



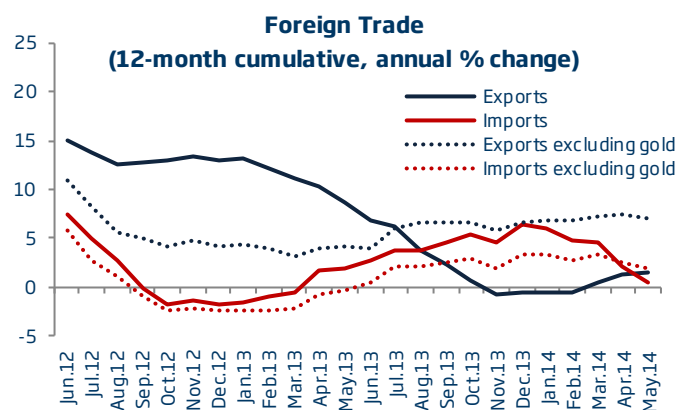
Foreign Trade Balance - May 2014

Economic Research Division



Foreign trade deficit came in 7.1 billion USD in May, lower than expectations.

In May, Turkey's exports were realized as 13.8 billion USD (up 3.6% yoy) while imports came in 20.9 billion USD (down 10.3% yoy). Having fallen for the fifth consecutive month, foreign trade deficit decreased by 28.7% yoy in May and became 7.1 billion USD. The import coverage ratio increased by 8.8 points yoy and reached 65.9%.



According to seasonally and calendar adjusted figures, exports exhibited a flat course while imports rose slightly in May. Adjusted data revealed that exports rose by 0.3% mom and imports expanded by 2.9% mom.

In the first five months of 2014 foreign trade deficit narrowed by 24.9% yoy.

In the first five months of 2014 foreign trade deficit contracted significantly. In this period exports increased by 7.4% yoy while imports decreased by 5.6% yoy. During the same period, foreign trade deficit narrowed by 24.9% and became 31.6 billion USD.

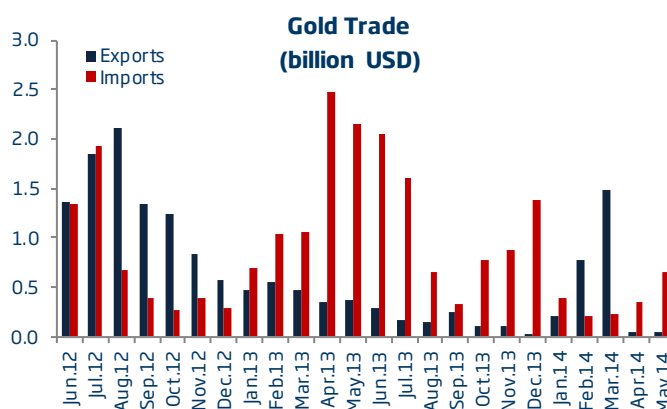
Gold imports rose to their highest level in 2014.

Having become a net importer of gold in the previous year with a volume of 11.8 billion USD, Turkey became a net

exporter of gold (719 million USD) in the first five months of 2014 thanks to the 1.5 billion USD gold exports registered in March.

Gold exports, on the other hand, were realized as 44 million USD in May, while gold imports were 665 million USD, the highest level of 2014. However, taking into account the course of gold imports in 2013, the decline in gold imports was influential on the contraction of the foreign trade deficit in the first five months of the year.

Indeed, foreign trade figures excluding gold trade revealed that the annual increase in exports declined to 7.1% while the contraction in imports was 0.3% in the first five months of the year. In this period, foreign trade deficit narrowed by 12.3% yoy.



In May, exports of motor vehicles increased by 15.9% yoy.

In May, motor vehicles exports increased by 15.9% yoy to 1.7 billion USD and ranked first in total exports. Machinery and equipment followed motor vehicles with a 1.2 billion USD exports volume. Iron and steel, ranked third in total exports, decreased by 3.5% yoy.

	Foreign Trade Balance						(USD billion)		
	May		Change (%)	January-May		Change (%)			
	2013	2014		2013	2014		2013	2014	
Exports	13.3	13.8	3.6	62.7	67.4	7.4			
Imports	23.2	20.9	-10.3	104.8	99.0	-5.6			
Foreign Trade Balance	-10.0	-7.1	-28.7	-42.1	-31.6	-24.9			
Import Coverage Ratio (%)	57.1	65.9	-	59.8	68.1	-			

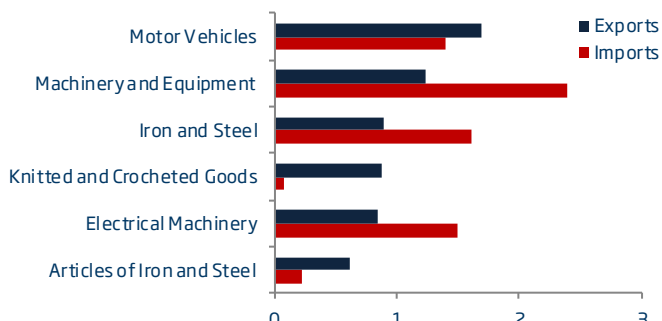
Source: Turkstat

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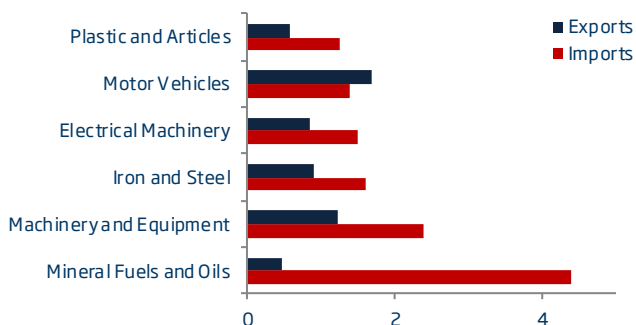
Foreign Trade in Leading Exporting Sectors (May 2014, billion USD)



Energy imports were 4.4 billion USD in May.

Despite narrowing by 11.2% yoy in May, mineral fuels and mineral oil imports continued to have the largest share in total imports volume. During the same period, the expansion in iron and steel imports by 10.1% yoy was noteworthy.

Foreign Trade in Leading Importing Sectors (May 2014, billion USD)



The annual decrease in intermediate goods imports was realized as 11.5%.

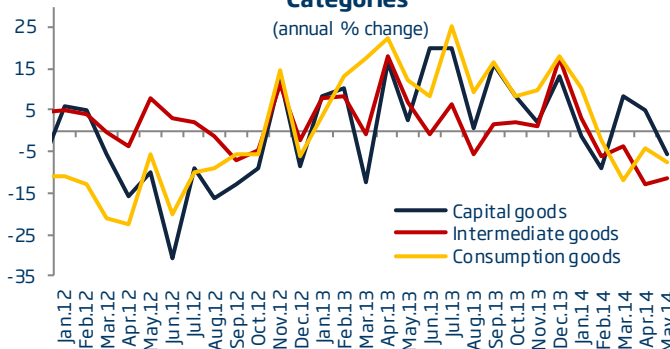
Intermediate goods imports covering nearly three-fourths of total imports decreased by 11.5% yoy, in May. 18.8% contraction in imports of processed materials was influential on the decline of intermediate goods imports. Consumption goods imports decreased by 7.6% yoy in May due to the measures taken in order to slow down domestic demand. In May, automobiles imports declined by 23.9% yoy and the annual contraction reached 24.9% in the first five months of the year. Capital goods imports having registered a decrease of 5.5% yoy in May, exhibited a flat course during the first five months of 2014.

The share of European Union in total exports was 43.8%.

The share of exports to the European Union in total exports, which was 39.1% in May 2013, was realized as 41.3% in May 2014. The share of exports to Near and Middle Eastern countries in total exports, on the other hand, continued to decline in May and was realized as 23.4%.

According to Turkey's exports by countries, Germany ranked first in May with 1.4 billion USD. Iraq followed Germany with 1.1 billion USD. Regarding imports, China ranked first with 2.1 billion USD and was followed by Russia and Germany, respectively.

Imports by Classification of Broad Economic Categories



The share of high-tech products in exports of manufacturing industries was 3.3%

The ratio of high-technology products in exports of manufacturing industries decreased yoy to some extent and was realized as 3.3% in May. The ratio of medium-high-technology products in manufacturing industries, on the other hand, increased by 1.8 points to 33.4%. The ratio of high-technology products in imports of manufacturing industries' products rose by 2.9 points and was realized as 14% in the same period.

Expectations...

The recovery in the Euro Area which is the biggest export market of Turkey is anticipated to continue thanks to the expansionary monetary policies. In this context, the positive outlook in Turkey's exports is expected to continue in the rest of the year. On the other hand, recent developments in Iraq is likely to affect adversely Turkey's exports performance. Considering the importance of Iraq as an exports market and a transit trade route, foreign trade deficit is anticipated to remain under pressure in the forthcoming period.

Foreign Trade Balance - May 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

Hatice Erkiletlioğlu - Asst. Manager

hatice.erkiletlioglu@isbank.com.tr

Doğuhan Atış - Sub Manager

doguhan.atis@isbank.com.tr

Kıvılcım Eraydın - Economist

kivilcim.eraydin@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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