

### Agenda

#### 11 Monday

- Turkstat, August labour statistics
- CBRT, August balance of payment

#### 12 Tuesday

- TurkStat, August industrial production
- Germany, October ZEW Index

#### 13 Wednesday

- Germany, September CPI
- Eurozone, August industrial production
- U.S., September CPI
- U.S., Fed meeting minutes

#### 14 Thursday

- China, September CPI
- U.S., jobless claims
- U.S., September PPI

#### 15 Friday

- Ministry of Treasury and Finance, September budget realizations
- U.S., September retail sales
- U.S., October New York Empire State Manufacturing Index
- U.S., October Michigan Consumer sentiment

### Outlook:

Global risk appetite has started to strengthen and major global stock markets closed markedly higher on Thursday. Having set off rather negatively, the BIST100 ultimately diverged negatively to close 0.13% lower at 1,411.75 after a volatile day in trading, as the TRY depreciated and benchmark yields tested new near-term peaks. The EM currencies have traded mixed; the TRY has continued to depreciate by about 1% against the US\$ amid rate cut expectations from the CBRT. The 10-year Treasury yields rose to 19.81%, their peak since May 2019. Meanwhile, Turkey's 5-year CDS premium was at 448bps towards the end of the trading day, suggesting that risk perception towards TRY-based assets remains elevated. Global stock markets may maintain their reactionary uptrend as risk appetite has been strengthening. The VIX has declined to 17, which suggests that volatility expectations and the risk of marked selling pressure in the US markets have eased, and the reactionary uptrend may continue. The BIST's performance, supported by the uptrend in other global stock markets, has been relatively more resilient as compared to other TRY-based assets recently. Hence, we think that the benchmark index may maintain its uptrend, albeit with relatively milder momentum, supported by corporate earnings expectations, and should global stock markets maintain their strong course. However, as TRY-based assets have been diverging in a markedly negative manner of late, we think that any such uptrend at the BIST may morph into selling. Overall, trading at the BIST is likely to be led by stock-specific movements as we enter the earnings season, and be volatile in the near term. US and German futures have been advancing slightly and Asian markets have been up today. We expect the BIST to open positively in parallel to the course of major international markets, and maintain its resilience and uptrend, despite possible intraday volatility. SUPPORT: 1,407 - 1,398 RESISTANCE: 1,417 - 1,432.

### Money Market:

The Lira was negative yesterday, weakening 1.28% against the USD to close at 9.1901. Additionally, the currency depreciated by 1.47% 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 19.53%-19.81%, ending the day at a high of 19.81%, 37 bps above its previous close.

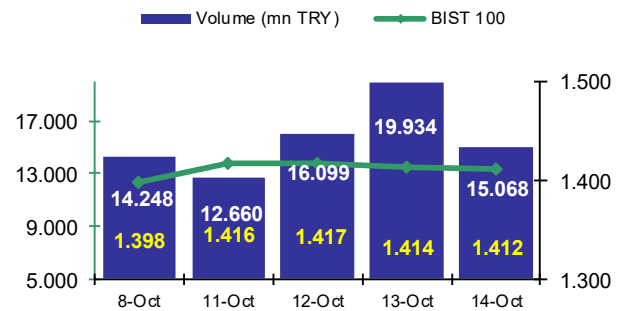
### Domestic Headlines:

Central Government Budget data for September will be announced from the macroeconomic data agenda today. We expect a slight regression due to amortizations in the budget, which recovered in August. Our detailed analysis following the data release will be published within the day.

### Sector News:

#### BRSA weekly comments:

**Slight increase in FC deposits after a 4-week consecutive decline.** According to BRSA data as of October 8, 2021, the banking sector's FC deposits (in USD terms) rose by USD1.6bn WoW (+0.6% WoW) to USD257bn. This brings the YTD decline to 0.6% (-USD1.5bn). FC deposits' weight in total deposits increased 20bps WoW to 55.1%. FC deposits (in USD terms) rose by 0.9% at state deposit banks, 0.5% at foreign deposit banks, and 0.7% at private deposit banks WoW, respectively. TRY >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	1,414	1,412	-0,13%	-4,40%
BIST 30	1,520	1,519	-0,09%	-7,15%
BIST-Financial	1,364	1,364	0,00%	-12,85%
BIST-Industrial	2,516	2,513	-0,15%	7,37%
BIST-Services	1,142	1,136	-0,53%	-4,74%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
LUKSK	10,00	PRKAB	-10,00	GARAN	1.481.058.513
RAYSG	10,00	BAYRK	-10,00	FROTO	1.188.271.249
CEOEM	9,98	DOBUR	-9,95	ASELS	1.168.163.614
KZBGY	9,97	OZBAL	-9,19	THYAO	883.492.588
MERIT	9,96	TDGYO	-8,04	TUPRS	819.123.714

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	18,16	18,21	18,98	18,49
Bond (Benchmark, %)	18,2	18,17	17,78	14,96

Currency	Previous	Last	Chg.	YTD
US\$	9,1874	9,2087	0,23%	23,79%
Euro	10,6723	10,6876	0,14%	17,03%
Euro/Dolar	1,1616	1,1607	-0,08%	-5,16%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	83,8	84,3	0,64%	63,50%
Oil (NYMEX future, \$)	80,8	81,5	0,90%	68,32%
Gold (Ounce, \$)	1.796,0	1.793,2	-0,16%	-5,54%
Silver (XAG, \$)	23,5	23,5	-0,14%	-11,10%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portföy Şekerbank Money	2,195706	2,196744	0,05%	14,45%
Fiba Portföy Şekerbank Short T.	0,025588	0,025601	0,05%	14,15%

\* Prices as of 15-Oct-21

>>> deposits are also up by 0.5% WoW to TRY1,849bn. (+19.6% YtD).

**Slow-down in TRY commercial loans growth, and decline in consumer loans WoW.** On the lending side, the sector's total consumer loans (including consumer credit cards) declined by 0.1% WoW following the previous week's 0.6% growth. TRY commercial loan (including commercial credit cards) growth eased to 0.2% WoW, vs. 0.9% in the previous week.

**FX net short position in state-deposit banks has continued to rise since end-2Q21.** State-deposit banks' FC short position has further increased to -USD338mn, vs. -USD330mn in the previous week. This corresponds to the highest level so far since end-2Q21. Please note that state deposit banks had a USD157mn FC long position as of end-2Q21.

### Company News:

For **HalkBank (HALKB.TI; MP)** our 3Q21 net income estimate is TRY88mn (+38% QoQ, -72% YoY). The solid rebound in NII is the main positive quarterly highlight. Fees are expected to surge 17% QoQ. Subdued TRY lending, a hefty TRY2.8bn trading loss, surging OPEX, and a rise in ECL due to the aging impact are the highlights of the quarter. NIM (swap adj.) should improve to 0.8%, vs. -0.2% in 2Q21 despite soaring swap costs (+93% QoQ) on above-average swap utilization growth. CPI linker income should increase by a solid 45% QoQ as the bank should use 19% in valuing its CPI linker portfolio, vs. 16% in 2Q21. The TRY core spread is expected to remain in negative territory at -100bps, despite the visible support of upward TRY loan book pricing. Total cumulative CoR (net) should reach -110bps in 9M21, vs. -175bps in 6M21 (**Neutral**).

**BIM (BIMAS.TI; OP)** has announced that all shares of Bircan Fide, which grows tomatoes using the soilless farming method in geothermal greenhouses located in Afyon, have been acquired by the Company for TRY 51.3 million in order to improve supply sustainability in the fresh fruit and vegetable category. The closing transactions of the shares were completed as of 14/10/2021 (**Neutral**).

For **Isbank (ISCTR.TI; MP)** our net income estimate is TRY2,466 (+12% QoQ, +15% YoY) for 3Q21. Below-average TRY lending growth, slight FC lending growth (+1% QoQ), a strong rebound in fees (+16% QoQ), >>>

>>> an elevated TRY3.0bn trading loss on flattish swap costs, and normalized OPEX (-10% QoQ) are the highlights for 3Q21. We foresee NIM (swap-adj.) improving by as much as 50bps QoQ. Swap funding costs are expected to remain flat while CPI linker income is expected to rise a rather limited 11% QoQ. On the positive side, TRY spreads are projected to improve 60bps QoQ. Strong TRY1.3bn subsidiary income should continue to boost the bottom line. Total cumulative CoR (net) should ease 10bps to 140bps, vs. the budgeted <150bps for FY21 (**Neutral**).

**VakifBank (VAKBN.TI; MP)** has bought back 19.2mn of its own D group shares within the TRY3.33-3.44 price range as part of its up to 100mn (or up to TRY500mn) share buyback program. The bank's total buyback has thus far reached 36.7mn shares (0.94% of its paid-in capital) (**Neutral**).

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	34.378	34.913	1,56%	14,07%	
Nasdaq (US)	14.572	14.823	1,73%	15,01%	
S&P 500 (US)	4.364	4.438	1,71%	18,16%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	15.249	15.463	1,40%	12,71%	
FTSE 100 (UK)	7.142	7.208	0,92%	11,57%	
CAC 40 (France)	6.597	6.685	1,33%	20,42%	
PSI20 (Portugal)	5.593	5.621	0,49%	14,75%	
RTSI (Rusia)	1.855	1.876	1,12%	35,21%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	28.140	28.551	1,46%	4,03%	
Hang Seng (Hong Kong)	24.963	24.963	0,00%	-8,33%	
Shanghai Comp. (China)	3.562	3.558	-0,10%	2,45%	
KOSPI (South Korea)	2.944	2.989	1,50%	4,01%	
Sensex (India)	60.737	61.306	0,94%	28,07%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (October 21)	1.528	1.523	-0,36%	-8,19%	
USD (October 21)	9,1277	9,245	1,29%	21,91%	
EURO (October 21)	10,5789	10,719	1,33%	14,83%	
GOLD (October 21)	526,78	534,32	1,43%	14,61%	
Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Tofas	06/09/19	18,98	56,00	195,0%	106,9%
Şişecam	18/01/21	7,82	8,11	3,7%	12,0%
Erdemir	18/01/21	15,19	17,55	15,5%	24,8%
Yapi Kredi Bank	07/07/21	2,22	2,39	7,7%	16,3%
Arcelik	07/12/20	27,98	33,00	17,9%	11,1%
Tupras	11/05/21	95,75	125,00	30,5%	33,6%
Migros	07/09/21	34,50	31,22	-9,5%	-6,8%
Garanti BBVA	17/01/19	9,25	9,26	0,1%	7,4%
Portfolio Yield (yoy)				61,1%	34,4%
Portfolio Yield (mom)				3,0%	3,9%

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