

# TURKISH BULLETIN

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## ECONOMY & MARKET

### MARKETS

At Wednesday's close, market situation was:

1-week repo rate or Policy Rate		TRY/USD
6.25%		1.5636
Most actively traded T-Bills		
Date	Maturity	C/Rate
24/01/11	25/04/12	7.62%
ISE-100 index		ISE- 100 Ref \$
65,202		41,700

Auctions between Jan 13<sup>th</sup> – Jan 25<sup>th</sup> 11

Issue	Mat.	Bid TRL mn	Sales TRL mn	Net sales mn	Ann. Comp Yield
19.01.11	14.03.12	2,555	-	1,804	7.39%
19.01.11	09.10.13	6,182	-	4,199	8.16%

**CBT** cut policy rate by 25bps to 6.25% while O/N borrowing rate and lending rate were kept unchanged at 1.5% and 9%, respectively.

- Central Bank increased reserve requirement ratios (RRR) for short-term TL deposits: from 8% to 10% for up to 1-month deposits, from 7% to 9% for 1-month to 3-month deposits and from 8% to 12% for demand deposits. This would withdraw approx. TL9.8bn of liquidity out of the market.

- CBT expects year-end inflation to reach 6.6% and GDP growth to end up at 5.0% in 2011.

**Budget** turned into a substantial deficit of TL16.1bn in Dec10 from a deficit of TL5.8bn in Dec09. Primary balance posted a deficit of TL14bn in Dec10 (vs. a primary deficit of TL4.8bn in Dec09).

- In Dec10, revenues declined by 7% in real terms. Tax income dropped by 7%/y/y mainly because of falling VAT revenues.

- Non-interest expenditures surged by 27%/y/y and Current expenditures by 22%/y/y on real terms in Dec10.

- The 2010 Budget posted an overall deficit of TL39.6bn, from last year deficit of TL52.2bn and from initial Gov't forecast of TL44.2bn, and a primary surplus of TL8.7bn from last year surplus of TL986mn. Deficit corresponds to 3.5% of estimated 2010 GDP.

**Unemployment rate** slightly decreased to 11.6% in Oct10 from 11.8% recorded in Sept10.

**Central Gov't Debt** reached an amount of TL473bn in year-end 2010, up by 0.8%/y/y in real terms.

**Capacity Utilization Rate** increased in Jan11 to 74.6%, up by 6.0pts compared to last year.

## POLITIC, DOMESTIC & INTERNATIONAL AFFAIRS

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## SECTOR NEWS & PRIVATISATION

**Crude Steel** production surged by 26.5%/y/y in Dec10 to 2.8mn tons, the highest level in 4 years, and increased by 14.2%/y/y in 2010.

**Fuel Distribution:** Socar, stated-owned oil company of Azerbaijan, started negotiations to acquire a minimum 50% of TP Petroleum distribution, a TPAO's subsidiary which owns 102 stations.

**Power:** Dogus, Dogan and Anadolu Group's consortium signed a contract with Norwegian

Company "Rainpower" to supply electro-mechanical equipment to its 120MW Aslancik HEPP project.

### Privatization

**Ports:** Privatization High Council approved transfer of Iskenderum port's operating rights to Limak holding for an amount of US\$377mn and a concession period of 36 years.

**Debt Capital Market:** Garanti will issue a 1-year & TL1bn bank bond with a yield of +75bps over the benchmark Gov't bond.  
- Alternatif Bank will issue a TL150mn bank bond in two different tranches of 6 months & 1 year maturities. Pricing is to be of benchmark

rate + 75bps and +100bps, respectively. TSKB is the mandated bank.

- Capital Market Board (CMB) approved a total of TL5.0bn bank bond issue for Is Bank.  
- Akbank applied to CMB for a US\$1.5bn Eurobond.

## COMPANY NEWS

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**Tekfen** signed contracts for a total amount of US\$630mn to undertake projects in Morocco, including a phosphate pipeline (US\$460mn) and two fertiliser facilities (US\$170mn).

**Turkish Airlines** carried 2.2mn passengers in Dec10, up by 3.7%/y/y. RPK increased by 5.0%/y/y the same month.

- Number of passengers increased in 2010 by 16%/y/y to reach 29.1mn. Passenger load factor

went up by 2.7pts to 73.7% and RPK surged by 19.4%/y/y.

- The Company will participate with a 10% stake into the new airline company to be established in Northern Cyprus, together with other private investors (60%) and Northern Cyprus State (30%).