

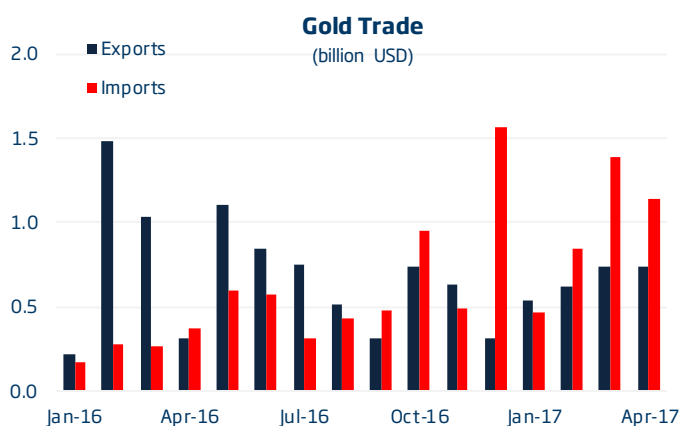
Expansion in foreign trade deficit...

In April, exports increased by 7.4% and imports picked up by 9.9% compared to the same month of the previous year. Thus, foreign trade deficit expanded by 16.7% from a year earlier.

In the first four months of 2017, exports and imports surged by 8.7% and 8.3%, respectively. The data indicated that March was the only month that registered a decline in foreign trade deficit during this period.

Motor vehicle exports maintained their strong growth.

As exports of motor vehicles went up by 20.2% in April thanks to the favorable external demand, motor vehicles continued to be the leading export sector. Gold was the another item that contributed significantly to the export growth in April. In this period, gold exports were 424 million USD higher than the same period of the previous year. Moreover, the strong outlook in iron and steel exports continued in April in line with the upsurge in metal prices. Indeed, iron and steel exports climbed by more than 80% annually.



Exports to Middle East continued to rise.

Exports to Middle Eastern countries, which have been on a rising trend in recent period, have maintained this trend in April. This development mainly stemmed from the gold exports to the Middle Eastern countries, especially the United Arab Emirates. Exports to the European Union countries, on the other hand, recorded a slight increase.

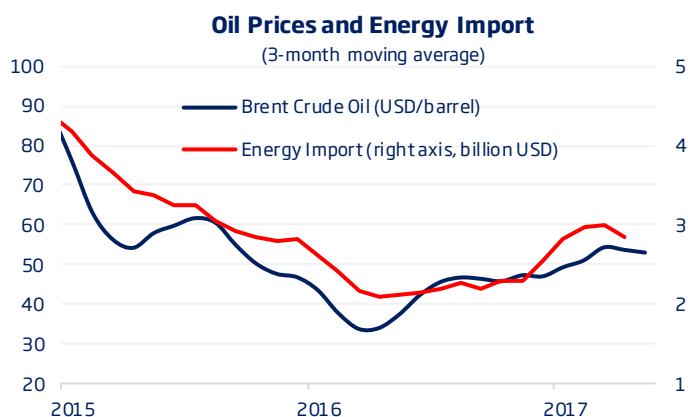
Foreign Trade Figures

	(billion USD)					
	April		Change	January-April		Change
	2016	2017	(%)	2016	2017	(%)
Exports	12.0	12.8	7.4	46.6	50.7	8.7
Imports	16.2	17.8	9.9	63.0	68.2	8.3
Foreign Trade Deficit	-4.2	-4.9	16.7	-16.4	-17.5	7.1
Import Coverage (%)	73.8	72.2	-	74.0	74.3	-

Throughout the region, higher exports to Mediterranean countries such as Spain and Italy were noteworthy.

Energy imports have been the main factor behind the higher foreign trade deficit.

In the first four months of 2017, Turkey's crude oil imports, on quantity basis, surged by 15.5% compared to the same period of the previous year. Oil prices also climbed by 48.7% in the same period. As a result of these developments, Turkey's energy bill increased by 37.6% in the first 4 months of the year.



Gold imports, which have posted relatively strong performance since October 2016, kept their pace in April and exerted upward pressure on imports. In April, Turkey's gold imports were 766 million USD higher than the same month of the previous year.

Expectations...

Since the major oil producing countries extended the agreement regarding the cut output, oil prices look unlikely to decline in the forthcoming period. Assuming that oil prices will not fall below 50 USD/barrel on monthly average, we anticipate energy imports to continue to put upward pressure on total imports throughout the year, except for the last quarter. On the other hand, the ongoing rise in capacity utilization rate in the manufacture of motor vehicles and iron-steel, which was also the case in May, suggests that these sectors will keep their paces of export growth. In this framework, we think that gold trade will continue to be a driver of foreign trade deficit in May.

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