

Agenda

13 Monday

- CBRT, September balance of payments

14 Tuesday

- Treasury auctions
- Germany, 3Q17 GDP
- Germany, November Zew survey
- U.S., October PPI

15 Wednesday

- TurkStat, August labor statistics
- U.S., October retail sales and CPI
- U.S., November Empire manufacturing

16 Thursday

- MoF, October budget realizations
- U.S., jobless claims
- U.S., November Philadelphia Fed business outlook
- U.S., October industrial production and CUR

17 Friday

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

Outlook:

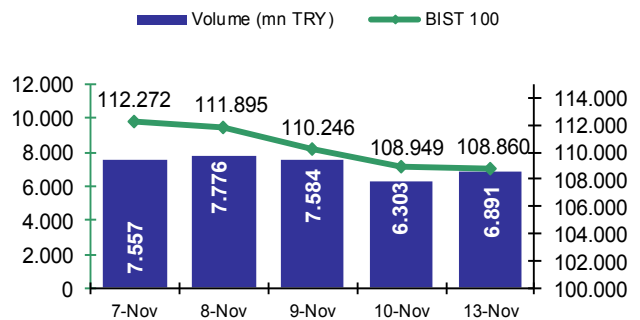
World stock markets generally closed lower on Monday as well, attributable to decreasing risk appetite on concerns over US tax reforms being delayed until 2019. After having started the day with some reactionary buying, the BIST100 also closed slightly down at 108,860, declining by 0.1%. At US\$4.53bn, the September CAD print exceeded market expectations, and profit takings also continued after the realization of 3Q17 results. Today, the Treasury will be holding two auctions, issuing a new 2-year fixed coupon bond having a semi-annual coupon rate of 6.5%, and reopening another, a 10-year fixed coupon bond, having a semi-annual coupon rate of 5.25%. Meanwhile, investors will follow Germany's 3Q17 GDP announcement and November ZEW survey results, and October PPI figures from the US. They will also focus on comments from ECB President Draghi and US Fed Chair Yellen. Asian markets have been trading positively today, excepting China, and the European markets are expected to open flat. We expect the BIST to open on a positive note; the index could maintain its uptrend during the day. RESISTANCE: 109,700-111,200 SUPPORT: 108,000-106,900.

Money Market:

The Lira was negative yesterday, weakening 0.60% against the USD to close at 3.8825. Additionally, the currency depreciated by 0.63% against the basket composed of \$0.50 and €0.50. Meanwhile, the local fixed income markets were negative. The two-year benchmark bond was traded within a range of 13.60%-13.82%, ending the day at a high of 13.82%, 27 bps above its previous close.

Domestic Headlines:

According to the **CBRT announcement**, September's current account deficit was announced at USD 4.5bn (YoY), thus exceeding the market expectation compared to the previous September (Market expectation: USD 4.1bn YoY). The 12-month total current account deficit reached USD 39.6bn having risen since August, 2017. The foreign trade deficit rose by USD 3.4bn annually to USD 6.6bn, and is also one of the key factors increasing the current account deficit. The net income provided by travel has created positive developments and restricted the current account deficit to a limited extent. In the financial account, with direct investment, a USD 156mn capital outflow was recorded in September 2017 compared to the same month of the previous year resulting in a total net inflow of USD 544mn (YoY). When details of the financial account are examined we note a net inflow of USD 3.4bn. The main source of capital inflows was the rise in net inflows from portfolio investments. Non-resident investors made net purchases of USD 248mn in the equity securities and USD 834mn in government domestic debt securities transactions as pertains to the financial account of portfolio investment. In addition, the CBRT's official reserves recorded a rise of USD 929mn in September, 2017 (YoY). As a result; the current account deficit rose with the effect of the foreign trade deficit, gold import and depreciation of the Turkish Lira. In addition, the rise in oil prices and possible appreciation in the exchange rate may be factors determining the expansion of the current deficit over the coming terms.



Indices (TRY)	Previous	Last	Chg.	YTD
BIST 100	108.949	108.860	-0,08%	39,32%
BIST 30	133.291	133.260	-0,02%	39,54%
BIST-Financial	128.638	128.709	0,06%	24,24%
BIST-Industrial	124.833	124.069	-0,61%	48,43%
BIST-Services	73.367	73.097	-0,37%	47,30%

Advances		Declines		Most Active	
Stocks	(%)	Stocks	(%)	Stocks	Vol (TR)
MARTI	19,75	MSGYO	-10,99	THYAO	1.631.491.653
PSDTC	12,47	IHLAS	-6,45	ASELS	1.124.038.490
GEREL	7,11	TAVHL	-6,41	GARAN	448.483.820
EDIP	7,01	TKFEN	-5,92	TUPRS	319.356.767
MGROS	5,91	GARFA	-5,62	VESTL	212.211.856

Money Market	Previous	Last	Pr. Mn	YE15
O/N Repo (%)	11,76	11,76	11,74	9,50
Euro Bond (30 year, \$)	151,53	151,53	160,23	147,10
Bond (Benchmark, %)	13,55	13,82	12,15	10,94

Currency	Previous	Last	Chg.	YTD
US\$	3,8615	3,8825	0,54%	9,75%
Euro	4,5025	4,5255	0,51%	22,13%
Euro/Dolar	1,1668	1,16728	0,04%	11,38%

Commodity	Previous	Last	Chg.	YTD
Oil (Brent spot, \$)	63,1	62,9	-0,21%	10,95%
Oil (NYMEX future, \$)	56,8	56,6	-0,23%	5,08%
Gold (Ounce, \$)	1.277,7	1.276,5	-0,09%	10,87%
Silver (XAG, \$)	17,0	17,0	-0,20%	6,70%

Şeker Funds	Previous	Last*	Chg.	YTD
Şeker Portfoy Equity Fund	0,458729	0,459490	0,17%	35,77%
Şeker Portfoy Debt Instruments	0,026098	0,026073	-0,10%	6,23%
Şeker Portfoy Money Market	1,209350	1,209724	0,03%	9,37%
Şeker Portfoy Mix Fund	0,023916	0,023926	0,04%	21,54%
Şeker Portfoy Gold Fund	0,024268	0,024138	-0,54%	17,53%
Şeker Portfoy Short T. Debt	0,014448	0,014450	0,01%	9,09%

* Prices as of 14-Nov-17

Company News:

Turkish Airlines' (THYAO.TI; OP) passenger traffic growth very slightly decelerated to +12.7% YoY in Oct 2017 from +13.0% YoY in Sep 2017. Meanwhile, its load-factor continued to improve strongly by +6.3 pp YoY to 81.0%, with the +6.6 pp YoY rise over international routes – supported especially by significant load-factor increases over long-haul routes (+5.7 pp over Far Eastern routes and +9.0 pp YoY over North America) – coupled with a +3.3 pp YoY load-factor rise in the domestic lines. Turkish Airlines' Oct 2017 monthly Pax traffic growth of +12.7% YoY was due both to the acceleration of international Pax growth to +12.4% YoY (September 2017: +12.4% YoY) - expressly on a still quite strong +18.9% YoY increase in direct international traffic (September 2017: +24.1% YoY) - and also to the +13.0% YoY growth in domestic Pax traffic. (September 2017: +14.2% YoY). The announcement displays continuing strong growth in Turkish Airlines' passenger traffic in Oct 2017 as well, and although the figures in general indicate a very slight, expected deceleration in traffic growth compared to Sep 2017, thanks to continuing strong growth in international direct passenger traffic and strong improvement in load factors, we believe the announcement should help create positive sentiment around the carrier's stocks, which have shed some ca.7%, underperforming the BIST100 by ca.6% with profit taking following the announcement of its better than expected 3Q17 results.

- Highlights of Turkish Airlines monthly traffic data remain the significant (+6.3 pp YoY) improvement in international load-factor and the 18.9% YoY rise in international O&D traffic:** Turkish Airlines' international Pax, (55.9% of total Pax) traffic grew by +12.4% YoY in October 2017, based largely on an +18.9% YoY increase in direct international Pax traffic, the share of which has increased to 43.9% in October 2017 from 41.5% a year earlier, where growth had been hampered by security concerns and was driven mainly out of int-to-int transfer Pax. In the meantime, the int-to-int transfer Pax traffic (56.1% of international Pax) also grew by 7.8% YoY (Sep 2017: +3.1% YoY). Domestic Pax traffic also continued to recover in double digits, by +13.0% YoY in Oct 2017, >>>

- >>> following a +14.2% YoY increase in Sep 2017. Turkish Airlines' capacity continued to increase, by a +1.8% YoY in Oct 2017 as well (Sep 2017: +1.9% YoY). Meanwhile, its RPK improved strongly by +10.4% YoY (Sep 2017: +9.5% YoY), yielding better load factors and indicating continuing strength in operating profitability in 4Q17E. The carrier's total load factor increased by +6.3 pp YoY to 81.0% in Oct 2017 (Sep 2017: +5.7 pp YoY), thanks mainly to the +6.6 pp YoY rise in international load-factor (Sep 2017: +6.1 pp YoY), while the domestic load factor was also up by +3.3 pp YoY (Sep 2017: +2.8 pp YoY). Also noteworthy in the carrier's October 2017 traffic data was the continuing double-digit (+21.6% YoY) increase in total cargo and mail carried in the month, abiding by the company target of delivering significant growth in its cargo business in 2017E.

Petkim (PETKM.TI; OP) Petkim held a teleconference on Monday, following the announcement of its 3Q17 results on November 9th, 2017. The company has highlighted that its 3Q17 and 9M17 results reflect an improved margin environment, thanks to better capacity utilization (102% in ethylene in 3Q17), supportive market conditions and ongoing efficiency & operational/commercial excellence programs. Petkim has noted that the ethylene-naphtha spreads remained strong in 3Q17 as well, even though they displayed a slight decrease of 3% QoQ, averaging at US\$681/ton in 3Q17. The company has underlined that its co-products have continued to support its margins; prices of these, according to PLATT's index, have increased modestly to US\$947/ton in 3Q17 from US\$918/ton in 2Q17. Petkim's outlook remains quite positive, even though short-term uncertainties may impact its margins. Petkim believes that while oil prices have been rising recently, they may be balanced in 2018, and that the company might be able to pass its cost push to output prices with demand remaining strong and supply currently relatively tight. The firm also noted that with new capacity additions in the US, supply and demand in the market would ultimately be balanced. Another key takeaway from the conference call was the prospective commencement of operations at the STAR refinery in Sep 2018; Petkim has reiterated that the company conservatively expects annual savings of US\$100mn-US\$120mn on its naphtha procurements once it procures a large part of its naphtha supplies from this refinery in 2019-2020. Petkim also plans for a new maintenance shutdown sometime in 2018; the timing, extent and impact of which have yet to be assessed. Company officials have stated that this would not be a revamping project similar to that of 2014, whereby its impact on overall CUR, and hence revenues & profitability, should be rather moderate. We currently expect Petkim's revenues to climb ca.11% on a similar to 2017E volume and slightly lower prices, plus relatively moderate TRY depreciation. Yet we estimate EBITDA being ca.4% lower YoY, and an EBITDA margin ca.3 pp lower in 2018E.

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World Indices					
America	Previous	Last	Chg.	YTD	
Dow Jones (US)	23.377	23.440	0,27%	18,61%	
Nasdaq (US)	6.728	6.758	0,44%	25,53%	
S&P 500 (US)	2.575	2.585	0,37%	15,45%	
Bovespa (Brasil)	74.308	72.475	-2,47%	20,34%	
Europe	Previous	Last	Chg.	YTD	
Dax (Germany)	13.230	13.074	-1,17%	13,88%	
FTSE 100 (UK)	7.493	7.415	-1,04%	3,81%	
CAC 40 (France)	5.503	5.342	-2,94%	9,86%	
MIB30 (Italy)	22.794	22.438	-1,56%	16,65%	
PSI20 (Portugal)	5.476	5.258	-3,97%	12,37%	
ASE (Greece)	759	717	-5,51%	11,47%	
RTSI (Rusia)	1.113	1.149	3,18%	-0,31%	
Asia	Previous	Last	Chg.	YTD	
Nikkei (Japan)	22.012	22.381	1,68%	17,09%	
Hang Seng (Hong Kong)	28.246	29.182	3,32%	32,64%	
Shanghai Comp. (China)	3.393	3.448	1,61%	11,09%	
KOSPI (South Korea)	2.523	2.530	0,27%	24,87%	
Sensex (India)	33.213	33.034	-0,54%	24,06%	
Turdex (Set. Price)	Previous	Last	Chg.	YTD	
INX30 (DECEMBER 17)	135,750	135,775	0,02%	41,03%	
USD (DECEMBER 17)	3,9084	3,930	0,56%	10,22%	
EURO (DECEMBER 17)	4,5690	4,596	0,59%	21,95%	
GOLD (DECEMBER 17)	162,21	162,00	-0,13%	21,53%	
Portfolio	Inclusio	Last	Chg.	BIST	
Recommend.	Date	Price	Close	(%)	Relative
Tofas	30.01.17	25,84	33,32	28,9%	-0,7%
Tupras	03.10.17	121,90	127,20	4,3%	-1,4%
Migros	09.11.15	19,05	29,76	56,2%	17,6%
Turk Telekom	02.08.17	7,08	5,93	-16,2%	-18,0%
Turkcell	22.02.17	11,80	13,91	17,9%	-3,7%
Portfolio Yield (yoy)				57,3%	9,3%
Portfolio Yield (mom)				2,6%	0,4%

*Starting date of portfolio 30/11/2004