



Foreign trade deficit widened significantly in January.

In the first month of 2018, export volume increased by 10.7% to 12.5 billion USD on annual basis, while imports rose by 38% to 21.5 billion USD. Thus, the foreign trade deficit nearly doubled compared to January 2017, reaching 9.1 billion USD. In this period, import coverage ratio fell to 57.9%

According to 12-month cumulative figures, exports reached the highest level since October 2014 with 158.2 billion USD. Import volume, being 239.7 billion USD, reached its peak since December 2014. Thus, 12-month foreign trade deficit climbed to 81.5 billion USD.

Foreign Trade Figures	(billion USD)		
	January 2017	January 2018	Change (%)
Exports	11.2	12.5	10.7
Imports	15.6	21.5	38.0
Foreign Trade Deficit	-4.3	-9.1	108.8
Import Coverage (%)	72.1	57.9	-

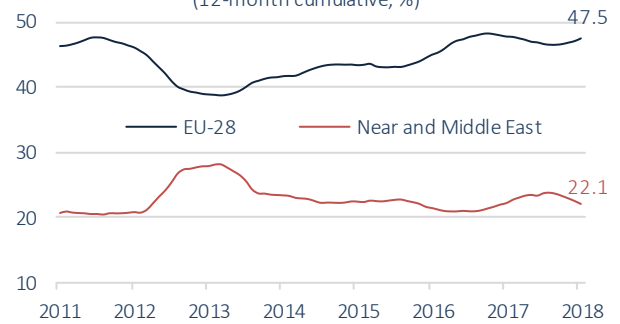
Motor vehicle exports kept their strength.

Motor vehicles, which were Turkey's largest export item in 2017, maintained this position in the first month of 2018. Besides, iron and steel, one of the main exporter sectors, made the highest contribution to the annual increase in export volume in the first month of the year. Boilers and machinery and motor vehicles sectors followed this sector, respectively. While the aforementioned three sectors constituted half of the increase in exports, sharp contraction in precious metal exports limited the rise in export volume by 4.6 points.

Middle Eastern countries' share in our exports decreased.

In January, export volume continued to expand in main export markets apart from the Middle East, where geopolitical developments were on the forefront. During this period, Germany, UK and Italy were the first three countries among our export markets. Exports to Iraq, which was our 4th largest export destination, shrank by 6.4% in January yoy. In this framework, as of country groups, the share of the EU countries continued to rise, while the share of the Near and Middle Eastern countries in our total export volume declined.

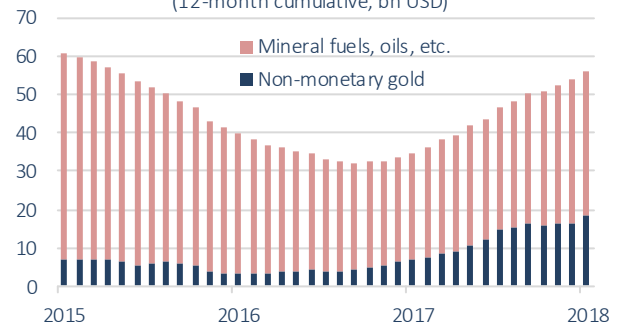
Major Export Markets
(12-month cumulative, %)



Rise in import volume was broad-based.

In January, import volume increased in all of the major chapters, and the highest figure was recorded in mineral fuels and oils item. Negative impact of the gold imports on the trade balance accelerated in the first month of 2018. Due to the rise in non-monetary gold imports, precious metals were the biggest contributor to the increase in import volume by 11.9 points.

Energy and Non-monetary Gold Import
(12-month cumulative, bn USD)



Countries for import...

In the first month of 2018, China, Russia and Germany continued to be our major import partners. Despite standing at low levels, rapid rise in imports from Canada and Australia due to the gold trade were noteworthy.

Expectations...

Widespread and steady recovery in European economies continued to affect our exports positively. On the other hand, in the first month of the year, high oil prices and strong non-monetary gold demand kept to push up our import volume. In this framework, we anticipate that the course of domestic economic activity and oil prices as well as gold imports, which are expected to be normalized this year, will continue to have an impact on the foreign trade deficit.

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