



Foreign Trade Balance - October 2013

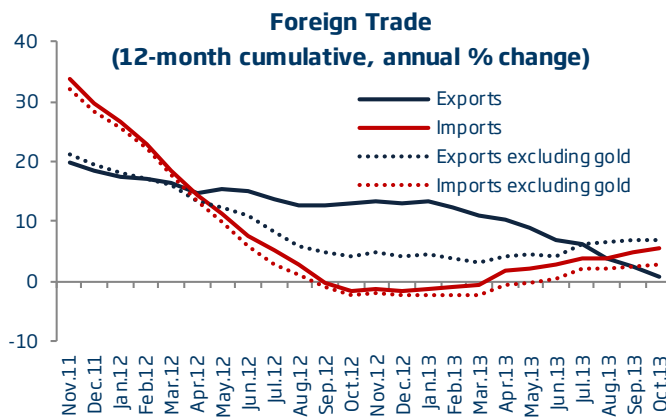
Economic Research Division



Foreign trade deficit in October came in at 7.4 billion USD, in line with expectations.

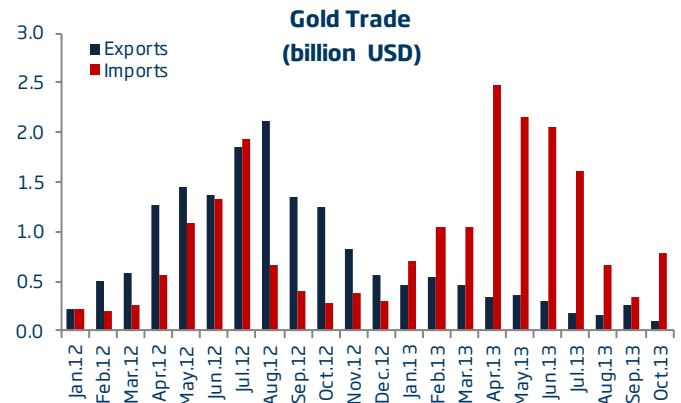
According to data released by Turkstat, in October exports decreased by 8.2% to 12.1 billion USD compared to the same month of the previous year while imports increased by 3.7% to 19.5 billion USD. Hence, foreign trade deficit widened by 31.8% and was realized as 7.4 billion USD in line with the market expectations. Import coverage ratio, which was 70.2% in October 2012, fell sharply by 8.1 points to 62.1% in October 2013.

Regarding the first ten months of 2013, exports volume contracted by 1.2% compared to the same period of the previous year, whereas imports rose by 5.8%. During the same period, foreign trade deficit grew by 18.5% and reached 82.6 billion USD.



Exports excluding gold increased by 6.3% in January-October period compared to the same period of the last year.

Excluding gold trade, while exports rose by 6.3% in January-October period compared to the same period of the last year, imports increased by 2.9%. Thus, foreign trade deficit excluding gold trade declined by 2.4% in the said period. In addition to the downward trend registered in gold exports during the last year, gold imports also fell well below the average level of the first nine months of this year (1.3 billion USD) and were realized as 786 million USD in October.

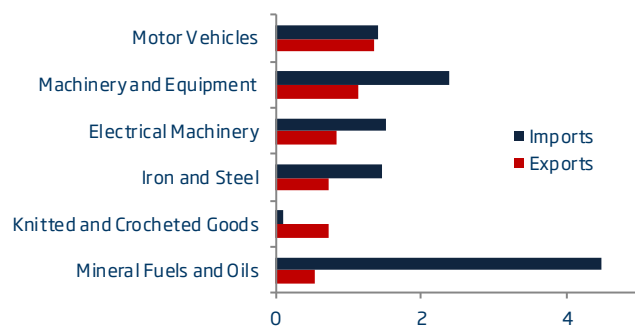


Impact of gold trade on foreign trade figures is expected to lessen further in the coming period.

In October, motor vehicles ranked first in exports by 1.4 billion USD.

The exports of motor vehicles increased by 5.1% in October on annual basis and were realized as 1.4 billion USD. The exports of boilers, machinery and mechanical appliances, having the second highest export volume, recorded an increase of 1.8% in the same period. On the other hand, iron and steel exports fell for the sixth month in a row. In fact, they declined by 23.2% in October compared to the same month of the previous year.

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



	Foreign Trade Balance (USD billion)					
	October		Change (%)	January-October		Change (%)
	2012	2013		2012	2013	
Exports	13.2	12.1	-8.2	126.1	124.5	-1.2
Imports	18.8	19.5	3.7	195.8	207.1	5.8
Foreign Trade Balance	-5.6	-7.4	31.8	-69.7	-82.6	18.5
Import Coverage Ratio (%)	70.2	62.1	-	64.4	60.1	-

Source: Turkstat

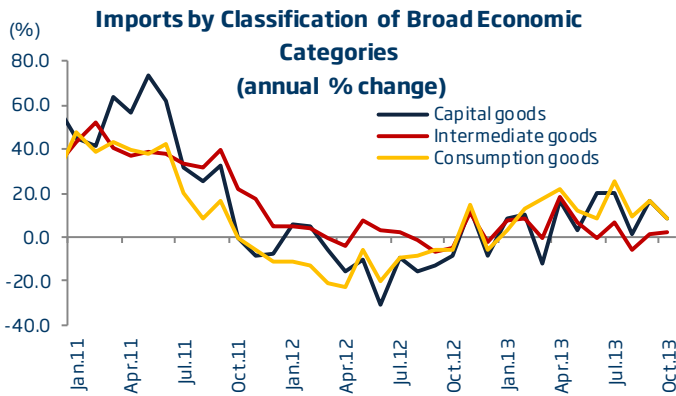
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The imports figures indicate a deceleration in domestic demand.

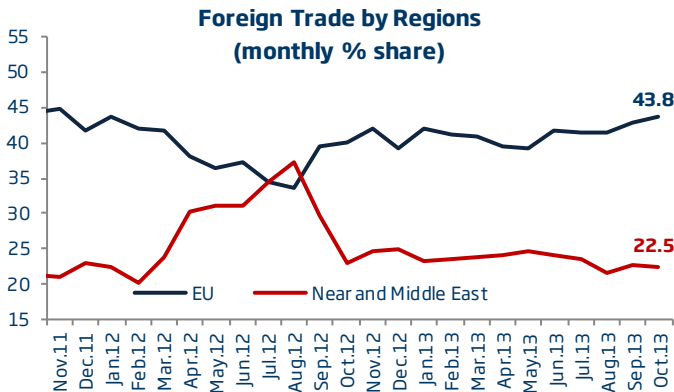
The imports of intermediate goods increased by 2% in October on annual basis. The annual increase in the imports of consumption goods was well below the average level registered in the first nine months of this year. The imports of capital goods, which give clues about the potential trajectory of the future domestic investment levels, also lost some momentum in October and recorded an annual increase of 8%. These decelerations implied that domestic demand had lost momentum recently.



The share of European Union in exports increased to 43.8% in October.

The share of European Union countries in Turkey's total exports increased by 3.7 points in October compared to the same month of the previous year and reached 43.8%. During the same period, the share of Near and Middle Eastern countries decreased by 0.4 point to 22.5%.

In terms of countries, Germany continued to be the biggest export market of Turkey in October with a share of 9.6%. Regarding imports, China ranked first in October with a share of 10.1%. Exports to Germany increased by 4.8%



compared to the same month of the previous year while imports from China increased by 13.2%.

Expectations...

Foreign trade figures excluding gold trade revealed that exports have performed better than imports since April 2012. The recovery in global demand, especially in EU countries, has had a positive impact on exports during the recent months. The recent deal between Iran and Western countries on Iran's nuclear programme might also make a positive impact on Turkish foreign trade figures. On the other hand, the tightening of the monetary policy and the new measures taken by BRSA are expected to create a downward pressure on domestic demand and therefore on imports volume.

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