

Agenda

18 Monday

- N/A

19 Tuesday

- Treasury auction
- Germany, September ZEW survey
- U.S., August housing starts and building permits

20 Wednesday

- U.S., August existing home sales
- U.S., Fed FOMC announcement

21 Thursday

- BoJ announcement
- U.S., jobless claims
- U.S., September Philadelphia Fed business outlook

22 Friday

- N/A

Outlook:

Global stock markets in general retreated on Thursday following the rather hawkish announcement of the US Fed's policy decision, and revelations that it intends to deliver another rate increase in 2017, and that it would start reducing the size of its US\$4.5tn asset portfolio in October by US\$10bn a month. The Fed's announcement has led to a weakening in EM currencies, and especially in the TRY. The BIST100 closed 1.3% lower at 104,001; total trading volume in the market was at TRY 5.0bn. Today, market participants will follow the National Safety Council's meeting ahead of the referendum in Northern Iraq, expected to be held on September 25th. President Erdogan and his US counterpart held a meeting yesterday, where both leaders rejected a plan for the Kurdistan Regional Government's referendum, the event of which may lead to a swift recovery in both the stock market and the TRY. Meanwhile, Parliament's Extraordinary General Assembly will discuss the situations in Iraq and Syria. Investors will also follow various Fed members' speeches today. We expect the BIST to open with reactionary buying today, and rather volatile trading. RESISTANCE LEVELS: 104,600 / 105,600 / SUPPORT LEVELS: 103,000 / 102,400.

Money Market:

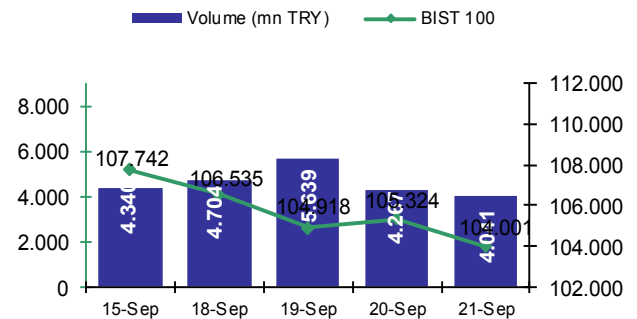
The Lira was negative yesterday, weakening 1.15% against the USD to close at 3.5105. Additionally, the currency depreciated by 0.83% against the basket composed of \$0.50 and €0.50. The local fixed income markets were relatively flat. The two-year benchmark bond was traded within a tight range of 11.67%-11.75%, ending the day at a high of 11.75%, 5 bps above its previous close.

Company News:

Turkcell (TCELL.TI; OP) has announced that Paycell LLC, a subsidiary of Lifecell, which is wholly-owned by Turkcell, has received 'financial company' status. Paycell plans to provide customers device sales on credit and means of digital payment via e-money. In this regard, Paycell will apply to obtain financial services and local currency transfer licenses. Total international sales comprise ca.6% of Turkcell's group revenues, and lifecell comprises ca.65% of this amount. We believe that providing device sales through credit could further accelerate smartphone penetration in the group's Ukrainian operations - where lifecell is already a market leader in terms of smartphone penetration within its own network (ca.63%) - and may improve lifecell's operating profitability. We expect the development to have a mildly positive impact on the group's stock performance.

Aksa Energy (AKSEN.TI; OP) has announced that it was decided to evaluate the proposals for the sale of its Incesu HPP (15 MW) (Slightly Positive).

Türk Telekom (TTKOM.TI; OP) has shared that an appeal to Avea's interim injunction order for penalties related to the alleged underpayment of Treasury shares for its 2G services for the years 2009-2013 has been rejected in favour of Avea by the related court, and that the arbitration process has started on alleged underpayment and the imposed penalty. We expect this development to lighten any concerns regarding this issue, and yet do not expect it to have a significant impact on the group's share performance. >>>



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	105.324	107.742	2,30%	37,89%
BIST 30	129.211	131.862	2,05%	38,08%
BIST-Financial	131.705	135.069	2,55%	30,38%
BIST-Industrial	116.462	120.090	3,12%	43,67%
BIST-Services	69.212	69.727	0,74%	40,51%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
BMEKS	18,60	AKPAZ	-5,41	THYAO	650.937.986
BANVT	11,45	HURGZ	-5,38	GARAN	259.168.957
EGCYH	9,09	MAALT	-4,24	IPEKE	246.216.255
GENTS	8,90	DOHOL	-3,92	AKBNK	156.505.839
METRO	6,86	HATEK	-3,61	HALKB	140.634.884

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	11,80	11,79	11,79	9,50
Euro Bond (30 year, \$)	160,23	160,23	160,13	147,10
Bond (Benchmark, %)	11,7	11,75	11,61	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,4705	3,5105	1,15%	-0,76%
Euro	4,1605	4,1835	0,55%	12,90%
Euro/Dolar	1,1942	1,19633	0,18%	14,15%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	56,4	56,4	-0,12%	-0,65%
Oil (NYMEX future, \$)	50,6	50,6	0,14%	-6,07%
Gold (Ounce, \$)	1.291,3	1.298,1	0,53%	12,74%
Silver (XAG, \$)	17,0	17,1	0,61%	7,13%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,442343	0,437364	-1,13%	29,23%
Şeker Portfoy Debt Instruments	0,026265	0,026243	-0,08%	6,92%
Şeker Portfoy Money Market	1,189944	1,190301	0,03%	7,62%
Şeker Portfoy Mix Fund	0,022461	0,022352	-0,49%	13,54%
Şeker Portfoy Gold Fund	0,022470	0,022335	-0,60%	8,75%
Şeker Portfoy Short T. Debt	0,014214	0,014218	0,03%	7,34%

* Prices as of 22-Sep-17

>>> Türk Telekom has also shared that the lawsuit, arbitration and official appeals regarding alleged underpayment of the Treasury share claims related to other periods are still in progress. Recall that in July 2017, Türk Telekom had shared that Council of State issuing of a stay of execution for 96% of the litigated amount (TRY184mn), and that Avea had requested cancellation of the imposed penalty in light of the stay of execution decision, while at the same time, the aforementioned interim injunction order has been issued for the penalty related to the 2G services (TRY 323mn). We have not beforehand factored in any payments related to these cases in our forecasts, and currently estimate that Türk Telekom could report a net income figure in the order of TRY1.7bn in 2017E.

Kardemir (KRDMD.TI; MP) has shared its 4Q17E sales program. The steel producer plans for a total of 592k tons of sales in 4Q17E (3Q17E: 569k tons), translating to a 5.2% decline YoY. The company customarily reports its quarterly sales plan to enable advance planning with its customers, and there may be discrepancies between this plan and the actual figures for 4Q17E. Nevertheless, the announcement suggests that the company may meet its target of selling 2.3mn tons of steel products in 2017E. We expect it to have a neutral-to-slightly positive impact on its share performance, even though it indicates an expected YoY decline in the company's sales volume in 4Q17E. Kardemir targets to sell 170.2k tons of long steel (-0.2% YoY), 241.9k tons of billets&blooms (-11.5% YoY), a total of 105k tons of profiles&rail&sim. (-23.0% YoY) and 75k tons of wire rod sales (+280% YoY) in 4Q17E (Kardemir's wire-rod production facilities had become operational in April'16). As to our forecasts, we were previously expecting the company's sales volume to increase by ca.7% to ca.2.2mn tons in 2017E. With the announcement of Kardemir's 4Q17E sales plan, we feel relatively more confident raising our sales volume estimate up to the company's 2017E guidance, i.e., 2.3mn tons, also given the uptrend in steel prices in 3Q17. Adjusting our price estimates according to recent pricing trends, we raise our revenue estimate to TRY 3.8bn in 2017E (prev.: TRY 3.5bn). By the same token, even though iron ore and coking coal prices have also risen by 9%-14% QoQ in 3Q17E, as the company procures its iron ore from local sources with long term contracts, we largely maintain our cost assumptions and also raise our EBITDA estimate to TRY 646mn indicating an EBITDA margin of 16.6% for 2017E (prev.: 15%, company guidance: 16%-18%). >>>

World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	22.413	22.359	-0,24%	13,14%	
Nasdaq (US)	6.456	6.423	-0,52%	19,31%	
S&P 500 (US)	2.508	2.501	-0,30%	11,69%	
Bovespa (Brasil)	76.004	75.604	-0,53%	25,53%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	12.569	12.600	0,25%	9,75%	
FTSE 100 (UK)	7.272	7.264	-0,11%	1,69%	
CAC 40 (France)	5.267	5.267	0,00%	8,33%	
MIB30 (Italy)	22.492	22.492	0,00%	16,93%	
PSI20 (Portugal)	5.306	5.306	0,00%	13,40%	
ASE (Greece)	758	766	1,06%	19,01%	
RTSI (Rusia)	1.122	1.120	-0,20%	-2,79%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	19.275	20.347	5,57%	6,45%	
Hang Seng (Hong Kong)	27.668	28.110	1,60%	27,77%	
Shanghai Comp. (China)	3.365	3.358	-0,22%	8,19%	
KOSPI (South Korea)	2.344	2.407	2,68%	18,75%	
Sensex (India)	31.688	32.370	2,15%	21,57%	
Turkdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (OCTOBER 17)	131,225	129,450	-1,35%	34,46%	
USD (OCTOBER 17)	3,5130	3,547	0,97%	-0,52%	
EURO (OCTOBER 17)	4,2212	4,235	0,34%	12,38%	
GOLD (OCTOBER 17)	148,80	147,97	-0,56%	11,01%	
Portfolio Recommend.	Inclusio Date	Inclusio Price	Last Close	Chg. (%)	BIST Relative
Tofas	30.01.17	25,84	31,80	23,1%	-4,3%
TAV Airports Holding	02.08.17	20,60	19,04	-7,6%	-8,6%
Migros	09.11.15	19,05	27,50	44,4%	9,8%
Turk Telekom	02.08.17	7,08	6,56	-7,3%	-8,3%
Turkcell	22.02.17	11,80	12,29	4,2%	-14,0%
Portfolio Yield (yoy)				46,7%	9,6%
Portfolio Yield (mom)				-8,4%	-4,3%

*Starting date of portfolio 30/11/2004

>>> Our TP, thus, reaches TRY 2.35/sh (prev: TRY 2.10/sh); we maintain our 'Marketperform' rating on Kardemir shares.

Turkish Airlines (THYAO.TI; OP) According to Reuters reports, Turkish Airlines intends to order 40 787-9 Dreamliners from Boeing, expanding its wide-body fleet. Reportedly, the agreement is valued at US\$10.8bn at current Boeing list prices. Turkish Airlines has not shared an updated fleet plan at this time, as the order has not been placed as yet, we understand. The development is essentially potentially positive in view of Turkish Airlines' increasing business in long-haul routes, especially towards the Far East. The carrier had a net debt position of US\$7.3bn as of end-1H17.

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