



TURKISH MARKET WEEKLY

Stock market last week

BIST-100 ended the week down 4.8% as the market continues to price in both marginally tighter liquidity in TR and uncertainty regarding the path of monetary policy in US and the Eurozone. At 1.8% m/m, October's CPI inflation was markedly higher than the market expectation, which also spooked investors. TRY depreciated sharply against the basket while bonds also sold off. Foreign bond holdings decreased by USD 0.6bn mainly thanks to the outflows from 2015, 2018 and 2020 bonds, while consumer credit growth decelerated 2pp to 17.2% on a 13-wk MA annualised basis. 3Q13 earnings season drew to a close (deadline 11/11/13) and EKGYO completed book-building for its SPO.

MACRO NEWS

Consumer Loan Growth and Non-residents' Bond Holdings. During the week of 1 November, foreign bond holdings decreased by USD0.6bn mainly due to the outflows from 2015, 2018 and 2020 bonds. Outstanding foreign repos remained unchanged. In the same week, consumer credit growth decelerated 2pp to 17.2% on a 13-wk MA annualised basis.

Core inflation on the rise. At 1.8% m/m, October's CPI inflation was markedly higher than the market expectation (1.3% m/m). The rise in food prices was sizeable (3.9% m/m), mainly on the back of the sharp increase in unprocessed food prices. Yet, annual inflation declined to 7.7% from 7.9% in September on the back of favourable base effects as last year's utility price hikes were not repeated this year. Core I inflation increased 0.5pp and reached 7.5% y/y, mainly driven by the rise in clothing prices. In addition, automotive price inflation increased 1.4pp further to 9.8% y/y. Rental inflation decreased slightly to 6.2% y/y from 6.3% y/y in September.

Emlak Konut's SPO conculed. Emlak Konut concluded its SPO process successfully. Price realized at the bottom level which is TRY 2.5/shr. The company sold 1.3bn new shares to the market which brings SPO size to TRY 3.25bn. Allocation realized as 80% foreign institutional, 10% local institutional and 10% local retail.

Equities	last	Δ w/w	Δ y/y
ISE-100	73.918	-3,4%	1,7%
Turnover*, \$ mn	1.332	-1,9%	
Market Cap, \$ bn	226		
MSCI Turkey	1.038.019	-3,5%	-0,4%
MSCI EMEA	330	-3,0%	-0,6%
MSCI EM	995	-3,2%	0,0%
P/E	2011E	2012F	2013F
MSCI Turkey	9,0	9,9	9,3
MSCI EMEA	8,0	8,9	8,6
MSCI EM	11,7	11,5	10,2
Int. Rates & FX	last	wk. ago	yr. ago
CB Policy Rate	4,50%	4,50%	5,75%
G-Bond Yield ⁺	8,80%	8,21%	6,74%
Eurobond Yield ⁺⁺	6,28%	5,99%	4,55%
5 yr. CDS	210	192	151
US\$ / TRY	2,033	2,017	1,786
EUR / TRY	2,721	2,721	2,277
Macro Indicators	2011A	2012E	2013E
GDP, \$ bn, nom.	771	795	875
GDP Growth	8,8%	2,2%	3,5%
CPI	10,4%	6,2%	6,7%
Current Acc./GDP	-9,7%	-5,9%	-6,7%
Public Debt/GDP	39,9%	37,5%	36,1%
Budget Bal./GDP	-1,4%	-2,0%	-2,2%
Country Rating	S&P	Moody's	Fitch
L-T FC borrowing	BB+	Ba1	BBB-

* last 5 days' average

+ benchmark

++ eurobond, 14/01/2041 maturity

Upcoming events

Consumer loan stats (44th week of 2013) – Nov 11th
 Foreign trade indices (Sep'13) – Nov 11th
 Retail sales volume index (Sep'13) – Nov 12th
 Consumer loan statistics (Sep'13) – Nov 12th
 Industrial turnover index (Sep'13) – Nov 13th
 Balance of payment statistics (Sep'13) – Nov 13th
 Registered unemployed (Oct'13) – Nov 15th
 Consumer loan stats (45th week of 2013) – Nov 18th



TEB ASSET MANAGEMENT

BNP PARIBAS JOINT VENTURE

Foreign institutional flows continued in October. Following massive net inflows of USD669m in September, foreign institutional investors continued to place money in Turkey. Net inflows in October were USD435m which brought year-to-date net inflows to USD133m. However, excluding ULKER's 20% block stake sale which accounted for USD431m of inflows, we calculate that the net inflow figure for October was USD20m. Top inflows: ULKER USD415.7m, TCELL USD87.1m, AKBNK USD38.9m, KOZAL USD24.4m, HALKB USD24.2m, PETKM USD20.2m, EREGL USD19.4m. Top outflows: SAHOL USD105m, GARAN USD31.0m, TKFEN USD24.1m, VAKBN USD23.6m, YKBNK USD20.2m, BIMAS USD19.6m, TRKCM USD18.9m.
Turkey Airport Passenger Data

Turkey airport terminal passengers raised by 17% y/y to 14.3m passengers in Oct'13 (+14% y-y in Sep'13). Domestic and international number of passengers up by 14% and 21%, respectively. Overall ytd increase realized at 14% in Oct'13, unchanged from Sept'13.

Recent developments re 3rd Airport. The government reportedly plans to sign the main contract with the winning consortium in a month's time. Will then transfer the land to the consortium.

MSCI November Index reshuffle. Ulker included to MSCI Turkey index and other stocks kept their memberships.

National lottery privatization. The government reportedly brought forward the privatization of national lottery to late November. Interested parties in the tender have been reported to be Dogan Holding, Turkcell, Net Holding, Bilkent Holding, British Camelot, Greek Intralot, Gtech and Sgames.

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