

Agenda

11 Monday

- Japan markets will be closed.
- China, December CPI
- CBRT, Balance of payments
- Turkstat, October labour statistics

12 Tuesday

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13 Wednesday

- TurkStat, November industrial production
- Eurozone, November industrial production
- U.S., December CPI
- U.S., December Federal Treasury Budget

14 Thursday

- Germany, 2020 GDP Growth
- U.S., jobless claims

15 Friday

- Ministry of Treasury and Finance, December budget realizations
- U.S., December PPI
- U.S., January New York Empire State Manufacturing Index
- U.S., December capacity utilization and industrial production
- U.S., January Michigan Consumer sentiment
- U.S., December retail sales

Outlook

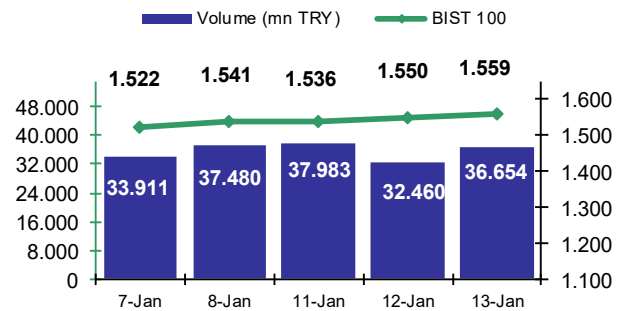
Major global stock markets traded weakly and closed mixed on Wednesday amid the strengthening of the DXY index and ongoing spread of the COVID-19 pandemic. Having started the day positively, the BIST100 has diverged positively to test a new peak of 1,567.88 before closing 0.63% higher at 1,559.28. Yet the banking sector index continued to diverge negatively, advancing only slightly by 0.12%. Meanwhile, the TRY appreciated, diverging positively from its peers. Turkey's CDS premium was at 320bps towards the end of the trading day; TRY-based assets may face profit taking should this premium rise above 340bps levels. Global risk appetite has relatively weakened recently, hence, weaker than expected macroeconomic data announcements and political developments in the US turning into street protests may spur profit taking. The VIX, a gauge of volatility expectation in the US markets was at 22 yesterday, and profit takings in the US markets are likely to strengthen should this index rise above 27. The BIST has remained resilient lately, although should global stock markets see profit taking, it too may follow suit in the near term, possibly in a more pronounced manner. And should global risk appetite remain healthy, the impact of any such profit taking is likely to be limited, and the BIST is expected to maintain its uptrend, testing new record highs. Investors will today follow US Federal Reserve Chair Powell's speech, Germany's 4Q19 growth data and jobless claims data from the US. The US and German futures have been trading slightly positively, and the Asian markets have been trending somewhat higher today. We expect the BIST to open positively, and maintain its uptrend. However, should we observe selling pressure in the global stock markets, we caution that the risk of profit taking at the BIST, which had not seen any significant correction lately, has increased, as suggested by the relatively weaker course of the banking sector index. SUPPORT: 1.550 - 1.537 RESISTANCE: 1.568 - 1.586

Money Market:

The Lira was positive yesterday, gaining 0.76% against the USD to close at 7.4223. Additionally, the currency appreciated by 0.76% 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 13.19%-13.27%, ending the day at a high of 13.27%, 7 bps above its previous close.

Domestic Headlines:

▲ Industrial Production Index rises 11% year-on-year and 1.3% monthly in October, strengthening positive growth expectations for 2020Q4. According to November Industrial Production Index data, calendar adjusted production increased 11% year on year and 1.3% monthly. In November, mining and quarrying sector index increased by 4.6%, manufacturing industry sector index increased by 11.6% and electricity, gas, steam and air conditioning production and distribution sector index increased by 7.5% compared to the same month of the previous year. Monthly change levels in the same series increased by 0.3% in mining and quarrying sector and 1.5% in manufacturing industry; electricity, gas, steam and air conditioning production and distribution sector index decreased by 0.1%. [For our detailed analysis, please click the link:](#)



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	1,550	1,559	0,63%	5,59%
BIST 30	1,687	1,698	0,64%	3,77%
BIST-Financial	1,635	1,647	0,73%	5,21%
BIST-Industrial	2,500	2,507	0,28%	7,13%
BIST-Services	1,244	1,255	0,84%	5,19%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
DAGHL	10,00	LUKSK	-10,00	SISE	2.934.177.019
ETILR	10,00	KAPLM	-10,00	THYAO	2.840.708.368
CMENT	10,00	KUTPO	-9,99	DOHOL	1.968.433.256
ATSYH	10,00	FENER	-9,98	TCELL	1.568.906.832
ISBIR	10,00	FORMT	-9,97	OTKAR	1.563.488.263

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	17,25	17,00	14,35	18,49
Bond (Benchmark, %)	14,69	14,69	14,99	14,96

Currency	Previous	Last	Chg.	YTD
US\$	7,4039	7,4078	0,05%	-0,42%
Euro	9,002359	9,01665	0,16%	-1,27%
Euro/Dolar	1,2159	1,21537	-0,04%	-0,70%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	56,0	55,9	-0,20%	8,41%
Oil (NYMEX future, \$)	53,0	52,8	-0,23%	9,13%
Gold (Ounce, \$)	1.848,7	1.842,9	-0,31%	-2,93%
Silver (XAG, \$)	25,2	25,3	0,11%	-4,37%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money	1,927008	1,927853	0,04%	0,44%
Fiba Portfoy Şekerbank Short T.	0,022515	0,022524	0,04%	0,43%

* Prices as of 14-Jan-21

Company News:

▲ For **Akbank (AKBNK.TI; OP)** our 4Q20 net income estimate is TRY1,655mn (+9% QoQ, +25% YoY). TRY lending growth (+5.5% QoQ) with market share gains in mortgage and auto loans, higher NII (+11% QoQ) on CPI linker adjustment, limited growth in OPEX (+1% QoQ), ease in ECL and considerable decline in other provisions are the main positives of the quarter. On the negative side, soaring trading loss (4Q20: TRY1,5bn loss vs 3Q20: TRY1.1bn gain) should pressure the profitability. TRY spreads are expected to narrow as much as 250bps QoQ due to higher funding costs. Following a sharp margin tightening in 3Q20, NIM (swap and CPI adj.) is likely to narrow 80bps QoQ on higher CPI linker contribution and much higher swap funding costs (+44% QoQ). The NPL ratio should improve by 15bps QoQ to 6.2%, while total cumulative CoR (net) should reach 260bps as of 12M20, vs. FY20 guidance of 250-300bps (**Positive**).

▲ **Erdemir (EREGL.TI; OP)** has shared an update on one of the ongoing cases against the company, regarding Bor-San's demand of c.TRY10.8mn compensation for loss arising out of a sale contract with the company. The latest development in the case had seen Ankara Commercial Court of First Instance deciding on the bankruptcy of Bor- San, and Kdz. Ereğli Civil Court of First Instance 3rd deciding for the abatement of proceedings. Erdemir has shared that the next trial will be held on June 9th, 2021.

▲ For **Garanti BBVA (GARAN.TI; OP)** our 4Q20 net income estimate is TRY1,222mn (-36% QoQ, flat YoY) on an elevated trading loss and steep margin tightening. Sector-beating, yet homogeneous TRY lending growth (+5.5% QoQ), improving LDR, and a much higher CPI linker contribution are the major highlights. Swap funding costs are expected to reach an elevated TRY1.7bn due to a rise in swap funding utilization and higher costs. We foresee a hefty TRY1.15bn trading loss in 4Q20, vs. a TRY1bn trading gain in 3Q20, due to higher swap costs and the negative impact of the currency hedge position on currency strength. NIM (swap and CPI adj.) should tighten by 105bps QoQ, on a higher CPI contribution (+60% QoQ) and transition from demand deposits to time deposits. The TRY core spread is expected to narrow 150bps QoQ, as foreseen, due to the steep rise in deposits cost. FC spreads should be tightening by 100bps >>>

>>> QoQ. Total cumulative CoR (net) should reach ~320bps in 12M20 due to the IFRS 9 model update, yet other provisions are expected to improve significantly QoQ due to the lack of provision build up in 4Q20 (**Negative**).

		World Indices			
		Previous	Last	Chg.	YTD
America					
Dow Jones (US)		31.069	31.060	-0,03%	1,48%
Nasdaq (US)		13.072	13.129	0,43%	1,87%
S&P 500 (US)		3.801	3.810	0,23%	1,43%
Europe					
Dax (Germany)		13.925	13.940	0,11%	1,61%
FTSE 100 (UK)		6.754	6.746	-0,13%	4,41%
CAC 40 (France)		5.651	5.663	0,21%	2,00%
PSI20 (Portugal)		5.127	5.092	-0,69%	3,94%
RTSI (Rusia)		1.485	1.487	0,12%	7,16%
Asia					
Nikkei (Japan)		28.164	28.457	1,04%	3,69%
Hang Seng (Hong Kong)		28.277	28.236	-0,15%	3,69%
Shanghai Comp. (China)		3.608	3.599	-0,27%	3,62%
KOSPI (South Korea)		3.126	3.148	0,71%	9,56%
Sensex (India)		49.517	49.492	-0,05%	3,39%

		Previous	Last	Chg.	YTD
Turkdex (Set. Price)					
INX30 (December 20)		1.708	1.714	0,31%	3,32%
USD (December 20)		7,6432	7,561	-1,07%	-0,30%
EURO (December 20)		9,3178	9,212	-1,14%	-1,32%
GOLD (December 20)		454,54	453,02	-0,33%	-2,83%

Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Tofas	06/09/19	18,98	38,00	100,2%	27,1%
Coca-Cola İçecek	10/11/20	53,55	73,45	37,2%	9,3%
Turk Telekom	11/05/20	6,88	8,78	27,6%	-20,0%
Isbank	07/10/20	5,26	7,09	34,8%	-0,3%
Arcelik	07/12/20	27,98	33,62	20,2%	2,5%
Turkcell	01/11/18	11,93	17,15	43,8%	-14,8%
Garanti Bank	17/01/19	9,25	10,56	14,2%	22,4%
Portfolio Yield (yoy)				45,2%	12,6%
Portfolio Yield (mom)				11,4%	-0,8%

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