

TURKISH BULLETIN

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ECONOMY & MARKET

MARKETS

At Monday's close, market situation was:

O/N for ISE Repo market & TLR Interbank market		TRY/USD
6.50%		1.48
Most actively traded T-Bills		
Date	Maturity	C/Rate
02/02/10	16/11/11	9.01%
ISE-100 index		ISE- 100 Ref \$
55,526		37,437

Auctions between 20th Jan. 10 – 2nd Feb. 10

Issue	Mat.	Bid TRL mn	Sales TRL mn	Net sales mn	Ann. Comp Yield
20.01.10	16.11.11	4032	1865	1608.4	8.46%
20.01.10	18.01.12	2180	1158	\$1159	
26.01.10	15.01.20	1246	643	626	11.24%

Treasury funding program for Feb-April 2010: both domestic and external debt service will reach TL55.9bn, to be in part financed by new borrowings of TL50.6bn. The roll-over ratio in Feb will reach 94.6% for a TL16.5bn debt repayment. Other sources of financing should stem from the budget primary balance and privatization receipts.

CBT revised its year-end 2010 inflation projection to 6.9% from 5.4% due to recent tax

hikes and increase in petroleum and food prices' forecasts.

Foreign Trade Deficit increased for the second time this previous year by 34%/y/y to - US\$4.9bn in Dec09. The 12-month rolling trade deficit increased to US\$39bn.

- Exports were recorded at a level of US\$10bn in Dec09, increasing by 30%/y/y and up from Nov's level of US\$8.9bn. Imports jumped by 30%/y/y and by 20%/m/m to US\$12,6mn.

- In 2009, exports declined by 23%/y/y to US\$102bn while imports shrank by 30%/y/y to US\$141bn.

- Preliminary data for Jan10 shows a y/y increase in exports of +12% to US\$7.9bn.

Gov't gross debt stock amounted to TL441.4bn as of year-end 09, of which TL128.6bn is denominated in foreign currency. Debt stock increased by 9%/y/y compared to year-end 08.

Capacity Utilization ratio declined to 68% in Jan10 from a level of 69.7% in Dec09.

JCR (Japanese rating agency) upgraded the Country's credit rating to BB from BB-.

POLITIC, DOMESTIC & INTERNATIONAL AFFAIRS

The World Bank, according to its latest forecasts for Turkey released in its Global Economic Prospects 2010 report, expects a 5.8% GDP contraction in 09, a 3.3% growth in 2010 and a 4.2% growth in 2011.

EIB provided loans to the Country for a total amount of €2.6bn in 2009. The Bank granted €10.2bn to Turkey in the past five years.

SECTOR NEWS & PRIVATISATION

White Goods: Domestic sales declined by 4.5y/y to 4.9mn units in 2009 whereas exports went up by 6.3%/y/y to 12.2mn units. Production remained flat at 15.9mn units the same year.

Power: Investment by state-owned energy companies should increase by 20%/y/y to

US\$2.26bn in 2010 according to figures published in the country's 2010 investment program. US\$930mn is to be invested by the water authority "DSI", US\$616mn by the electricity generating company "EUAS", US\$376mn by the electricity transmission company "TEIAS" and US\$376mn by the electricity distribution entity "TEDAS".

Steel production increased by 62%/y/y to 2.2mn tons in Dec09 and contracted by 4.2%/y/y to 25mn tons in FY09.

Fuel distribution: according to a statement released by the Council of State, agreements between station-owners and fuel marketing companies can no longer exceed 5 years, from 10 years previously. The players in the sector should renew their contracts by mid-March 10.

Tourism: the number of foreign tourists visiting Turkey went up by 2.4%/y/y to 27mn people in 2009.

- Net tourism revenues contracted by 7.3%/y/y to US\$17.1bn the same year.

M&A: the total volume of executed deals has dropped by 68%/y/y from US\$16.3bn to US\$5.7bn in the Country in 09. The M&A deal volume is expected to reach US\$10bn in 2010.

Sabancı Holding will “consider strategic alternatives” for Advansa BV, which is focused in polyester activity and which is not reckoned as a core business segment by the Holding.

Türk Telekom: according to a daily, several officials (Economy Minister, Finance Minister etc.) agreed on initiating the studies for the sale of the Treasury’s remaining stake in the Company. At least 15% should be sold to the public.

COMPANY NEWS

Dogan Holding won the court case regarding the TL914mn tax claim. The tax authority will appeal against the court’s decision.

Erdemir increased its HRC, CRC, Galvanized and Plate prices by 5%, 1%, 1% and 3% to

US\$570/tons, US\$665/tons, US\$760/tons and US\$750/tons, respectively.