

Agenda

31 Monday

- TurkStat, June foreign trade
- Eurozone, July CPI
- U.S., July Chicago PMI
- U.S., June pending home sales
- ARCLK 2Q17 (Market: TRY 267mn, SekerE: TRY 357mn)

01 Tuesday

- CBRT, inflation report (2017/III)
- Germany and Eurozone, July manufacturing PMI
- Germany and Eurozone, 2Q17 GDP
- U.S., June personal income and spending
- U.S., July manufacturing PMI and ISM

02 Wednesday

- Eurozone, June PPI
- U.S., July ADP employment change

03 Thursday

- TurkStat, July inflation
- Germany and Eurozone, July non-mfg PMI
- Eurozone, June retail sales
- BoE, announcement
- U.S., jobless claims
- U.S., July non-mfg PMI and ISM
- U.S., June durable goods orders and factory orders

04 Friday

- CBRT, REER
- U.S., July non-farm payrolls, unemployment rate and average hourly earnings

Outlook:

Global stock markets closed higher yesterday while risk appetite continued high. The BIST100 tested 108,000 levels during the day, however, profit takings at this level carried the index down, to close 1.3% lower at 106,147. Total trading volume in the market was at TRY 6.5bn. The CBRT has shared the third inflation report of the year yesterday; its impact on the markets has remained limited. The CBRT has increased its inflation expectation for 2017 to 8.7% from 8.5% previously, and noted that tight monetary stance will be maintained until the inflation recovers. Today, market participants will be following the US July ADP employment change and Eurozone June PPI data. Locally, the 2Q earnings announcements will come to the fore. US markets have advanced yesterday with better-than-expected earnings announcements, and the Asian markets have also been trading positively with the lead of technology stocks today; European markets are also expected to open positively. Following yesterday's profit takings, we expect a flat opening at the BIST. RESISTANCE: 106,600 /107,200 SUPPORT: 105,600/104,900.

Money Market:

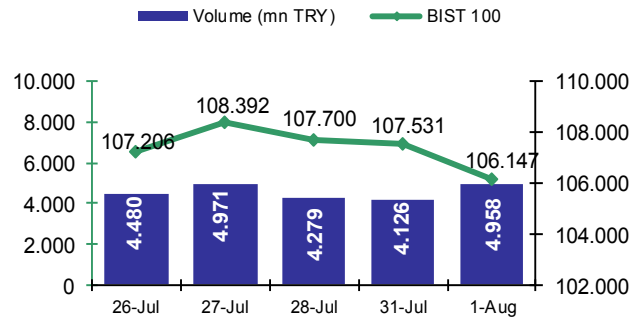
The Lira was positive yesterday, gaining 0.11% against the USD to close at 3.5165. Additionally, the currency depreciated by 0.20% against the basket composed of \$0.50 and €0.50. The local fixed income markets were relatively flat. The two-year benchmark bond was traded within a tight range of 11.51%-11.59%, ending at the 11.55%, unchanged from its previous close.

Headlines:

According to the CBRT's "Briefing on August 1, III. Inflation Report", year-end inflation forecast was revised to 8.7% from 8.5% The most important reason for CBRT's revision of its year-end inflation forecast is the correction in food inflation rate. Food inflation rate was revised to 10% from 9%, due to increasing price of red-meat and the unwelcome course of fresh fruits & vegetable prices. Additionally; with the effect of the real exchange rate and flexibility of Turkish markets, the CBRT has noted that domestic demand keeps recovering, and increasing demand from the EU economies effects exports positively. The Bank has also noted that the decline in global inflation rates supports the increase in global risk appetite.

Company News:

Yapi Kredi (YKBNK.TI; MP) has announced a 2Q17 net income of TRY892mn (-11% QoQ, +5% YoY), in line with our estimate (TRY858mn), while slightly above the market consensus (TRY840mn). Core revenues remained almost flat QoQ due to a contracted spread on high TRY deposit costs, declined securities yields and weak fees. Trading line was unsupportive of results, dragged by high swap costs. Provisioning costs, on the other hand, retreated on decelerated new NPL inflows and well-managed asset quality. Note that the bank sold TRY826mn of NPLs in 2Q. Collections were supportive of earnings and other income was backed by NPL sale proceeds (TRY45mn). In light of these results, we keep our estimates unchanged and maintain our 'Marketperform' rating for the stock with a TP of TRY4.56/sh.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	107.531	106.147	-1,29%	35,84%
BIST 30	132.065	130.375	-1,28%	36,52%
BIST-Financial	138.026	136.379	-1,19%	31,65%
BIST-Industrial	117.002	115.394	-1,37%	38,05%
BIST-Services	68.386	67.478	-1,33%	35,97%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
EGCYH	17,86	YKGYO	-15,73	THYAO	482.017.670
AVGYO	16,47	ADESE	-9,60	GARAN	425.083.840
EGEEN	13,99	VESBE	-8,70	PETKM	283.524.066
EGLYO	10,00	UTPYA	-7,66	HALKB	235.586.309
MIPAZ	10,00	PKART	-6,34	EKGYO	207.255.362

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	12,02	11,87	11,83	9,50
Euro Bond (30 year, \$)	159,33	159,33	158,43	147,10
Bond (Benchmark, %)	11,55	11,55	11,20	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,5205	3,5165	-0,11%	-0,59%
Euro	4,1355	4,1545	0,46%	12,12%
Euro/Dolar	1,1802	1,18212	0,17%	12,80%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	51,4	51,3	-0,23%	-9,55%
Oil (NYMEX future, \$)	49,2	48,7	-0,98%	-9,67%
Gold (Ounce, \$)	1.269,0	1.265,2	-0,30%	9,88%
Silver (XAG, \$)	16,7	16,6	-0,59%	4,32%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,456707	0,450473	-1,36%	33,10%
Şeker Portfoy Debt Instruments	0,025977	0,026000	0,09%	5,93%
Şeker Portfoy Money Market	1,171702	1,172049	0,03%	5,97%
Şeker Portfoy Mix Fund	0,022999	0,022786	-0,93%	15,75%
Şeker Portfoy Gold Fund	0,022034	0,022019	-0,07%	7,21%
Şeker Portfoy Short T. Debt	0,014000	0,014005	0,04%	5,73%

* Prices as of 02-Aug-17

TAV Airports Holding (TAVHL TI, OP) In a televised interview today, TAV Airports Holding CEO Mr Sener has shared the keynotes of the group's operating performance and outlined its future prospects. Mr Sener has shared that a concession agreement with the Cuban government authorities is expected to be signed within this year; please recall that in partnership with its 46% shareholder Groupe ADP and with Bouygues Bâtiment International, TAV Airports Holding had earlier signed an LoI with the Cuban authorities, concerning the renovation, extension and operation of José Martí International Airport of Havana (current traffic: 5mn Pax p.a; expected to reach 10mn Pax p.a. capacity with investments), under a concession contract. The project would ultimately include the development of the San Antonio de los Baños Airport, which currently serves as a private jet airport. Mr Sener also reiterated the group's interest in Istanbul Sabiha Gokcen International Airport (ISG, 2016 Pax: 29.7mn, capacity expected to double to ca.60mn Pax p.a. with investments in a 2nd runway). Please recall that the MAHB, that fully owns the ISG operations (concession until May 2028 with a 22-mo extension period), had previously been reported to be considering a minority stake sale. Mr Sener has shared that a tender might be held for this purpose in September 2017. The CEO has also added that in order to compensate for the group's losses at its EBITDA level after the end of operations in Istanbul Atatürk International Airport, TAV Airports Holding considers 2-3 new sizeable acquisitions to its portfolio, exemplifying also with the group's bids in privatization tenders in Pakistan and interest in Africa.

Aselsan (ASELS.TI;MP) has signed an agreement between the business partnership (established by Aselsan and Havelsan) and STM Savunma Teknolojileri Mühendislik regarding the Naval Systems Euro 37.6mn. Within the context of this agreement, Aselsan's business share values Euro 21.8mn (USD 25.8mn - this latest deal represents 0.4% of the company's total backlog). The deliveries will be made in 2020 (Slightly Positive).

Tupras (TUPRS TI, OP) is expected to announce its 2Q17 results on August 2nd, after the market close. The company will host a conference call on August 3rd at 10:00 IST time. We expect Tupras' bottom line increasing 3.4x fold YoY reaching TRY 1,135mn in 2Q17E. We estimate the refiner's revenues increasing by ca.32% YoY reaching TRY 11,187mn, >>>

>>> and EBITDA improving by ca.2.0x YoY to reach TRY 1,240mn in 2Q17. Market average estimates for Tupras' 2Q17 results stand at TRY 12,060mn for revenues, TRY 1,314mn for its EBITDA and TRY 992mn for its net income.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	21.891	21.964	0,33%	11,14%	
Nasdaq (US)	6.348	6.363	0,23%	18,20%	
S&P 500 (US)	2.470	2.476	0,24%	10,61%	
Bovespa (Brasil)	65.920	66.516	0,90%	10,44%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	12.118	12.251	1,10%	6,71%	
FTSE 100 (UK)	7.372	7.424	0,70%	3,93%	
CAC 40 (France)	5.094	5.127	0,65%	5,44%	
MIB30 (Italy)	21.487	21.613	0,59%	12,36%	
PSI20 (Portugal)	5.189	5.237	0,91%	11,91%	
ASE (Greece)	812	818	0,68%	27,05%	
RTSI (Rusia)	1.007	1.014	0,70%	-11,98%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	19.925	19.986	0,30%	4,56%	
Hang Seng (Hong Kong)	27.324	27.540	0,79%	25,18%	
Shanghai Comp. (China)	3.273	3.293	0,60%	6,09%	
KOSPI (South Korea)	2.403	2.423	0,84%	19,57%	
Sensex (India)	32.515	32.575	0,19%	22,34%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (AUGUST 17)	133,600	131,850	-1,31%	36,95%	
USD (AUGUST 17)	3,6243	3,614	-0,27%	1,36%	
EURO (AUGUST 17)	4,2649	4,286	0,48%	13,71%	
GOLD (AUGUST 17)	145,51	145,00	-0,35%	8,78%	
Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	BIST Relative
Vakifbank	30.01.17	4,72	6,96	47,5%	16,5%
Tofas	30.01.17	25,84	30,26	17,1%	-7,5%
İsbank	26.07.16	4,42	7,44	68,3%	16,9%
Turkish Airlines	02.06.17	7,15	8,64	20,8%	10,8%
Migros	09.11.15	19,05	29,48	54,8%	19,4%
Tupras	26.08.16	57,65	107,00	85,6%	34,3%
Turkcell	22.02.17	11,80	12,48	5,8%	-11,4%
Portfolio Yield (yoy)				61,0%	15,5%
Portfolio Yield (mom)				4,7%	-0,2%

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