

Turkish Markets Daily

 06 May 2024
 (09:16)

Financial Markets Data

Domestic Market	Last Price	Change (%)		International Markets	Last Price	Change (%)	
		Daily	YTD			Daily	YTD
BIST-100	10276.88	0.67	37.57	S&P 500	5127.79	1.26	7.50
BIST-30	11147.59	0.53	38.98	Nasdaq 100	17890.79	1.99	7.63
\$/TL	32.35	0.05	9.76	Dow	38675.68	1.18	2.62
€/TL	34.81	-0.01	6.31	Dax	18001.6	0.59	7.46
Short Term	44.76	-1.13	12.80	FTSE 100	8213.49	0.51	6.21
Long Term	28.91	0.17	8.07	Nikkei 225	38236.07	-0.10	14.26
Gold	2312.88	0.43	12.11	Crude Oil	78.305	0.67	9.64

Daily Agenda

Date	Time	Country	Data	Period	Expectation	Previous
06.05.2024	11:00	EC	HCOB Eurozone Services PMI	Apr	52.9	52.9
06.05.2024	12:00	EC	PPI MoM	Mar	(-)0.4%	-1.0%

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Local Market Overview

BIST-100 – Rating upgrades continue. The second rating upgrade of the year came from S&P.

In parallel with maintaining the determination in the current monetary policy, S&P raised Turkey's credit rating to B+, 4 notches below the investment grade. We see a 14.8% premium in the BIST-100 index in the 1-month period before the credit rating upgrade. The BIST-100 index, which has gained 5.9% on average before the rating upgrades in the last 20 years, gained 0.4% on the first day and 0.1% in the first week after the rating upgrade. While the expectations were bought in the 1-month period before the rating hike expectations, it is seen that the positive performance lost momentum in the short term afterwards. Approaching the overbought zone in short-term indicators signals caution against the risk of volatility for the same term. In case of approaching the \$320-325 level (~TRY10,350-10,500) or breaking the \$310 (~TRY10,500) level, sell-buy strategies may be preferred. Despite the risk of profit selling that may come to the fore in the short term, there is no change in our general positive outlook for BIST. Our medium-term positive outlook on TL-denominated assets and BIST has been maintained since the beginning of the year in the face of the decisive continuation of tight monetary policies in the fight against inflation, the decline in the country risk premium, the appreciation of TL in real terms, the potential for a sovereign credit rating increase and the possibility of easing in foreign borrowing costs.


VIOP Index30 - While S&P upgraded Turkey's credit rating to "B+" from "B", the effort to maintain the momentum above 11900 may continue..

In the June futures Index30, the intraday close was 11,897.75, while it was realized as 11,912 in the evening session. On the closing day of the week, Powell emphasized the need for time for a rate cut in the US, but employment figures came in below expectations and the markets welcomed this result with a rise. On the domestic front, an important announcement was expected from S&P. S&P downgraded its credit rating from "B" to "B+" and kept its outlook as "positive". Thus, we will have to wait for 4 more upgrades from S&P and Fitch and 6 more from Moody's to reach investment grade. In the week when there will be a calm data agenda in the US, BIST June futures may partially reduce the "upward momentum" as the S&P decision is left behind with the desire for profit sales after the 11,938 attempt on the new peak journey. BIST June futures may start the new day around 11,900 with the effect of positive pricing. However, in parallel with the volatility that may occur during the day, let us remind you that 11,850-11,700 levels are support and 11,950-12,800 levels are resistance zones.

Spot USD/TRY- According to CBRT data, residents' foreign currency deposits have increased by \$848 million since the beginning of the year. This year, TRY 369 billion has been transferred from currency-protected deposit accounts to TRY deposits. The resolutely tight monetary policy increases the attractiveness of the TL against foreign currency instruments. In an environment of real yields in TL, the exchange rate appreciation remains below the inflation rate. Foreign investors' inflows into TL assets gained some momentum with the removal of local election uncertainty. The rating upgrade by S&P on Friday may also increase foreign interest in TL assets, especially TL bonds and equity markets, in the coming period. As the strengthening of foreign exchange reserves becomes more evident, the fight against inflation can be carried out more effectively.

Eurobond link:

<https://rapor.garantibbvayatirim.com.tr/yatirimdanismanligi/eurobond06.05.2024.xlsm>

Macroeconomic and Political News

S&P upgrades Turkiye's credit rating to B+ from B, maintaining outlook 'positive'

Yoy inflation rises in main groups excepting food

Foreign trade deficit widens 13% in April

S&P: S&P has upgraded Turkiye's credit rating from B to B+ and kept the outlook at 'positive'.

Inflation: Headline CPI inflation in April printed at 3.2%, below the consensus (3.4%), while slightly above our estimate (3.1%). Yoy CPI inflation rose to 69.8% from 68.5%. Yoy core inflation rose from 75.2% to 75.8%, and yoy PPI inflation from 51.5% to 55.7%. Yoy core inflation printed at its peak since January 2004, when data started to be released. Prices rose 18.7% in the first four months of 2024 according to headline CPI. Report link: <https://rapor.garantibbvayatirim.com.tr/arastirma/Inf0424.pdf>

Foreign Trade: According to the leading foreign trade data of the Ministry of Commerce, exports and imports rose 0.1% and 4.2% yoy, respectively in April. Thus, the foreign trade deficit, which had narrowed in the previous eight months, widened 13% yoy to USD9.9bn. On a 3-month average basis, exports rose 3% yoy and imports decreased 4% yoy. March's 42% contraction of the foreign trade deficit narrowed to 18% in April (3-month avg.). The contractionary trend in the foreign trade deficit is favorable for external balance dynamics.

Sector and Company News

Turkcell (TCELL, OP): Demirören Dispute Payment (Neutral)

Turkcell (TCELL, OP, Price:82.10TLMcap:TL180,620mn) paid TL130mn to Demirören Dağıtım and dispute has been resolved. Recall that last week Turkcell had announced resolution of the dispute through mediation relating to ongoing litigation process with Demirören Dağıtım.

Migros (MGROS, OP) Store openings in April 2024 (Neutral)

Migros (MGROS, OP, Price:446.00TLMcap:TL80,750mn): In April, 48 new stores (24 Migros, 17 Migros Jet, 2 Macrocenter, 4 Mion cosmetic stores and 1 Wholesale) were opened as provided. The total number of stores is 3,431 as of 30 April 2024.

Koc Holding (KCHOL, OP): Koç Holding acquired Otokar and Tofaş shares from Temel Ticaret ve Yatırım AŞ (Neutral)

Koc Holding (KCHOL, OP, Price:TL232.60 Mcap:TL590,103mn): In order to simplify the shareholding structure, Koç Holding decided to acquire Otokar shares with a nominal value of TL3,236,373.73, equivalent to approximately 2.70% of Otokar capital owned by Temel Ticaret ve Yatırım A.Ş. for a total consideration of TL1.6bn and Group A Tofaş shares with a nominal value of TL175,693.44, equivalent to approximately 0.035% of Tofaş capital for a total consideration of TL47.2mn in cash and in advance. While the acquisitions were realized close to market value, we assess the valuation impact as neutral.

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