



ANALYSIS OF TRANSPORTING SECTOR IN CAPITAL MARKETS

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Abstract: *Real sector investments underlie macro economic growth. The fact that resources to be used for financing investments being reversible in the long run are also long-term reduces the risk for investments and vulnerability. Managers of the firms dealing with ISE are the most crucial decision makers that increase the firm value to supply funds needed especially due to inflation. In the third item of Capital Markets Law, security is defined as a valuable paper providing partnership or the state of being a creditor, symbolizing a specific amount, being used as a investment, bringing periodic income, being in fungible quality and series, having the same inscriptions, and conditions of which is determined by CML. Securities of partnerships and legal entities could be dealt in one or more markets. In the present study, annual change of transporting sector in ISA between 2003, 2007 and 2008 was investigated based on the number of firms, trading value and volume, the number of agreements, trading ratio, average weight, capital increases and market value, valuation ratio, the interest of foreign investor and TL and USA dollar.*

Keywords: *Istanbul Stock Exchange, transporting sector, profitability.*

INTRODUCTION

Real sector investments form the basis of macro economic growth. The fact that resources to be used for financing investments being reversible in the long run are also long-term reduces the risk for investments and vulnerability. Thus, the fund transfer function of the capital market long-run reel sector has very significant contributions to the healthy growth of the economy.

Stock was defined as a valuable document providing partnership or creditor, representing a certain amount, being used as an investment instrument, providing income periodically, having fungible qualifications, being produced serially, having the same expressions and whose conditions are determined by Capital Markets Board[1]

At the same time, equity share, and interim certificate, bill of exchange, dividend share, profit and loss partnership certificates, treasury bonds, mortgage debt and annuity

bonds which are arranged on the circumstance that their terms are going to be two years or more than two years can be given as examples to the commercial papers which is stocks as well.

Interest and dividend coupons, participation certificates of investment fund, option bonds, certificate of deposit and mortgage debt arranged for less than two years, and annuity bonds, commercial bills (bond, trade bill and cheque) are among the commercial papers which are not accounted as stocks.

The functions of Stock Exchange Market can be divided into four main groups:

- Formation of a permanent and regular bazaar (the possibility of providing the need of liquid at any moment),
- Determination of the real prices,
- Creation of sources for economy,
- Creation of trust (Istanbul Stock Exchange, 1999,22)

ISTANBUL STOCK EXCHANGE

The two significant changes that have occurred from 1980s have made their effect perceived primarily and obviously on the economy of the world and finance markets. These basic changes are rapid improvements in the dominance of the liberal economic politics in nearly most of the countries in the world and improvements that took place in the field of technology[2]. Capital markets have crucial contributions in economic development by providing long-term fund to the entrepreneurs in the model of capital market economy.

The foundation of Istanbul Stock Exchange was decided on 19th of October in 1984 and the branches of stock were formed with the first general assembly on 19th of April in 1985. The amendment of the Istanbul Stock Exchange Regulation took place on 18th of December in 1985. With the amendment of the legislation, Istanbul Stock Exchange, which had been active with a change of its name and shape for 120 years, was officially active on 26th of December in 1985. The commercial transactions started on 3rd of January in 1986 (Karluk, 2004). The number of the companies trading in national market increased to 264 in 2003 while it was 80 in 1986[3].

As a sign of development, the ratio of trading companies' market value to the gross national product is used. With the increasing equity share prices and market values, this rate showed an increase when it was compared with the rates of many countries in 2007. The situation of Turkey in this category has a wavy structure. The market value of %44 of GNP

(Gross National Product) in 2005 receded to %41 in 2006. However, it increased to %44 again in 2007. Approximate daily transaction volume reached 1, 5 billion New Turkish Liras in 2007 by increasing at a ratio of %18 compared with the previous year. And, the yearly total transaction volume became 388 billion New Turkish Liras. 2 stock market investment funds and 9 new companies started trading in 2007. 6 companies; two of which were unification and take-over, and two of which were the ones taken for The Unofficial Market, were taken out of the quotation totally. By the end of 2007, the number of the companies trading in Istanbul Stock Exchange reached its highest point with 327 including stock market investment funds. The equity shares of 284 companies traded in the national market in 2008[4]

TRANSPORTING SECTOR IN ISTANBUL STOCK EXCHANGE

The year, 2003, was chosen on account of negative effects of 2000 November and 2001 February crisis since it was thought that data which was going to be taken from those years could not reflect the truth. This is because 2007 and 2008 are closer and more realistic.

While 10 main sectors are trading in our country, there are transportation, communication and storage main sectors in Istanbul Stock Exchange; and it is divided into two subsectors as transportation and communication.

Table 1: Number of The Companies' Traded Value ('000 Shares)

	2003	2007	2008	2003	2007	2008
	NUMBER	OF THE	COMPANIES	TRADING VOLUME (NTL)		
MINING	1	1	1	466.685.037	1.138.887.323	761.965.236
MANUFACTURING INDUSTRY	170	174	168	42.036.347.976	107.327.414.482	61.769.139.120
ELECTRICITY, GAS AND WATER	4	4	4	819.738.514	3.138.853.961	1.833.998.845
CONSTRUCTION AND PUBLIC WORKS	2	2	2	1.031.060.064	1.194.957.383	1.754.778.283
WHOLESALE AND RETAIL TRADE, HOTELS AND RESTAURANTS	16	19	19	5.475.428.934	15.598.866.458	8.920.955.514
TRANSPORTATION, COMMUNICATION AND STORAGE	5	6	6	5.653.133.858	12.466.638.834	21.136.750.088

TRANSPORTATION	4	5	4	483.580.975	4.790.247.644	3.380.639.357
COMMUNICATION	1	1	2	5.169.552.883	7.676.391.190	17.756.110.731
FINANCIAL INSTITUTIONS	77	101	102	88.465.528.187	231.774.795.154	222.076.396.987
TECHNOLOGY	7	13	13	2.127.996.227	4.333.688.414	1.902.952.128
EDUCATION, HEALTH, SPORTS AND OTHER SOCIAL SERVICES	3	6	6	201.387.173	964.961.607	2.193.565.430
TOTAL	285	326	321	146.277.305.972	377.939.063.617	322.350.501.630

Source: Istanbul Stock Exchange

The number of the transporting sector companies does not exceed five while there has not been an important change in the years mentioned. While equity shares of four companies ÇELEBİ, TA (Turkish Airlines), USAŞ, CAMİŞ LOGISTICS SERVICES were

Trading volume is the accumulation of the sums which are obtained by multiplying the number of each equity share that is included in every command transaction price for all equity shares. While the trading volume of the main sector of Financial Institutions took the first place, "Transportation, Communication and

trading in transporting sector in 2003; it increased to five with CAMIS SERVICE, ÇELEBİ, REYSAŞ LOGISTICS, TA and USAŞ in 2007 and decreased to four with ÇELEBİ, REYSAŞ LOGISTICS, TAV AIRLINES and TA equity shares in 2008.

Storage" main sectors got the third position forming the 6.5 percent of the total in trading volumes in 2008. Transportation, being the subsector, formed 15.9 percent of the main sector. Transporting sector was low in terms of the trading volume.

Table 2: Number of Shares Traded ('000), Number of Contracts, Value Turnover Ratio

Source: Istanbul Stock Exchange

<u>SECTOR</u>	Number Of Shares Traded			Number of Contracts			Value Turnover Ratio		
	<u>2003</u>	<u>2007</u>	<u>2008</u>	<u>2003</u>	<u>2007</u>	<u>2008</u>	<u>2003</u>	<u>2007</u>	<u>2008</u>
MINING AND QUARRYING	64.033	199.858	318.849	145.531	157.978	234.386	1.988	1.214	1.041,87
MANUFACTURING INDUSTRY	14.808.376	40.833.798	25.034.792	14.320.499	23.818.166	20.175.570	655	392	266,58
ELECTRICITY GAS AND WATER	115.205	774.697	440.614	287.179	647.786	485.432	255	928	364,33
CONSTRUCTION AND PUBLIC WORKS	85.703	341.958	343.475	248.540	307.783	330.256	348	70	99,92
WHOLESALE AND RETAIL TRADE, HOTELS AND RESTAURANTS	3.197.842	4.693.451	2.723.799	1.770.127	2.907.676	2.684.580	646	372	243,71
TRANSPORTATION, COMMUNICATION AND STORAGE	57.181	1.512.196	3.349.937	495.125	671.025	1.293.764	728	218	239,64
TRANSPORTATION	63.505	667.366	734.250	181.132	492.258	590.024	702	450	435,39
TELECOMMUNICATIONS	508.325	844.830	2.615.687	313.993	178.767	703.740	731	165	220,74
FINANCIAL INSTITUTIONS	39.652.941	66.343.121	79.910.903	11.879.612	17.866.050	18.338.472	1.290	446	569,50
TECHNOLOGY	281.977	796.211	642.827	627.124	1.144.702	1.090.550	1.393	1.085	704,25
EDUCATION, HEALTH, SPORTS AND OTHER SOCIAL SERVICES	21.595	268.720	583.535	133.521	439.068	884.582	785	156	323,85
TOTAL	58.799.506	115.764.010	113.348.731	29.907.258	47.980.234	45.517.592	931	410	425,12

The security number which is traded in one session or a certain period is called "trading volume". The total trading volume in 2008 declined when it is compared with 2007. However, the trading volume of transporting,

communication and storage sectors increased. "Transportation, communication and storage" main sectors formed 2.95 percent of the total in 2008. Transporting sector as a subsector formed 21.9 percent of the main sector.

While a grand total decline was seen in the number of transactions, the number of trading also went down. The trading ratio of transporting subsector could not reach the ratio of 2003 in 2008.

Turkish Airlines from Transporting Sector is among the top 25 stock markets whose market value is the highest in 2003. While it was fourteenth in 2002, it became eighteenth in 2003 with a market value of 1.356.250 Billion Turkish Liras.

Turkish Airlines took place among twenty five equity shares whose trading volumes were the highest in Stock Markets in 2007. Though it was the seventeenth in 2006, it became twenty-fourth with a trading volume of 3.404.060 Thousand New Turkish Liras in 2007. Turkish Airlines again takes place among the 25 equity shares whose trading volumes are the highest in 2008. It got the 23rd position with a trading volume of 2.661.141 Thousand NTL in 2008 while it was the 24th in 2007. [5]

Table 3: Sectorial Breakdown of Basic Ratios of Companies Traded on the ISE in 2008, ('000 NTL)

	Market Value	Net Profit (Loss)	Total Depreciation	Cash Dividend	Equity
<u>TRANSPORTATION, TELECOMMUNICATION AND STORAGE</u>					
TOTAL / AVERAGE	32.673.092	5.528.437	2.953.019	3.001.295	15.865.955
<u>TRANSPORTATION</u>					
ÇELEBİ	157.950	34.627	39.400	21.581	133.654
REYSAŞ LOGISTICS	53.100	4.861	18.664	---	126.586
TURKISH AIR LINES	997.500	765.229	368.898	---	2.571.838
USAŞ	34.542	(4.141)	1.563	---	70.203
TOTAL / AVERAGE	1.243.092	800.577	428.525	21.581	2.902.281

Source: Istanbul Stock Exchange

The market value of Transportation, Communication and Storage main sectors in Table 3 is 32.673.092 thousand New Turkish Liras. Equity, which is quite important for the companies in crisis period, is 15.865.955 thousand NTL. From 2008, the market values

of the trading companies in transporting sector were determined. Except for USAŞ, other companies made a profit; Çelebi Air Service delivered cash dividend. Turkish Air Lines is the one which has the most powerful capital.

Table 4: Sectorial Breakdown of Foreign Investors' Transactions' Traded Value (US\$('000))

	2003	2007	2008
MINING AND QUARRYING	2.683	87.843.378	75.807.708
MANUFACTURING INDUSTRY	3.421.264	25.482.584.184	18.748.552.076
ELECTRICITY GAS AND WATER	81.526.979	374.927.960	331.228.164
CONSTRUCTION AND PUBLIC WORKS	451.948.964	879.689.272	1.300.015.257
WHOLESALE AND RETAIL TRADE, HOTELS AND RESTAURANTS	705.391.619	4.696.292.060	5.018.347.157
TRANSPORTATION, COMMUNICATION AND STORAGE	2.753.570.162	10.768.274.096	18.503.544.869
<i>TRANSPORTATION</i>	<i>30.559.770</i>	<i>2.171.293.858</i>	<i>1.342.599.412</i>
<i>TELECOMMUNICATIONS</i>	<i>2.723.010.392</i>	<i>8.596.980.238</i>	<i>17.160.945.457</i>
FINANCIAL INSTITUTIONS	16.177.857.082	10.768.274.096	97.488.481.773
TECHNOLOGY	83.668.877	348.839.895	175.813.284
EDUCATION, HEALTH, SPORTS AND OTHER SOCIAL SERVICES	15.019.272	158.122.004	321.946.084
TOTAL	25.327.120.915	143.812.329.542	141.963.736.373

Source: Istanbul Stock Exchange

It has been observed that transporting sector is also affected because of the interest and connection of the foreign investors for Istanbul Stock Exchange. While transportation, Communication and Storage main sectors formed 10.8 percent of foreign investment trading in 2003, this rate rose to 13 percent in 2008. And, the reason for this increase was the interest for communication subsector. However, interest of the foreign investor for transporting sector decreased in 2008 when it was compared with the previous year. Nevertheless, it was observed while it increased as a main sector.

CONCLUSION

Although the number of the traded transporting subsector companies is quite few, it is seen that it is bigger than other main sectors in terms of trading volume. And, this was reflected on the trading volume rates in 2007 and 2008. However, the interest of the foreign investor to the transporting sector is greater than the other sectors. When the equities of whole sectors are taken into account (except for TK-Turkish Airlines), they do not seem to be so powerful.

The company has to be strengthened in terms of source structure and provided to make investments by increasing the number of the stock exchange companies on the market while the interest of the investors in the world in transporting sector is going up.

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АНАЛИЗ НА ТРАНСПОРТНИЯ СЕКТОР В КАПИТАЛОВИТЕ ПАЗАРИ

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Ключови думи: Фондова борса Истанбул, транспортен сектор, рентабилност.

Резюме: Реалният сектор на инвестиции е в основата на макроикономическия растеж. Фактът, че ресурсите, които се използват за финансови инвестиции като възвращаеми в дългосрочен план, са също така дългосрочни намаления на инвестиционния риск и уязвимост. Управителите на фирми, осъществяващи сделки на Стоковата борса Истанбул са лицата, вземащи съдбоносни решения, които увеличават капиталите на фирмите, за да предоставят средства, необходими особено в резултат на инфлацията. В чл. 3 на Закона за капиталовите пазари, ценните книжа се определят като документ със стойност, който предоставя партньорство или състояние да бъдеш кредитор, символизиращ определена сума, използвана като инвестиции, носещ периодично доход, заменим по качество и серия, имащ еднакви надписи и условия, определени от Закона за капиталовите пазари. Ценните книжа на партньори и юридически лица могат да бъдат търгувани на един или повече пазари.