

Agenda

08 Monday

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09 Tuesday

- U.S., FED Chair Powell speech

10 Wednesday

- TurkStat, May industrial production
- China, June CPI

11 Thursday

- Germany, June CPI
- U.S., jobless claims
- U.S., June CPI

12 Friday

- CBRT, May balance of payments
- Japan, May industrial production
- U.S., June PPI
- U.S., July Michigan consumer sentiment

Outlook:

The BIST100 Index started Tuesday on a positive trend, dosing at 10,796.57, down 0.62%. While the Industrial Index lost 0.53%, the Banking Index diverged negatively, down 3.17%. The Benchmark Index fell below 10,800 and selling pressure at current levels may continue for a while. However, we think that upward momentum can be maintained if the Index returns above 10,800. It would be appropriate to consider declines as a buying opportunity due to the impact of positive expectations such as Moody's Turkey assessment due on July 19. On the global front, Fed Chairman Powell's presentation in the Senate was followed yesterday. Powell drew attention to the cooling in the labor market and said that an unexpected weakening could merit a rate cut. After Powell's statements, the U.S. stock markets continued their rise, led by technology stocks. Yesterday, European stock markets maintained their bearish trend. This morning, the U.S. futures and Asian stock markets are mixed, while German DAX futures are on a downtrend. We expect global risk appetite to remain guided by data. Today, Fed Chairman Powell's presentation to the House of Representatives at 17:00 CET will be followed. Domestically, unemployment and industrial production data will be followed. The VIOP30 Index completed the evening session down 0.07%. Locally, we expect the Benchmark Index to start Wednesday on a positive trend and continue on a volatile course. SUPPORT: 10,800 - 10,600 RESISTANCE: 11,000 - 11,200.

Money Market:

The Lira was negative yesterday, weakening 0.49% against the USD to close at 32.8806. The currency also depreciated by 0.38% against a basket of \$0.50 and €0.50. Meanwhile, the local fixed income markets were negative. The ten-year benchmark bond yield fluctuated between a range of 27.23%-27.63%, dosing the day at 27.52%, up 25 bps from the previous close.

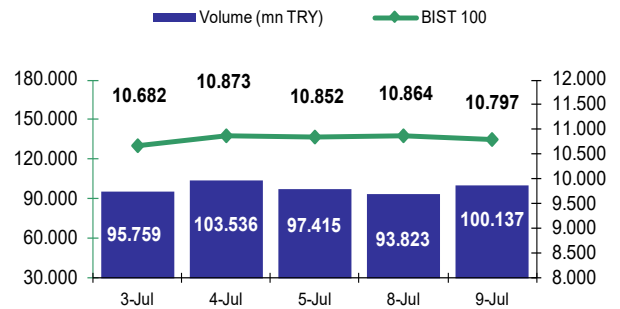
Domestic Headlines:

Industrial Production (IP) data for May will be released in Turkey today. The market expectation is that IP will rise by 2.6% yoy. As Şeker Invest, we expect an annual increase of 2.4%. Our detailed analysis will be published during the day.

Company News:

For Akbank (AKBNK.TI; OP) our 2Q24 net income estimate is TRY10,669mn, indicating a 19% QoQ and rather steep 47% YoY earnings decline with a quarterly ROAE of 21%. Contrary to the sector trend, the limited rise in swap funding costs due to lower utilization is a positive. We expect the negative trend in the loan-deposit spread to continue and the NIM adjusted for swap costs to tighten by 70 basis points on a quarterly basis. We foresee a trading loss of 2,850 million TL in 2Q24, vs. 307 million TL in 1Q24, due to lower support from FC gains.

8% quarterly growth in TL loans, supported by continued market share gains in GPLs, a very strong 19% rise in FX loans, 12% increase in TL deposits, a slowdown and 15% growth in net fee and commission income, and a limited 4% rise in operating expenses are the other important details of the quarter.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	10,864	10,797	-0.62%	44,53%
BIST 30	11,863	11,749	-0.96%	46,48%
BIST-Financial	12,391	12,254	-1.11%	55,35%
BIST-Industrial	14,535	14,459	-0.53%	25,38%
BIST-Services	10,137	10,172	0.34%	48,72%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
POLTK	10,00	ITTFH	-9,54	THYAO	5.593.575.255
SDTTR	9,98	SANFM	-9,48	EREGL	2.833.094.899
PEKGY	9,97	LKMNH	-7,08	ASELS	1.922.521.300
VKING	9,96	SAMAT	-6,25	ISCTR	1.917.420.713
USAK	9,95	DOBUR	-5,96	KCHOL	1.873.489.597

Money Market	Previous	Last	Pr. Mn	YTD
O/N Repo (%)	51,75	51,75	0,00	24,25%
Bond (Benchmark, %)	39,77	40,13	0,01	1,13%

Currency	Previous	Last	Chg.	YTD
US\$	32,8731	32,9213	0,15%	11,99%
Euro	35,5466	35,6562	0,31%	9,06%
Euro/Dolar	1,0813	1,0818	0,04%	-2,73%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	85,4	84,6	-0,96%	10,05%
Gold (Ounce, \$)	2.359,3	2.363,7	0,19%	14,58%
Silver (XAG, \$)	31,22	30,80	-1,35%	29,44%

Şeker Funds	Previous	Last*	Chg.	YTD
Fiba Portfoy Şekerbank Money Market	4,609799	4,616037	0,14%	27,55%
Fiba Portfoy Şekerbank Short T. Debt	0,050087	0,050153	0,13%	24,87%

* Prices as of 10-Jul-24

Turkdex (Set. Price)	Previous	Last	Chg.	YTD
INX30 (August 24)	12,627	12,492	-1,07%	46,57%
USD (August 24)	34,5600	34,729	0,49%	10,71%
EURO (August 24)	37,5566	37,670	0,30%	8,47%
GOLD (August 24)	2665,71	2659,94	-0,22%	26,18%

We model a 9% quarterly rise in CPI-linker revenues, as the bank revised the rate for valuing them from 42.5% in 1Q24 to 45% in 2Q24. Swap funding costs should remain flat at TRY7.6bn in 2Q24 with the help of lower utilization. NIM (adjusted) is set to narrow by 70 basis points on a quarterly basis on the weak course of loan-deposit spreads.

On the asset quality side, CoC (including the currency impact, net) is to remain flat at a favourable 46bps in 2Q24 due to sustained collections. Finally, the effective tax rate should be 12%.

2Q24 financials announcement date: July 29, 2024.

For **Garanti BBVA (GARAN.TI; OP)** our 2Q24 net income estimate is TRY18,392mn (-18% QoQ, flat YoY) with a quarterly ROAE of 31%. We expect profitability to be under pressure on soaring swap funding costs and decelerated fee income growth.

We model decelerated 8.5% TL loan growth QoQ, a strong 6% QoQ increase in FX loans, 14% QoQ growth in TL deposits, and a 9% exit in FX deposits. Fee and commission income is set to ease to 9% QoQ from 15% QoQ in 1Q24. The Bank should face a trading loss of 4.5 billion TL in 2Q24 due to the sharp rise in swap funding costs QoQ vs. a 4.9 billion TL trading gain in 1Q24.

Swap funding costs are expected to hike sharply by 60% on a quarterly basis, reaching an all-time-high of 12 billion TL on elevated funding costs and higher utilization. The CPI linker contribution should slightly rise by 5% QoQ to TRY8bn as the bank is set to use 40% in valuing its CPI linker portfolio, vs. 40% in 1Q24. On the positive side, core NIM is to remain stable on a quarterly basis.

On the asset quality side, CoR (adj. for the currency impact, net) should slightly rise to 85bps, still-below the budget expectation of 125bps for FY24. We model a 9% quarterly rise in operating expenses and a flattish course in subsidiary income. Lastly, the tax rate should rise slightly to the 15-20% range.

		World Indices			
		Previous	Last	Chg.	YTD
America					
Dow Jones (US)		39.345	39.292	-0,13%	4,25%
Nasdaq (US)		18.404	18.429	0,14%	22,77%
S&P 500 (US)		5.573	5.577	0,07%	16,92%
Europe					
Dax (Germany)		18.472	18.236	-1,28%	8,86%
FTSE 100 (UK)		8.193	8.140	-0,66%	5,26%
CAC 40 (France)		7.627	7.509	-1,56%	-0,46%
PSI20 (Portugal)		6.656	6.651	-0,08%	3,97%
Asia					
Nikkei (Japan)		40.781	41.580	1,96%	24,25%
Hang Seng (Hong Kong)		17.524	17.523	0,00%	5,27%
Shanghai Comp. (China)		2.922	2.959	1,26%	-0,52%
Sensex (India)		79.960	80.352	0,49%	11,23%

Portfolio Recommend.	Inclusion Date	Inclusion Price	Last Close	Chg. (%)	BIST Relative
Türk Hava Yolları	12.01.24	251,00	310,75	23,8%	-8,4%
Turkcell	11.01.23	32,59	109,40	235,6%	47,0%
Sabancı Holding	11.01.23	35,51	101,90	186,9%	25,7%
Migros	12.01.24	370,91	555,00	49,6%	10,7%
Akbank	20.01.22	6,60	64,60	878,8%	82,6%
Bim	09.06.22	78,17	554,00	608,7%	68,8%
Kardemir D	03.07.23	23,18	30,82	33,0%	-25,9%
Şişecam	18.01.21	7,27	49,76	584,5%	-1,3%
Isbank	12.01.24	10,12	16,12	59,3%	17,8%
TAV Airports	01.08.22	56,60	269,00	375,3%	16,9%
Portfolio Yield (yoy)				367,6%	168,0%
Portfolio Yield (mom)				14,1%	9,6%

On the asset quality side, CoR (adj. for the currency impact, net) should reach 100bps, below the budget expectation of 125bps for FY24. We forecast a 20% quarterly rise in operating expenses on higher personnel expenses and model a slight normalization in subsidiary income.

2Q24 financials announcement date: July 30, 2024.

Pegasus (PGSUS.TI; OP) has released its monthly traffic figures for June 2024. The carrier's total PAX rose 15% YoY to 3.27mn (June 2023: 2.84mn, May 2024: 3.16mn) for the month. Domestic PAX rose 21% YoY to 1.20mn (June 2023: 1.84mn, May 2024: 1.98mn). International PAX improved 12% YoY to 2.07mn for the month (June 2023: 1.84mn, May 2024: 1.98mn). The total load factor was up 5.4 pp YoY to 86.7% (June 2023: 81.3%, May 2024: 87.5%). The domestic load factor rose a solid 7.8 pp YoY to 91.8% (June 2023: 84.0%, May 2024: 90.6%), while the international load factor rose 4.1 pp YoY to 84.8% (June 2023: 79.9%, May 2024: 85.8%). Thus, the Company's int'l PAX in June 2024 reached approximately 63.3% (June 2023: 64.8%, May 2024: 62.4%) of the total passenger number. Total ASK rose 10% YoY to 6.03bn in June 2024. The continued strength of the PAX growth trend in domestic and international flights and the solid growth in domestic and international LF indicate the continuation of Pegasus' positive operational trend. In the 6M24 period, total load factor was up 4.7 p.p. to 87.3% (6M23: 82.7%). We consider the outlook based upon the data, which is consistent with the Company's expectation of an increase in LF for 2024, positive. We believe that the announced traffic results may have a positive impact on the short-term performance of the Company's shares (**Positive**).

TAV Airports Holding (TAVHL.TI; OP) CEO Mr. Serkan KAPTAN has made evaluations about the Company, stating that 2024 had started solidly, with traffic growth of 17% YoY in 1H24. Considering all airports within TAV; he stated that YoY growth of 20% was achieved in international airports in the first 6 months. He stated that with the contributions of **Pegasus (PGSUS.TI; OP)** and Ajete due to their fleet growth, there was YoY growth of 14% in Antalya, +30% YoY in Esenboğa, and +25% YoY growth in Izmir (Sunexpress and Pegasus growth).

Mr. Kaptan stated that the new terminal was opened at Almaty Airport on June 1, and that he expects passenger traffic and demand in Almaty to continue. He stated that the potential is increasing with the growth of trade and cargo in Kazakhstan. Almaty has a different revenue item from other airports - large-scale jet fuel sales - and its EBITDA impact is lower than other operations; but its effect on net sales revenue is higher. He added that the share of Almaty Airport in total revenues was 30% thanks to jet fuel sales. **The contributions of passenger revenues, duty free and restaurants have just started in Almaty this year, and the impact of these activities this year will be that of half a year. However, he stated that a significant positive reflection will be seen next year.** Mr. Kaptan said that the construction of a large terminal for Kuwait Airport is ongoing; TAV also wants to take part in the business. He stated that the Company considers this project important because the airport has 16mn passengers & a strong international passenger base, and is the connection node for the region. He mentioned that the offer was in the evaluation process. Mr. Kaptan also said that the process in Montenegro is being followed.

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In domestic operations, Mr. Kaptan stated that the international and domestic terminals were enlarged with the EUR 800mn investment made in Antalya Airport, that new aircraft parking areas were also built, and that all of these would be completed by the start of the 2025. He announced that all facilities will be put into operation by the end of March 2025. **He also underlined that international PAX (excluding transit or transfer passengers) at Antalya Airport has increased and that these are high value-added passengers.** Mr. Kaptan also made statements regarding Sabiha Gokcen Airport, believing that problems regarding runways and parking areas can be solved in the short term.

The Company expects the Net debt/EBITDA ratio at around 2.5-3x. Mr. Kaptan stated that the positive effects of the investment programs will be seen in the future and that the full-year effect will be seen in Almaty, Antalya and Ankara in 2025. We reckon that the statements may have a positive impact on TAV's and Pegasus's near-term share performance.

Turkish Airlines (THYAO.TI; OP) has released its traffic figures for June 2024 with PAX increase of 1.0% YoY due to the increase in international passengers compared to June 2023. THY's total PAX in June 2024 was at 7.82mn. Meanwhile, in June 2024, the share of international PAX in total PAX was 61.5%. The total load factor was down, at 82.3% in June 2024. The carrier's international PAX rose by 1.9% YoY to 4.81mn in June 2024; domestic PAX declined by 0.3% YoY to 3.01mn in June 2024. Also, THY's cargo operations volume was positive, up 26.0% YoY in June 2024. The Company's announced June 2024 traffic data indicates domestic passengers to fall down, but the solid cargo operations' volume effect in June 2024 supports its operations. Meanwhile, the sustained improvement in intl PAX continues to support Company operations (**Slightly Positive**).

Pursuant to the decision of the **Bim's (BIMAS.TI; OP)** Board of Directors on July 9, 2024; it was decided to initiate the establishment procedures of a company with a capital of 1,000,000 TL, in order to achieve the company's sustainability targets and manage waste management activities more efficiently. Bim expects the effects on company operations to be slightly positive.

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