

TURKISH BULLETIN

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ECONOMY & MARKET

MARKETS

At Tuesday's close, market situation was:

O/N for ISE Repo market & TLR Interbank market		YTL/ USD
%		1.3140
Most actively traded T-Bills		
Date	Maturity	C/ Rate
22/ 05/ 07	04/ 02/ 09	18.39%
ISE-100 index		ISE- 100 Ref \$
46,369		35.3

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 (%)
15/05/07	07/03/12	58	2420	705	29%	1226	17.82%

Turkish Treasury re-opened the 5yr fixed coupon bond. The Treasury's redemption of YTL2,469mn (YTL1,048mn net sales) implies a lower market roll-over rate of 42.5%. Hence, YTL1.4bn cash inflow was added to the liquidity, which could lead to increased volatility.

Treasury's FX cash account at the CBT is down by US\$7bn due to its efforts to support market liquidity and lower roll-over rates at the auctions.

Debt Stock decreased to YTL352.1bn (US\$265bn) in Apr07 from YTL357.7bn (US\$259bn) in Mar. primarily due to appreciation of YTL. Domestic debt stock is at US\$198bn and external debt stock at US\$67bn.

Ministry of Finance budget recorded a US\$732mn primary surplus in April down from US\$827mn in Apr06. Jan-Apr primary surplus accumulated to US\$9.8bn and budget deficit increased to US\$3.9bn.

FDI inflows reached US\$14bn in the Jan-Apr07 period.

CBT kept policy rates unchanged at 17.50% for the tenth consecutive month despite slowdown in domestic demand, considering global uncertainties and rampant inflation in service sector.

Capacity Utilization rate declined slightly to 81.8% in April 07 from 82% in March 07 and from 82.3% in April 06.

Unemployment rate declined to 11.4% in 1Q07 from 11.9% in 1Q06 but rose from 11% in Nov06-Feb07 due to seasonality.

POLITIC, DOMESTIC & INTERNATIONAL AFFAIR

General elections CHP and DSP (center left parties) will finally form an alliance for the next general elections. Center right parties ANAP and DYP merged into a new entity called Democrat Party (DP). According to the latest polls, four parties would enter the Parliament: AKP 30%, CHP/DSP 19%, DP 15% and MHP 10%.

Constitutional Amendments According to Parliament Speaker Arinc, if the constitutional package was vetoed by President Sezer, Parliament would not have time to legislate before general elections.

IMF's 6th review was approved and thus IMF Board released the 6th loan tranche of US\$1.13bn. Agenda for remaining 7th and 8th reviews to be re-scheduled depending on the general elections' results.

SECTOR NEWS & PRIVATISATION

Energy

Electricity Energy Minister announced there will be no shortage of electricity this summer and no intention to increase electricity tariffs.

AK Enerji to acquire 99% of MEM Enerji; which has a 38MW Hydro Electric Power Plant Project for US\$10.6mn.

EMRA to give its decision regarding refinery applications of POAS & OMV and Calik & Indian Oil Corp next week. POAS & OMV are willing to build in Ceyhan a 10mn tons/yr refinery at US\$2.5-3bn, while Calik & IOC plan to build a 15mn tons/yr refinery. In addition to these, Socar-Turcas JV is the 3rd applicant to build a refinery in Mersin region.

Privatisations

Petkim 18 applicants out of 19 have been pre-qualified to bid for 51% of Petkim. Bidders must have assets valued at US\$200mn minimum and total of their own resources must amount US\$150mn to participate. The pre-qualified companies are: Naksan Plastik-Torunlar Gida-Toray Insaat JV, Fırat Plastik Kauçuk Sanayi, Tüpras, Sanko Petrokimya, Ak

Girisim Kimya, Zorlu Holding, Polinas Chemical JV, Carmel-Limak JV, Kiler Alisveris Hizmetleri Gıda Sanayi, Calik Enerji Sanayi, Socar & Turcas JV, TransCentral Asia Petrochemical Holding JV, Ineos Holdings, DEH JV, Basell-Demiroren JV, Akfen Altyapi Yatirimlari Holding, Injaz Projects Company, Tatneft-Efremov-Kautschuk JV.

Bidding deadline is on June 15 but the privatisation could be postponed due to general elections.

Other

Turkish steel production increased by 8.2%YoY in Apr07 and by 12.1%YoY during Jan-Apr07, while the World steel production rose by 10.5%YoY during both periods.

MMK and Atakas Group are developing a project to construct a flat steel production plant of 2.6m tons/yr capacity in Iskenderum, which should be completed in 2009. The investment is expected to amount US\$1.1bn.

Telecoms Tender process for 3G license has been postponed to September 7th.

COMPANY NEWS

Bank Asya posted a 1Q07 net income of US\$26mn, up by 74%YoY but down by 26%QoQ. Bank Asya's total assets and book value respectively increased by 9% and 6%QoQ to US\$3.3bn and US\$485mn.

Halkbank posted US\$169mn of net profit in 1Q07, up by 20%YoY. The bank respectively increased its loans and deposits by 11% and 6%QoQ.

Isbank recorded US\$262mn as net income in 1Q07, up by 38% YoY. The bank's total assets reached US\$56.9bn, up by 4%QoQ and the book value, by 3%QoQ to US\$7bn.

Sekerbank announced a net income of US\$22mn in 1Q07, up by 92%YoY. The bank respectively increased its loans and deposits by 32.8% and 12.5%QoQ.

Sekerbank secured a €36mn IFC Loan, half of which has a 7yr maturity and the remaining 10yr.

Vakifbank posted a net income of US\$156mn in 1Q07, flat YoY. Vakifbank's total assets increased by 3%QoQ and to US\$27.6bn, but book value declined by 3%QoQ to US\$3.1bn.

Yapi ve Kredi Bank announced unconsolidated net income of US\$134mn in 1Q07, up by 156% YoY. The bank's book value increased to US\$2.6bn, up by 5%QoQ but total assets declined by 4%QoQ due to decreases in loans and deposits by respectively 1% and 7%QoQ.

Hürriyet posted an unconsolidated pre-tax profit of US\$2.2mn in 1Q07 down by 88% YoY in 2006.

POAS recorded a turnover of US\$1.9bn in 1Q07 and a net loss of US\$160mn due to a US\$196mn tax provision as settled with the Tax Authority. Net income adjusted for the tax provision is US\$36mn, flat YoY.

Tüpras announced its tax-financials in 1Q07: a turnover of US\$2,889mn, up by 8%YoY and

US\$60mn of net income, up by 20%YoY. Tax-financials do not include Opet's results but indicates the refining business' vitality. Tüpras announced record high refining margin in Apr07: US\$8.83/ bbl, up by 45%YoY.

*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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