



Monthly Economic Review September 2013



Global Economy

- ◆ During the last week of August, concerns regarding the Middle East elevated again due to the possibility of a military operation against Syria.
- ◆ Developments in the US and the Euro Area in the second half of the year pointed out that economic activity in these countries displayed a relatively moderate course.
- ◆ The capital outflows from developing countries continued also in August due to the concerns about the Fed's exit strategy.
- ◆ The figures announced in US pointed out that the economic activity continued to recover. Besides, previously announced second quarter growth has been revised to 2.5% from 1.7%.
- ◆ Minutes of the Fed's July meeting, which were announced on August 21st, revealed that there was not a clear statement regarding the timing of a tapering of the asset purchase program.
- ◆ The recession in the Euro Area, which persisted in the last 6 consecutive quarters, ended in the second quarter of 2013. Besides, manufacturing PMI in the region increased to 51.3 in August, the highest level attained in the last more than two years. This development also pointed out an expansion in production activities.
- ◆ In recent weeks, increasing political tensions in some of the highly indebted Euro Area countries elevated the concerns about the region's economy.
- ◆ Japan's economy grew less than expected in the second quarter of 2013.
- ◆ Latest figures pointed out that Chinese economy displayed a positive outlook.

Turkish Economy

- ◆ According to data released by Turkstat, calendar adjusted industrial production increased by 4.2% compared to the same month of the previous year in June and surpassed the expectations.
- ◆ According to data announced by Markit, manufacturing PMI, which had decreased below 50 in July after 12 months and indicated a contraction in overall manufacturing sector, increased above 50 threshold again and was realized as 50.9 in August.
- ◆ In May, the unemployment rate rose by 0.6 points compared to the same month of the previous year and was realized as 8.8%. Seasonally adjusted unemployment rate also rose.
- ◆ While exports registered a limited increase of 2.2% in July compared to the same month of the previous year, imports surged by 10.0%. Hence, during the same period, foreign trade deficit widened by 22.5% to 9.8 billion USD, above the market expectations.
- ◆ During the first half of the year, current account deficit reached 35.9 billion USD. The upward trend of non-monetary gold imports played an important role in the widening of the current account deficit.
- ◆ In August, compared to the previous month, CPI decreased by 0.10% while PPI increased by 0.04%. The annual CPI inflation, after following an upward trend in the previous two months, decreased to 8.17% in August thanks to the base effect.
- ◆ CBRT raised the upper bound of the interest rate corridor and continued tight monetary policy implementations.
- ◆ Annual growth in banking sector's total loan volume lost some momentum as of August 16th, 2013. During the same period, the increase in deposit volume was 18.8%.

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Türkiye İş Bankası A.Ş. - Economic Research Division

İzlem Erdem - Manager

izlem.erdem@isbank.com.tr

Alper Gürler - Unit Manager

alper.gurler@isbank.com.tr

Kıvılcım Eraydın - Economist

kivilcim.eraydin@isbank.com.tr

Erhan Gül - Economist

erhan.gul@isbank.com.tr

Bora Çevik - Economist

bora.cevik@isbank.com.tr

Eren Demir - Asst. Economist

eren.demir@isbank.com.tr

M. Kemal Gündoğdu - Asst. Economist

kemal.gundogdu@isbank.com.tr

Gamze Can - Asst. Economist

gamze.can@isbank.com.tr

Rapid increase in industrial production in June...

According to data released by Turkstat, calendar adjusted industrial production increased by 4.2% compared to the same month of the previous year in June and surpassed the expectations. During this period, among the main industry groups while the highest increase was registered in capital goods production, economic activity increased in 19 of 24 sub-sectors constituting the industrial production index. On a quarterly basis, on the other hand, calendar adjusted industrial production increased by 2.9% in the second quarter of 2013 compared to the same period of 2012.

According to data announced by Markit, manufacturing PMI, which had decreased below 50 in July after 12 months and indicated a contraction in overall manufacturing sector, increased above 50 threshold again and was realized as 50.9 in August. The rise in index mainly stemmed from the orders from foreign markets. It is thought that the recent depreciation in TL was influential in the rise in foreign orders. Input prices, on the other hand, displayed a negative outlook.

According to the data announced by Turkstat, seasonally and calendar adjusted retail sales volume, which recorded an increase of 1.8% in May compared to the previous month, decreased by %4.2 in June. In this period, the food, beverages and tobacco sales contracted by 3.1% while automotive fuel sales decreased by 4.3%.

Leading indicators displayed mixed signals.

According to data released by the CBRT, seasonally adjusted Real Sector Confidence Index increased by 0.6 points compared to the previous month in August.

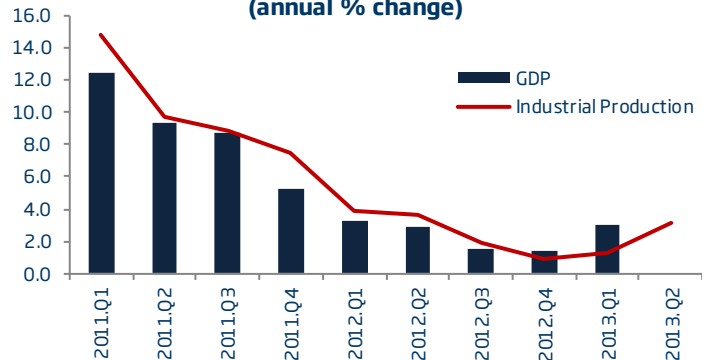
In August, according to seasonally adjusted data, the manufacturing industry Capacity Utilization Rate was realized as 74.9% and kept its flat course.

The Consumer Confidence Index, on the other hand, decreased by 1.3 points compared to the previous month and was recorded as 77.2 in August. The decrease in the consumer confidence index was mainly stemmed from the deterioration in the expectations regarding the probability of saving in the next 12 months and the general economic situation.

In May, the unemployment rate was 8.8%.

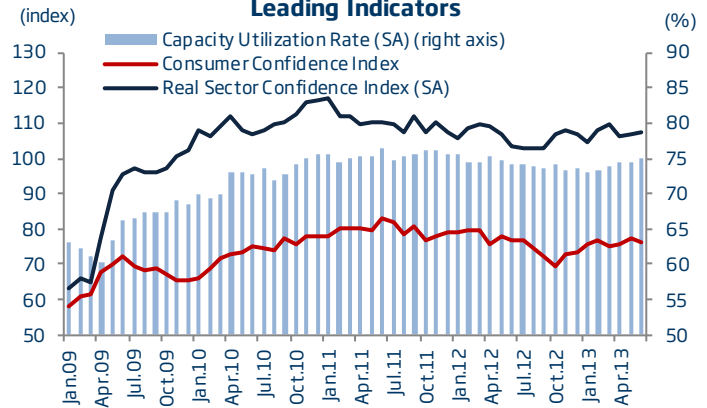
In May, the unemployment rate rose by 0.6 points compared to the same month of the previous year and was realized as 8.8%. During this period, non-agricultural unemployment and youth unemployment rates increased by 0.6 and 0.7 points, respectively. Seasonally adjusted unemployment rate also rose compared to the previous month and reached 9.6%.

**Industrial Production* and GDP
(annual % change)**

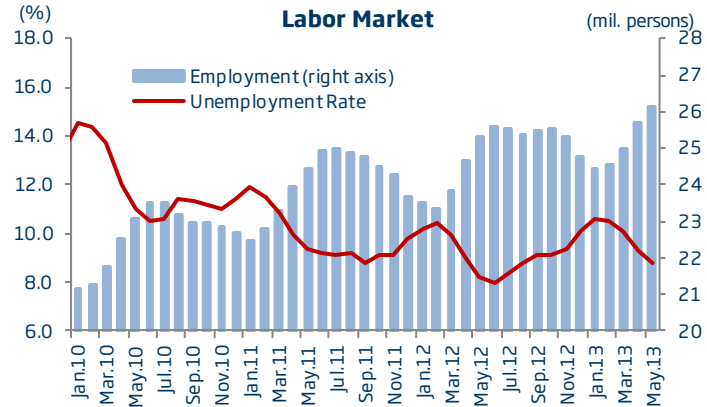


(* Non-adjusted data is used.)

Leading Indicators



Labor Market

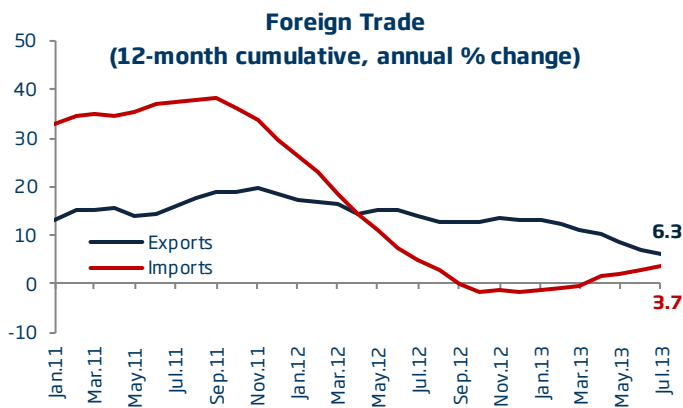


Compared to the same month of the previous year, the number of unemployed persons increased by 254,000 persons and total the employment rose by 848,000 persons. During this period, the labor force participation rate increased more than employment rate which in turn led to a rise in the unemployment rate. In fact, labor force participation rate increased by 1.1 points to 51.6% and employment rate was realized as 47.1%.

Source: Turkstat, CBRT

In July, foreign trade balance recorded a deficit of 9.8 billion USD, above the expectations.

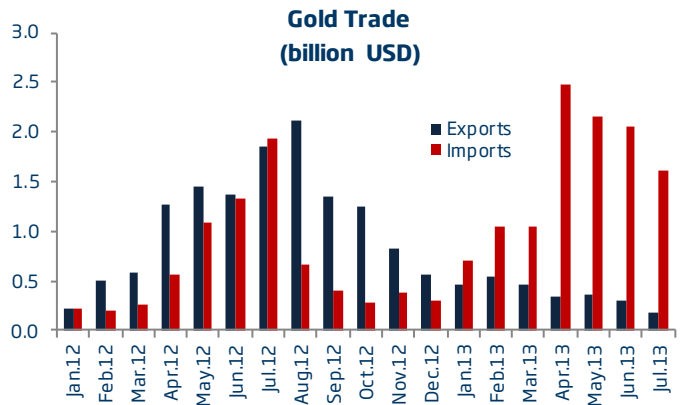
According to data released by Turkstat, while exports registered a limited increase of 2.2% in July compared to the same month of the previous year and were realized as 13.1 billion USD, imports surged by 10.0% to 22.9 billion USD. Hence, during the same period, foreign trade deficit widened by 22.5% and was realized as 9.8 billion USD, above the market expectations. The import coverage ratio declined by 4.4 points in the same period and was realized as 57.2%. Analyzing seasonally and calendar adjusted data, exports increased by 2.1% in July compared to the previous month while imports decreased by 2.4% in the same period.



The higher-than-expected foreign trade deficit mainly stemmed from the 4.9% increase in the imports of mineral fuels and oils on annual basis. 41.8% annual growth of the imports of motor vehicles was also noteworthy. Although gold imports dropped by 16.5% in July compared to the same month of the previous year, they remained at high levels. Together with this, gold exports decreased by 90.3% in July on annual basis and were realized as 180 million USD, the lowest level since October 2011. This situation resulted in a higher foreign trade deficit level. In fact, when gold exports are excluded, exports recorded an increase of 17.8% in July compared to the same month of the previous year.

In the first 7 months of the year, export volume increased by 1.3%.

In the first seven months of the year, exports increased by 1.3% compared to the same period of the previous year.

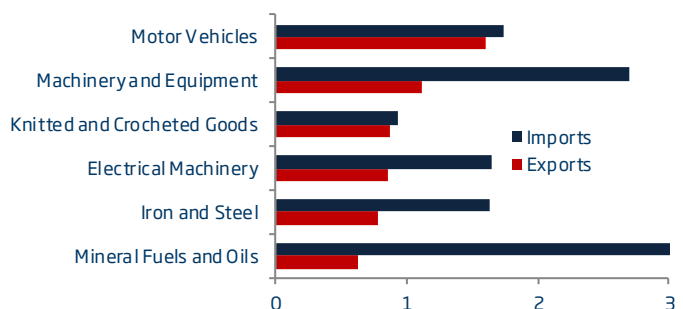


Imports, on the other hand, rose by 7.6% during the same period. Foreign trade deficit widened by 18.3% and reached 60.5 billion USD. Excluding gold trade, however, exports increased by 11.6% and foreign trade deficit narrowed by 1.3% during the same period.

In July, motor vehicles maintained their leading position in exports with an export volume of 1.6 billion USD.

Exports of motor vehicles ranked first in total exports also in July. The export volume of this sector jumped by 38.2% compared to the same month of the previous year and was realized as 1.6 billion USD. Machinery and equipment exports followed motor vehicles with 1.1 billion USD export volume. Iron and steel exports, which have been declining in recent months, kept this trend and dropped by 13.3% on annual basis in July. 25.1% increase in exports of mineral fuels and oils, on the other hand, was also noteworthy in this period.

Foreign Trade in Leading Sectors (July 2013, billion USD)

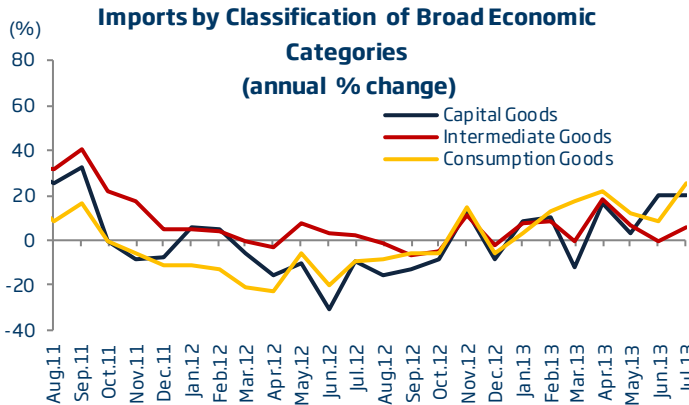


Foreign Trade Balance	(USD billion)					
	July		Change	January-July		Change
	2012	2013	(%)	2012	2013	(%)
Exports	12.8	13.1	2.2	87.1	88.3	1.3
Imports	20.8	22.9	10.0	138.2	148.8	7.6
Foreign Trade Balance	-8.0	-9.8	22.5	-51.1	-60.5	18.3
Import Coverage Ratio (%)	61.6	57.2	-	63.0	59.4	-

Source: Turkstat

After two months of deceleration, imports of consumption goods rose in July.

In July, imports of consumption goods increased by 25.5% to 2.8 billion USD compared to the same month of the previous year. Having maintained their upward trend in July, imports of capital goods rose by 19.8% during the same period. Imports of intermediate goods also increased by 6.0% compared to the same month of the previous year.

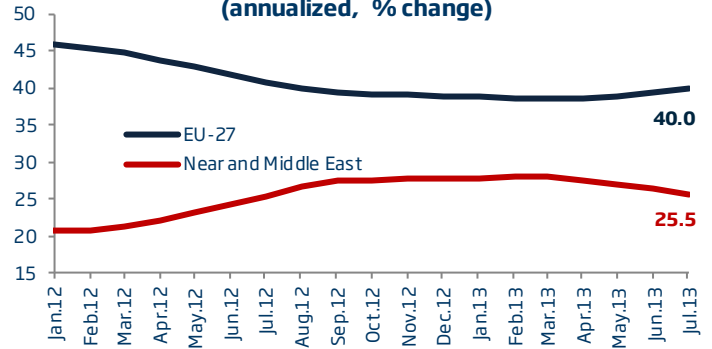


The share of European Union in total exports continued to increase.

The share of European Union in total exports continued to increase in July. The said share, which was 34.6% in July 2012, reached 41.5% in the same period of this year. On the other hand, the share of Near and Middle Eastern countries declined to 23.4% mainly due to the slowdown in gold exports directed to this region.

Analyzing by countries, Germany remained as the biggest export market of Turkey in July. Exports to Germany in July increased by 17.0% and were realized as 1.2 billion USD. While Iraq ranked second with exports to this country reaching 1.1 billion USD, UK became the third one with 788 million USD.

Share of Exports by Country Groups (annualized, % change)



Expectations...

The higher-than expected foreign trade deficit in July was mostly due to the gold imports. On the other hand, the economic recovery in European Union countries, which have a large share in Turkey's foreign trade, is expected to improve Turkey's exports in the coming period. However, the impact of the current geopolitical uncertainties surrounding the Near and Middle Eastern countries on foreign trade figures may risk the potential improvements.

Current account deficit was below the expectations...

In June, current account deficit increased by 12.4% compared to the same month of the previous year and was realized as 4.4 billion USD, lower than the market expectations. Thus, during the first half of the year, current account deficit reached 35.9 billion USD. The upward trend of non-monetary gold imports played an important role in increase in the current account deficit. Non-monetary gold trade balance which gave a surplus of 1.7 billion USD in the first half of 2012, recorded a deficit of 7 billion USD during the same period in 2013.

12-month cumulative current account deficit decelerated in June and reached 53.6 billion USD.

Rapid increase in tourism revenues ...

Net tourism revenues which increased by 23.3% compared to the same month of the previous year limited the increase in the current account deficit in June. In January-June period, net tourism revenues increased by 29.9% on annual basis and were realized as 9.4 billion USD.

Net investment expenditures also decelerated in June. However, this item amounted to 5.2 billion USD in the first half of 2013 increasing by 44.2% annually and played an important role in the expansion of current account deficit during this period.

Weak course of foreign direct investments continued.

Analysis of the financing side of current account deficit revealed that the weak course of net foreign direct investments continued in June. Foreign direct investments decreased by 74.9% compared to the same month of the previous year and were realized as 475 million USD.

During the first half of the year, net foreign direct investments decreased by 38.1%, while the contraction was 43.8% when only inflows were taken into account.

Net outflow in portfolio investments...

After displaying a strong course between the second half of the 2012 and May 2013, net portfolio investments recorded net outflow of 312 million USD in June for the first time since September 2011. Capital outflows from developing countries due to the anticipation of Fed to reduce its asset purchases was influential on this development in June.

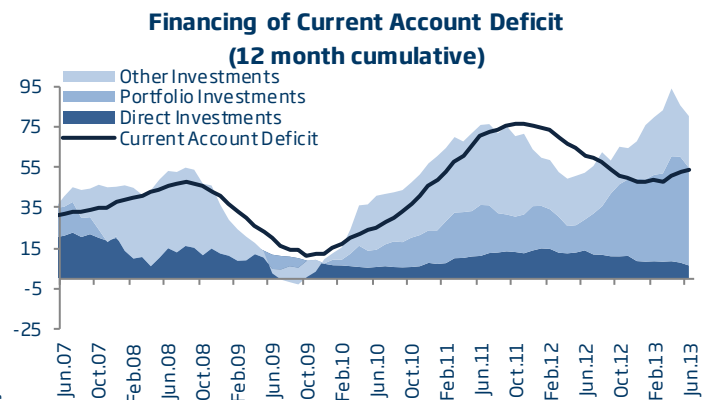
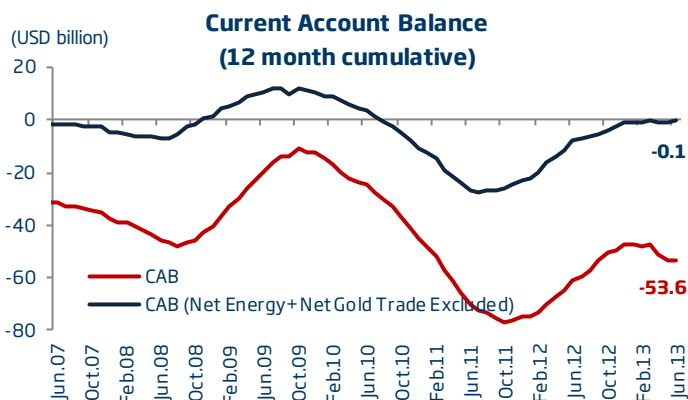
On the other hand, during the first half of the year portfolio investments increased by 73.8% compared to the same period of the previous year and were realized as 18 billion USD.

In June, net capital outflow was recorded in the government domestic debt securities and equity securities. On the other hand, banking sector borrowed 562 million USD through bond auctions in international capital markets.

Increasing tendency in other investments...

In June, banking sector's net loan borrowing from abroad was realized as 1.6 billion USD. In this period, banking sector was net loan borrower in both long-term and short-term. Net-loans of banking sector almost tripled in the first half of 2013 compared to the same period of the previous year.

The non-banking sector, on the other hand, raised 3.3 billion USD long-term loans from abroad while repaying 3.7 billion USD. In January-June period, non-banking sector was also net credit payer with amount of 1.2 billion USD. Analyzing the 12-month cumulative figures, long-term debt roll-over ratios were 122% in the banking sector and 101% in non-banking sector.



Sharp decrease in reserve assets in June.

Loss of momentum in capital inflows due to decreasing risk appetite in global markets created an upward pressure on exchange rates. In this context, the reserve assets decreased by 3.3 billion USD in June due to FX selling auctions of CBRT which aimed to limit the devaluation of TL. In other words, CBRT's reserve assets were also used in financing of the current account deficit in this period. Despite sharp decreases recorded in the last two months, net reserve assets expanded by 6.5 billion USD in the first half of the 2013. On the other hand, outflow in the net errors and omissions, which was realized as 2.3 billion USD in June, was also noteworthy.

Expectations...

Expansion in foreign trade deficit in the first half of 2013, which stemmed mainly from the increase in gold imports, had an upward impact on the current account deficit. On the other hand, CBRT's tight monetary policy implementation since June and strong performance in tourism revenues are expected to limit the increase in the current account deficit. In the coming period, Fed's exit strategy and CBRT's monetary policy will be effective in the quality of the financing of the current account deficit.

Current Account Balance	(USD million)				
	June 2013	January-June 2012		%	12 Month Cumulative
		2012	2013	Change	
Current Account Balance	-4,445	-30,030	-35,920	19.6	-53,640
Foreign Trade Balance	-6,940	-34,595	-40,474	17.0	-71,214
Services Balance	2,938	7,615	9,393	23.3	24,687
Tourism Revenues (net)	2,651	7,248	9,412	29.9	23,723
Income Balance	-522	-3,705	-5,324	43.7	-8,326
Current Transfers	79	655	485	-26.0	1,213
Capital and Financial Accounts	6,777	28,661	40,992	43.0	59,288
Direct Investments (net)	475	5,682	3,515	-38.1	6,288
Portfolio Investments (net)	-312	10,376	18,029	73.8	48,442
Assets	744	-57	2,094	-	4,808
Liabilities	-1,056	10,433	15,935	52.7	43,634
Equity Securities	-1,230	1,238	-196	-	4,840
Debt Securities	174	9,195	16,131	75.4	38,794
Other Investments (net)	3,352	18,945	25,972	37.1	25,598
Assets	-184	1,698	442	-74.0	-1,826
Currency and Deposits	44	2,445	1,565	-36.0	287
Liabilities	3,536	17,247	25,530	48.0	27,424
Trade Credits	-158	2,538	6,865	17.0	5,352
Loans	758	6,782	7,980	17.7	11,030
Banking Sector	1,587	3,254	10,337	217.7	12,247
Non-bank Sectors	-764	4,653	-1,151	-	957
Deposits	2,831	7,720	10,442	35.3	10,521
Foreign Banks	2,602	4,352	9,156	110.4	11,933
Foreign Exchange	736	4,249	7,291	71.6	8,287
Turkish Lira	1,866	103	1,865	1,710.7	3,646
Non-residents	352	4,042	1,867	-53.8	738
Reserve Assets (net)	3,276	-6,320	-6,488	2.7	-20,982
Net Errors and Omissions	-2,332	1,369	-5,072	-	-5,648

Source: CBRT

CPI came in line with expectations in August.

In August, compared to the previous month, CPI decreased by 0.10% while PPI increased by 0.04%. According to the Reuters' survey, monthly CPI was expected to fall by 0.10%. According to the CBRT's survey, on the other hand, markets' monthly CPI expectation was 0.32% in August.

In August, annual CPI inflation declined thanks to the base effect.

The annual CPI inflation, after following an upward trend in the previous two months, decreased to 8.17% in August thanks to the base effect. In the same period, the annual PPI inflation, on the other hand, was realized as 6.38%.

Seasonal factors were influential on the decline in CPI.

In August, seasonal factors played an important role on the course of CPI. In this period, the monthly 3.62% decrease in clothing and footwear group made 22 basis points decreasing impact on CPI. In addition to that, the price developments in unprocessed food products supported the fall in the CPI further. On the other hand, the prices in transportation group, which are relatively more sensitive to the developments in foreign exchange rates, increased by 0.70% compared to the previous month. Besides, the price increases in housing group also limited the fall in inflation.

Increase in core inflation...

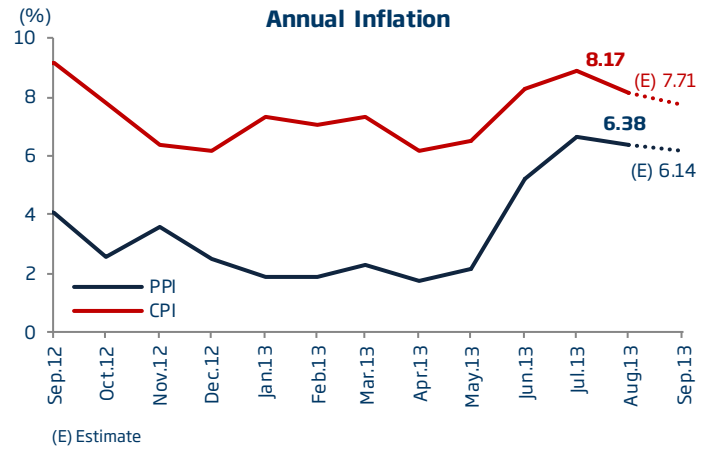
Analysis of the core inflation aggregates in August revealed that seasonal products made the highest decreasing impact on inflation. On the other hand, the upward trend in the CBRT's favorite core inflation aggregates denominated by H and I was noteworthy. The annual increase in mentioned aggregates were realized as 6.79% and 6.37%, respectively.

In August, PPI increased slightly.

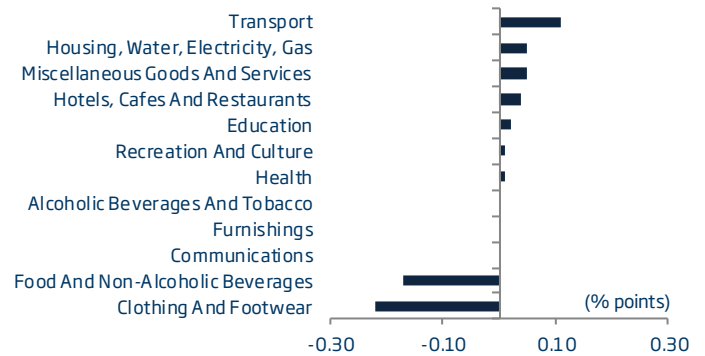
After following an increasing trend in recent months, the rise in PPI lost momentum in August. Analyzing the subgroups in PPI pointed out that the cost pressures remained subdued across the sectors.

Expectations...

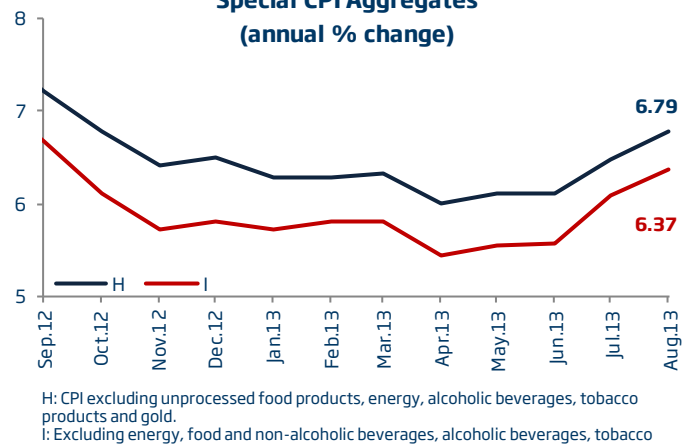
We anticipate that the disappearing of the seasonal factors which helped the inflation to remain subdued through the summer months and the developments in foreign exchange rates would be influential on the September inflation figures. In this context, we expect CPI and PPI to increase by 0.60% and 0.80%, respectively while the annual inflation would continue to fall thanks to the base effect.



Contributions to the Monthly CPI by Subgroups



Special CPI Aggregates (annual % change)



H: CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold.
I: Excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco

CBRT raised the upper bound of interest rate corridor by 50 basis points in MPC meeting.

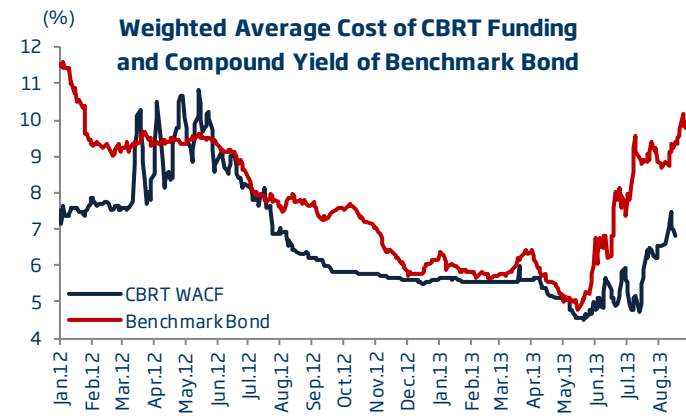
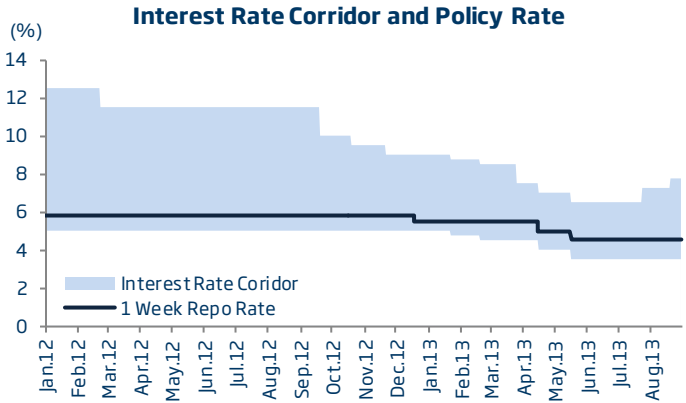
CBRT kept the policy rate (one week repo rate) unchanged at 4.5% in its MPC meeting on August 20th. CBRT, while keeping the lower bound of interest rate corridor also unchanged at 3.5%, continued its rate hikes in the upper bound of the corridor and increased the O/N lending rate from 7.25% to 7.75%. CBRT kept the interest rate on borrowing facilities provided for primary dealers via repo transactions at 6.75%.

In its statement released following the meeting, CBRT noted that domestic and external demand developments were in line with expectations and the gradual improvement in current account deficit, excluding gold, continued recently. CBRT underlined that capital inflows have weakened further due to uncertainties regarding the global monetary policies and emphasized that these developments along with cautious monetary policy stance of CBRT would bring credit growth rates to more "reasonable levels". CBRT reiterated its expectation that the inflation will start to decrease in August, adding that it will keep its cautious stance in monetary policy until the inflation rate decreases to medium term targets. CBRT decided to increase the upper bound of the interest rate corridor to increase the effectiveness of the additional monetary tightening.

CBRT also stated that due to ongoing uncertainties regarding the global economy and the volatility in capital flows, it was important to maintain the flexibility of the liquidity management. To this end, CBRT stressed that developments regarding both the domestic and foreign markets would be closely monitored and necessary adjustments would be made in the composition of TL liquidity provided by CBRT.

Başçı's statements were effective on domestic financial markets.

In an environment where the volatility in financial markets continued despite the measures taken in MPC meeting, the statements of Erdem Başçı in August 27th were closely watched by the markets. Başçı stated that the course of the short-term interest rates were under the control of CBRT. While he did not give a sign for an increase in the policy rate,



Başçı underlined that the CBRT funding rate was 7.75% in "additional monetary tightening" days and was 6.75% in "normal" days. Thus, the policy rate should be considered between these two rates. Başçı also added that there was not a fundamental reason for the recent depreciation in TL and he evaluated that the increase in FX rates would be temporary. Başçı also mentioned that the measures taken by CBRT would prevent the depreciation in TL and it should not be a surprise if USD/TL decreased to 1.92 in the year-end. Following Başçı's statement, USD/TL and FX basket reached record high levels and BIST-100 index slumped.

The growth of deposits decelerated.

According to BRSA's Weekly Bulletin, as of August 16th, 2013, total deposit volume increased by 11.9% compared to the year-end and reached 913.8 billion TL. During the same period, TL deposits increased by 8.6% and FX deposits in USD terms expanded by 8.8%. According to annual figures, as of August 16th, 2013, the increase in deposit volume was 18.8%.

Loans...

As of August 16th, 2013, total loan volume grew by 18.6% compared to the year-end and was realized as 955.6 billion TL. During the same period, TL loans increased by 17.9% and FX loans in USD terms expanded by 11.2%. As of August 16th, 2013, total loan volume lost some momentum and recorded an increase of 27% compared to same period of the previous year.

Analyzing by types of loans, as of August 16th, 2013, consumer loans increased by 17.2% compared to the year-end. Commercial and corporate loans increased by 20.3% in the same period. Annual increases, on the other hand, were 26.1% in consumer loans and 25.2% in commercial and corporate loans.

On the other hand, as of August 16th, 2013, non-performing loans ratio kept its low level at 2.8%.

Increase in securities portfolio...

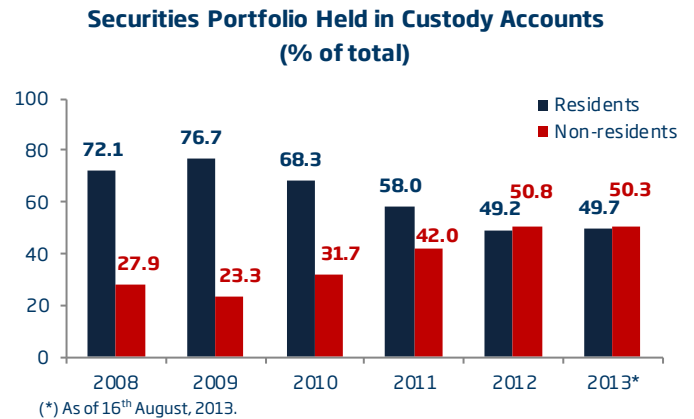
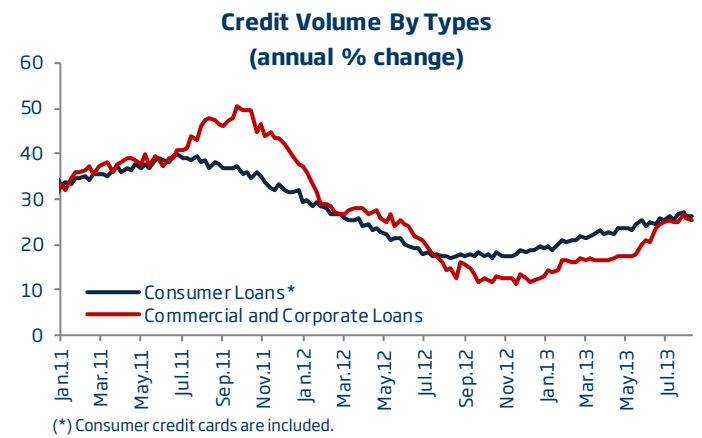
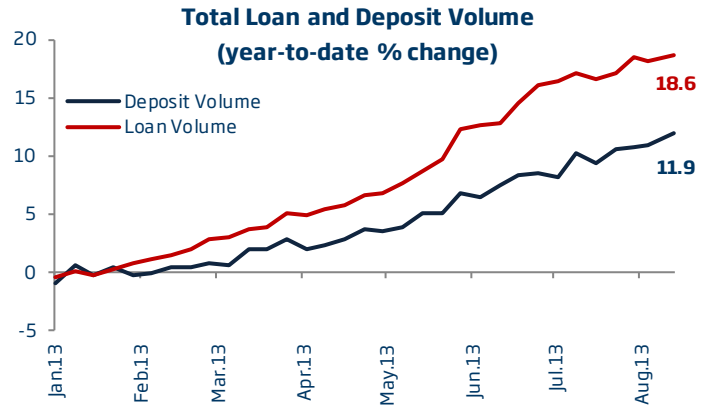
As of August 16th, 2013, securities portfolio of banking sector recorded an increase of 3.1% compared to the year-end. During this period, while private and foreign banks' securities portfolio expanded by 2.8%, that of public banks' increased by 3.7%.

Securities held in custody accounts...

As of August 16th, 2013, securities held in custody accounts grew by 5.3% in nominal terms compared to the year-end. Non-residents' portfolio, which had reached 130 billion TL in May 2013, was realized as 114.8 billion TL expanding by 4.3% compared to the year-end. On the other hand, residents' portfolio, which followed a flat course in the same period, was realized as 113.2 billion TL with an increase of 6.3%.

Net FX position...

As of August 16th, 2013, banks' on-balance sheet FX position was (-) 24,290 million USD while off-balance sheet FX position was (+) 24,592 million USD. Hence, banks' net FX position was realized as (+) 302 million USD.



Source: BRSA Weekly Bulletin

Recent economic performance of developed countries supported the views of a more favorable outlook for the global economic outlook. In these countries, leading indicators pointed out that economic activity continued to recover in the second half of the year. Besides, the concerns related to uncertainties about the impacts of the Fed's monetary policy on developing countries eased somewhat in recent weeks. These developments supported the views that the global economy will display a relatively moderate outlook in the second half of the year. However, downside risks, especially for developing countries, are still alive.

Increased tension in Syria, on the other hand, is an important risk factor for the global economic outlook. In fact, an armed conflict in the Middle East resulting from an intervention to Syria would adversely affect the economies of all countries in the region as well as the countries which participate the military intervention.

Regarding the developments in Turkey, the decline in certain leading indicators pointed out that domestic economic activity has started to lose momentum in the second half of the year. In addition, taken into consideration the developments in foreign exchange rates and credit volume, it is anticipated that CBRT will continue to implement tight monetary policies. Thus, it is thought that the policy measures would continue to be influential on the course of domestic economic activity in the rest of the year. In addition, developments in the Middle East would also be influential in the progress of economic activity.

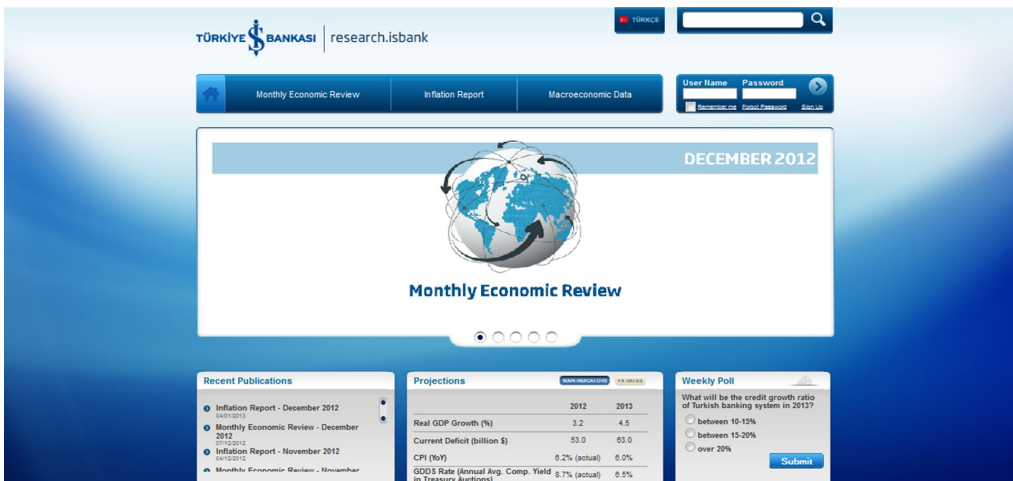
Forecasts	2012 (R)	2013
Growth (%)	2.2	4.0
CA Deficit (USD billion)	47.8	60
CA Deficit/GDP (%)	6.1	7.0
Inflation (%)	6.2	6.9
GDDI Interest* (%)	8.7	7.3

(* Annual compound average interest rate in treasury auctions

(R) Realization

Interest and inflation are year-end forecasts

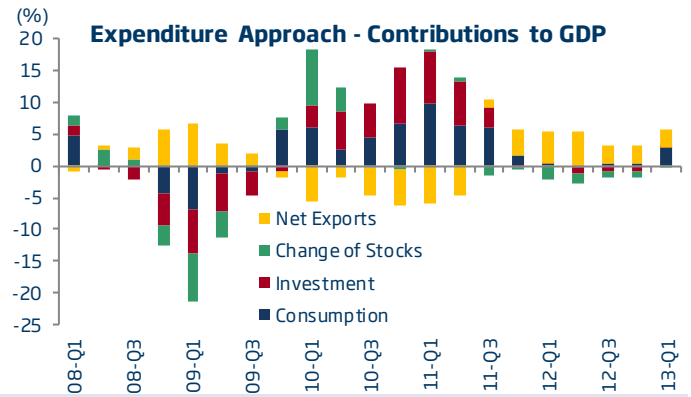
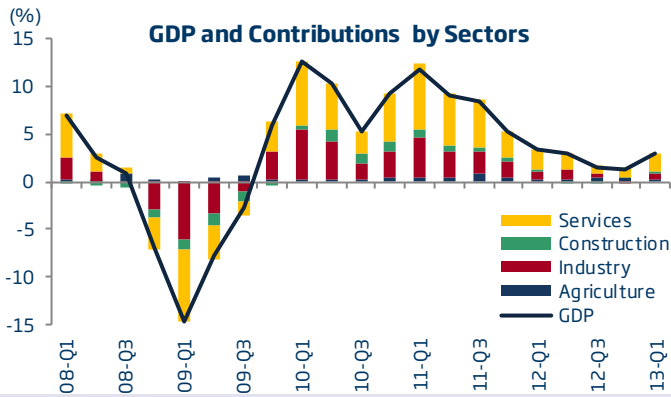
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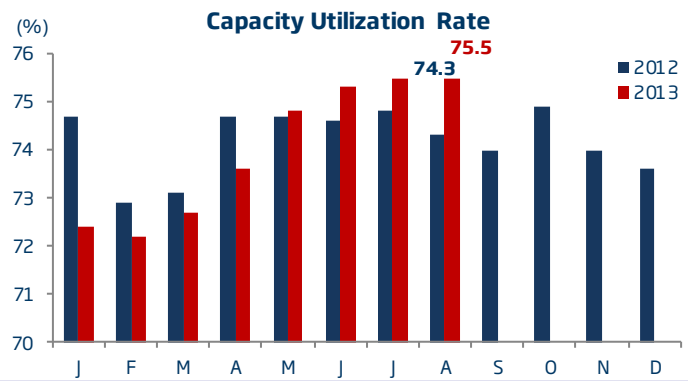
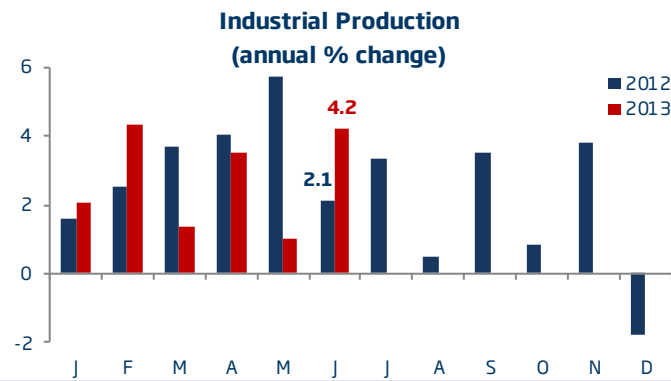
The screenshot shows the website interface for research.isbank.com.tr. At the top, there is a navigation bar with the bank's logo and name. Below this, there are tabs for 'Monthly Economic Review', 'Inflation Report', and 'Macroeconomic Data'. A search bar and a login section with 'User Name' and 'Password' fields are also present. The main content area is titled 'DECEMBER 2012' and features a globe graphic with the text 'Monthly Economic Review'. Below this, there are three sections: 'Recent Publications' listing various reports, 'Projections' with a table comparing 2012 and 2013 data, and a 'Weekly Poll' asking about the credit growth ratio of the Turkish banking system in 2013.

	2012	2013
Real GDP Growth (%)	3.2	4.5
Current Deficit (billion \$)	53.0	63.0
CPI (YoY)	0.2% (actual)	0.0%
GDS Rate (Annual Avg. Comp. Yield in Treasury Auctions)	8.7% (actual)	6.5%

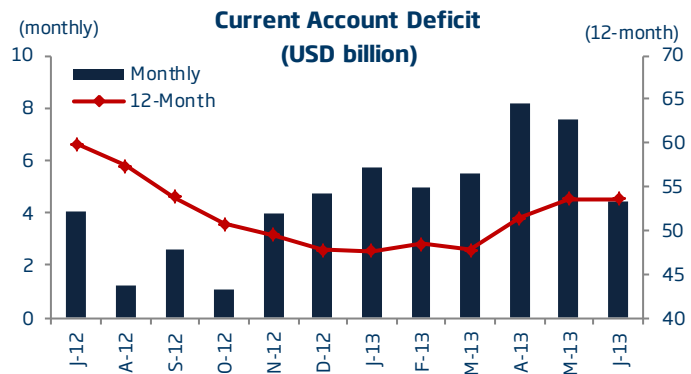
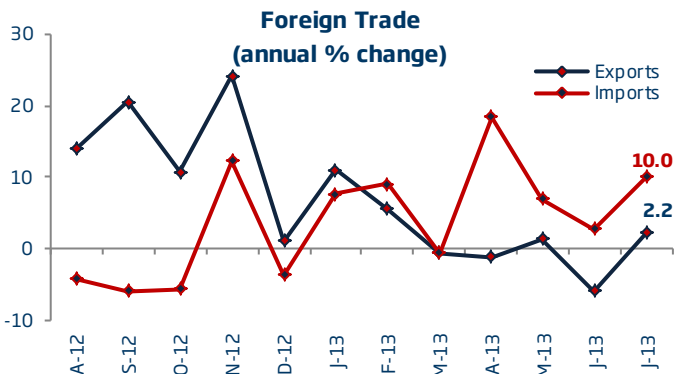
Growth



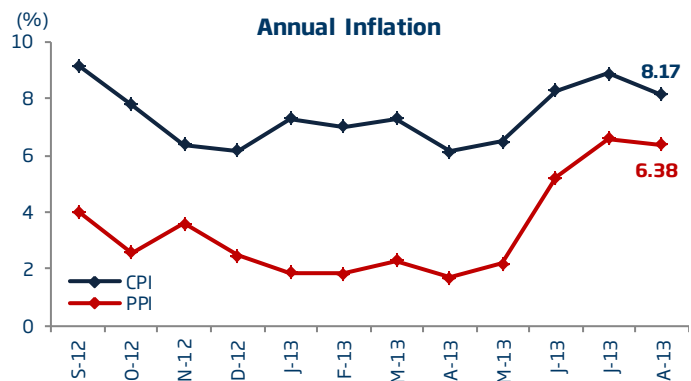
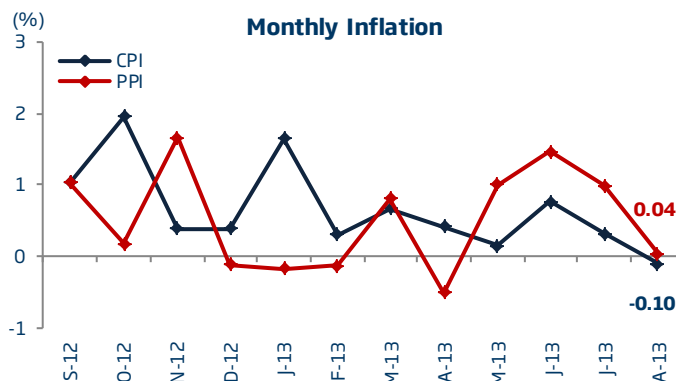
Industrial Production



Foreign Trade and Current Account Balance

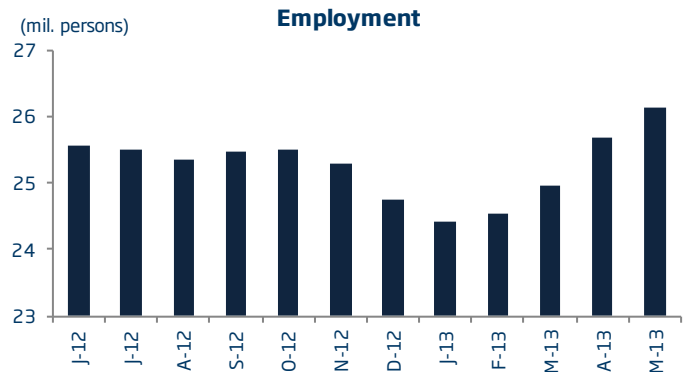
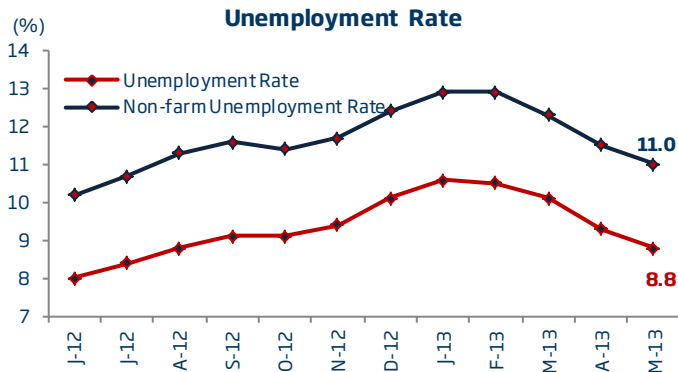


Inflation

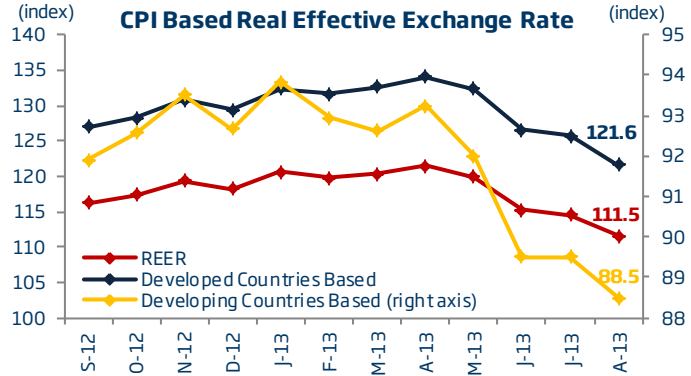
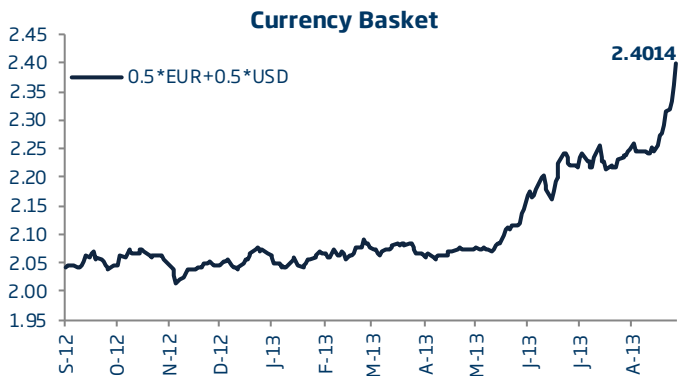


Source: Turkstat, CBRT

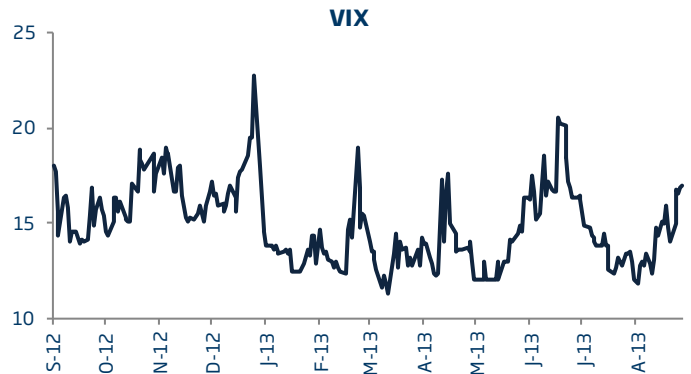
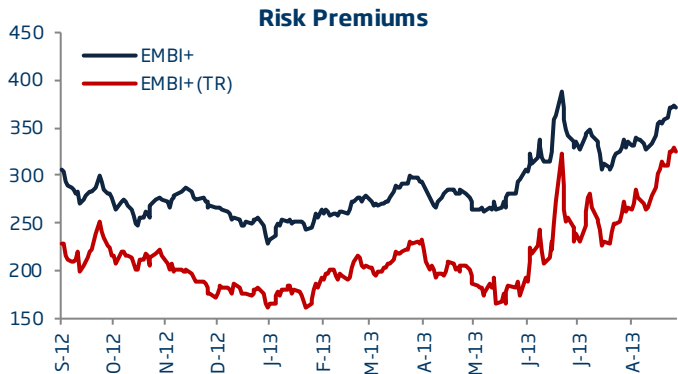
Labor Market



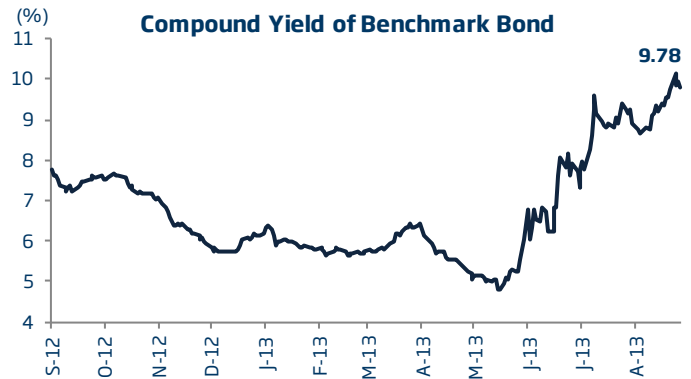
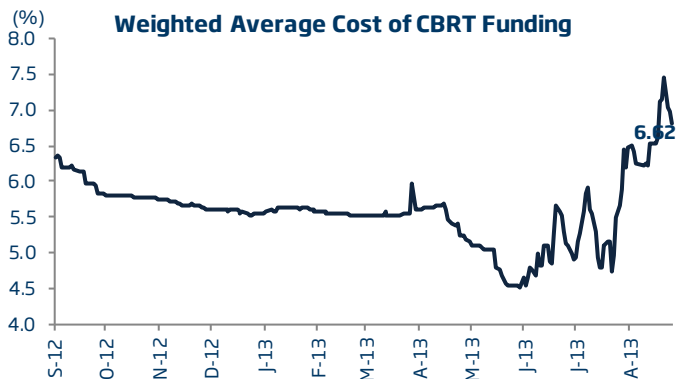
FX Market



Risk Indicators

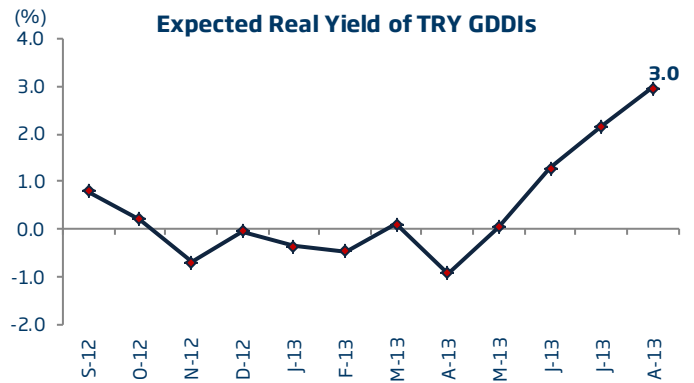
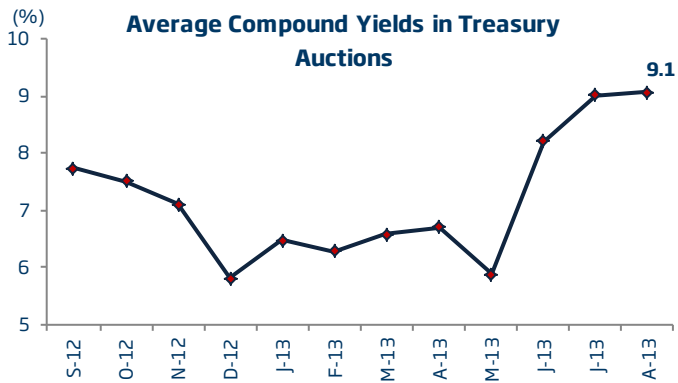


Interest Rates

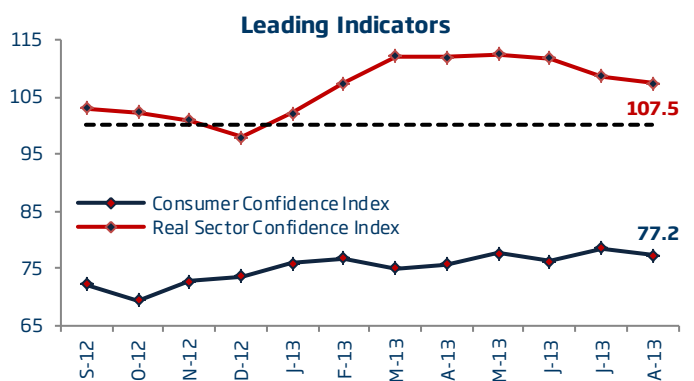
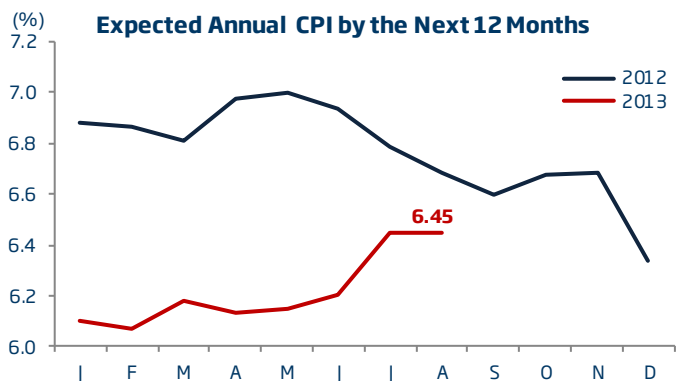
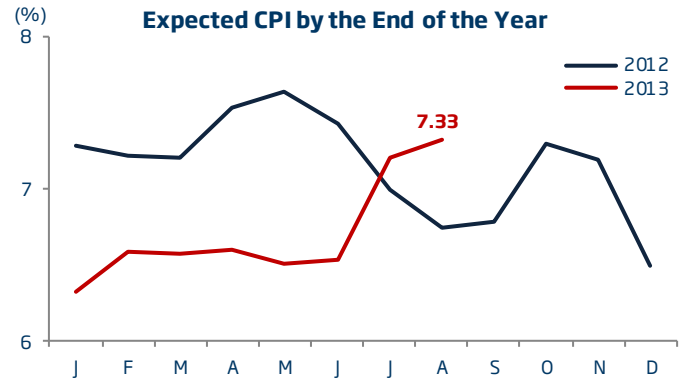
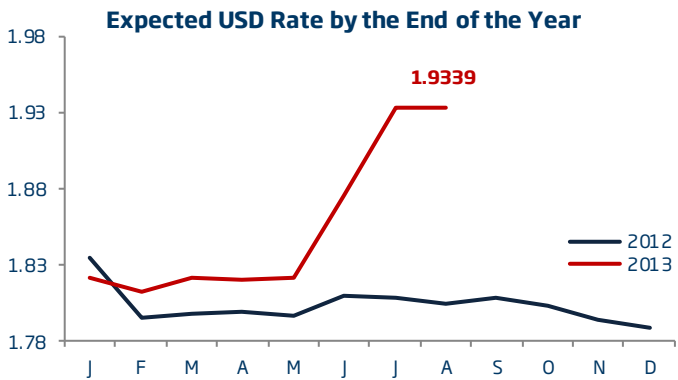
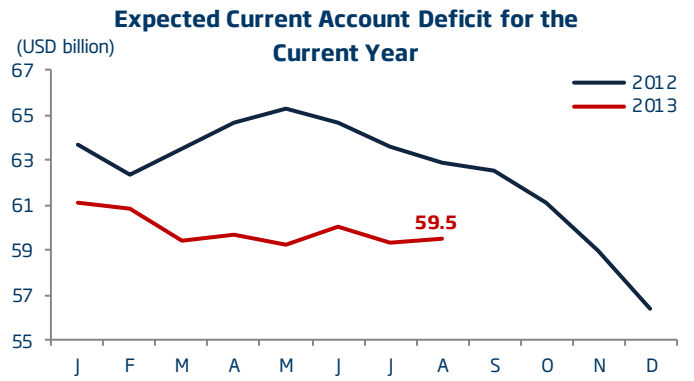
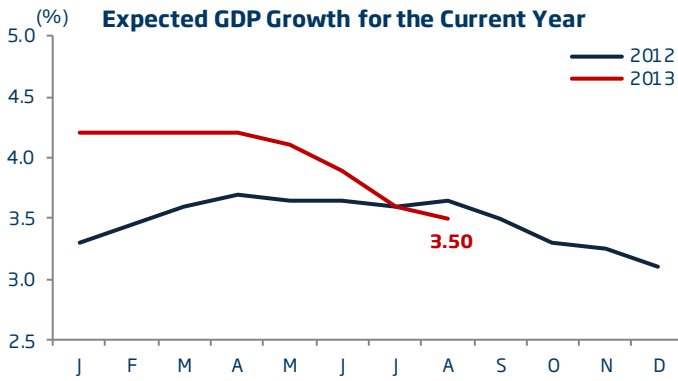


Source: Turkstat, CBRT, JP Morgan, Reuters, BIST

Bond-Bill Market



Survey of Expectations and Other Leading Indicators



Source: Treasury, BIST, CBRT, Economic Research Division

Turkish Economy at a Glance

	2008	2009	2010	2011	2012	13-Q1	13-Q2	13-Q3
Growth								
GDP (USD Billion)	742.1	616.7	731.6	774.0	786.3			
GDP Growth Rate (%)	0.7	-4.8	9.2	8.8	2.2	3.0	-	-
Inflation (%)						Jun-13	Jul-13	Aug-13
CPI (annual)	10.1	6.5	6.4	10.4	6.2	8.3	8.9	8.2
PPI (annual)	8.1	5.9	8.9	13.3	2.5	5.2	6.6	6.4
Labor Market						Mar-13	Apr-13	May-13
Unemployment Rate (%)	11.0	14.0	11.9	9.8	9.2	10.1	9.3	8.8
Employment (thousand persons)	21,194	21,277	22,594	24,110	24,821	24,974	25,691	26,130
FX Rates						Jun-13	Jul-13	Aug-13
CPI Based Real Effective Exchange Rate	114.9	116.8	125.7	109.5	118.2	115.3	114.6	-
USD/TL	1.5123	1.5057	1.5460	1.9065	1.7826	1.9272	1.9241	2.0557
EUR/TL	2.1408	2.1603	2.0491	2.4592	2.3517	2.5109	2.5539	2.7470
Currency Basket (0.5*EUR+0.5*USD)	1.8266	1.8330	1.7976	2.1829	2.0672	2.2191	2.2390	2.4014
Foreign Trade Balance⁽¹⁾ (USD billion)						May-13	Jun-13	Jul-13
Exports	132.0	102.1	113.9	134.9	152.5	154.2	153.3	153.6
Imports	202.0	140.9	185.5	240.8	236.5	244.4	245.0	247.1
Foreign Trade Balance	-69.9	-38.8	-71.7	-105.9	-84.1	-90.2	-91.6	-93.4
Import Coverage Ratio (%)	65.4	72.5	61.4	56.0	64.5	63.1	62.6	62.2
Current Account Balance⁽¹⁾ (USD billion)						Apr-13	May-13	Jun-13
Current Account Balance	-40.4	-12.2	-45.4	-75.1	-47.8	-51.2	-53.2	-53.6
Capital and Financial Accounts	37.4	9.3	44.0	65.7	47.0	59.8	57.0	59.3
Direct Investments (net)	17.2	7.1	7.6	13.7	8.5	8.4	7.7	6.3
Portfolio Investments (net)	-5.0	0.2	16.1	22.0	40.8	52.0	52.5	48.4
Other Investments (net)	24.2	2.1	33.2	28.2	18.6	33.6	25.5	25.6
Reserve Assets (net)	1.1	-0.1	-12.8	1.8	-20.8	-34.1	-28.7	-21.0
Net Errors and Omissions	3.0	2.9	1.4	9.4	0.8	-8.7	-3.8	-5.6
Current Account Deficit/GDP	-5.4	-2.0	-6.2	-9.7	-6.1	-	-	-
Budget⁽²⁾⁽³⁾ (TL billion)						Apr-13	May-13	Jun-13
Expenditures	227.0	268.2	294.4	314.6	360.5	124.9	155.3	187.9
Interest Expenditures	50.7	53.2	48.3	42.2	48.4	18.2	21.8	23.3
Non-interest Expenditures	176.4	215.0	246.1	272.4	312.1	106.7	133.5	164.6
Revenues	209.6	215.5	254.3	296.8	331.7	124.6	159.5	190.9
Tax Revenues	168.1	172.4	210.6	253.8	278.8	101.5	131.7	158.4
Budget Balance	-17.4	-52.8	-40.1	-17.8	-28.8	-0.3	4.3	3.1
Primary Balance	33.2	0.4	8.2	24.4	19.6	17.9	26.0	26.4
Budget Balance/GDP	-1.8	-5.5	-3.6	-1.4	-2.0	-	-	-
Central Government Debt Stock (USD billion)						May-13	Jun-13	Jul-13
Domestic Debt Stock	181.7	219.2	228.2	195.2	216.8	211.8	205.6	208.4
External Debt Stock	69.8	74.1	78.1	79.2	81.7	80.8	81.2	82.3
Total	251.5	293.2	306.3	274.4	298.6	292.5	286.8	290.7

(1) 12 month cumulative

(2) Year-to-date % change

(3) According to Central Government Budget

Source: Turkstat, CBRT, Treasury, Ministry of Finance, Reuters

BANKING SECTOR ACCORDING TO BRSA's MONTHLY BULLETIN FIGURES

(TL billion)	2008	2009	2010	2011	2012	May-13	Jun-13	Change ⁽¹⁾
TOTAL ASSETS	732.5	834.0	1006.7	1217.7	1370.7	1496.6	1527.7	11.5
Loans	367.4	392.6	525.9	682.9	794.8	890.2	921.2	15.9
TL Loans	262.1	288.2	383.8	484.8	588.4	656.7	675.3	14.8
Share (%)	71.3	73.4	73.0	71.0	74.0	73.8	73.3	-
FX Loans	105.3	104.4	142.1	198.1	206.4	233.5	245.8	19.1
Share (%)	28.7	26.6	27.0	29.0	26.0	26.2	26.7	-
Non-performing Loans	14.1	21.9	20.0	19.0	23.4	26.7	26.1	11.7
Non-performing Loan Rate (%)	3.7	5.3	3.7	2.7	2.9	2.9	2.8	-
Securities	194.0	262.9	287.9	285.0	270.0	272.6	274.2	1.6
TOTAL LIABILITIES	732.5	834.0	1006.7	1217.7	1370.7	1496.6	1527.7	11.5
Deposits	454.6	514.6	617.0	695.5	777.2	825.9	837.7	7.8
TL Deposits	294.1	341.4	433.5	460.0	520.4	552.5	563.5	8.3
Share (%)	64.7	66.3	70.3	66.1	67.4	66.9	67.3	-
FX Deposits	160.5	173.2	183.5	235.5	251.8	273.3	274.2	8.9
Share (%)	35.3	33.7	29.7	33.9	32.6	33.1	32.7	-
Securities Issued	0.0	0.1	3.1	18.4	37.9	48.6	48.9	29.1
Payables to Banks	92.7	86.1	122.4	167.4	173.4	200.6	209.6	20.8
Funds from Repo Transactions	40.8	60.7	57.5	97.0	79.9	103.4	116.6	45.9
TOTAL SHAREHOLDERS' EQUITY	86.4	110.9	134.5	144.6	181.9	189.5	184.7	1.5
Profit (Loss) of the Period	13.4	20.2	22.1	19.8	23.5	11.4	13.7	-
RATIOS (%)								
Loans/Assets	50.2	47.1	52.2	56.1	58.0	59.5	60.3	-
Securities/Assets	26.5	31.5	28.6	23.4	19.7	18.2	17.9	-
Deposits/Liabilities	62.1	61.7	61.3	57.1	56.3	55.2	54.8	-
Deposits/Loans	123.7	131.1	117.3	101.8	97.2	92.8	90.9	-
Capital Adequacy (%)	18.0	20.6	19.0	16.6	17.9	16.8	16.3	-

(1) Year-to-date % change



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