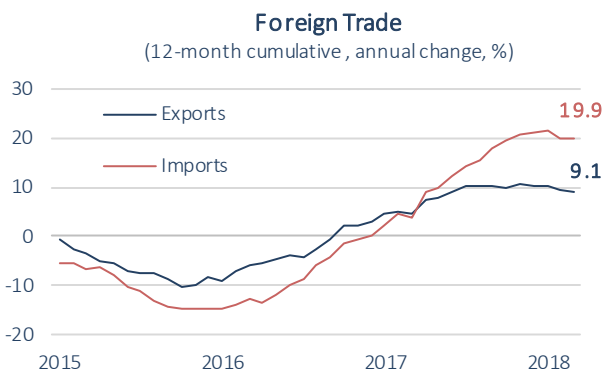




### Foreign trade deficit posted an annual decline.

In June, export volume contracted by 1.3% yoy to 13 billion USD while import volume declined by 3.8% to 18.5 billion USD. Thus, foreign trade deficit narrowed by 9.1% compared to the same period of the previous year and became 5.5 billion USD. In this period, the import coverage ratio increased to 70.2%.

According to the 12-month cumulative figures, export volume rose by 9.1% yoy in June to 161.8 billion USD, while import volume increased by 19.9% to 248.4 billion USD. In this period, 12-month foreign trade deficit stood at 86.6 billion USD.



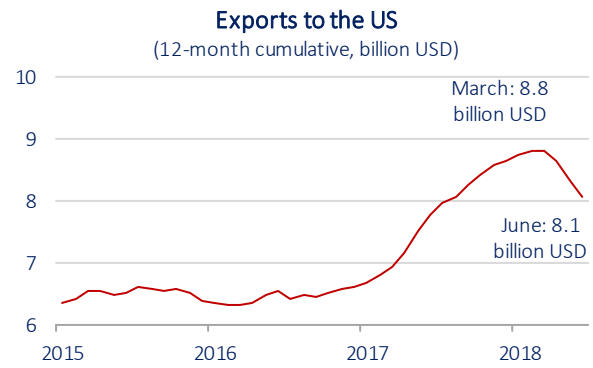
### Iron and steel exports posted a rapid increase.

In June, the largest export chapter continued to be motor vehicles even though exports of which posted a slight decline on annual basis. Loss of momentum in boilers and machinery exports, having the second highest share in total exports, was noteworthy in this period. Iron and steel exports recorded the highest annual increase and ranked third after boilers and machineries. The fastest annual fall was seen in exports of precious metals. Non-monetary gold exports decreased by 88.9% yoy to 72.1 million USD in June.

### The share of EU countries in our exports is rising.

Despite the annual decrease in total export volume in June, exports to EU countries increased. Hence, the share of these countries in exports reached 51.2%. On the other hand, the share of the Near and Middle Eastern countries decreased to 16.3%, the fall in gold exports

also played a part in this development. Analyzing the figures on country basis, the fall in exports to the US, which was due mainly to protectionist trade policies, was notable. According to 12-month cumulative data, exports to the US, which hit historic levels with 8.8 billion USD in March, declined to 8.1 billion USD in June.



### Commodity prices continued to drive the import bill.

Commodity prices have a considerable impact on import performance. Among the first five chapters having the highest share in total imports, only imports of mineral fuels-oils and iron-steel increased in June. On the other hand, gold imports fell by 70.7% yoy to 583 million USD in June, the lowest level in almost one and a half years.

### Downward trend in imports of consumption goods...

In June, capital goods and intermediate goods imports declined by 6.3% and 2.5% yoy, respectively. On the other hand, the fall in imports of consumption goods accelerated and became 13.9% yoy.

### Expectations...

While net gold imports fell significantly in June, the rise in commodity prices seems to have offset this decline. On the other hand, the first annual decline in foreign trade deficit seen in a year confirms the normalization in economic activity and is a positive sign for current account balance. Commodity prices and gold trade as well as domestic demand will continue to be key determinants of foreign trade performance.

Foreign Trade Figures	(billion USD)					
	June		Change (%)	January-June		Change (%)
	2017	2018		2017	2018	
Exports	13.1	13.0	-1.3	77.4	82.2	6.3
Imports	19.2	18.5	-3.8	108.3	123.0	13.5
<b>Foreign Trade Deficit</b>	<b>-6.0</b>	<b>-5.5</b>	<b>-9.1</b>	<b>-30.9</b>	<b>-40.7</b>	<b>31.6</b>
Import Coverage (%)	68.5	70.2	-	71.4	66.9	-

Source: Datastream, Turkstat

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