

Agenda

17 Monday

- Treasury auctions
- TurkStat, April Labor statistics
- MoF, June budget realizations
- U.S., July Empire manufacturing index

18 Tuesday

- Treasury auctions
- Germany, July ZEW survey

19 Wednesday

- U.S., June housing starts and building permits

20 Thursday

- BoJ, announcement
- ECB announcement
- U.S., July Philadelphia Fed survey
- U.S., jobless claims

21 Friday

- Fitch, will release Turkey's sovereign credit rating review

Outlook:

Global stock markets closed slightly lower and fairly mixed on Thursday; the ECB has maintained policy rates unchanged as expected, and resumed a dovish tone, underlining that the pace of bond purchases, currently at €60bn, could be increased should recovery in the Eurozone merit it. The BIST100 closed 0.6% lower at 106,736 amid some profit taking in banking sector stocks - declining 1.2% on average - attributable to Turkey's straining relations with Germany. Total trading volume in the market was strong at TRY6.7bn. Today, investors will focus on Fitch Ratings' review of Turkey's credit rating, expected to be announced after the market close. Market participants anticipate a maintaining of its LTFC IDR rating at 'BB+' with 'stable' outlook. Reports on relations with Germany will also be followed. The 2Q17 earnings season kicks-off today with TAV Airports Holding's figures emerging after the market close. And with the start of the season, stock-specific actions will likely come to the fore. Asian markets have been declining slightly today and European markets are expected to open mixed. We expect a slightly negative opening at the BIST as well, in parallel to the course of the US futures and Asian markets. RESISTANCE: 107,000 / 107,500 SUPPORT: 106,000 / 105,300.

Money Market:

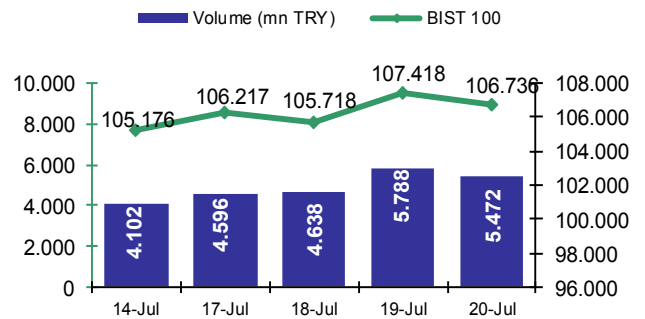
The Lira was negative yesterday, weakening 0.11% against the USD to close at 3.5255. Additionally, the currency depreciated by 0.55% against the basket composed of \$0.50 and €0.50. The local fixed income markets were relatively flat. The two-year benchmark bond was traded within a range of 11.32%-11.48%, ending at the 11.37%, 4 bps above its previous close.

Company News:

According to a media source, Sabanci family member Ozcan Sabanci plans to sell 52 million shares in **Sabanci Holding (SAHOL.TI; OP)** through the accelerated pre-demand method. The amount corresponds to 2.55% of the company's paid-in capital. (Slightly Negative).

TAV Airports Holding (TAVHL.TI; OP) is expected to announce its 2Q17 results today, after the market close. We expect the terminals operator's bottom line to have improved significantly, by ca.135% YoY to € 39.8mn in 2Q17 (market median expectation: €41.3mn); TAV's bottom-line had been impacted by one-off items such as TAV Tunisia's deferred tax asset reversal (€-14mn) and TAV Istanbul refinancing costs (€-11mn) in 1H16. TAV had attained +7.4% Pax growth YoY in 2Q17 (2Q17 total Pax: 28.4mn), following a downturn of -2.1% YoY in Q1. We expect the group's revenues to have climbed ca.4% to €283mn (market median exp: €283mn), and its EBITDAR by +7.2% YoY to €161mn (market median exp. €161mn) in 2Q17E. Thus, we estimate the group having attained an EBITDA of €118mn (+ca.5% YoY) in 2Q17 (market median exp.: €120mn).

Arçelik (ARCLK.TI; MP) According to TURKBESD (Turkish White Goods Manufacturers Association) data, white goods domestic sales growth has decelerated to 7% YoY, having reached a monthly volume of 748,914 units in June 2017. The deceleration of domestic sales volume growth from 17% in May and 39% in April 2017 is attributable largely to a strong base; otherwise monthly local sales volume of 748,914 is still strong in our view, similar to the levels observed in May 2017 (750k). >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	107.418	106.736	-0,63%	36,60%
BIST 30	132.534	131.640	-0,67%	37,85%
BIST-Financial	139.380	138.251	-0,81%	33,45%
BIST-Industrial	115.581	115.176	-0,35%	37,79%
BIST-Services	66.979	66.834	-0,22%	34,68%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
MRGYO	18,75	CMENT	-12,79	THYAO	926.072.508
AKFGY	13,25	BURCE	-9,78	GARAN	356.546.724
AVGYO	13,16	EGCYH	-5,88	ASELS	350.283.707
SAMAT	12,40	GARFA	-5,01	KOZAA	270.231.509
YKGYO	11,52	KRONT	-4,74	PETKM	251.039.194

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	11,82	11,82	11,80	9,50
Euro Bond (30 year, \$)	155,43	159,33	160,13	147,10
Bond (Benchmark, %)	11,33	11,37	11,08	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,5215	3,5255	0,11%	-0,34%
Euro	4,0525	4,0905	0,94%	10,39%
Euro/Dolar	1,1631	1,16276	-0,03%	10,95%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	49,3	49,3	0,06%	-13,13%
Oil (NYMEX future, \$)	46,9	46,9	0,02%	-12,92%
Gold (Ounce, \$)	1.244,6	1.244,8	0,02%	8,11%
Silver (XAG, \$)	16,3	16,3	0,05%	2,53%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,457430	0,455056	-0,52%	34,46%
Şeker Portfoy Debt Instruments	0,025965	0,025956	-0,03%	5,75%
Şeker Portfoy Money Market	1,167412	1,167770	0,03%	5,58%
Şeker Portfoy Mix Fund	0,022695	0,022767	0,32%	15,65%
Şeker Portfoy Gold Fund	0,021653	0,021653	0,00%	5,43%
Şeker Portfoy Short T. Debt	0,013951	0,013955	0,03%	5,35%

* Prices as of 21-Jul-17

>>> Meanwhile, exports were down by 5% at 1.68mn units (May 2017: +10% YoY at 1.73mn). We deem the data release to be neutral to slightly negative as the figures indicate an expected slowdown in domestic growth in June, and we believe the continuing strength in volume signifies the resilience of demand, and also reflect a decline in export volume. Arçelik had revised its domestic market growth expectation upward to 5% for 2017E following the release of its 1Q17 results in Feb 2017, maintaining its international volume growth expectation unchanged at 2%. Our volume growth expectations are currently in parallel with those of the company. The strength in Turkish 1H2017 figures (domestic volume growth: +27% YoY, exports growth: +2% YoY), however, indicates that both the company's and our volume estimates could be revised upwards in the very near term. In this regard, we calculate the impact of 1 pp increases in Arçelik's 2017E domestic and international sales volume growth to be at 0.4% and 0.8%, respectively, on our company valuation.

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	21.641	21.612	-0,13%	9,36%	
Nasdaq (US)	6.385	6.390	0,08%	18,70%	
S&P 500 (US)	2.474	2.473	-0,02%	10,48%	
Bovespa (Brasil)	65.180	64.938	-0,37%	7,82%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	12.452	12.447	-0,04%	8,42%	
FTSE 100 (UK)	7.431	7.488	0,77%	4,83%	
CAC 40 (France)	5.216	5.199	-0,32%	6,93%	
MIB30 (Italy)	21.479	21.439	-0,19%	11,46%	
PSI20 (Portugal)	5.302	5.314	0,23%	13,57%	
ASE (Greece)	854	855	0,12%	32,77%	
RTSI (Rusia)	1.043	1.039	-0,44%	-9,87%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	20.021	20.145	0,62%	5,39%	
Hang Seng (Hong Kong)	26.672	26.740	0,26%	21,54%	
Shanghai Comp. (China)	3.231	3.245	0,43%	4,55%	
KOSPI (South Korea)	2.430	2.442	0,49%	20,50%	
Sensex (India)	31.955	31.904	-0,16%	19,82%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (AUGUST 17)	134,725	133,675	-0,78%	38,85%	
USD (AUGUST 17)	3,5633	3,567	0,09%	0,02%	
EURO (AUGUST 17)	4,1104	4,152	1,01%	10,17%	
GOLD (AUGUST 17)	142,70	143,15	0,32%	7,39%	
Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	BIST Relative
Vakifbank	30.01.17	4,72	7,12	50,8%	18,5%
Tofas	30.01.17	25,84	30,78	19,1%	-6,4%
İsbank	26.07.16	4,42	7,86	77,8%	22,8%
Turkish Airlines	02.06.17	7,15	8,74	22,2%	11,5%
Migros	09.11.15	19,05	28,38	49,0%	14,4%
Tupras	26.08.16	57,65	108,80	88,7%	35,8%
Turkcell	22.02.17	11,80	12,28	4,1%	-13,3%
Portfolio Yield (yoy)				70,3%	18,4%
Portfolio Yield (mom)				8,5%	0,9%

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