12% |
| PSI20 (Portugal)       | 5.129    | 5.173   | 0,86%  | 9,33%  |
| RTSI (Rusia)           | 1.430    | 1.448   | 1,25%  | 35,52% |
| Asia                   | Previous | Last    | Chg.   | YTD    |
| Nikkei (Japan)         | 23.300   | 23.354  | 0,23%  | 16,69% |
| Hang Seng (Hong Kong)  | 26.217   | 26.498  | 1,07%  | 2,53%  |
| Shanghai Comp. (China) | 2.899    | 2.912   | 0,43%  | 16,77% |
| KOSPI (South Korea)    | 2.061    | 2.082   | 1,02%  | 2,00%  |
| Sensex (India)         | 40.780   | 40.445  | -0,82% | 12,13% |

| Turkdex (Set. Price) | Previous | Last    | Chg.   | YTD    |
|----------------------|----------|---------|--------|--------|
| INX30 (December 19)  | 133,450  | 133,450 | 0,00%  | 13,07% |
| USD (December 19)    | 5,7933   | 5,809   | 0,27%  | 6,42%  |
| EURO (December 19)   | 6,4281   | 6,427   | -0,01% | 2,21%  |
| GOLD (December 19)   | 275,88   | 273,76  | -0,77% | 20,96% |

| Portfolio Recommend.  | Inclusion Date | Inclusion Price | Last Close | Chg. (%) | BIST Relative |
|-----------------------|----------------|-----------------|------------|----------|---------------|
| Tofas                 | 06/09/19       | 18,98           | 24,90      | 31,2%    | 19,3%         |
| Turkish Airlines      | 06/12/17       | 12,80           | 13,72      | 7,2%     | 4,6%          |
| Pegasus               | 06/03/18       | 35,64           | 74,85      | 110,0%   | 125,6%        |
| Petkim                | 06/08/19       | 3,74            | 3,59       | -4,0%    | -12,2%        |
| Akbank                | 09/10/19       | 7,47            | 7,77       | 4,0%     | -4,8%         |
| Turkcell              | 01/11/18       | 11,93           | 13,84      | 16,0%    | -1,6%         |
| Garanti Bank          | 17/01/19       | 9,25            | 10,36      | 12,0%    | 20,1%         |
| Portfolio Yield (yoy) |                |                 |            | 37,8%    | 18,8%         |
| Portfolio Yield (mom) |                |                 |            | 4,5%     | -0,6%         |

Portfolio Yield (in 2010)

- domestic demand to 6.2% YoY (October 2019: -11.9% YoY).

- Total PAX in TAV's international operations (c.28% of its total PAX in November 2019) has increased by 4.2% YoY in November 2019, at a decelerating pace when compared to 5.7% YoY growth in October 2019, due mainly to the slowdown YoY growth in Medinah, continuing PAX retreat in Georgia at an accelerated pace, and off-season results of Tunisia.** Passenger traffic in Georgian Batumi and Tbilisi airports, lately the most successful international operations of TAV Airports Holding, shrank by 16.0% YoY in November 2019 (October 2019: -12.0% YoY) due to the ban on direct flights between Russia and Georgia, which came into effect in July 2019. Medinah PAX growth also decelerated to 10.2% YoY in November 2019 (October 2019: +16.1% YoY), and off-season PAX traffic in Tunisia retreated by 5.6% YoY (October 2019: +5.8% YoY) attributable to a strengthening base effect. Meanwhile, passenger traffic growth in Macedonia continued to accelerate to 23.0% YoY (October 2019: +21.3% YoY) with the expansion of Wizz and other air carriers, and in Zagreb to 5.6% YoY (October 2019: +3.9% YoY) thanks to new route additions in 2019.

**Turkcell (TCELL.TI; OP)** According to a press release, Turkcell has signed an MoU for an 8-year-termed €500mn loan from the Chinese Development Bank, to be utilized for its infrastructure investments and equipment procurement from the Chinese vendors. The final agreement is expected to be signed in 1Q20E; we expect the terms of the agreement to be clear by then. Turkcell had a net debt position of TRY 9.7bn as of end 9M19; its net FX position stood at a positive US\$155mn, including hedging and excluding swap transactions for its TRY borrowings. The development is positive in essence, in view of the operator securing the financing (and indirectly the procurement) of its upcoming (including 5G-related) investments. Still, the impact on its share performance may remain limited.