

Agenda

03 Monday

- U.S., July mfg. ISM Index
- China, July Caixin mfg. PMI
- Germany and Eurozone, July Markit mfg. PMI
- U.S., June construction spending

04 Tuesday

- Turkstat, July inflation
- U.S., June factory orders

05 Wednesday

- China, July Caixin non-mfg. PMI
- U.S., July ADP employment change
- U.S., July non-mfg. ISM Index
- CBRT, July inflation assessment

06 Thursday

- Germany, June factory orders
- BoE, rate decision
- U.S., jobless claims

07 Friday

- Germany, June industrial production
- U.S., July non-farm payrolls and unemployment rate
- U.S., July average hourly earnings

Outlook:

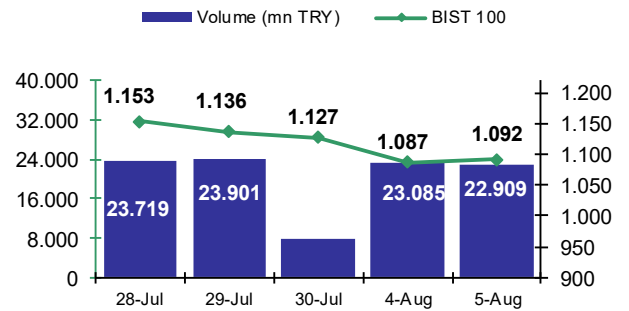
Major global stock markets closed higher on Wednesday thanks to strong PMI figures in Europe and new stimulus package expectations in the US. Having started the day with reactionary buying, the BIST100 also closed 0.4% higher at 1,092. The London overnight US\$/TRY swap rates have normalized after having risen above 1,000% levels the previous day, which has caused reactionary buying at the BIST. The TRY has, however, continued to diverge negatively, depreciating significantly yesterday. Turkey's CDS premium remained high, above 580bps. Yet the VIX; a gauge of volatility expectation in the US markets, retreated to below 23, suggesting that volatility in the US markets has been declining. We believe risk appetite is likely to remain elevated and profit taking in the US markets to remain limited as long as this index remains below 28. Investors will today follow the BoE's policy decision, where no immediate change is expected. Market participants will also monitor June factory orders from Germany and jobless claims data from the US. We expect reactionary buying at the BIST to continue as US\$/TRY swap rates in London have normalized. However, should the TRY continue to depreciate significantly, this may remain limited, and we may once again observe selling pressure at the BIST. We expect the benchmark index to open with some reactionary buying today, and volatile trading to follow. SUPPORT: 1,087 -1,064 -RESISTANCE: 1,100 - 1,113.

Money Market:

The Lira was negative yesterday, weakening 1.48% against the USD to close at 7.0403. Additionally, the currency depreciated by 1.90% 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 13.51%-14.03%, ending the day at a low of 13.51%, 24 bps above its previous close.

Company News:

Erdemir (EREGL.TI; MP) is expected to share its 2Q20 results today after the market close. The company management will host a webcast & conference call to discuss its financial and operational results on August 7, 2020, at 5:00pm Istanbul time (GMT+3). We expect quarterly revenues to decline by c.15% YoY to c.TRY 6,351mn, due mainly to lower average steel prices YoY, and a relatively lower sales volume in 2Q20E. Due to the sharp rise in iron ore prices, a major input for steelmakers, steel making margins had narrowed notably in 4Q19. They have, however, started to recover from then onwards, and we expect them to be relatively better in 2Q20 when compared to 1Q20, though still lower in comparison to the higher margins attained in 2017-1H19. Therefore, we expect Erdemir's EBITDA to decline in a more pronounced manner by c.32% YoY, yet improve by c.17% QoQ to TRY 1,176mn in 2Q20; we estimate the EBITDA margin at 18.5% (-12.7 pp YoY, +2.7 pp YoY) in 2Q20E. Also on a relatively lower financial income, we estimate the Group's quarterly net income at TRY 450mn, suggesting a YoY decline of c.66% YoY and a QoQ increase of c.50% in 2Q20E. According to market average estimates, >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	1,087	1,092	0,43%	-4,58%
BIST 30	1,221	1,228	0,55%	-11,54%
BIST-Financial	1,141	1,145	0,38%	-15,23%
BIST-Industrial	1,507	1,517	0,64%	9,01%
BIST-Services	976	973	-0,27%	11,49%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
KLGYO	10,00	EMNIS	-10,00	SISE	2.702.320.801
TRKCM	10,00	BFREN	-10,00	EKGYO	1.610.478.315
DOBUR	10,00	PKENT	-10,00	GARAN	1.457.885.050
AYES	10,00	KENT	-10,00	KRDMD	982.988.460
AVISA	9,98	DOKTA	-9,99	AKBNK	977.613.224

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	9,75	9,75	8,00	11,08
Bond (Benchmark, %)	11,38	11,98	9,63	11,78

Currency	Previous	Last	Chg.	YTD
US\$	7,0474	7,0628	0,22%	18,70%
Euro	8,38904	8,39856	0,11%	25,84%
Euro/Dolar	1,1904	1,18912	-0,11%	6,01%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	45,3	45,7	0,77%	-31,57%
Oil (NYMEX future, \$)	42,2	42,4	0,47%	-30,71%
Gold (Ounce, \$)	2.038,1	2.049,8	0,57%	34,11%
Silver (XAG, \$)	27,0	27,7	2,85%	53,98%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money	1,828728	1,829120	0,02%	5,32%
Fiba Portfoy Şekerbank Short T.	0,021547	0,021547	0,00%	5,13%

* Prices as of 06-Aug-20

>>> Erdemir's revenues are expected to decline by c.9% YoY to TRY 6,788mn, somewhat higher than our estimate, and its EBITDA is expected to decrease by c.30% to TRY 1,210mn, similar to our estimate. The Group's net income is expected to be c.62% lower YoY at c.TRY 494mn, also higher than our estimate for 2Q20E.

July 2020 Foreign activity at Borsa Istanbul: Foreign investors were net sellers of Turkish equities at the Borsa Istanbul to the tune of USD 892.7mn in July 2020. Among the top-five most sold stocks: **Garanti BBVA (GARAN.TI; OP)** on USD 278.1mn, was followed by **Akbank (AKBNK.TI; OP)**, **Tupras (TUPRS.TI; OP)**, **Erdemir (EREGL.TI; MP)** and **Turkcell (TCELL.TI; OP)**. Meanwhile, the top-five most bought stocks were: **Arçelik (ARCLK.TI; OP)** on USD 38.2mn, being the most active, followed by **Aselsan (ASELS.TI; MP)**, **Anadolu Efes (AEFES.TI; N/C)**, **Migros (MGROS.TI; OP)** and **Sasa Polyester (SASA.TI; N/C)**.

Turkish Airlines (THYAO.TI; MP) According to reports in the press, the Hava-Is Labour Union has rejected Turkish Airlines' offer of reducing personnel wages by 30%-50% and remission of certain benefits granted by its 26th collective labour agreement with the Union, due to the impact of the COVID-19 pandemic. Reportedly, the Union is willing to accept a wage reduction of between 25%-40%, barring wage reductions for personnel on wages of below TRY 5,000. Although we believe Turkish Airlines and the Union may agree on a wage readjustment due to the COVID-19 pandemic, the report may reflect somewhat negatively on the carrier's short-term share performance.

		World Indices			
		Previous	Last	Chg.	YTD
America					
Dow Jones (US)		26.828	27.202	1,39%	-4,68%
Nasdaq (US)		10.941	10.998	0,52%	22,58%
S&P 500 (US)		3.307	3.328	0,64%	3,00%
Europe					
Dax (Germany)		12.601	12.660	0,47%	-4,44%
FTSE 100 (UK)		6.036	6.105	1,14%	-19,06%
CAC 40 (France)		4.890	4.933	0,90%	-17,48%
PSI20 (Portugal)		4.380	4.403	0,53%	-15,56%
RTSI (Rusia)		1.260	1.295	2,79%	-16,38%
Asia					
Nikkei (Japan)		22.574	22.515	-0,26%	-5,55%
Hang Seng (Hong Kong)		24.947	25.103	0,62%	-10,95%
Shanghai Comp. (China)		3.372	3.378	0,17%	10,74%
KOSPI (South Korea)		2.280	2.312	1,40%	5,20%
Sensex (India)		37.688	37.663	-0,07%	-8,82%
Turkdex (Set. Price)					
INX30 (August 20)		1.230	1.239	0,71%	-10,98%
USD (August 20)		7,1178	7,176	0,82%	20,70%
EURO (August 20)		8,4006	8,548	1,76%	28,20%
GOLD (August 20)		457,92	476,51	4,06%	63,68%
Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Tofas	06.09.19	18,98	24,06	26,8%	14,9%
Migros	07.02.20	26,66	42,50	59,4%	76,7%
Turk Telekom	11.05.20	6,88	7,45	8,3%	-3,0%
Yapi Kredi Bank	11.05.20	2,10	2,11	0,5%	-10,0%
Petkim	13.07.20	4,32	3,67	-15,0%	-7,9%
Turkcell	01.11.18	11,93	15,07	26,3%	6,9%
Garanti Bank	17.01.19	9,25	6,78	-26,7%	-21,4%
Portfolio Yield (yoy)				20,1%	13,0%
Portfolio Yield (mom)				-5,7%	0,9%

Portfolio Yield (from 12/2004)

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