

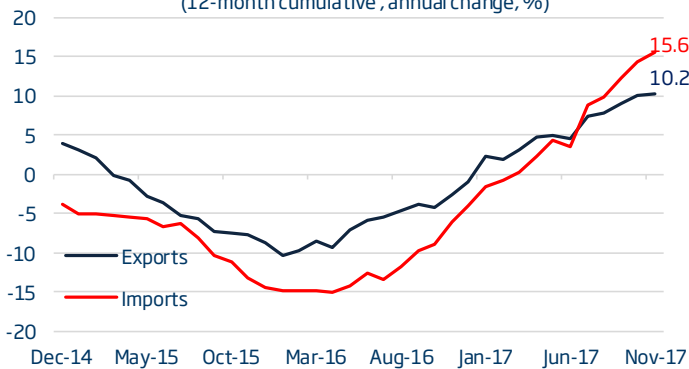
## Expansion in foreign trade deficit...

In November, export volume increased by 11.2% yoy to 14.2 billion USD, while import volume picked up by 21.1% to 20.5 billion USD. Thus, foreign trade deficit widened by 52.4% to 6.3 billion USD. The import coverage ratio which was 75.5% in November 2016 decreased to 69.2% in this period.

In January-November period, exports went up by 10.4% yoy, while imports surged by 16.9%. While the annual expansion in foreign trade deficit was 33.8%, import coverage ratio, which stood at 72% in the first eleven months of the previous year, declined to 68% in the same period this year.

### Foreign Trade Figures

(12-month cumulative, annual change, %)



## Export performance by the sectors...

Exports of the motor vehicles, the biggest export item, picked up by 18.9% yoy in November. Strong export performances in machinery and iron-steel sectors continued in this period. While machinery exports increased by %23.4, exports of iron-steel picked up by 58.1% yoy. As a matter of fact, those three items constituted 64% of the annual increase in exports. Electrical machinery and equipment and articles of iron and steel also positively affected exports in November. On the other hand, the rapid decline in exports of precious stones and metals is noteworthy in this period.

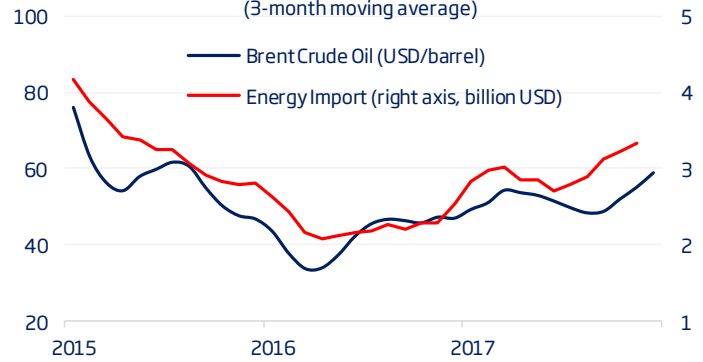
## Energy and iron and steel imports continued to soar.

Energy imports (mineral fuels and oils) continued to impact foreign trade balance negatively due to the 40% increase in oil prices in the first 11 months of the year compared to the same period of the previous year. Energy imports surged rapidly by 46% yoy in November. In addition, imports of iron and steel, which expanded by 51.6%, also displayed a

remarkable increase. Even though the strong trend in gold imports lost some momentum, it continued to rise annually in November.

### Oil Prices and Energy Import

(3-month moving average)



Capital goods imports, one of the leading indicators of Turkey's capital expenditures, continued to grow also in November. Even though the annual rise of 2.2% in this period points to a slight loss of momentum compared to the third quarter of the year, the sustained upward trend in capital goods imports is regarded as a positive development. Having contracted by 21% yoy in the first half of the year, capital goods imports had expanded by 4.6% yoy in the third quarter, when machine-equipment investments had increased by 15.3% yoy in real terms.

During this period, due to the strong domestic economic activity, imports of intermediate goods surged up by 28.9% throughout the year. Consumer goods imports, which followed a weak trend due to the depreciation of TRY during the year, increased by 6.7% in this period.

## Expectations...

In 2017, rise in energy prices, course of the gold trade and the strong domestic demand have been influential in the rapid increase in imports. The recovery in economic activity in Europe has positively affected the export performance. We anticipate the exports and imports to follow a similar course in December as in November and the foreign trade deficit to exceed 70 billion USD by the end of the year.

### Foreign Trade Figures

(billion USD)

	November		Change (%)	January-November		Change (%)
	2016	2017		2016	2017	
Exports	12.8	14.2	11.2	129.7	143.2	10.4
Imports	16.9	20.5	21.3	180.2	210.7	16.9
<b>Foreign Trade Deficit</b>	<b>-4.1</b>	<b>-6.3</b>	<b>52.4</b>	<b>-50.5</b>	<b>-67.5</b>	<b>33.8</b>
Import Coverage (%)	75.5	69.2	-	72.0	68.0	-

Source: Datastream, Turkstat

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