

**The World is leveling out from the recession...**

FED, ECB, BOE, and OECD have all declared positive scenarios for the ending recession. Thus, risk appetite has accelerated in global markets.

***Bullish trend continued with the ending recession scenarios and strong Turkish Banking earning releases...***

The market has continued its bullish trend during August which has started on March 2009. The expectations of the recession ending scenarios increased following Germany, Japan and France released positive GDP data in second quarter of 2009.

With the accelerating risk appetite in the global financial markets, the ISE Index has consistently increased during August and it has tested 48,000 levels due to CBRT's continuing rate cut process and strong banking earning releases.

U.S. Federal Reserve officials left official interest rates near zero but suggested the US economy is leveling out. The European Central Bank and the Bank of England has both held their benchmark interest rate respectively at 1% and 0.5%.

***CBRT cut its key borrowing and lending rates by 50 basis points in its August meeting...***

The CBRT's cut its benchmark 50 basis points to 7.75%. According to CBRT's statement, the inflation rate is expected to stay at low levels in the coming terms. On the growth side, the Bank argues that although recent data releases pointed a partial recovery in the domestic demand, ongoing credit tightness and weakness in the labor markets will put pressure on the demand. The CBRT remains monetary easing bias and argues further measured rate cuts will be necessary in the short-term unless the economic activity starts to recover. The general consensus for the rate cut is 50 basis points for September 09.

***Market consensus for the likelihood of an IMF deal has decreased...***

The capital markets were more bullish regarding the IMF deal expectations. The Prime Minister's positive announcements for the IMF negotiations scheduled to end by September 2009 had positively influenced the capital markets. Although the IMF agreement was expected to be signed before the IMF Officials' visit to Istanbul by the end of September, the market consensus for the likelihood of an IMF deal has decreased. The increasing global risk appetite is strengthening the ISE-100 Index even though the deal has not been signed yet.

***Our portfolio recommendation for September...***

In line with increasing global risk appetite, capital inflow has continued to inject into ISE, thus the ISE-Index appears globally as one of the leading stock exchanges in terms of performance since the beginning of 2009. Turkey will likely to recover faster than its peers thanks to its resilient banking industry, as the main reason behind the ISE-Index strong performance.

As well as global macro economy data releases, negotiation process with the International Monetary Fund, Turkish macroeconomic indicators and CBRT's interest rate decisions will likely to weight on the ISE-100 index in the coming months. Therefore, we expect the market to maintain its fluctuating upward trend in September as it has done during August. Our investment portfolio's percentages have not shifted compared with the last month figures, as 20% in Equity, 60% in treasury bonds, and 20% in foreign currencies.