

Agenda

09 Monday

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10 Tuesday

- Turkstat, March labour statistics
- Germany, May ZEW Index

11 Wednesday

- China, April CPI & PPI
- Germany, April CPI
- U.S., April CPI

12 Thursday

- U.S., jobless claims
- U.S., April PPI

13 Friday

- U.S., May Michigan Consumer sentiment

Outlook:

The BIST-100 Index started Thursday on a negative trend, thereafter strengthening its profit sales to close at 2,390.98, down 2.57%. While global risk aversion continues, selling pressure and the weak course in major global stock markets remain. We think that major global markets have entered a bear market with the monetary tightening of central banks, amid stagflation and growth concerns. As the VIX Volatility Index closed the day close to 32, we expect it to continue presenting a selling opportunity, despite any possible reactionary rises in the U.S. Stock Markets, unless the Index first falls below 25. At the BIST, which has been performing strongly since the start of the year, the absence of specific expectations in the short term with the end of the financial statements period is effective in profit sales. We think that the prospect of a new inflation-indexed TRY-based product is also effective in selling pressure in the BIST. While CDSs remain high at levels of close to 700, both domestic and international TRY swap rates hover between 50-60%. Local industrial production data to be announced today is expected to reveal a YoY rise of 8.5%. As Seker Invest, our forecast is for an increase of 7.8%. Fed Chairman Jerome Powell has announced that it would be better if the Fed raised interest rates sooner, and that a 75 bps rate hike was not on the agenda. As this statement boosted morale in the markets, there was a reactionary rise varying between 0.5-1% in the U.S. and Germany futures relative to the BIST close. There was a generally strong buying reaction in Asian Stock Markets. Locally, while the Benchmark Index is expected to start the day with reaction purchases, we believe that any rises still merely present profit-taking opportunities. SUPPORT: 2,373 - 2,345 RESISTANCE: 2,404 - 2,429.

Money Market:

The Lira was negative yesterday, weakening 0.52% compared to the USD to close to 15.3937. In addition, the currency appreciated by 0.28% 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 24.88-25.63%, ending the day at a high of 25.63%, 79 bps above its previous closing.

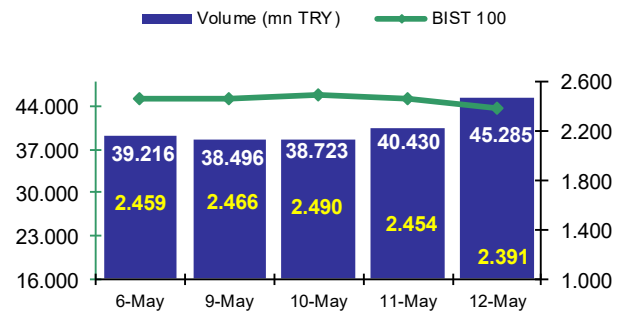
Domestic Headlines:

On the macroeconomic data agenda, the Industrial Production Index data for March will be announced today. The market expectation regarding the final data for the first quarter of 2022 is that Industrial Production will rise by 8.5% year on year. As Seker Investment, we expect an annual increase of 7.8%. Our detailed analysis after the data release will be published within the day.

Sector News:

BRSA weekly comments:

FC deposits rose USD1.8bn weekly after a USD3.2bn decline over the past two weeks. According to BRSA data as of May 6, 2022, the sector's FC deposits (in \$ terms) rose USD1.8bn over the previous week (+0.8%) to USD237.2bn, following a USD3.2bn cumulative decline in the last two weeks. The YTD decline has reached USD22.2bn (-8.6%).



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	2,454	2,391	-2,57%	28,71%
BIST 30	2,736	2,662	-2,72%	31,43%
BIST-Financial	2,312	2,258	-2,34%	28,73%
BIST-Industrial	4,317	4,192	-2,89%	23,15%
BIST-Services	1,747	1,720	-1,52%	29,03%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
SMRTG	10,00	LIDFA	-10,00	THYAO	5.531.098.898
GLBMD	10,00	PKENT	-9,98	SISE	3.743.816.854
IHAAS	10,00	SELVA	-9,97	KRDMD	3.160.667.028
UZERB	9,98	UFUK	-9,97	SAHOL	2.801.975.241
ESCOM	9,97	KAPLM	-9,95	EREGL	2.385.021.450

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	13,01	13,01	14,25	0,08%
Bond (Benchmark, %)	26,71	26,97	22,47	18,81%

Currency	Previous	Last	Chg.	YTD
US\$	15,3808	15,4406	0,39%	16,33%
Euro	15,9668	16,0535	0,54%	6,28%
Euro/Dolar	1,0381	1,03969	0,15%	-8,61%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	107,2	107,9	0,64%	38,74%
Gold (Ounce, \$)	1.821,9	1.823,9	0,11%	-0,31%
Silver (XAG, \$)	20,7	20,8	0,75%	-10,47%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money	2,409867	2,410846	0,04%	6,07%
Fiba Portfoy Şekerbank Short T.	0,028015	0,028008	-0,02%	5,82%

* Prices as of 13-May-22

There was a visible 1.0% weekly rise in FC deposits (in \$ terms) at state deposit banks. For foreign and private deposit banks FC deposits respectively rose by 0.5% and 0.9% weekly. FC deposits' weight in total deposits rose by 30bps weekly to 57%.

The currency-protected TRY deposit growth eased to 1.1% from 3.6% weekly. Total volume has reached TRY819bn (USD55.1bn), corresponding to 23.3% of the total FC deposit base.

USD1.7bn rise in Commercial institutions' FC deposits. Individual FC deposits (in \$ terms) rose USD107mn over the previous week to USD154bn. On the other hand, **Commercial institutions' FC deposits** (in \$ terms) rose by USD1.7bn (+2.3%) weekly to USD77,8bn.

A strong 10.5% rise in other institutions' TRY deposits. On the TRY side, deposits fell by TRY3bn (-0.1%) over the previous week. Individual deposits fell by TRY29bn (-2.0%) while those of commercial institutions declined by TRY2bn (-0.2%). Other institutions' TRY deposits surged by TRY28bn (+10.5%) WoW.

First weekly decline in TRY loans since YE21. The sector's TRY loans declined 0.1% weekly, vs. 2.2% growth in the previous week. This is the first weekly decline since January, 7. This brings QtD growth to 7.8% (1Q22: 11.6%) and YTD growth to 20.3%. FC loans (in \$ terms) fell 0.1% over the previous week. The sector's 13-week moving average (FC adj.) lending growth gained pace to 78.9%, vs. 51.2% in 1Q21.

Decelerated growth in consumer loans, strong QtD growth in auto loans. Total consumer loan growth eased to 0.7% from 0.9% WoW in the previous week. This brings QtD growth to 4.5% (1Q22: 2.6%). Mortgage and auto loans rose 0.1% and 0.8%, respectively, while GPLs increased 1.0% WoW. We note a strong 25.2% QtD growth in auto loans. Total consumer loan growth is at 7.2% YTD.

Sharp decline in commercial credit cards. Consumer CC rose by 0.4% while commercial CC fell sharply by 3.3% weekly. This brings QtD growth to 7.8% and 7.4% (1Q22: 6.7% and 11.8%). YTD growth reached 15.1% and 20.1%, respectively.

		World Indices			
		Previous	Last	Chg.	YTD
America					
Dow Jones (US)		31,834	31,730	-0,33%	-12,68%
Nasdaq (US)		11,364	11,371	0,06%	-27,32%
S&P 500 (US)		3,935	3,930	-0,13%	-17,54%
Europe					
Dax (Germany)		13,829	13,740	-0,64%	-13,50%
FTSE 100 (UK)		7,348	7,233	-1,56%	-2,05%
CAC 40 (France)		6,270	6,206	-1,01%	-13,24%
PSI20 (Portugal)		5,790	5,655	-2,33%	1,54%
RTSI (Rusia)		1,124	1,140	1,43%	-28,56%
Asia					
Nikkei (Japan)		26,214	25,749	-1,77%	-10,57%
Hang Seng (Hong Kong)		19,825	19,380	-2,24%	-17,17%
Shanghai Comp. (China)		3,059	3,055	-0,12%	-16,07%
KOSPI (South Korea)		2,592	2,550	-1,63%	-14,36%
Sensex (India)		54,088	52,930	-2,14%	-9,14%

		Previous	Last	Chg.	YTD
Turkdex (Set. Price)					
INX30 (June 22)		2,887	2,792	-3,27%	33,15%
USD (June 22)		16,2090	16,115	-0,58%	11,11%
EURO (June 22)		17,1462	16,853	-1,71%	0,98%
GOLD (June 22)		973,67	965,76	-0,81%	11,97%

Portfolio	Recomm.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Coca-Cola Icecek		08/12/21	96,10	117,90	22,7%	2,9%
Akbank		20/01/22	7,84	8,27	5,5%	-11,1%
Tofas		20/01/22	78,55	77,50	-1,3%	-16,9%
Şişecam		18/01/21	7,82	19,60	150,6%	59,8%
Erdemir		18/01/21	15,19	32,20	112,0%	35,2%
Yapi Kredi Bank		07/07/21	2,22	4,58	106,3%	31,5%
Arcelik		07/12/20	27,98	71,15	154,3%	41,4%
Garanti BBVA		17/01/19	9,25	14,98	61,9%	73,7%
Portfolio Yield (yoy)					153,7%	53,0%
Portfolio Yield (mom)					0,1%	3,1%

First weekly decline in commercial installment loans since January. Commercial installment loans fell 0.1% weekly, vs. a 2.5% growth in the previous week. This marks the first weekly drop since January, 21. QtD growth was 5.2%, vs. 5.5% in 1Q22. YTD growth is 11.0%.

Asset quality improved 14bps QtD. The sector's NPL ratio was flat at 2.78% (1Q22: 2.92%). Stage 3 coverage fell 14bps weekly to 80.6%.

Slight decline in TRY commercial loan rates. On the funding side, TRY deposit rates with up to 1M maturity declined by 10bps weekly to 14.88%. As a result, the decline in TRY deposit rates has reached 415bps from an elevated 19.03% at YE21. TRY commercial lending rates also fell by 15bps weekly to 21.77%. This brings the cumulative decline to 400bps, vs. the peak 25.77% level seen in the first week of January.

State deposit banks' FC short net general position surged to USD257mn. State deposit banks delivered a USD257mn FC net short position, vs. a USD41mn FC net short position in the prior week. FC long positions at foreign deposit banks rose 3% over the previous week to USD2,297mn. For private deposit banks, it fell 2% weekly to USD2,639mn.

Company News:

Arcelik (ARCLK.TI; OP) has announced that a total of 1,445,045 nominal shares (total amount of TRY 100,978,300) were repurchased within a price range of TRY 69.15 – TRY 70.50 per share (average price TRY 69.8799) at the BIST on May 12, 2022. The ARCLK shares held by the company reached 65,369,433 nominal, and the shares received corresponded to 9.6739% of the company's capital.

Garanti BBVA's (GARAN.TI; OP) main shareholder BBVA purchased a further 92.6mn shares from 156 investors at 15 lira per share. This brings the total to 677,3mn shares (BBVA's share: 68.25 % of paid-in capital).

HalkBank (HALKB.TI; MP) posted TRY2,025mn net income (+57% QoQ) in its 1Q22 bank-only financial statements. This is respectively 9% and 2% above our TRY1,856mn call and TRY1,977 RT consensus estimate. 3M profit was up as much as 3,331% YoY with an annualized ROAE of 16.04%. (Guidance: Low-teens). The main drivers of deviation from the estimated figures are: a positive surprise on trading loss, ECL and a negative surprise on core revenues ECL and other provisions. The effective tax rate was elevated at 50%, as expected. Trading loss eased considerably to TRY1bn from TRY7.2bn in 4Q21 supporting the bottom line. **2022 Guidance maintained:** TRY loans: +20%, FC loans: Flat, TRY deposits: + 24% YoY, FC deposits: Shrinkage, NIM: flattish, Fees: CPI%, NPL ratio: c.3.5%, Gross CoR: 170bps, OPEX: CPI%, ROAE: low-teens. We note steep core spread tightening QoQ on visibly lower yields on the FC side, a sector-beating annual rebound in fees, a slight pickup in TRY loan growth backed by SMEs and mortgage bans, a steep fall in FC deposits, elevated CoR on a further rise in coverages, and limited worsening in consumer asset quality as the quarterly highlights.

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There should be no major market reaction to the results. We reduce our target price to TRY6.45 from TRY7.05, offering 19% upside. We maintain our "Market Perform" recommendation. The bank is trading at a 2022E P/E of 6.5x and P/BV of 0.4x (8% discount to domestic peers) with a ROAE of 8.0%.

MSCI has made changes to Turkey's index within the framework of changes to the MSCI Global Index in May of 2022. Accordingly, **Sabancı Holding (SAHOL.TI; OP)** and **Turkish Airlines (THYAO.TI; OP)** are added to the MSCI Turkey Index list based on the MSCI Global Standard Index list. In addition; **Alarko Holding (ALARK.TI; N/C)**, **Is GYO (ISGYO.TI; N/C)**, **Kızılbük GYO (KZBGY.TI; N/C)**, **Penta Teknoloji (PENTA.TI; N/C)** and **Vestel Beyaz Eşya (VESBE.TI; N/C)** are added to the MSCI Turkey Small-Scale Enterprises Index, while **Anadolu Sigorta (ANSGR.TI; N/C)**, **Bera Holding (BERA.TI; N/C)**, **Sabancı Holding (SAHOL.TI; OP)**, **Turkish Airlines (THYAO.TI; OP)**, **Tofas (TOASO.TI; OP)**, and **Yapi Kredi Bank (YKBNK.TI; OP)** are removed. The amendments will be effective as of the closing date of 31 May 2022.

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