



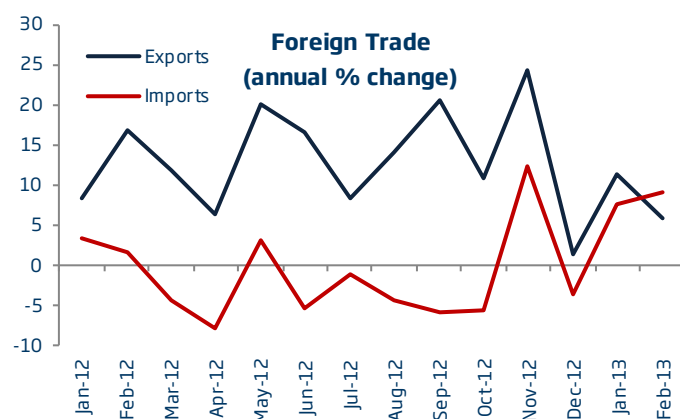
## Foreign Trade Balance - February 2013

Economic Research Division

TÜRKİYE İŞ BANKASI

### In February, foreign trade deficit was realized below the expectations .

According to data released by Turkstat, imports increased by 9% to 19.4 billion USD and exports grew by 5.8% to 12.4 billion USD in February compared to the same month of the previous year. Thus, the foreign trade deficit widened by 15.2% due to the relatively faster increase in imports and was realized as 7 billion USD in February. Nonetheless, the gap between imports and exports remained well below the market expectations of 9 billion USD. In the mentioned period, import coverage ratio declined by 1.9 points to 64.1% compared to the same month of the previous year. Additionally, during the first two months of the year, foreign trade deficit rose by 8.4% compared to the same period of the previous year.



### Exports of motor vehicles increased...

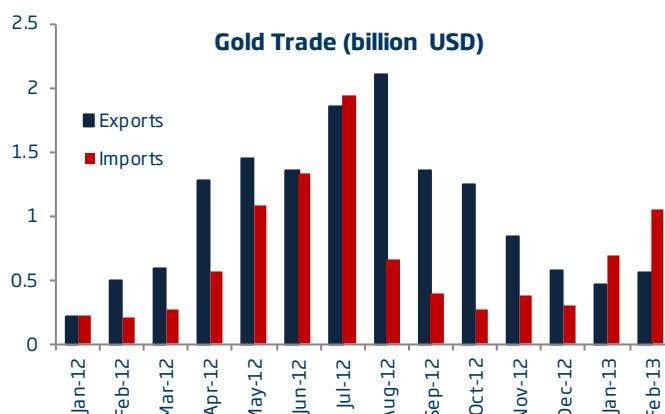
In February, motor vehicles recorded the largest exports volume with 1.4 billion USD. This chapter was followed by boilers, machinery and mechanical appliances. Iron and steel exports ranked third despite 15.4% decline compared to the same month of the previous year.

### Noticeable rise in gold imports...

In February, even though gold exports recorded a 18.4% increase, they stayed far below the monthly average of gold exports in 2012 which was 1.1 billion USD. The volume of gold exports to UAE accounted for 402 million USD of the

total exports of 552 million USD, while gold exports to Iran was 118 million USD.

On the other hand, gold imports, which rose by 50.1% in February compared to the previous month, surged by 400% compared to the same month of the previous year to 1 billion USD. Considering the increase in gold imports just before the high gold export levels registered last year, this increase in gold imports supported the views that gold



exports would continue to be effective on total exports volume in the following period.

### The share of European Union in exports continued to decrease.

In February, 174 million USD increase in exports towards European Union failed to prevent the decreasing trend of the share of the EU in total exports. Thus, the share of EU in total exports dropped by 90 basis points compared to the same period of the previous year and receded to 41%. In the same period, according to the exports by country of destination, while Germany ranked first with 1.1 billion USD, Iraq followed it with exports worth of 851 million USD. Also, it is noteworthy that exports to China increased by 88% during the same period.

Analyzing imports by countries, it is seen that Russia had the highest share with 10.4% in total imports in February and Germany took second place with a share of 9.7%.

Foreign Trade Balance	(USD billion)					
	February		Change (%)	January-February		Change (%)
	2012	2013		2012	2013	
Exports	11.7	12.4	5.8	22.1	23.9	8.3
Imports	17.8	19.4	9.0	35.3	38.2	8.3
<b>Foreign Trade Balance</b>	<b>-6.0</b>	<b>-7.0</b>	<b>15.2</b>	<b>-13.2</b>	<b>-14.3</b>	<b>8.4</b>
Import Coverage Ratio (%)	66.0	64.1	-	62.7	62.7	-

Source: Turkstat

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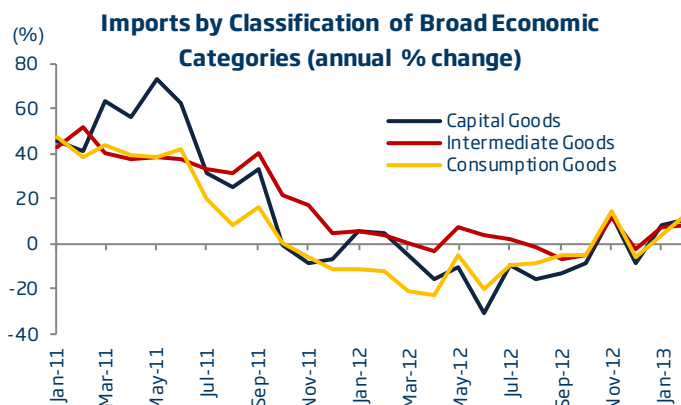
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#### Imports of consumption goods recorded an increase of 13.3% in February.

Looking at foreign trade by classification of broad economic categories, it is seen that intermediate goods imports posted a 8.1% increase in February compared to the same month of the previous year. In the same period, the increase in capital goods and consumption goods were 10.5% and 13.3%, respectively. The fact that the rise in consumption goods imports were higher than the other categories in the mentioned period confirmed the gradual recovery in domestic demand conditions.

#### Expectations...

In line with the gradual recovery in domestic demand conditions, foreign trade deficit has started to increase. Moreover, the rapid rise in gold imports brought the expectations that gold exports would continue to be supportive for Turkey's export volume in 2013. In this framework, the course of gold trade will continue to be followed closely in the coming period.



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Economic Research Division

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