



Foreign trade deficit came in at 2.1 billion USD.

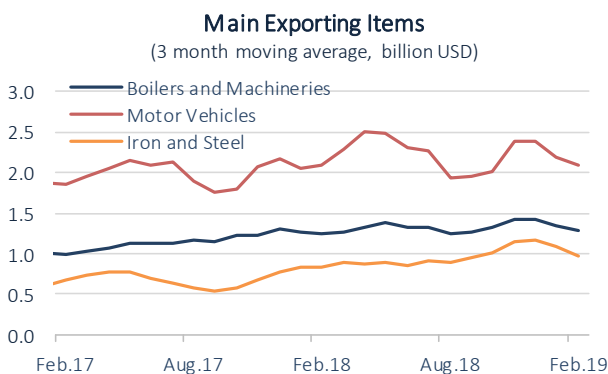
In February, exports increased by 3.4% yoy to 13.6 billion USD, while imports declined by 16.9% to 15.7 billion USD. Thus, foreign trade deficit fell by 63.1% to 2.1 billion USD, declining for the ninth consecutive month. During this period, import coverage ratio increased to 86.4%.

(billion USD)	February		Change (%)
	2018	2019	
Exports	13.1	13.6	3.4
Imports	18.9	15.7	-16.9
Foreign Trade Deficit	-5.8	-2.1	-63.1
Import Coverage (%)	69.4	86.4	-

According to 12-month cumulative data, export volume continued to stay at record level with 169.1 billion USD. 12-month foreign trade deficit was realized as 44.8 billion USD, the lowest level in last 10 years.

Mineral fuels and minerals exports posted a rapid rise.

Despite a decline of 9.5% yoy in February, motor vehicles continued to be the largest export chapter. During this period, exports of boilers, machineries and iron-steel, which were the second and the third leading export chapters, increased by 5.8% and 5.0% yoy, respectively. On the other hand, the rapid rise in mineral fuels and oils stood out in this period. Having surged by 134.7% yoy, the said item recorded the largest increase with 321 million USD.



Main export destinations...

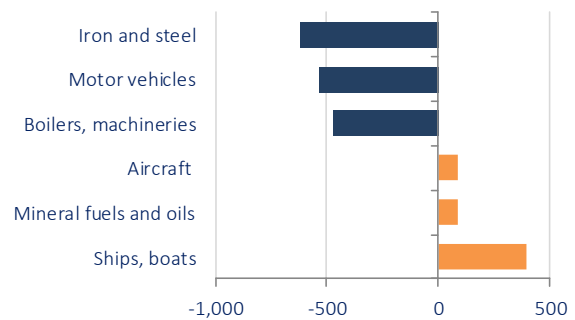
Although exports to Germany declined by 9.7% yoy in February, this country continued to be the largest market for Turkey. The rapid rise (27.6% yoy) in exports to Spain, which is among the top 10 biggest export destinations, was noteworthy in February. Exports of mineral fuels-oils and automotive drove this development. Among the country groups, the shares of EU and Near-Middle Eastern countries were realized as 51% and 18.2%,

respectively.

Fall in imports was widespread.

In February, import in 17 out of 20 chapters declined on an annual basis. During this period, energy (mineral fuels and oils) imports, the largest import chapter, increased by 2.7%. Imports of boilers-machineries and electrical machinery-equipment decreased by 22.8% and 25.0% yoy, respectively. Iron and steel imports, which followed a strong course in first half of 2018, had a rapid annual decline with 39.7% in February.

Import Items with The Largest Rise and Fall
(February 2019, million USD)



Imports of consumption goods declined.

Due to the weak course in domestic demand, imports of consumption goods decreased by 35.8% yoy in February, continuing declining trend since April 2018. In this period, the fall in consumption goods imports stemmed from the contraction in the domestic automotive market due to weakening demand for passenger cars. Imports of capital goods and intermediate goods decreased by 4.6% and 16.6%, respectively.

Expectations...

In line with the ongoing slowdown in domestic demand, the decline in imports continued and this foreign trade deficit continued to contract. We foresee that the slowdown in economic activity will be effective on foreign trade balance and the current trend in foreign trade deficit recorded in recent months was kept in March. On the other hand, the deceleration signals from Euro Area, our main export destination, put pressure on foreign trade balance.

Economic Research Division

izlem Erdem
Chief Economist
izlem.erdem@isbank.com.tr

ilker Şahin
Economist
ilker.sahin@isbank.com.tr

Alper Gürler
Unit Manager
alper.gurler@isbank.com.tr

Gamze Can
Economist
gamze.can@isbank.com.tr

H. Erhan Gül
Asst. Manager
erhan.gul@isbank.com.tr

Ayşim Kalkan
Asst. Economist
aysim.kalkan@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

LEGAL NOTICE

This report has been prepared by Türkiye İş Bankası A.Ş. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Türkiye İş Bankası A.Ş. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Türkiye İş Bankası A.Ş., accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.