



DELTA DECISION TO SUSPEND ISTANBUL SERVICE HAS REPERCUSSIONS FOR TURKISH AIR

News / Airlines, Finance



Shares of Turkey’s national airline sank the most in five months as Morgan Stanley recommended selling the stock and a U.S. carrier said it planned to suspend service to Istanbul.

Turk Hava Yollari AO plunged 6.8 percent to 6.99 liras, with 145 million shares changing hands, the most since July 2009. Morgan Stanley downgraded the stock to underweight from overweight and cut the share-price estimate 39 percent to 6.15 liras. The selloff accelerated after Delta Air Lines said it won’t go ahead with service from New York to Istanbul due to start next month, citing increased security concerns and weaker demand.

“Delta’s announcement brought more sellers to a market that is outperforming emerging markets” as it renewed security concerns, said Isik Okte, a strategist at Istanbul-based brokerage Teb Yatirim.

Morgan Stanley cut its earnings estimates for this year and next, saying that it sees “pressure on margins” as pricing is being compromised to drive traffic. Analysts reduced the price target for Pegasus Hava Tasimaciligi AS to 15.50 liras from 19 liras. The shares dropped 6.6 percent, the

most since August, to 16.70 liras.

Turkish Airlines was the most traded stock on the Borsa Istanbul 100 Index on Wednesday, which fell 0.8 percent.

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