

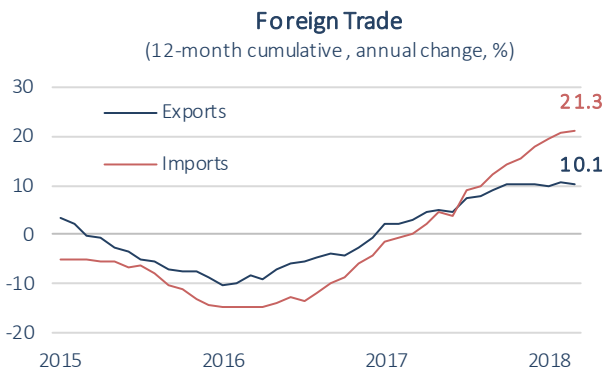


Foreign trade deficit was 5.9 billion USD in March.

Foreign trade deficit remained broadly flat compared to February and became 5.9 billion USD in March, in line with the provisional data. On an annual basis, foreign trade deficit widened at a lower rate compared to previous months with 28.8%. The expansion was 64% in the first quarter.

In March, exports increased by 7.7% yoy to 15.6 billion USD, while imports surged by 12.7% to 21.4 billion USD. Import coverage ratio improved and came in at the highest level in one year with 72.7% in this period.

According to 12-month cumulative figures, exports increased by 10% to 160 billion USD, while imports rose by more than 20% to 245 billion USD. 12-month foreign trade deficit neared 85 billion USD.



Seasonally and calendar adjusted foreign trade deficit, on the other hand, narrowed on a monthly basis in the last two months. Having fallen by almost 10% mom in February, imports did not record a significant change in March. Exports increased by 4% mom in this period, marking the strongest performance in seven months.

The annual rise in EUR/USD parity continues to support the upward trend in export figures. Indeed, in euro terms, exports declined year over year for the last four months. In this respect, foreign trade volume indices will be monitored more closely in the coming period. The export volume index recorded weaker rises in the first two months of this year as compared to the increases seen in the previous year.

Motor vehicles continued to drive overall export growth.

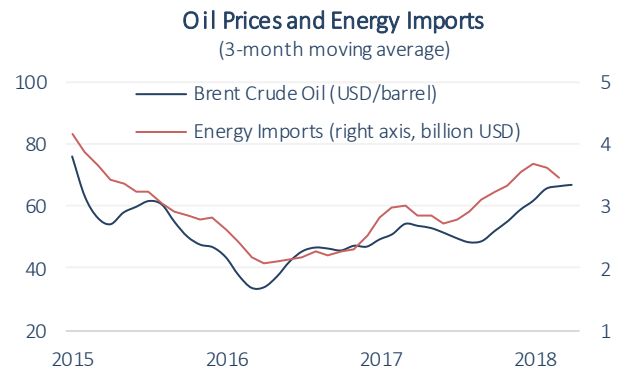
Exports of motor vehicles, the largest exporting item, increased by almost 16% yoy in March. Boilers-machineries and iron-steel exports also made a good contribution to exports growth during this period. The said items surged up by 20.7% and 14.4%, respectively. However, exports of precious stones and metals, the sixth largest exporting item in March, contracted by 35% and weighed on the export performance.

Exports to EU countries maintained an upward trend.

Exports to EU countries increased by 18.2% yoy in March. According to 12-month cumulative figures, the share of EU in our total exports was 48.4%, the highest since the last months of 2008, while the share of Near and Middle Eastern countries continued to decline and became 20.8%.

Energy bill increased.

Imports of crude petroleum in tones have been on a yearly downward trend since November 2017. Nevertheless, imports of mineral fuels and oils continued to rise during this period due mainly to the surge in oil prices. In the first quarter of this year, Turkey's energy bill increased by 14.3% yoy and accounted for 16.7% of overall imports.



Gold imports remained strong.

Imports of precious stones and metals also continued to have a negative impact on the foreign trade balance.

Foreign Trade Figures

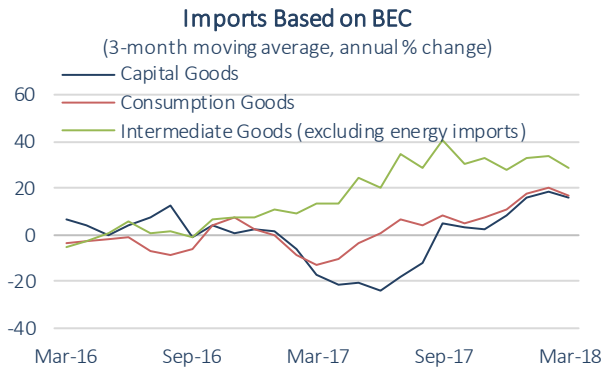
	March		Change (%)	January-March		Change (%)
	2017	2018		2017	2018	
Exports	14.5	15.6	7.7	37.8	41.2	8.9
Imports	19.0	21.4	12.7	50.4	61.9	22.7
Foreign Trade Deficit	-4.5	-5.9	28.8	-12.6	-20.7	64.1
Import Coverage (%)	76.1	72.7	-	75.0	66.5	-

Source: Datastream , Turkstat

Non-monetary gold imports increased by 6.8% to 1.5 billion USD in March. 12-month net gold imports was 13 times of the amount recorded a year-ago and became 13.5 billion USD.

Loss of momentum in intermediate goods imports...

Having posted solid increases last year, imports of intermediate goods lost steam in both February and March. Intermediate goods imports, which surged by more than 40% yoy in January, rose 13% yoy in March. The increases in consumption and capital goods imports also decelerated in this period when compared to January.



Despite the soaring oil prices, a weaker import momentum is expected.

The trajectory of oil prices and non-monetary gold imports will continue to be the major drivers of the foreign trade balance in the period ahead. The Brent crude oil price has risen by over 35% yoy in April according to monthly averages. On the other hand, the momentum loss in imports since the second month of the year is interpreted as a positive signal about foreign trade balance. The expectations for a more moderate economic growth this year compared to the previous year reinforced this interpretation. While domestic demand is anticipated to lose some strength, external demand is expected to continue to support economic activity. The favorable performance of our key trading partners, namely the European countries, as well as that of the global economy may continue to boost our exports volume, albeit at a lower magnitude. However, protectionist measures led by the US and their potential impacts on our trade figures remain significant even though their weight on the global agenda is alleviated compared to last weeks.

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