

TURKISH BULLETIN

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ECONOMY & MARKET

MARKETS

At Thursday's close, market situation was:

O/N for ISE Repo market & TLR Interbank market		YTL/ USD
19.12%		1.3324
Most actively traded T-Bills		
Date	Maturity	C/ Rate
11/ 05/ 07	04/ 02/ 09	19.01%
ISE-100 index		ISE- 100 Ref \$
45,056		33.8

Central Bank

-FX reserves down by US\$82mn to US\$67bn.

Auctions: the following table depicts the results of the Treasury auctions of last 2 weeks:

Issue	Mat.Date	Mat Mo nth	Bid NTL mn	Sales NTL mn	Cov %	Net sales NTL mn	Ann. Comp Yield (%)
08/05/07	04/02/09	21	3717	1028	28%	3155	18.8%
08/05/07	26/02/14	82	2656	1181	44.5%	4015	21.81%

Turkish Treasury re-opened a 21 months YTL denominated zero coupon bond and a 7yr YTL denominated floating coupon bond.

Treasury's cash budget recorded a US\$1.2bn primary deficit in April. Jan-Apr07 primary surplus reached US\$3.4bn down by 32%YoY and deficit reached US\$9.8bn down by 67% YoY.

Trade balance posted a US\$4.1bn deficit down by 2.8%YoY in Mar07. Imports reached a new record high of US\$13bn up by

11.8%YoY, exports rose by 20%YoY to US\$8.9bn.

C/ A deficit posted a 7.3%YoY decline in March to US\$2.9bn. 1Q07 C/ A deficit reached US\$9bn up by 3%YoY.

FDI inflows reached a new record high of US\$9.1bn in 1Q07 up by 14% YoY.

April Inflation figures CPI rose by 1.21%MoM and PPI by 0.8%MoM. Annual CPI peaked at 10.72% and PPI at 9.68%.

Industrial production rose by 2.6%YoY in Mar07 due to a deceleration in textile, crude oil&natural gas and TV industries.

S&P confirmed Turkey's credit rating at "BB-" with a "stable" credit outlook despite recent political tensions.

Moody's also confirmed Turkey's credit outlook as "stable" with a country credit rating of "Ba3".

Fitch confirmed Turkey's credit rating as "BB(-)" but downgraded its credit rating outlook from "positive" to "stable".

Foreign visitors reached 1.5mn in April up by 10%YoY.

POLITIC, DOMESTIC & INTERNATIONAL AFFAIRS

Parliament Presidential voting was finally invalidated by the Constitutional Court because the 2/3 MP quorum was not reached. As a result, Abdullah Gül, the AKP candidate, withdrew his candidacy and President Sezer stays until a new President is elected.

General elections were advanced to July 22. According to latest polls, AKP still lead with 29%, CHP+DSP (left wing) 22%, DYP+ANAP(center-right) 20%, MHP (nationalists) 12% and GP (Youth Party) 10%. So five parties could enter into the Parliament,

making a Gov't coalition inevitable: either AKP-led-two-party or a coalition against AKP.

Constitutional Amendments introduced by AKP were approved by Parliament, but still have to be approved by President Sezer. They mostly consist in electing the President by the general public, in reducing MPs term to 4yrs (from 5yrs), President term to 5yrs (from 7yrs).

Nicolas Sarkozy, France's newly elected president could freeze Turkey's integration into the EU.

IMF's 6th review to be complete within the next days, releasing a credit of US\$1.1bn.

Social Security reform to be postponed to 1st Jan08.

SECTOR NEWS & PRIVATISATION

Banking

Halkbank's IPO's was subscribed eight times, implying a total demand of US\$12.9bn, 89% of which came from international investors. Privatization Agency sold 24,98% of Halkbank for US\$1.85bn, implying a Mcap of US\$7.4bn.

Energy

Afsin-Elbistan C and D plants to be tendered on May 29.

Tüpras increased ex-refinery prices of gasoline by 6.2%. Pump prices to rise by 2.2%.

Privatisations

Basak Sigorta The Council of State put an injunction over the sale of Basak Sigorta to Groupama. Recall Groupama acquired in 2006 56.67% of Basak Sigorta and 38% of Basak Emeklilik for US\$238mn.

Izmir Port was acquired by a consortium consisting of Global Yatirim Holding-Hutchinson Whampoa of HKG and Aegean Exporters Association for US\$1,275mn.

Petkim A consortium formed of Anadolu Endustri Holding and Polinas Plastik (subsidiaries of Yazicilar Holding) with Yildiz

Holding will join the long list of bidders for Petkim privatisation tender.

Sabiha Gokcen Airport, Istanbul 2nd airport to be tendered. TAV-Esas Holding, Fraport-IC, Celebi-Vienna Airport, ATM and Alarko Holding may bid in this tender.

2nd tunnel under Bosphorus to be tendered on June12. Construction to take 3yrs and to cost US\$1bn. 20 domestic and international companies are interested including Enka and Alarko.

Tekel Tobacco privatisation is expected to start off in the coming days. Recall that in 2003, Japan Tobacco International offered US\$1.15bn which was rejected.

Other

Sabah Media Group to be sold by SDIF. Canwest is reportedly interested.

TeliaSonera Swedish Gov't to sell a 8% stake to Institutional Investors. Swedish Gov't owns 45.3% in TeliaSonera.

COMPANY NEWS

TEB posted a net income of US\$31mn in 1Q07, down by 14%YoY (up by 164% QoQ). TEB's total assets rose by 10%QoQ and 61%YoY due to ongoing branch openings. Total loans increased to US\$3.9bn up by 75%YoY. Deposits were up by 62%YoY to US\$4.2bn. Book value rose by 21%YoY to US\$431mn.

Akbank announced a consolidated net income of US\$319mn in 1Q07, up by 11%YoY, vs. a bank-only net income of US\$310mn, down by 18%YoY.

Garanti Bank secured a €600mn syndicated loan with maturity of 1yr and an interest rate of EURIBOR + 0.475%.

TSKB posted US\$15mn of net income in 1Q07, down by 25%YoY. TSKB's book value reached US\$448mn, up by 7%QoQ.

Zirat Bank announced US\$457mn of net income in 1Q07, posting a 83% increase YoY.

Ak Enerji recorded YTL2.8mn of net profit before tax in 1Q07.

Dogan Holding posted a turnover of US\$8.4bn in 2006 up by 15%YoY and a net income of US\$623mn up by 82%.

Petkim posted a turnover of US\$395mn in 1Q07 up by 14%YoY and a net income of US\$36mn up by 1460%YoY due to lower naphta costs.

POAS recorded a turnover of US\$9.6bn in 2006, up by 8%YoY and a stable net income of US\$161mn. Note that PO did not record any provisions for the US\$450mn fine imposed by the EMRA. PO also owes US\$206mn of tax bill to the Tax Authority after the settlement with the tax office this week.

TAV announced 2006 revenues of US\$485mn up by 36% and a net loss of US\$74.5mn.

Turkcell recorded US\$1.3bn of net sales in 1Q07, up by 14%YoY with a net income of US\$272mn, up by 45%YoY despite it lost market share to Vodaphone in subscriber acquisitions.

Cukurova stated it has been awarded a temporary injunction by a court in the British Virgin Islands in its case against Alfa. Cukurova to secure a US\$1.4bn syndicated loan arranged by JPMorgan, to pay its outstanding debt to Alfa.

Sources: Anadolu Agency, Turkish Daily News, Merrill Lynch, Dışbank, Bender, Garanti Bank, Detay, MEED, DİE, Undersecretary of Treasury, CBRT, Yapı Kredi Yatırım, Finansın vest, Hürriyet, Sabah, Radikal, Akşam, Financial Times, Ege Yatırım, TEB Yatırım, Cumhuriyet. ¹

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