

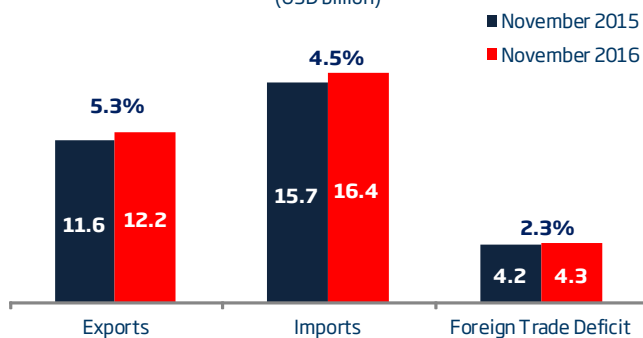
**Strong growth in exports...**

In November, exports recorded an annual increase of 9.7%, rising at the fastest pace of the year. Imports expanded by 6% from a year earlier. As a result, foreign trade deficit narrowed by 4.1% yoy and became 4.1 billion USD. The import coverage ratio, surging by 2.6 points compared to a year ago, reached 75.7%.

Despite the significant recovery recorded in November, exports decreased by 1.7% yoy in the January-November period. The contraction in imports came in at 4.8% in this period thanks to the lower commodity prices. In this context, the foreign trade deficit narrowed by 11.8% compared to the first eleven months of 2015.

**Excluding Gold - Foreign Trade Figures**

(USD billion)

**The strong performance of exports was mainly led by gold exports.**

Gold exports increased by 525 million USD to 627 million USD in November compared to the same period of the previous year. Thus, gold exports made a contribution of 4.5 percentage points to the annual increase in total exports. Excluding the gold trade, the foreign trade deficit widened by 2.3% yoy.

Exports of the motor vehicles, the biggest export item, picked up by 18.8% yoy in November. In addition to the gold exports, the rises in exports of iron-steel and ships were also noteworthy in this period.

In November, Germany and Britain were two of the biggest export markets of Turkey. As exports to the UAE more than tripled in November, the country ranked third. Gold exports

to the UAE, which amounted to 478 million USD, played a prominent role in this development.

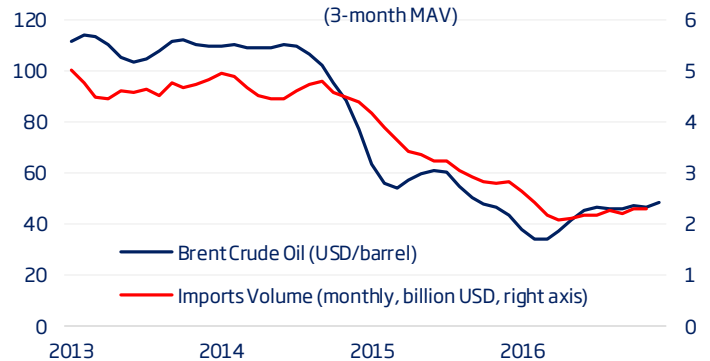
Exports to the EU countries, which have been the largest export market of Turkey, rose by 6.6% yoy in November. On the other hand, exports to the Near and Middle East countries expanded by 25.2% in this period on the back of the high gold trade. Accordingly, the share of the region in total exports surged to 23.6%.

**The decline in energy bill has persisted.**

Imports of mineral fuels and oils, which are the biggest import items in general due to the high energy import dependency, fell by 8.1% yoy in November. The fall in energy imports thanks to low energy prices and the drop in imports of iron-steel and aluminum had positive impact on foreign trade indicators in this period. On the other hand, gold imports, which doubled in November compared to the same month of last year, limited the favorable impact of the gold exports.

**Energy Imports and Oil Prices**

(3-month MAV)

**Expectations**

Having widened in September and October, foreign trade deficit narrowed in November due mostly to the rise in gold exports. We expect that there will be an upward pressure on imports in the upcoming period due to the fading positive impact of low energy prices and the steps taken to support domestic demand. However, we believe that the depreciation in TL will reduce this pressure somewhat. Exports, on the other hand, may exhibit a better performance should the ongoing problems regarding our main export markets diminish.

**Foreign Trade Balance**

(USD billion)

	November		Change (%)	Jan.-Nov.		Change (%)
	2015	2016		2015	2016	
Exports	11.7	12.8	9.7	132.1	129.8	-1.7
Imports	16.0	16.9	6.0	189.2	180.2	-4.8
<b>Foreign Trade Balance</b>	<b>-4.3</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-57.2</b>	<b>-50.4</b>	<b>-11.8</b>
Import Coverage Ratio (%)	73.1	75.7	-	69.8	72.0	-

Source: Datastream, Turkstat

**Türkiye İş Bankası A.Ş. - Economic Research Division**

**İzlem Erdem** - Division Head  
izlem.erdem@isbank.com.tr

**Alper Gürler** - Unit Manager  
alper.gurler@isbank.com.tr

**Hatice Erkiletlioğlu** - Asst. Manager  
hatice.erkiletlioglu@isbank.com.tr

**İlker Şahin** - Economist  
ilker.sahin@isbank.com.tr

**Eren Demir** - Economist  
eren.demir@isbank.com.tr

**Dr. Mustafa Kemal Gündoğdu** - Economist  
kemal.gundogdu@isbank.com.tr

**Gamze Can** - Asst.Economist  
gamze.can@isbank.com.tr

Our reports are available on our website <https://research.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.