Şeker Securities

Market Watch Wednesday, May 02, 2012

www.sekeryatirim.com.tr

Agenda

30 Monday	01 Tuesday	02 Wednesday	03 Thursday	04 Friday
• TurkStat to announce foreign trade figures for March. • Treasury to announce domestic borrowing strategy for May-July. • US, Dallas Fed to release business outlook survey for April.	• National holiday, domestic markets closed. • ICC to announce Istanbul inflation for April. • TEA to release export figures for April. • US, March construction spending figures. • US, April ISM manufacturing index figures.	• Treasury to pay down TRY 0.8bn (USD 0.4bn) in debt. • Turkey PMI figures for April. • Eurozone, March unemployment figures. • US, April ADP employment change figures. • US, March factory orders figures.	• TurkStat to announce inflation figures for April. • Eurozone, March PPI figures. • ECB to announce interest rate decisions. • US, jobless claims. • US, April ISM non-manufacturing index figures.	• CBRT to announce Price Developments Report for April. • Eurozone, March retail sales figures. • US, April unemployment figures.

Outlook:

Good morning! On Monday the ISE-100 began with sell-offs and kept selling for the most of the day. The index closed at 60,010 on a loss of 0.97% recording a volume of TRY 2,34bn. At the end of the one-day holiday yesterday, news of the S&P downgrade of Turkey's outlook from positive to stabile may cause the market to open downwards today. Intraday, the index would be observant of global markets and news flow abroad. Technically, 60,000 and 59,500 are the support levels, while 60,500 and 61,000 provide resistance.

Money Market:

The Turkish FX market was bullish on Monday, and the local currency gained 0.23% to close at 1.7570 per dollar. Furthermore, the lira appreciated 0.29% against the basket composed of $0.50 and €0.50. Meanwhile, the local fixed income continued its bullish trend and the two-year benchmark bond yields closed at 9.32%, 4 bps lower than the previous close. The CBRT lent TRY 3.0bn at a 1-week repo auction at an average annual rate of 5.75%.

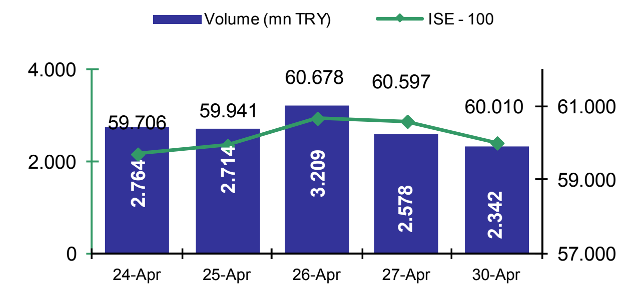
Domestic Headlines:

S&P changes outlook on Turkey's long-term foreign and local currency rating from positive to stable, keeping ratings unchanged Heavy reliance on external savings and the risks to the rebalancing process are the main factors behind the outlook change. "This heavy reliance on external savings exposes Turkey to shocks, either domestic--for example if recent high domestic credit growth were to result in future bad loans--or external, say if rising risk aversion were to deter foreign investors and banks and result in a net outflow of foreign capital. Such external shocks could lead to a rapid depreciation of the Turkish lira, with significant pass-through to inflation. In turn this could increase domestic interest rates and have a potential negative secondary effect on government borrowing costs" according to S&P. "Less-buoyant external demand and worsening terms of trade (the price of exports compared to imports) have, in our view, made economic rebalancing more difficult, and have increased the risks to Turkey's creditworthiness given its high external debt and the state budget's reliance on indirect tax revenues" said S&P.

The ratings agency stated generally effective policymaking and institutions, Turkey's moderate and declining public debt burden, and its monetary policy flexibility as the factors supporting its ratings on Turkey. On the other hand, S&P added that weaker than expected external demand, a further rise in oil import price and increase in external financing costs are risks, were pressuring the ratings.

According to the agency release, the outlook change reflects their view that the ratings on Turkey are likely to stay at the current level during the next 12 months, as the key risks to the Turkish economy would likely remain in balance over the next 12 months.

S&P currently rates the government's long-term foreign currency debt at BB, which is two notches below investment grade, like Moody's Ba2 rating with a positive outlook. Meanwhile, Fitch's Turkey rating is at BB+ with a stable outlook. As we stated in our latest quarterly view published on April 16th, Despite stronger inflows following the European banking system returned from the brink of a collapse, the Turkish economy still faces low >>>



Indices (TRY)	Previous	Last	Chg.	YTD
ISE-100	60.597	60.010	-0,97%	17,06%
ISE-30	72.729	71.847	-1,21%	16,45%
ISE-Financial	84.916	83.401	-1,78%	17,56%
ISE-Industrial	54.554	54.685	0,24%	13,35%
ISE-Services	40.963	40.976	0,03%	19,46%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
DYOBY	14,29	FENER	-6,64	GARAN	353.990.996
BRISA	12,87	DITAS	-6,04	BRISA	296.513.565
CMBTN	12,84	DOGUB	-5,88	NETAS	218.323.554
ALCAR	7,97	CEYLN	-5,75	YKBNK	126.685.984
ALYAG	7,89	EGGUB	-4,92	ISCTR	125.851.185

Money Market	Previous	Last	Pr. Mn	YE11
O/N Repo (%)	9,73	9,42	9,62	10,55
Euro Bond (30 year, $)	172,00	172,00	170,00	164,00
Bond (Benchmark, %)	9,36	9,32	9,31	11,14

Currency	Previous	Last	Chg.	YTD
US$	1,7565	1,7555	-0,06%	-7,14%
Euro	2,3265	2,3225	-0,17%	-5,11%
Euro/Dolar	1,3255	1,32347	-0,15%	2,27%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, $)	119,7	119,3	-0,32%	11,33%
Oil (NYMEX future, $)	104,9	104,1	-0,76%	4,49%
Gold (Ounce, $)	1.662,7	1.656,4	-0,38%	5,81%
Silver (XAG, $)	31,3	30,8	-1,59%	9,49%

Şeker Funds	Previous	Last*	Chg.	YTD
Şekerbank A T. Shares	0,248598	0,246455	-0,86%	10,63%
Şekerbank B T. Bond&Bill	0,019581	0,019603	0,11%	0,79%
Şekerbank B T. Liquid	0,791809	0,792214	0,05%	2,98%
Şeker Yat. A T. Mix	0,015708	0,015687	-0,13%	-0,87%
Şeker Yat. B T. Gold	0,017139	0,017176	0,22%	-3,14%

Prices as of 02-May-12

>>> growth, a high current account deficit and high inflation environment this year. The lira must be kept stable, but competitive for lower inflation and lower CAD given high oil prices, and credit growth must be kept alive for economic activity. It is explicit that achieving all of them at the same time is a very difficult task. The CBRT and economic administration seems comfortable over economic developments as long as financing comes to Turkey. However, given that the CAD will remain near 9% of GDP this year, and lira weaknesses will likely prevent credit growth from reviving due to the need for additional tightening for inflation to approach the target. Therefore, in our opinion, we will see a notable slowdown in economic activity, an elevated current account deficit and high inflation (at least until the last quarter for the inflation) this year. As a result, the Turkish economy should be treated with caution as its health is dependent on the continuation of inflows, which will prevent an upgrade to investment grade by one of the three major rating agencies this year, in our view.

We retain our inflation forecast for April after the ICC release According to the Cost of Living Indices prepared by the Istanbul Chamber of Commerce for Istanbul, retail prices rose 2.6% MoM in April. However, the surge in prices in Istanbul was mainly due to the rise in clothing prices of 33.5% in April according to ICC data, which prevents a significant correlation between ICC data and TurkStat data set to be published tomorrow at 10:00, as clothing prices have been up some 10% in recent years in Turkey on average. On the other hand, food prices rose 0.8% in Istanbul, which is a better indicator for the TurkStat food group. Therefore, we do not change our April inflation forecast of 1.39% MoM (11.0% MoM) having seen the ICC data as we had forecast a 0.8% change in food group prices in April. Market consensus is for a 1.31% MoM rise in consumer prices.

Trade Statistics: MoM deterioration shadows YoY improvement in March The March trade deficit is in line with the market consensus. In March, the trade deficit came in at USD 7.3bn, broadly in line with the market consensus (USD 7.4bn), and slightly lower than our forecast (USD 7.6bn). Exports rose 12.2% YoY to USD 13.3bn, more than our forecast at USD 12.9bn due to higher than expected non-monetary gold exports (USD 0.6bn). On the other hand, imports declined 4.8% YoY to USD 20.6bn in March.

Year on year improvement was stronger compared to February. The trade deficit continued to decline in 12-month rolling terms as the monthly deficit improved USD 2.5bn over a year ago, with more than USD 1.5bn registered in February. Hence, the 12-month rolling trade deficit declined to USD 101.6bn from USD 104.1bn February. >>>

World Indices

America	Previous	Last	Chg.	YTD
Dow Jones (US)	13.214	13.279	0,50%	8,69%
Nasdaq (US)	3.046	3.050	0,13%	17,09%
S&P 500 (US)	1.398	1.406	0,57%	11,79%
Bovespa (Brasil)	61.820	61.820	0,00%	8,93%
Merval (Argentina)	2.272	2.272	0,00%	-7,75%
Mexico Bolsa (Mexico)	39.324	39.324	0,00%	6,06%
Europe	**Previous**	**Last**	**Chg.**	**YTD**
Dax (Germany)	6.761	6.761	0,00%	14,63%
FTSE 100 (UK)	5.738	5.812	1,30%	4,31%
CAC 40 (France)	3.213	3.213	0,00%	1,68%
WSE WIG (Poland)	40.274	40.274	0,00%	7,12%
Prague (Czech Republic)	939	939	0,00%	3,03%
Budapest (Hungary)	18.235	18.235	0,00%	7,43%
RTSI (Rusya)	1.590	1.590	0,00%	15,21%
Asia/Africa	**Previous**	**Last**	**Chg.**	**YTD**
Nikkei (Japan)	9.521	9.351	-1,78%	10,59%
Hang Seng (Hong Kong)	20.741	21.094	1,70%	14,24%
Shanghai Comp. (China)	2.405	2.396	-0,35%	9,30%
KOSPI (South Korea)	1.964	1.982	0,91%	8,56%
JSE Africa All Shr.(S.Africa)	34.399	34.399	0,00%	7,55%

Turkdex (Set. Price)	Previous	Last	Chg.	YTD
INX100 (APRIL 12)	60,525	59,875	-1,07%	14,98%
INX30 (APRIL 12)	72,600	71,675	-1,27%	14,96%
USD (APRIL. 12)	1,760	1,758	-0,14%	-8,27%
EURO (APRIL 12)	2,332	2,325	-0,32%	-6,31%
COTTON (MAY 12)	3,940	3,940	0,00%	2,47%
WHEAT (MAY 12)	0,629	0,629	0,00%	1,21%
GOLD (APRIL 12)	94,035	93,295	-0,79%	-4,06%

Recommend.	Date	Price	Close	(%)	Relative
Tofas	08.09.11	6,16	7,78	26,3%	16,3%
TAV Airports Holding	08.01.10	4,88	9,24	89,3%	73,5%
TSKB	10.01.12	1,77	2,28	28,8%	7,0%
Aksa Energy	08.09.11	2,73	3,86	41,4%	30,1%
Anadolu Cam	27.03.12	3,10	2,87	-7,4%	-3,5%
Aksa Akrilik	10.01.12	4,14	4,31	4,1%	-13,5%
Vakifbank	26.01.11	2,62	3,15	20,2%	10,0%
Arçelik	08.09.11	6,32	7,70	21,8%	12,1%
Portfolio Yield					84,2%

**Starting date of portfolio 30/11/2004*

>>> On the other hand, the non-energy component displayed a stronger decline as cumulative non-energy deficit dropped to USD 51.7bn in March, down from USD 55.1bn in February. Expansion in the energy deficit over a year ago could just curb USD 0.9bn of the improvement in the non-energy deficit, and the overall deficit continued to decline.

However, the data adjusted for seasonal and calendar effects points to deterioration in the trade balance in March compared to February. In working and seasonally-adjusted terms, exports remained broadly stable over the previous month following a 6.6% MoM surge in February, while imports increased 4.3% MoM in March following a marginal 0.3% MoM rise in February.

We forecast a notable improvement in the current account deficit in March following trade figures. Our preliminary forecasts point to USD 3.3bn improvement in the current account deficit over a year ago, on top of USD 1.8bn in February. We expect a USD 6.2bn monthly current account deficit partially thanks to lower income transfers compared to March 2011, in which GE transferred an income above USD 1bn after the sale of Garanti shares to BBVA. This would take the 12-month rolling CAD to USD 71.9bn down from USD 75.3bn. We expect the gradual decline in cumulative trade deficit to continue until the last quarter of the year before stabilization. With a Brent oil price assumption of USD 120 and 1.6% GDP growth, we expect the improvement in the trade deficit to come to a halt in the last quarter. Therefore, the current account deficit would marginally narrow to USD 70bn (8.7% of GDP) from USD 77.2bn (10.0% of GDP) from last year, which means that the lira still remains vulnerable to the deceleration in capital inflows.

Treasury has trivial TRY 6.6bn domestic debt redemption in May-July period The Treasury is set to repay TRY 1.7bn of domestic debt in May, plus TRY 1.6bn and TRY 3.2bn domestic debt in June and July, respectively. This month, the Treasury will only reissue the benchmark bond (fixed-coupon bond maturing on March 5, 2014) on May 8th. The light domestic debt redemption profile will likely support bond yields, offsetting the effect of tighter monetary conditions, in our view.

Şeker Yatırım Menkul Değerler A.Ş. - İnönü Caddesi Tümşah Han No:36 Kat: 3 – 4 Gümüşsuyu / İSTANBUL
Tel: (+90) 212 334 33 33 Pbx, Fax: (+90) 212 334 33 34, research@sekeryatirim.com

The CBRT is to hold a meeting with economists and investors at 10:00 (8:00 UK time) in Ankara today.

Company News:

Anadolu Efes's **(AEFES.TI; N/R)** General assembly is to be held on May 22, 2012.

Akbank (AKBNK.TI; Under Perform) has published its 1Q12 right after the first session in Istanbul. March quarterly net income came in at TRY556m, up 1% QoQ and down 25% YoY. The bottom line came above both our and the consensus estimate (Seker 1Q12 TL520m and consensus TL519m). YoY decline in net income was mainly driven by TRY68m trading and currency loss during march quarter vs. TRY133 trading gain same quarter a year ago. Total provisioning were also up 39% YoY (both specific and general). QoQ net fee income generation came in weaker, down 5% QoQ however were up 9% YoY driven by credit card fees and bancassurance related fees. Akbank's lending growth looks strong with loan book increasing 5.2% QoQ (27% YoY) vs sector's 2.3% growth. The growth was driven by consumer segment loans which grew 7% QoQ vs 4% growth in corporate segment. Consumer loan growth was supported by 10% growth in credit cards and 6% growth in GPL. Above sector lending growth enabled Akbank to gain market share of c.30bp YTD. Although some pick up in the blended cost of deposits and loan yields Akbank managed maintain the spread between loan-deposit flat on QoQ basis. The bank also managed to snatch up some market share in deposits (c.40bp YTD). On the funding side deposit growth also outpaced that of sector's growth. Akbank grew its deposits by 4.1% vs. sector's 0.5% growth. YoY growth came in at 22%. Stable CAR ratio 16.54%, vs. 16.98% in 4Q11. ROE on 12M rolling basis came in at 12.5% vs. 13.9% in Dec-11.

Bagfas (BAGFS.TI; N/C) has received a 3,000 ton di-ammonium phosphate fertilizer order worth $1.749.000 from TRANSAMMONIA, which will be exported to Italy. Delivery and payment will be completed in May.

Garanti Bank (GARAN.TI; Outperform) has authorized a consortium of 21 international banks for a 1 year € 1 billion valued syndication loan.

Kardemir (KRDMD.TI; Outperform) has announced that its investment in 3mn ton liquid steel production capacity continue.

Turk Telekom (TTKOM.TI; Market Perform) has announced that the Ordinary General Assembly Meeting would be held on May 25, 2012 at 11.00 a.m. at the Ankara Headquarters Cultural Center of the Company.

Turkcell (TCELL.TI; Outperform) is expected to release its 1Q12 financials today. We expect a TRY 373mn quarterly net profit (consensus stands at TRY 404mn), versus TRY 331mn in Q1 of 2011 (implying a 12.6% increase) and TRY 333mn in Q4 of 2011 (implying 11.8%increase). In EBIDTA terms, we expect a 5.5% increase YoY reaching TRY 660mn. On the other hand, we estimate 9.7% growth in the top-line for 1Q12 compared to the same period of last year at TRY 2,323mn.

Arcelik (ARCLK.TI; Outperform) has released its 1Q12 financials with a net profit figure of TRY 121 million, versus TRY 126 million in 1Q11 implying a 3.5% decrease on YoY, slightly undershooting our estimate of TRY. On the other hand, the company registered a 41.6% top-line growth in 1Q12 compared to the same period of last year reaching TRY 2,406 million and beating both our estimate and the consensus of TRY 1,940 million, despite cooling domestic demand. Most of the top-line increase seems to have emanated from strong export performance, surging international revenues partially reflecting the acquisition of Defy and the outstanding performance of the electronic business. Despite impressive top-line growth, the declining net income figure stems from an increasing share of low margin electronic business, adverse impact of the domestic market campaign for energy efficient products on margins (despite market share gains) and increasing sales&marketing expenses. In terms of EBITDA, the EBITDA figure rose by 11.4% YoY to TRY 225 million from TRY 202 million in 1Q11. Yet, due to increasing sales&marketing expenses, the unfavorable margin impact of a higher share of the electronic business and the domestic market campaign for energy efficient products pressuring margins, the first quarter EBITDA margin declined to 9.4% in the first quarter of 2012 from 11.9% in the same period last year. In light of the announced financials, and despite the bottom-line staying slightly below our expectations, we maintain our **"Outperform"** rating for Arcelik with 8.60 target price regarding the robust top-line growth thanks to the increasing share of international revenues and strong export performance (white goods export surged 14.8% in the first quarter of 2012 in Turkey, according to TURK BESD). On the other hand, despite softening in the first two months of 2012, the 15% increase in domestic white good sales in March is also noteworthy.

TRY Million	1Q11	1Q12	YoY	4Q11	QoQ	2010	2011	YoY
Revenues	**1.699,4**	**2.406,0**	**41,6%**	**2.394,2**	**0,5%**	**6.936,4**	**8.437,2**	**21,6%**
Gross Profit	**532,7**	**680,7**	**27,8%**	**669,3**	**1,7%**	**2.067,9**	**2.540,2**	**22,8%**
Gross Profit Margin	*31,3%*	*28,3%*		*28,0%*		*29,8%*	*30,1%*	
EBIT	**150,2**	**161,2**	**7,3%**	**136,0**	**18,5%**	**565,6**	**658,6**	**16,4%**
EBIT Margin	*8,8%*	*6,7%*		*5,7%*		*8,2%*	*7,8%*	
EBITDA	**202,3**	**225,4**	**11,4%**	**194,4**	**15,9%**	**758,1**	**876,4**	**15,6%**
EBITDA Margin	*11,9%*	*9,4%*		*8,1%*		*10,9%*	*10,4%*	
Net Profit	**125,6**	**121,2**	**-3,5%**	**92,1**	**31,6%**	**517,1**	**506,5**	**-2,0%**
Net Profit Margin	*7,4%*	*5,0%*		*3,8%*		*7,5%*	*6,0%*	

Şeker Yatırım Menkul Değerler A.Ş. - İnönü Caddesi Tümşah Han No:36 Kat: 3 – 4 Gümüşsuyu / İSTANBUL
Tel: (+90) 212 334 33 33 Pbx, Fax: (+90) 212 334 33 34, research@sekeryatirim.com

Petkim (PETKM.TI; Market Perform) has announced its 1Q12 results, which are well below both the market's and our expectations. The company recorded a net loss of TRY 7.9mn in1Q12 compared to a net profit of TRY 77.2mn in1Q11. Note that the market consensus had been for a profit of TRY 10.7mn, while our expectation was at TRY 7.8mn. Although the top-line was close to our expectation, the deviation arose from our higher gross margin expectation. The company generated TRY 1.2bn in sales revenues, up by 27.7% YoY from TRY 944.8mn. On the other hand, the company's gross profit margin declined substantially to 1.8% in 1Q12 from 12.4% in 1Q11, due to the increase in oil and naphtha prices. Meanwhile, EBITDA plummeted to TRY -4.4mn due to the decline in operating profit stemming from the narrow gross profit margin and higher operating expenses. Since the financial results are well below expectations, we expect the stock to suffer from sharp sell-off pressure.

TRY Million	1Q11	1Q12	YoY	4Q11	QoQ	2010	2011	YoY
Revenues	**944,9**	**1.206,2**	**27,7%**	**973,9**	**23,9%**	**2.909,4**	**3.891,3**	**33,8%**
Gross Profit	**117,3**	**21,5**	**-81,7%**	**-46,2**	**-146,5%**	**229,2**	**174,7**	**-23,8%**
Gross Profit Margin	*12,4%*	*1,8%*		*-4,7%*		*7,9%*	*4,5%*	
EBIT	**86,8**	**-21,5**	**-124,8%**	**-78,9**	**-72,7%**	**135,2**	**53,0**	**-60,8%**
EBIT Margin	*9,2%*	*-1,8%*		*-8,1%*		*4,6%*	*1,4%*	
EBITDA	**102,0**	**-4,4**	**-104,3%**	**-63,3**	**-93,1%**	**194,5**	**114,6**	**-41,1%**
EBITDA Margin	*10,8%*	*-0,4%*		*-6,5%*		*6,7%*	*2,9%*	
Net Profit	**77,2**	**-7,9**	**-110,2%**	**-40,3**	**-80,4%**	**130,1**	**102,3**	**-21,3%**
Net Profit Margin	*8,2%*	*-0,7%*		*-4,1%*		*4,5%*	*2,6%*	

Şeker Yatırım Menkul Değerler A.Ş. - İnönü Caddesi Tümşah Han No:36 Kat: 3 – 4 Gümüşsuyu / İSTANBUL
Tel: (+90) 212 334 33 33 Pbx, Fax: (+90) 212 334 33 34, research@sekeryatirim.com