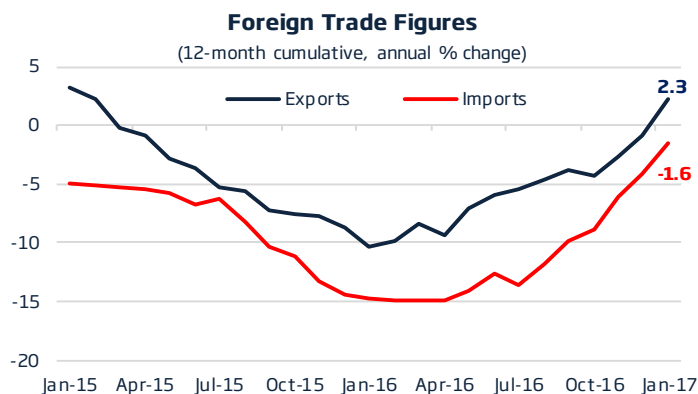


	January		Change (%)
	2016	2017	
Exports	9.5	11.3	18.1
Imports	13.5	15.6	15.9
<b>Foreign Trade Balance</b>	<b>-3.9</b>	<b>-4.3</b>	<b>10.3</b>
Import Coverage Ratio (%)	71.0	72.4	-

### Foreign trade deficit widened by 10.3%

Both export and import volumes rose sharply in January. In the same month of the previous year, they posted an annual decline of about 20%. In the first month of 2017, export volume grew at its fastest annual pace in more than 4 years, rising by 18.1%. In this period, imports surged by 15.9%, the highest level in 3 years, due to low base effect from energy prices. Thus, foreign trade deficit expanded by 10.3% in January from a year earlier.

According to 12-month cumulative figures, export volume expanded for the first time since February 2015. The contraction in import volume, on the other hand, continued to lose momentum.

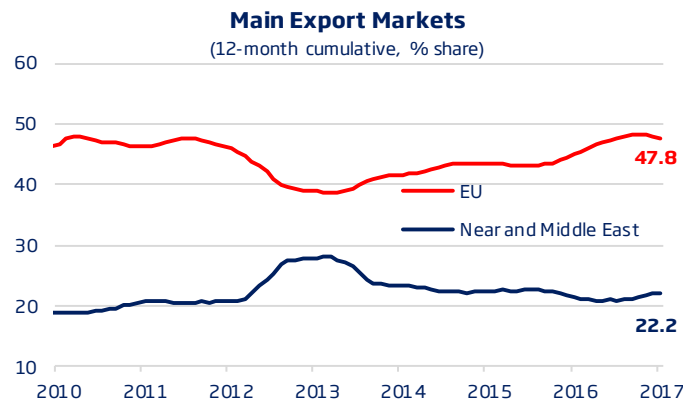


### Ongoing growth momentum in automotive exports...

The increase in export volume was widely spread among the sectors on the back of the depreciation in TRY. Among the top 20 sectors, only 4 sectors posted declines in exports. The automotive sector, which has been the biggest exporter in 2016, kept its place in the first month of 2017. The strong performance of gold exports in this period was also worthy of attention. Gold exports picked up by 151.4% yoy. The high increase in gold imports, however, offset the positive impact of this on foreign trade balance.

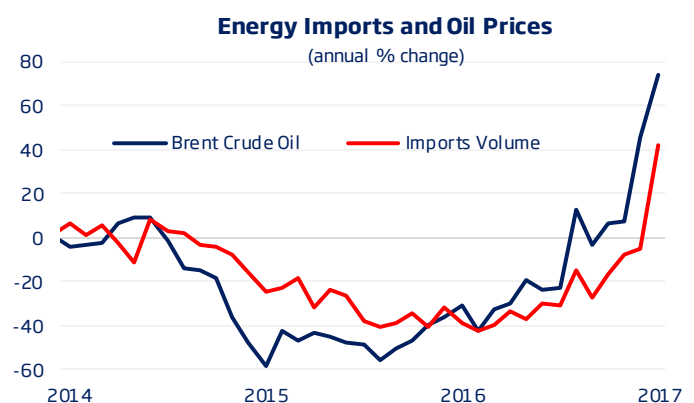
Among the export markets that recovered in January, Middle Eastern countries stood out. Exports to Iraq, having been affected negatively by geopolitical events, rose by 47.8%. Thus, Iraq became the second largest export market

following Germany. Exports to the United Arab Emirates also posted a steep increase by 129.3% in this period. Exports of gold played a big role in this rise. In line with this development, as the exports to the Near and Middle Eastern countries surged by 37.3% yoy, the share of them in our total exports rose. Having been increased by 12%, exports to the EU countries continued to support our export performance.



### Strong rise in energy imports...

Due to the low base effect in energy prices, energy imports posted an annual increase once again. Energy imports, which have been on a declining trend since September 2014, rose by 42.4% compared to the same month of the previous year due to the exceptionally cold winter in January and thus became the biggest import item.



### Expectations...

We anticipate that import volume will rise in the coming months due to the increase in oil prices. We think that the weak performance of the Turkish Lira will support exports and in turn will limit the expansion of foreign trade deficit. We expect that the upturn economic activity in the EU countries, which have been our biggest export market, will be a key factor in export volume.

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