



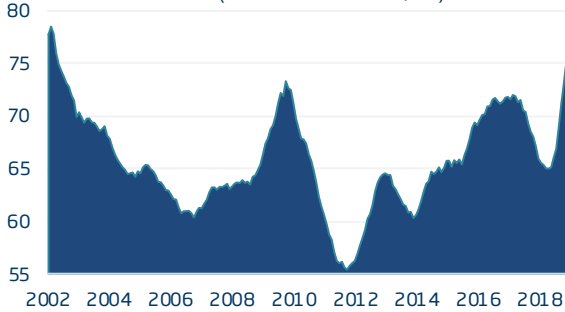
Foreign trade deficit kept contracting at the beginning of 2019.

Foreign trade deficit has fallen for the eighth consecutive month in January 2019. Export volume rose by 5.9% yoy to 13.2 billion USD, while import volume was realized as 15.7 billion USD, decreasing by 27.2% yoy. Thus, foreign trade deficit decreased by 72.5% compared to the same period of the previous year and became 2.5 billion USD. Import coverage ratio, which was 57.8% in January last year, increased to 84% in the first month of 2019.

(billion USD)	January		Change (%)
	2018	2019	
Exports	12.4	13.2	5.9
Imports	21.5	15.7	-27.2
Foreign Trade Deficit	-9.1	-2.5	-72.5
Import Coverage (%)	57.8	84.0	-

According to the 12-month cumulative figures, exports surged to a historic high of 168.7 billion USD, while imports decreased to 217.2 billion USD. Thus, foreign trade deficit fell to 48.5 billion USD, the lowest level since March 2010. Import coverage ratio reached 77.7%, the highest level since 2002.

Import Coverage Ratio
(12-month cumulative, %)



Solid performance of automotive exports...

Motor vehicles continued to be the largest exporter in January. Exports of the sector, which expanded by 7.6% in January compared to the same period of the previous year, were realized as 1.97 billion USD. In this period, exports of boilers and machinery ranked second, rising by 5.3% yoy, iron-steel and knitted clothing followed that sector. On quantity basis, however, the highest increase was recorded in precious metals thanks to the rise in gold exports. The annual growth in exports of the said item was 80.1%.

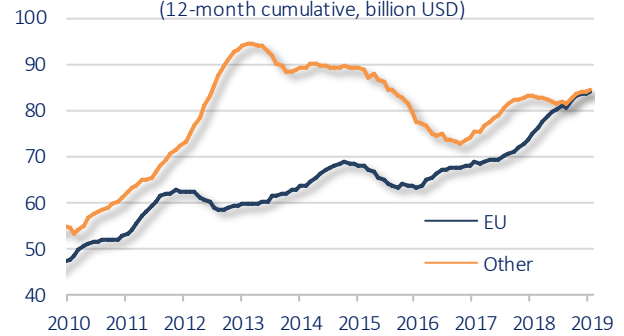
Germany remains Turkey's largest export market.

In the first month of 2019, it is seen that the export performance varies among countries. Among the 10 largest export markets of Turkey, exports to 5 countries contracted on annual basis whereas exports to the remaining 5 went up. Exports to Germany, Turkey's biggest export destination, fell by 3.8% yoy. On the other hand, exports to the UK, the second largest market, climbed by 25.8% yoy.

Exports to Near and Middle Eastern countries, which have been declining since the last quarter of 2017 due to geopolitical developments, increased by 7.3% yoy in January. 12-month cumulative figures revealed that the share of these countries in total exports came in at 17.6%. In this period, EU countries continued to be the largest export market with a share of 49.9%.

Total Exports

(12-month cumulative, billion USD)

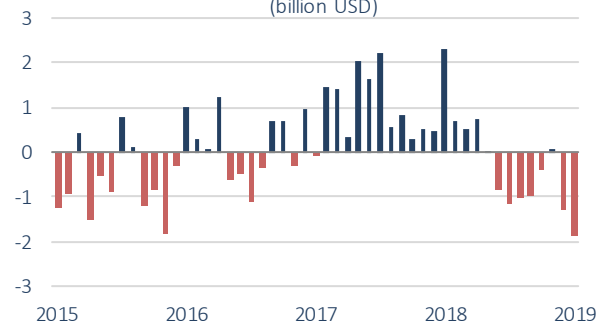


Rapid decline in gold imports...

Considering the top 20 sectors with largest import volume, only imports of mineral fuels and oils recorded an annual rise. Gold imports fell from 2.3 billion USD in January 2018 to 558 million USD in the same month this year. Thus, decrease in gold imports contributed 8 percentage points to the 27.2% decline in overall import volume.

Annual Change in Net Gold Imports

(billion USD)



In the first month of 2019, Russia ranked first among the countries from which Turkey imported the most. Although China took the first place in the same month of the last year, the loss of momentum in domestic economic activity significantly limited the imports from that country.

Deceleration in EU economies paints a weak picture for exports.

Due to the weakness in TRY, the decline in gold imports and the loss of momentum in domestic demand, contraction in foreign trade deficit continued in the first month of 2019. It is understood that the course of foreign trade deficit will depend on the recovery in economic activity in the coming period. In terms of export performance, recent slowdown signals from the EU countries will be crucial in the forthcoming period.

Source: Datastream, Turkstat

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