



## Foreign Trade Balance - March 2014

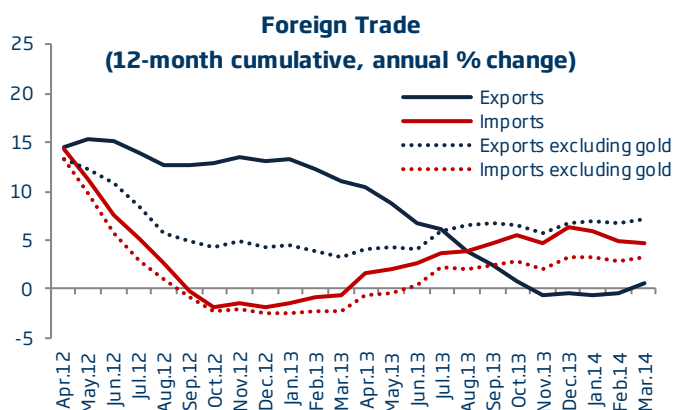
Economic Research Division

TÜRKİYE İŞ BANKASI

### Foreign trade deficit came in 5.2 billion USD in March, lower than expectations.

In March, Turkey's exports were realized as 14.7 billion USD (up 12.4% yoy) while imports came in 19.9 billion USD (down 3% yoy). Having fallen for the third consecutive month, foreign trade deficit decreased by 30.1% yoy in March and became 5.2 billion USD. Parallel to this improvement observed in foreign trade deficit, the import coverage ratio reached 73.9%, the highest level registered since October 2009.

Seasonally and calendar adjusted figures also confirmed that exports performed significantly well in March. According to the adjusted figures, exports rose by 3.6% mom and imports dropped by 0.8% mom. Hence, foreign trade deficit narrowed by 10.2% during the said period.

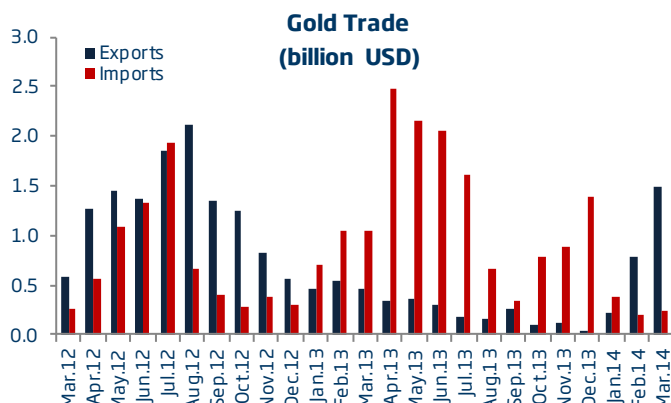


### In the first quarter of 2014 foreign trade deficit declined by 20.9% yoy.

In the first quarter of 2014, exports increased by 8.9% and imports decreased by 2.2% yoy. During the same period, foreign trade deficit narrowed by 20.9% and became 17.2 billion USD.

### Gold exports surged to the highest level since August 2012 and made a positive impact on foreign trade balance.

Having become a net importer of gold throughout the last year, Turkey became a net exporter of gold in the first quarter of 2014 especially with the help of the fast increase



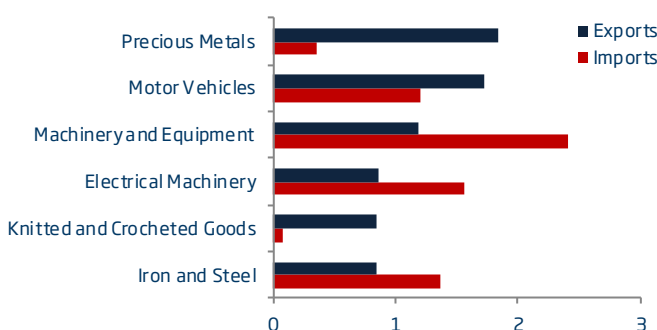
in gold exports registered in March. In fact, gold exports came in 1.5 billion USD in March, the highest level seen since August 2012. Gold imports, on the other hand, declined significantly during the same period and became 239 million USD. In March, Switzerland ranked first in total gold exports with a share of 85.7%. In this period, United Arab Emirates and Germany ranked the first two countries in Turkey's gold imports.

Foreign trade figures excluding gold trade revealed that the annual increases in exports and imports were 4.8% and 1%, respectively in March.

### In March, exports of motor vehicles increased by 14.2% yoy.

In March, motor vehicles exports recorded the highest volume since July 2008 with increasing by 14.2% yoy to 1.7

### Foreign Trade in Leading Exporting Sectors (March 2014, billion USD)



	Foreign Trade Balance (USD billion)					
	March		Change (%)	January-March		Change (%)
	2013	2014		2013	2014	
Exports	13.1	14.7	12.4	37.0	40.3	8.9
Imports	20.6	19.9	-3.0	58.8	57.5	-2.2
<b>Foreign Trade Balance</b>	<b>-7.4</b>	<b>-5.2</b>	<b>-30.1</b>	<b>-21.8</b>	<b>-17.2</b>	<b>-20.9</b>
Import Coverage Ratio (%)	63.8	73.9	-	63.0	70.1	-

Source: Turkstat

# Foreign Trade Balance - March 2014

Economic Research Division



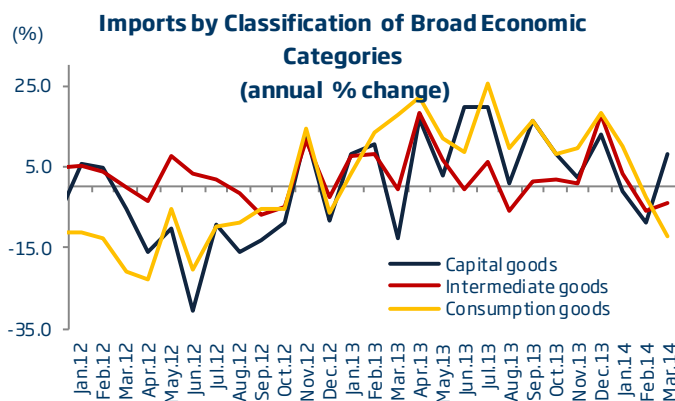
billion USD and ranked second in total exports following precious metals. Machinery and equipment followed motor vehicles with a 1.2 billion USD exports volume and electrical machinery ranked fourth increasing fast by 17.2% yoy.

## Energy imports were 4.5 billion USD in March.

Mineral fuels and mineral oil imports, which increased by 5.5% yoy to 4.5 billion USD in March, continued to have the largest share in total imports volume. During the same period, machinery and equipment imports ranked second in total imports with 2.4 billion USD and electrical machinery followed with an import volume of 1.6 billion USD.

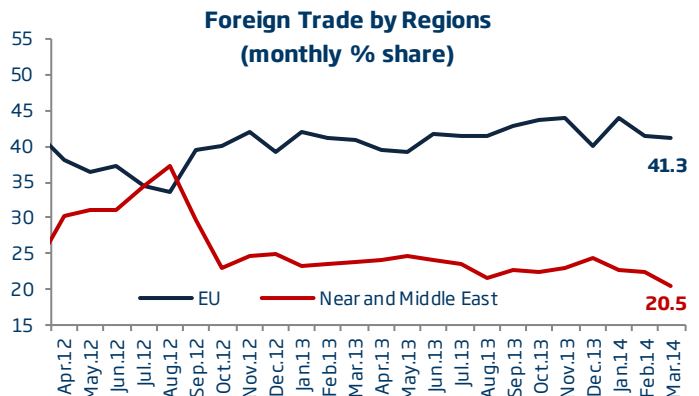
## The annual decrease in consumption goods imports reached %12.

The measures that cause domestic demand to slow down were reflected more clearly in foreign trade figures of March. In fact, consumption goods imports decreased by 12% yoy in March. During the same period, the intermediate goods imports also decreased to some extent. Capital goods imports, which rapidly declined in February, increased by 8.3% in March. This increase in capital goods imports constituted a good sign in terms of domestic economic activity. Analyzing the figures quarterly, it is seen that consumption goods imports declined by 2.9% in the first quarter of 2014 compared to the same period of the previous year. In the said period, intermediate and capital goods imports also decreased by 0.5% and 2.2%, respectively.



## The share of European Union in total exports was 41.3%.

Share of exports to the European Union in total exports, which was 40.9% in March 2013, increased by some extent in line with the recovery in economic activity in the region and was realized as 41.3% in March 2014. Share of exports to Near and Middle Eastern countries in total exports, on the other hand, continued to decline in March and was realized as 20.5%.



According to Turkey's exports by countries, Switzerland ranked first in March with 1.4 billion USD of exports due to high amount of gold exports. Germany followed Switzerland with 1.3 billion USD and Iraq ranked third with 1 billion USD. Regarding imports, Russia ranked first with 2.2 billion USD depending on high energy imports. Russia was followed by China and Germany, respectively.

## Ratio of exports of high-tech products in manufacturing industries was 3.4%

The ratio of high-technology products in exports of manufacturing industries increased yoy and was realized as 3.4% in March. The ratio of medium-high-technology products in manufacturing industries, on the other hand, decreased by 1.2 points to 30%. The ratio of high-technology products in imports of manufacturing industries' products reduced by 1.9 points and was realized as 14.7% in the same period.

## Expectations...

The recent recovery in European Union is expected to continue to support Turkey's foreign trade outlook in the coming months. Besides, the tight monetary policy of CBRT and the measures taken by BRSB in order to slow down consumption expenditures will continue to put pressure on domestic demand. In this context, foreign trade deficit is anticipated to continue to narrow in the coming period.

**Foreign Trade Balance - March 2014**

Economic Research Division

**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

**Doğuhan Atış - Sub Manager**

doguhan.atis@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

**LEGAL NOTICE**

This report has been prepared by Türkiye İş Bankası A.Ş. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Türkiye İş Bankası A.Ş. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Türkiye İş Bankası A.Ş. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.