Foreign trade deficit narrowed by 10.2% yoy in February.

In February, export and import volumes declined by 6% and 7.2% yoy, respectively. Hence, foreign trade deficit contracted by 10.2% yoy and came in at 4.7 billion USD. In this period, import coverage ratio increased to 72.5% from 71.6%.

The drop in oil prices has been playing a significant role in the declining imports.

The weak pace of oil prices has continued to have a positive impact on Turkey’s energy import. While the quantity of oil imports rose by 29% yoy in February, the value of energy imports decreased by 23% yoy to 3.5 billion USD. Besides, the recent moderate course of domestic demand supported the downward trend in total imports. The second largest import item following energy imports, boilers and machineries, posted an annual fall of 7.4% in February.

Exports to EU countries lost momentum.

Rise in exports to European Union (EU) countries was one of the most important factors that enhanced Turkey’s export growth performance during the previous year. Nonetheless, it was noteworthy that exports to the region shrank in the first two months of this year. Having dropped by 3.5% yoy in January, exports to the region declined by 4.3% yoy in February, because of the sluggish economic activity in the region. The share of the EU countries in total export volume, on the other hand, followed a relatively flat course, realizing at 42%. Exports to US and UK, which are the two leading engine of global economic growth lately, sustained their upward trends in February. Yet, exports to Iraq and Russia, the fourth and the tenth biggest export destinations of Turkey, fell by 26% yoy and 40% yoy, respectively.

Expectations

Sluggish economic activity in the main trading partner of Turkey, namely the EU countries, adversely affected export performance in February. However, foreign trade deficit, despite losing some momentum, continued to narrow thanks to the moderate course of domestic demand along with the drop in oil prices that has put downward pressure on imports. Rise in gold exports in the first two months of this year was the most important factors that enhanced Turkey’s export growth performance during the previous year. Nonetheless, it was noteworthy that exports to the region shrank in the first two months of this year. Having dropped by 3.5% yoy in January, exports to the region declined by 4.3% yoy in February, because of the sluggish economic activity in the region. The share of the EU countries in total export volume, on the other hand, followed a relatively flat course, realizing at 42%. Exports to US and UK, which are the two leading engine of global economic growth lately, sustained their upward trends in February. Yet, exports to Iraq and Russia, the fourth and the tenth biggest export destinations of Turkey, fell by 26% yoy and 40% yoy, respectively.
Foreign Trade Balance - February 2015
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