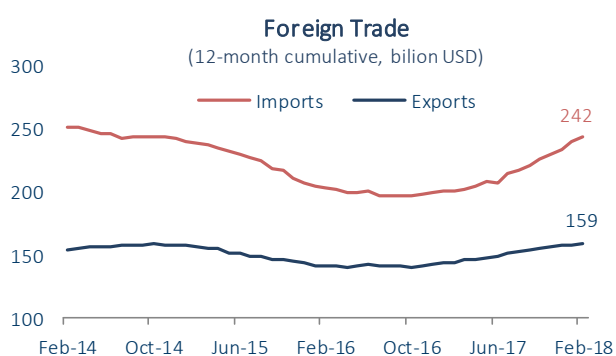




Foreign trade deficit came in at 5.8 billion USD.

In February, exports increased by 9% yoy to 13.2 billion USD, while imports surged up by 19.7% to 18.9 billion USD. Having increased more than 100% in January, foreign trade deficit rose by 54.2% to 5.8 billion USD. Import coverage ratio, which stood at 76.4% in February 2017, declined to 69.6% in this period.

According to 12-month cumulative figures, exports increased by 10.7% to 159 billion USD, while imports rose by 20.8% to 243 billion USD. 12-month foreign trade deficit went up to 83.6 billion USD.



Motor vehicles exports stayed in the forefront.

Exports of motor vehicles, the leading item in exports, increased by 26.2% yoy. In February, iron-steel and boilers-machineries sustained their strong course, surging up by 28.4% and 16.3%, respectively. Motor vehicles (4 pp) and boilers-machineries (2.3 pp) made the highest contribution to the exports, while electrical machinery and equipment took the third place by a contribution of 1.2 pp during this period. On the other hand, exports of precious stones remained weak and limited the exports increase by 5 pp.

Main markets...

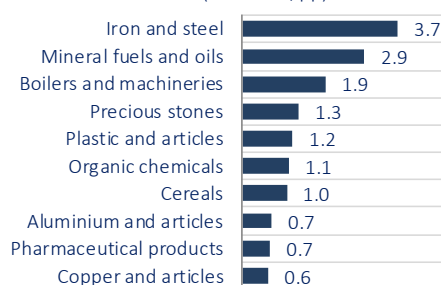
Exports to Germany, the largest export market of Turkey, remained positive in February. In this period, as the exports to Italy increased 27.1%, this country became the second biggest export market. Among country groups, the shares of EU and Near and Middle Eastern countries in total exports were realized as 52% and 17.8%, respectively.

Strong performance of iron-steel imports...

In February, iron-steel imports surged up rapidly; making the highest contribution to the annual rise in imports by 3.7 pp. Mineral fuels and oils followed iron and steel in this regard. In this period, boilers-machineries and precious stones also continued to widen the foreign trade deficit. On the other hand, it is noteworthy that cereals imports reached nearly 2.5 times of its previous year's level.

Contributions to Annual Rise in Imports

(Feb-2018, pp)



Intermediate goods imports continued its strong performance.

Having followed a solid course previous year, intermediate goods continued their trend in February 2018 by surging up 23.2% yoy. The rise in consumption and capital goods imports lost some momentum in this period.

Expectations...

Supportive external demand, particularly demand from European countries, continued to boost our export performance in February. Elevated oil prices and non-monetary gold imports remained as the major drivers of the widening in foreign trade deficit. We believe that the favorable impact of the recovery in European countries will prevail in the upcoming period and the rise in foreign trade deficit will lose some momentum mainly due to a relatively moderate course of domestic demand compared to 2017. Yet, we anticipate that the trajectory of oil prices and gold imports will continue to play a considerable role in foreign trade performance.

Foreign Trade Figures

(billion USD)

	February		Change (%)	January-February		Change (%)
	2017	2018		2017	2018	
Exports	12.1	13.2	9.0	23.3	25.6	9.8
Imports	15.8	18.9	19.7	31.4	40.5	28.8
Foreign Trade Deficit	-3.7	-5.8	54.2	-8.1	-14.8	83.7
Import Coverage (%)	76.4	69.6	-	74.3	63.3	-

Source: Datastream , Turkstat

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