

Agenda

12 Monday

- TurkStat, July labour statistics
- CBRT, August balance of payments
- ECB, Lagarde's speech

13 Tuesday

- TurkStat, October industrial production
- Germany, September CPI
- Germany, October ZEW Index
- U.S., September CPI

14 Wednesday

- Eurozone, August industrial production
- U.S., September PPI

15 Thursday

- Ministry of Treasury and Finance, September budget realizations
- China, September CPI & PPI
- U.S., jobless claims
- U.S., October New York Empire State Manufacturing Index
- U.S., October Philadelphia Fed business outlook

16 Friday

- Eurozone, September CPI
- U.S., September retail sales
- U.S., September capacity utilization and industrial production
- U.S., October Michigan Consumer sentiment

Outlook

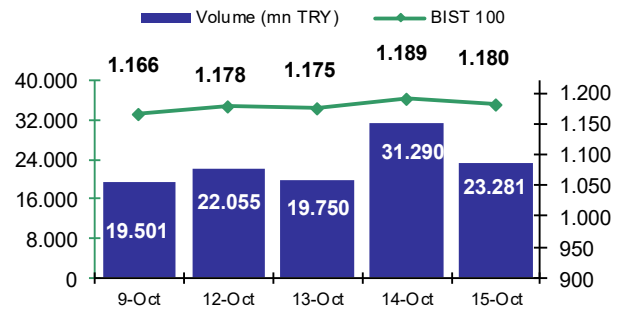
Major global stock markets declined and the European markets closed lower on Thursday, on rising concerns that an agreement on the US fiscal stimulus package was unlikely to be reached before the US presidential elections, and on fears over further measures against the COVID-19 amid a notable rise in new cases, after France introduced a night-time curfew in Paris and eight other cities. The US markets have, however, recovered to close higher after President Trump made positive comments on the stimulus package. Having started the day slightly negatively, the BIST100 has also faced some profit taking similar to other world equity markets yesterday, yet remained relatively resilient and closed 0.74% lower at 1,180.43. The TRY has continued to depreciate along with other EM currencies amid the strengthening of the DXY. Turkey's CDS premium rose to 532bps; we believe we have to see this premium declining initially to below 500bps levels for risk appetite towards the TRY-based assets to increase. Investors will today continue to follow developments regarding the upcoming presidential elections and the new fiscal stimulus package in the US; selling pressure in the world equity markets may increase should there be no agreement. Also global risk appetite may weaken amid the increase in number of COVID-19 cases around the world, adding pressure to the performance of equity markets amid concerns over possible lockdowns. The VIX has reached its critical level of 28 yesterday before declining to 27; we may observe increasing volatility and selling pressure in the US markets, followed by other major global markets, should this index rise above 32. Locally, geopolitical risks and developments regarding the testing of the S-400 missile system will be followed. The BIST has so far remained more resilient as compared to the performance of the major international stock markets, however, should selling pressure increase in the global stock markets, we may also observe profit taking at the BIST. Investors will today monitor the Eurozone's September CPI and US September retail sales, capacity utilization and industrial production and October Michigan consumer sentiment data. The US and German futures have been advancing, yet the Asian markets have been mixed today. We expect the BIST to open with reactionary buying; although the index may maintain its uptrend, we may observe this being utilized for profit taking during the day. SUPPORT: 1.172 - 1.161 RESISTANCE: 1.190 - 1.206.

Money Market:

The Lira was negative yesterday, weakening 0.19% against the USD to close at 7.9287. Additionally, the currency appreciated by 0.06% 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 ended at 13.74%, 4 bps above its previous close.

Company News:

For **Yapi Kredi Bank (YKBNK.TI; OP)** our net income estimate is **TRY1,650mn (+24% QoQ, +69% YoY)** with the help of strong trading gain and slight margin expansion. The bank should stand out with its expanding margins as we model its NIM (swap-adjusted) widening 11bps QoQ on lower swap funding costs (-25% QoQ). On the positive side and contrary to its peers, its blended core spread is expected to grow by a limited ~10-20bps QoQ. A rebound in fees (+20% QoQ), solid TRY880mn trading gain, soaring other provisions and slight rise in OPEX are >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	1,189	1,180	-0,74%	3,16%
BIST 30	1,313	1,300	-1,01%	-6,37%
BIST-Financial	1,236	1,226	-0,78%	-9,25%
BIST-Industrial	1,834	1,828	-0,34%	31,35%
BIST-Services	1,093	1,090	-0,29%	24,88%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
FMIZP	10,00	ORMA	-10,00	ECILC	2.126.973.095
PENGD	10,00	BMELK	-10,00	PETKM	2.035.781.697
AVOD	10,00	ISKUR	-10,00	ZOREN	1.478.065.329
CEOEM	10,00	TKURU	-10,00	EKGYO	1.377.204.007
RAYSG	10,00	COSMO	-9,99	KRDMD	971.362.778

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	13,25	13,25	11,25	11,08
Bond (Benchmark, %)	13,62	13,60	13,31	11,78

Currency	Previous	Last	Chg.	YTD
US\$	7,9355	7,9348	-0,01%	33,36%
Euro	9,293295	9,28362	-0,10%	39,10%
Euro/Dolar	1,1711	1,17014	-0,08%	4,32%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	43,4	42,9	-1,02%	-35,65%
Oil (NYMEX future, \$)	41,2	40,9	-0,85%	-33,16%
Gold (Ounce, \$)	1.908,5	1.905,2	-0,17%	24,65%
Silver (XAG, \$)	24,3	24,2	-0,27%	34,50%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money	1,861974	1,862553	0,03%	7,24%
Fiba Portfoy Şekerbank Short T.	0,021856	0,021862	0,03%	6,67%

* Prices as of 16-Oct-20

>>> the major highlights. Total cumulative CoR (net) should ease by 20 bps to 240bps in 9M20, including the hedge **(Positive)**.

We foresee the biggest jump in earnings for 3Q20 for **Isbank (ISCTR.TI; OP)** on a solid rebound in core revenues and subsidiary income. We expect 3Q20 earnings to rise 27% QoQ (+49% YoY). Our net income estimate is TRY2,004mn. Below-average TRY volume growth, a weakening TRY deposit base, strong NII growth, sector-beating rise in fees (+30% QoQ) and elevated other provisions are the main highlights for 3Q20. We foresee NIM (swap adjusted) tightening 30bps QoQ. TRY950mn subsidiary income is supportive of the bottom line. As for asset quality, the NPL ratio is expected to ease 35bps QoQ to the ~5.3% level, while total cumulative CoR (net) should remain flattish at 260bps in 3Q20 **(Positive)**.

According to Bloomberg, **Bereket Energy** has started preliminary negotiations with 9 banks for debt restructuring in order to benefit from falling interest rates for its USD3.9bn loan. As is known, the company had restructured a total debt of USD5bn, consisting of 280 loans, most of which are long-term, in 2019 **(Negative)**.

World Indices				
America	Previous	Last	Chg.	YTD
Dow Jones (US)	28.514	28.494	-0,07%	-0,16%
Nasdaq (US)	11.769	11.714	-0,47%	30,55%
S&P 500 (US)	3.489	3.483	-0,15%	7,82%
Europe	Previous	Last	Chg.	YTD
Dax (Germany)	13.028	12.704	-2,49%	-4,12%
FTSE 100 (UK)	5.935	5.833	-1,73%	-22,67%
CAC 40 (France)	4.942	4.837	-2,11%	-19,08%
PSI20 (Portugal)	4.300	4.195	-2,45%	-19,55%
RTSI (Rusia)	1.160	1.132	-2,41%	-26,90%
Asia	Previous	Last	Chg.	YTD
Nikkei (Japan)	23.627	23.439	-0,80%	-1,67%
Hang Seng (Hong Kong)	24.667	24.427	-0,97%	-13,35%
Shanghai Comp. (China)	3.341	3.339	-0,05%	9,47%
KOSPI (South Korea)	2.380	2.343	-1,57%	6,62%
Sensex (India)	40.795	39.858	-2,30%	-3,51%

Turkdex (Set. Price)	Previous	Last	Chg.	YTD
INX30 (October 20)	1.319	1.303	-1,23%	-6,38%
USD (October 20)	7,9239	7,947	0,30%	33,67%
EURO (October 20)	9,3290	9,311	-0,19%	39,64%
GOLD (October 20)	487,48	486,31	-0,24%	67,05%

Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Tofas	06.09.19	18,98	27,30	43,8%	20,6%
BİM	07.09.20	67,40	69,45	3,0%	5,6%
Turk Telekom	11.05.20	6,88	7,40	7,6%	-10,9%
Isbank	07.10.20	5,26	5,31	1,0%	-1,3%
Yapi Kredi Bank	11.05.20	2,10	2,14	1,9%	-15,6%
Petkim	13.07.20	4,32	4,70	8,8%	9,1%
Turkcell	01.11.18	11,93	16,48	38,1%	8,1%
Garanti Bank	17.01.19	9,25	7,01	-24,2%	-18,7%
Portfolio Yield (yoy)				32,9%	6,0%
Portfolio Yield (mom)				11,0%	4,4%

Portfolio Yield (in 2010)

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