

Turkish Markets Daily

29 April 2024
(10:14)

Financial Markets Data

Domestic Market	Last Price	Change (%)		International Markets	Last Price	Change (%)	
		Daily	YTD			Daily	YTD
BIST-100	9915.62	2.05	32.74	S&P 500	5099.96	1.02	6.92
BIST-30	10731.82	2.39	33.80	Nasdaq 100	17718.3	2.03	6.11
\$/TL	32.41	-0.19	9.98	Dow	38239.66	0.40	1.46
€/TL	34.77	0.11	6.18	Dax	18161.01	1.36	8.41
Short Term	44.70	-0.42	12.65	FTSE 100	8139.83	0.75	5.26
Long Term	28.12	-0.18	5.12	Nikkei 225	37934.76	0.81	13.36
Gold	2331.55	-0.28	13.02	Crude Oil	82.9305	-0.61	16.11

Daily Agenda

Date	Time	Country	Data	Period	Expectation	Previous
29.04.2024	10:00	TU	Economic Confidence	Apr	--	--

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Local Market Overview

BIST-100 – Week with a busy agenda. The new week starts with Garanti Bank's 1Q24 financial announcement. In the rest of the week, 1Q24 financials (AKBNK, YKBNK), KOTON and LILAK IPO processes, which are expected to take place between 30 April and 3 May with a total IPO size of approximately \$266 million, which we care about in terms of liquidity effect, Fed interest rate decision in the middle of the week, employment data in the US on 3 May, inflation data in Turkey on the same date and S&P Turkey credit rating review at night. In the technical outlook, we expect mobility in the new week in the first stage in the support level of \$297 (~TL9600) and resistance range of \$310-313 (~TL10000-10900). The \$288 support and \$320-325 levels are secondary technical levels that we will monitor according to the break in the current trading band.



VIOP Index30 - After directionless days, bullish momentum may continue above 11600... In the June futures Index30, the intraday close was 11,518, while it was realized as 11,548 in the evening session. The rise in stock markets in the US and ASIA is also effective in BIST on the last day of the week. On the first trading day of the week, economic confidence index data will be followed on the data agenda, while on the global side; Eurozone Inflation expectation data will be monitored. On the other side, considering the impact of the banking sector on market volatility, the results of AKBNK on April 30 and YKBNK on May 2 will be announced after GARAN's 1Q24 financial statements this week. BIST June futures reached a new TL peak of 11620 on the back of the momentum generated by banking stocks in particular, while retail, one of the other main sectors, also contributed. Bank balance sheets will be important this week to increase the possible uptrend clues above 11,700 after directionless days. However, possible profit sales in bank stocks may slow down this momentum. BIST June maturity may start the new day with a positive opening around 11550 with the continuation of positive pricing. However, in parallel with the volatility that may occur during the day, let us remind you that 11,500-11400 levels are support and 11,620-11,750 levels are resistance zones.

Spot USD/TRY- The Dxy (dollar index) is up 4.1% this year. The average EM currency depreciation against the dollar is 3.75%. The Turkish lira has depreciated by 9%, slightly more than the EM average. However, taking into account the overall CPI inflation in Turkey since the beginning of the year, it becomes clear that there has been a real appreciation of the TL. As stated in the CBRT's MPC text, the real appreciation of the TRY will be an important part of the tight monetary policy. Last week, the interest rate on TL required reserves was raised on condition that certain KKM conversion targets are met. These adjustments will support the TL by raising both the TL interest rates and the conversion rates from the KKM to TL deposits.

Eurobond link:

<https://rapor.garantibbvayatirim.com.tr/yatirimdanismanligi/eurobond29.04.2024.xlsm>

Sector and Company News

Arcelik (ARCLK, MP) disclosed a net profit of TL395mn in 1Q24, 75% lower than the market expectation (Negative)

Arcelik (ARCLK, MP, Price:168.20TLMcap:TL113,657mn) disclosed a net profit of TL395mn in 1Q24, down by 69% yoy and also 75% lower than the market expectation. Although that top line and EBITDA were both in line with expectations, net financial expenses of TL1,383mn led to the deviation at the bottom line. On an annual basis, despite a 13% yoy EBITDA growth, net profit declined by 69% yoy mainly due net financial expenses of TL1,383mn (1Q23 was TL258mn net financial income) and higher tax expenses of TL742mn. In line with expectations, Arcelik disclosed a TL72,265mn top line, up by 5% yoy driven mainly by strong unit growth in Türkiye, price increases and slight unit growth in international markets. Delving into the details, revenues in Türkiye rose by 18.3% yoy but international revenues declined by 3.4% yoy in 1Q24. In line with expectations, Arcelik registered TL5,711mn EBITDA in 1Q24. Lower raw material costs and higher CUR supported the gross margin of 29.7% in 1Q24 which increased by 0.9pp yoy. The EBITDA margin of 7.9% which was in line with the consensus expectations, up by 0.6pp yoy, mainly due to the better gross profitability. Arcelik maintained its 2024 targets of flattish real growth in Türkiye in TL terms and an increase in the international market in FX terms of c. 2% with an EBITDA margin of c.8%, c.EUR300mn capex and a Working Capital/Sales ratio of below 25%. Although Arcelik's 1Q24 consolidated EBITDA was in line with expectations, net profit was weak and below the consensus expectations. Considering strong a %16 nominal return and a 3% outperformance over the past month, we might see the profit taking in ARCLK shares. Therefore, we expect a negative market reaction to the 1Q24 results. We maintain our MP recommendation with a new target price of TL186. (Previous was 177TL).

Garanti Bank (GARAN, Not Rated): Garanti posted a TL22.3bn net income in 1Q24 vs. consensus estimate of TL17.6mn

Garanti Bank (GARAN, Not Rated, Price:TL80.85 Mcap:TL339,570mn): Garanti Bank posted a net profit of TL22.3mlr in the first quarter of the year, while market expectations were at TL17.6mlr. The bank's net profit fell by 25% qoq, but increased by 42% yoy. The bank's loan growth was 16% qoq, while core bank revenues grew by 23% in the same period. The bank's net interest margin including swaps was 3.4%, down 280 bps qoq. Commission income increased by 208% yoy to TL18.7bn. Operating expenses grew by 79% yoy. Cost/Income ratio was 39.7%, while this ratio was 32.3% in 2023. Net cost of risk was 69 bps in 1Q24 (2023: 67 bps). Total NPL inflow increased by 15% qoq to TL4.4bn. ROE of the bank was 35.9% in the first quarter of the year.

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