



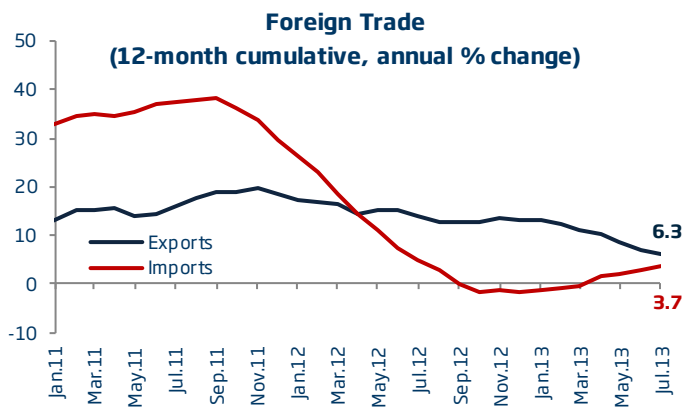
Foreign Trade Balance - July 2013

Economic Research Division

TÜRKİYE İŞ BANKASI

In July, foreign trade balance recorded a deficit of 9.8 billion USD, above the expectations.

According to data released by Turkstat, while exports registered a limited increase of 2.2% in July compared to the same month of the previous year and were realized as 13.1 billion USD, imports surged by 10.0% to 22.9 billion USD. Hence, during the same period, foreign trade deficit widened by 22.5% and was realized as 9.8 billion USD, above the market expectations. The import coverage ratio declined by 4.4 points in the same period and was realized as 57.2%. Analyzing seasonally and calendar adjusted data, exports increased by 2.1% in July compared to the previous month while imports decreased by 2.4% in the same period.



The higher-than-expected foreign trade deficit mainly stemmed from the 4.9% increase in the imports of mineral fuels and oils on annual basis. 41.8% annual growth of the imports of motor vehicles was also noteworthy. Although gold imports dropped by 16.5% in July compared to the same month of the previous year, they remained at high levels. Together with this, gold exports decreased by 90.3% in July on annual basis and were realized as 180 million USD, the lowest level since October 2011. This situation resulted in a higher foreign trade deficit level. In fact, when gold exports are excluded, exports recorded an increase of 17.8% in July compared to the same month of the previous year.

In the first 7 months of the year, export volume increased by 1.3%.

In the first seven months of the year, exports increased by 1.3% compared to the same period of the previous year. Imports, on the other hand, rose by 7.6% during the same

Foreign Trade Balance	(USD billion)					
	July		Change (%)	January-July		Change (%)
	2012	2013		2012	2013	
Exports	12.8	13.1	2.2	87.1	88.3	1.3
Imports	20.8	22.9	10.0	138.2	148.8	7.6
Foreign Trade Balance	-8.0	-9.8	22.5	-51.1	-60.5	18.3
Import Coverage Ratio (%)	61.6	57.2	-	63.0	59.4	-

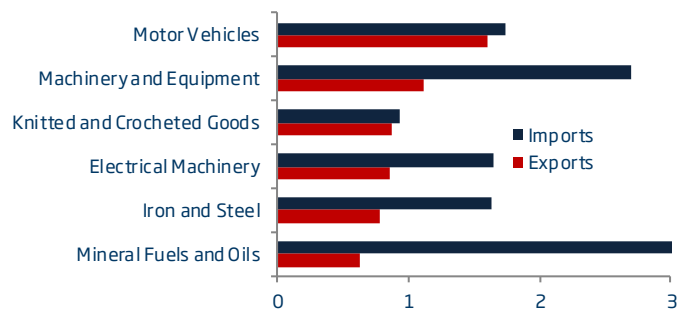


period. Foreign trade deficit widened by 18.3% and reached 60.5 billion USD. Excluding gold trade, however, exports increased by 11.6% and foreign trade deficit narrowed by 1.3% during the same period.

In July, motor vehicles maintained their leading position in exports with an export volume of 1.6 billion USD.

Exports of motor vehicles ranked first in total exports also in July. The export volume of this sector jumped by 38.2% compared to the same month of the previous year and was realized as 1.6 billion USD. Machinery and equipment exports followed motor vehicles with 1.1 billion USD export volume. Iron and steel exports, which have been declining in recent months, kept this trend and dropped by 13.3% on annual basis in July. 25.1% increase in exports of mineral fuels and oils, on the other hand, was also noteworthy in this period.

Foreign Trade in Leading Sectors (July 2013, billion USD)



Source: Turkstat

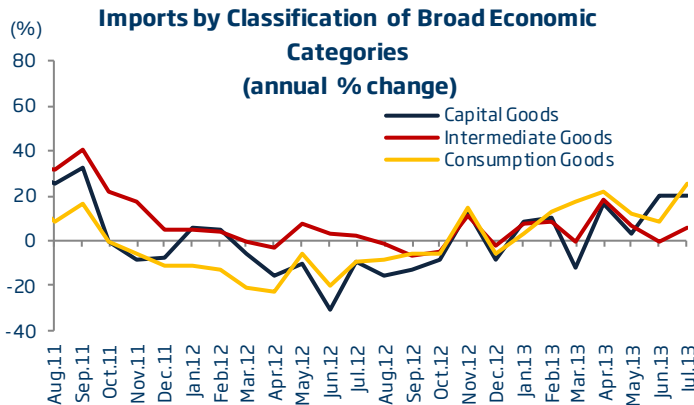
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After two months of deceleration, imports of consumption goods rose in July.

In July, imports of consumption goods increased by 25.5% to 2.8 billion USD compared to the same month of the previous year. Having maintained their upward trend in July, imports of capital goods rose by 19.8% during the same period. Imports of intermediate goods also increased by 6.0% compared to the same month of the previous year.

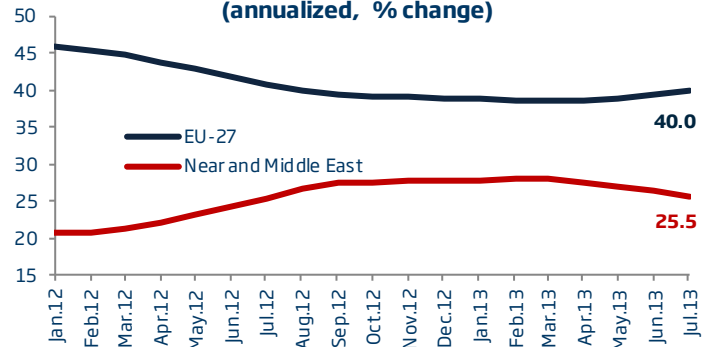


The share of European Union in total exports continued to increase.

The share of European Union in total exports continued to increase in July. The said share, which was 34.6% in July 2012, reached 41.5% in the same period of this year. On the other hand, the share of Near and Middle Eastern countries declined to 23.4% mainly due to the slowdown in gold exports directed to this region.

Analyzing by countries, Germany remained as the biggest export market of Turkey in July. Exports to Germany in July increased by 17.0% and were realized as 1.2 billion USD. While Iraq ranked second with exports to this country reaching 1.1 billion USD, UK became the third one with 788 million USD.

Share of Exports by Country Groups (annualized, % change)



Expectations...

The higher-than expected foreign trade deficit in July was mostly due to the gold imports. On the other hand, the economic recovery in European Union countries, which have a large share in Turkey's foreign trade, is expected to improve Turkey's exports in the coming period. However, the impact of the current geopolitical uncertainties surrounding the Near and Middle Eastern countries on foreign trade figures may risk the potential improvements.

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Türkiye İş Bankası A.Ş. - Economic Research Division**İzlem Erdem - Manager**

izlem.erdem@isbank.com.tr

Alper Gürler - Unit Manager

alper.gurler@isbank.com.tr

Kıvılcım Eraydın - Economist

kivilcim.eraydin@isbank.com.tr

Erhan Gül - Economist

erhan.gul@isbank.com.tr

Bora Çevik - Economist

bora.cevik@isbank.com.tr

Eren Demir - Asst.Economist

eren.demir@isbank.com.tr

M. Kemal Gündoğdu - Asst.Economist

kemal.gundogdu@isbank.com.tr

Gamze Can - Asst.Economist

gamze.can@isbank.com.tr

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