

Agenda

29 Monday

- National Holiday - Domestic markets closed.

30 Tuesday

- BoJ to announce interest rate decisions.
- Eurozone, October business climate indicator.
- U.S., October CB consumer confidence.

31 Wednesday

- Treasury to announce domestic borrowing strategy for November-January.
- Treasury to pay down TRY 0.9bn (USD 0.5bn) in debt.
- TurkStat to announce foreign trade figures for September.
- Eurozone, October CPI figures.
- Eurozone, September unemployment rate figures.

01 Thursday

- Turkey, October PMI manufacturing figures.
- TEA to release export figures for October.
- ICC to announce Istanbul inflation for October.
- Eurozone, September unemployment rate figures.
- U.S., jobless claims.
- U.S., October ADP employment figures.
- U.S., October ISM non-manufacturing index figures.

02 Friday

- German, October PMI manufacturing figures.
- Eurozone, October PMI manufacturing figures.
- U.S., October unemployment rate figures.
- U.S., September factory orders figures.

Outlook:

Credit rating expectations and low interest rates propel ISE: Good morning, After a strong opening in the morning session, some investors grew nervous at the rise and jumped ship, causing the Index to close flat at 72,553 on a minor gain of 0.03%, but with another impressive trading volume of TRY 2.9bn. The Banks led the push forward yesterday, gaining on average 0.71%, although it was the mining companies (IPEKE.TI, N/C) and (KOZAA.TI; N/C) that rewarded investors with respective gains of 10.40% and 6.37%. Meanwhile, benchmark bonds relaxed to 7.02%, and the USD closed lower against the TRY at 1.7881, trading a tad higher this morning at 1.7902. Today, we expect a flat-to-positive opening in the ISE, and though there are no domestic flows, PMI figures from the Eurozone and Non-Farming Payroll figures stateside will warrant attention.

Money Market:

The lira continued its upward movement as the local currency gained 0.26% to close at 1.7881. Additionally, the TRY appreciated by 0.35% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income market was bullish. The two-year benchmark bond traded within a tight range of 6.99% - 7.07%, ending at 7.02%, thus 6bps below its previous finish.

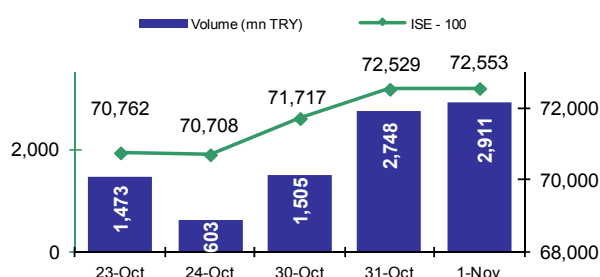
Domestic Headlines:

Retail prices rise 2.7% in October in Istanbul According to the Cost of Living Indices for Wage Earners in Istanbul, retail prices rose 2.7% in October. Meanwhile, food group prices, including alcohol and tobacco in contrast to the TurkStat food group, rose 1.3% MoM, compared to a 2.0% rise in October 2011. While the correlation between TurkStat's and ICC's headline indices are slight, food groups have a more meaningful correlation. In addition, according to an index prepared by Turk-Is, a confederation of trade unions, food group prices rose by 0.9% MoM in October in Ankara. In this respect, we maintain our CPI inflation forecast of 1.8% following ICC figures, as our food group forecast had already been at 1.0%. By our forecast, annual inflation might have declined to 7.6% in October from the 9.2% registered in September. Meanwhile, the monthly inflation expectation is at 2.2% according to CNBC-e survey. TurkStat is to release the figures at 10:00 (8:00 London time) on Monday (October 5th).

Company News:

Ak Energy (AKENR.TI; Outperform) has applied to EMRA to sell its 22.5% stake in Akcez Energy Yatirimlari to Akkok Sanayi Yatirim ve Gelistirme, and its 22.5% stake in Akcez Energy Yatirimlari to Cez A.S.

Aselsan (ASELS.TI; Market Perform) has signed a USD8.6 million agreement with a foreign customer for a thermal imaging system, with deliveries would be made between 2013 and 2014. Currently, the company has a backlog of USD 4.3 billion, to be delivered by 2018. Since the amount is small, we expect only a slight effect on the shares. On the other hand, Aselsan has decided to increase its capital ceiling from TRY 500 mn to TRY 1 bn



Indices (TRY)	Previous	Last	Chg.	YTD
ISE-100	72,529	72,553	0.03%	41.52%
ISE-30	90,360	90,503	0.16%	46.69%
ISE-Financial	106,907	107,178	0.25%	51.07%
ISE-Industrial	59,409	59,610	0.34%	23.56%
ISE-Services	45,521	45,040	-1.06%	31.31%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
IPEKE	10.40	ORGE	-4.57	KOZAA	332,120,927
VKGYO	9.48	ASCEL	-4.06	IPEKE	331,203,048
FLAP	8.11	HEKTS	-3.73	GARAN	317,033,110
BEYAZ	7.62	SKTAS	-3.38	ISCTR	244,346,184
KOZAA	6.37	CEYLN	-3.19	YKBNK	174,820,990

Money Market	Previous	Last	Pr. Mn	YE11
O/N Repo (%)	5.01	5.00	5.12	10.55
Euro Bond (30 year, \$)	190.13	190.13	169.70	164.00
Bond (Benchmark, %)	7.16	7.08	7.60	11.14

Currency	Previous	Last	Chg.	YTD
US\$	1.7975	1.7945	-0.17%	-5.08%
Euro	2.3325	2.3285	-0.17%	-4.86%
Euro/Dolar	1.2959	1.29775	0.14%	0.28%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	108.8	109.5	0.68%	2.20%
Oil (NYMEX future, \$)	85.7	86.7	1.13%	-13.05%
Gold (Ounce, \$)	1,709.9	1,724.9	0.88%	10.19%
Silver (XAG, \$)	31.8	32.4	1.92%	15.27%

Şeker Funds	Previous	Last*	Chg.	YTD
Şekerbank A T. Shares	0.273104	0.273473	0.14%	22.76%
Şekerbank B T. Bond&Bill	0.019744	0.019744	0.00%	1.51%
Şekerbank B T. Liquid	0.819525	0.819624	0.01%	6.54%
Şeker Yat. A T. Mix	0.015329	0.015338	0.06%	-3.08%
Şeker Yat. B T. Gold	0.017578	0.017611	0.19%	-0.68%
Şekerbank B T. Short T. Bond&Bill	0.010115	0.010116	0.01%	-

*Prices as of 02-Nov-12

BIM's (BIMAS.TI; Market Perform) CEO Haluk Dortluoglu has said that BIM aims to open 400 new stores in Turkey and 50 in Morocco by the end of 2012. Dortluoglu added that they aimed to open new stores in Egypt in first half of 2013 and to reach 30 stores by the end of next year.

Erdemir (EREGL.TI; Market Perform) announced that Tata Steel International has filed a lawsuit against it to the amount of USD 4.8mn at the Ankara 14th Commercial Court. Recall that Tata Steel International had filed a suit against Erdemir in the District Court System of the State of Illinois and Texas State District Court regarding this subject. However, these were rejected by the related Court. Thus, we do not expect this news to have an effect on the company's shares. In any case, Erdemir had provisioned TRY 11.349.897 for this case.

According to daily Milliyet, **Pinar Sut (PNSUT.TI; N/C)** has started to sell milk in Germany, England, France, Belgium, Holland, Denmark, Sweden, Austria and Greece (Positive).

TAV Airports Holding (TAVHL.TI; Outperform) announces its Q3 of 2012 financials today. We expect a 3Q12 net profit of Euro 55mn (TRY 124mn), while the market's expectation is for a Euro 47mn (TRY 103mn) net profit. The company had recorded a net profit of Euro 40mn (TRY 97mn) in 3Q11. We expect the company's net sales revenues and EBITDA to reach Euro 315mn (TRY 707mn) and Euro 124mn (TRY 279) in 3Q12. The market's net sales and EBITDA expectations are Euro 318mn and Euro 118mn, respectively.

Moody's has upgraded **Turkcell's (TCELL.TI; Outperform)** local and foreign currency issuer default ratings to 'Ba2' from 'Ba1', with a stable Outlook (Positive).

Vestel Beyaz Esya (VESBE.TI; N/C) has reported a net loss of TRY 27mn for 3Q12, thus worse than market consensus of a TRY 20mn net loss. The company had recorded a net profit of TRY 3.9mn 3Q11. In cumulative terms, it has released a net loss of TRY 3mn in 9M12, compared to a net profit of TRY 21.8mn in 9M11 (Negative).

Sabancı Holding's (SAHOL.TI; Outperform) CEO Zafer Kurtul has said that they would decide on whether to sell their stake in **Carrefour (CARFA.TI; N/C)** until the end of 2012. Kurtul added that there may be another shareholder as well. Recall that Sabancı Holding has authorized a consultant to evaluate strategic options for the shares of its affiliate Carrefour.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	13,097	13,233	1.04%	8.31%	
Nasdaq (US)	2,977	3,020	1.44%	15.93%	
S&P 500 (US)	1,412	1,428	1.09%	13.52%	
Bovespa (Brasil)	57,068	57,068	0.00%	0.55%	
Merval (Argentina)	2,323	2,350	1.16%	-4.56%	
Mexico Bolsa (Mexico)	41,599	41,620	0.05%	12.25%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	7,261	7,336	1.03%	24.37%	
FTSE 100 (UK)	5,783	5,862	1.37%	5.20%	
CAC 40 (France)	3,429	3,475	1.35%	9.99%	
WSE WIG (Poland)	43,232	43,232	0.00%	14.99%	
Prague (Czech Republic)	971	976	0.50%	7.10%	
Budapest (Hungary)	19,220	19,220	0.00%	13.23%	
RTSI (Rusya)	1,431	1,442	0.78%	4.43%	
Asia/Africa	Previous	Last	Chg.	YTD	
Nikkei (Japan)	8,842	8,928	0.98%	5.59%	
Hang Seng (Hong Kong)	21,642	21,822	0.83%	18.18%	
Shanghai Comp. (China)	2,062	2,069	0.32%	-5.63%	
KOSPI (South Korea)	1,900	1,912	0.66%	4.73%	
JSE Africa All Shr.(S.Africa)	37,156	37,377	0.59%	16.86%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX100 (DECEMBER 12)	72.625	73.175	0.76%	40.52%	
INX30 (DECEMBER 12)	90.400	90.800	0.44%	45.63%	
USD (DECEMBER 12)	1.810	1.805	-0.25%	-5.79%	
EURO (DECEMBER 12)	2.348	2.339	-0.38%	-5.72%	
COTTON (DECEMBER 12)	3.750	3.750	0.00%	-2.47%	
WHEAT (DECEMBER 12)	0.700	0.700	0.00%	12.72%	
GOLD (DECEMBER 12)	100.355	99.980	-0.37%	2.82%	
Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	ISE Relative
Tofas	08.09.11	5.84	10.04	71.9%	30.9%
TAV Airports Holding	08.01.10	4.75	9.12	92.0%	45.5%
Garanti Bank	04.05.12	6.40	8.68	35.6%	10.8%
Turkish Airlines	01.06.12	2.52	4.20	66.7%	26.6%
Turkcell	04.05.12	8.83	10.85	22.9%	0.4%
Aksa Akriklik	10.01.12	3.90	4.74	21.5%	-16.5%
TSKB	21.09.12	1.93	2.04	5.7%	-2.4%
Aygaz	24.08.12	8.44	8.26	-2.1%	-10.9%
Portfolio Yield					92.5%

*Starting date of portfolio 30/11/2004

Competition Board May Fine Turkish Banks: According to local dailies, it seems very likely that the Turkish Competition Board will fine 12 Banks (including our coverage banks: **Akbank (AKBNK.TI; Marketperform)**, **Garanti (GARAN.TI; Outperform)**, **Halkbank (HALKB.TI; Outperform)**, **Isbank (ISCTR.TI; Marketperform)**, **Vakifbank (VAKBN.TI; Marketperform)**, and **Yapi Kredi (YKBNK.TI; Outperform)**). Recall that in Nov 2011 the Competition Board launched an investigation into 12 banks regarding the fixing of loan rates (especially credit card rates and those on other consumer loans). The news adds that the fine would not exceed 10% of last year's total banking revenues for each bank. The Competition Board is expected to finalise the decision by the end of this year, or in early 2013. Meanwhile, we expect an appeal from the banks should the ultimate decision be a negative one. We may see a negative reaction to the banking sector index at the opening this morning.

Arcelik (ARCLK.TI; Market Perform) has released its 3Q12 financials with a net profit of TRY 137 million, versus TRY 152 million in 3Q11, implying a 9.5% decrease YoY and down by 17.7% QoQ, thus worse than the market consensus of TRY 183mn. The company registered 18% top-line growth in 3Q12 compared to the same period of last year, reaching TRY 2,728 million, but lower market consensus of TRY 2.816mn. In terms of EBITDA, EBITDA rose by 8.7% YoY to TRY 280 million from TRY 258 million in 3Q11 (below market expectations of TRY 305mn). EBITDA margins remained below last year's figures due to rising material costs. Meanwhile, the EBITDA margin decreased from 11.1% in 3Q11 to 10.3% in 3Q12. Following the worse-than-expected results, we expect the share price to be negatively affected today. >>>

This document has been prepared by the Equity Research Department of Şeker Securities. The information and data used in this report have been obtained from public sources that are thought to be reliable and complete. However, Şeker Securities does not accept responsibility for any errors and omissions. This document should not be construed as a solicitation to buy or sell securities herein. This document is to be distributed to qualified emerging market investors only.

>>>

TRY Million	9M11	9M12	YoY	3Q11	3Q12	YoY	2Q12	QoQ
Revenues	6.043	7.912	30,9%	2.315	2.728	17,8%	2.779	-1,8%
Gross Profit	1.871	2.293	22,5%	716	813	13,5%	799	1,8%
<i>Gross Profit Margin</i>	<i>31,0%</i>	<i>29,0%</i>		<i>30,9%</i>	<i>29,8%</i>		<i>28,7%</i>	
EBIT	523	599	14,6%	202	219	8,7%	219	0,2%
<i>EBIT Margin</i>	<i>8,6%</i>	<i>7,6%</i>		<i>8,7%</i>	<i>8,0%</i>		<i>7,9%</i>	
EBITDA	682	789	15,7%	258	280	8,7%	284	-1,2%
<i>EBITDA Margin</i>	<i>11,3%</i>	<i>10,0%</i>		<i>11,1%</i>	<i>10,3%</i>		<i>10,2%</i>	
Net Profit	414	425	2,6%	152	137	-9,5%	167	-17,7%
<i>Net Profit Margin</i>	<i>6,9%</i>	<i>5,4%</i>		<i>6,6%</i>	<i>5,0%</i>		<i>6,0%</i>	

Is REIT (ISGYO.TI; Outperform) has reported a net profit of TRY 15.7mn in 3Q12, up by 44.8% YoY, in line with market consensus of TRY 17mn net profit. The QoQ rise in net profit emanated from the strong rental revenues compared to the same period of last year, 35% decline in financial expenses and 88% YoY reduction in the provisions. On its top-line, Is REIT registered TRY 32.8 million in consolidated revenues in Q3, up by 12.2% QoQ. At the EBITDA side, Is REIT managed to improve its EBITDA YoY thanks to its relatively strong operating performance. The company disclosed a TRY 22.9 million EBITDA in 3Q12 up by 28.9% YoY from TRY 17.7 million in 3Q11. Thus, the company's EBITDA margin improved to 69.6% in 3Q12 from 60.7% in 3Q11.

TRY Million	3M11	3M12	YoY	3Q11	3Q12	YoY	2Q12	QoQ
Revenues	83,6	97,1	16,1%	29,3	32,8	12,2%	32,6	0,8%
Gross Profit	40,7	55,0	35,0%	13,8	18,8	36,1%	18,2	3,4%
<i>Gross Profit Margin</i>	<i>48,7%</i>	<i>56,6%</i>		<i>47,3%</i>	<i>57,4%</i>		<i>56,0%</i>	
EBIT	33,7	47,7	41,6%	11,5	16,6	44,9%	16,1	3,1%
<i>EBIT Margin</i>	<i>40,3%</i>	<i>49,2%</i>		<i>39,1%</i>	<i>50,6%</i>		<i>49,4%</i>	
EBITDA	52,5	66,7	27,0%	17,7	22,9	28,8%	22,3	2,5%
<i>EBITDA Margin</i>	<i>62,8%</i>	<i>68,7%</i>		<i>60,7%</i>	<i>69,6%</i>		<i>68,4%</i>	
Net Profit	30,3	49,6	64,0%	10,8	15,7	44,8%	18,0	-12,9%
<i>Net Profit Margin</i>	<i>36,2%</i>	<i>51,1%</i>		<i>37,0%</i>	<i>47,7%</i>		<i>55,2%</i>	

Ulker Bisküvi (ULKER.TI; N/R) has recorded a net profit of TRY 41.7mn for 3Q12, exceeding the market consensus of a TRY 28mn net profit. The company had recorded a net loss of TRY 6mn 3Q11. In cumulative terms, it has released a net profit of TRY 140.8mn in 9M12, compared to a net profit of TRY 598mn in 9M11. Revenues rose by 61.1% YoY and 10.1% QoQ to TRY 563mn in 3Q12, above the market consensus of TRY 513mn. Meanwhile, EBITDA rose 357.2% YoY to TRY 52mn in 3Q12 (market consensus TRY 41mn), while the EBITDA margin climbed to 9.2% in 3Q12 from 3.2% in 3Q11.

TRY Million	9M11	9M12	YoY	3Q11	3Q12	YoY	2Q12	QoQ
Revenues	1.083	1.704	57,4%	350	563	61,1%	512	10,1%
Gross Profit	211	368	74,1%	68	114	67,8%	112	1,8%
<i>Gross Profit Margin</i>	<i>19,5%</i>	<i>21,6%</i>		<i>19,4%</i>	<i>20,2%</i>		<i>21,8%</i>	
EBIT	21	128	524,9%	4	40	900,3%	50	-21,3%
<i>EBIT Margin</i>	<i>1,9%</i>	<i>7,5%</i>		<i>1,1%</i>	<i>7,0%</i>		<i>9,9%</i>	
EBITDA	42	164	286,6%	11	52	357,2%	62	-16,6%
<i>EBITDA Margin</i>	<i>3,9%</i>	<i>9,6%</i>		<i>3,2%</i>	<i>9,2%</i>		<i>12,1%</i>	
Net Profit	598	141	-76,5%	-6	42	-757,4%	43	-3,7%
<i>Net Profit Margin</i>	<i>55,3%</i>	<i>8,3%</i>		<i>-1,8%</i>	<i>7,4%</i>		<i>8,5%</i>	

This document has been prepared by the Equity Research Department of Şeker Securities. The information and data used in this report have been obtained from public sources that are thought to be reliable and complete. However, Şeker Securities does not accept responsibility for any errors and omissions. This document should not be construed as a solicitation to buy or sell securities herein. This document is to be distributed to qualified emerging market investors only.