



Foreign trade deficit came in at 3 billion USD in April.

The contraction in foreign trade deficit continued in April. In this period, exports increased by 4.6% yoy to 14.5 billion USD, while imports declined by 15.1% yoy to 17.5 billion USD. Thus, foreign trade deficit was realized at 3 billion USD, narrowing by 55.6% compared to the same period of the previous year. Import coverage ratio, which was 67.4% in the same month of the last year, reached 82.9% in April 2019.

According to the 12-month cumulative figures, export volume saw its new historical high level with 169.6 billion USD in April while import volume declined to 2-year low with 207.1 billion USD.

Exports of mineral fuels and oils increased rapidly.

Exports of motor vehicles posted a decline of 11.8% yoy in April. Despite this decline, motor vehicles continued to be the largest export chapter. On the other hand, the second and third most exported chapters, boilers and machinery and iron and steel exports, increased by 7.1% yoy and 9.9% yoy, respectively. In this period, it is noteworthy that exports of mineral fuels and oils reached nearly 2.5 times the level of a year ago.

Main export destinations...

Turkey's exports to Germany, the biggest export market of Turkey, went down by 8.6% yoy in April. On the other hand, this decline was mainly due to the depreciation of the euro against the dollar. Exports to Iraq and the US picked up by 18.6% yoy and 15.6% yoy, respectively. This was noted as a positive development since the two countries were among the top five countries that Turkey exports most. According to country groups, the share of EU countries in Turkey's exports decreased by 3 pp to 47.8%, while the share of Near and Middle Eastern countries rose by 1.5 pp to 19.3%.

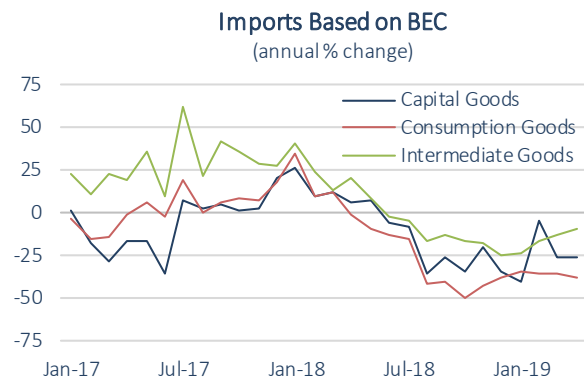
Energy imports continue to increase.

In 18 out of the top 20 import chapters, imports decreased on an annual basis in April. The decline in gold imports continued to affect the foreign trade balance positively. Net gold imports fell by 330 million USD from a year earlier. Energy imports (mineral fuels and oils), on the other hand, increased by 12.5% yoy. Crude oil imports on quantity basis, which increased rapidly in the first quarter

of the year, sustained this trend in April as well. Crude oil imports, which were 1.5 million tonnes in April 2018, reached 2.4 million tonnes in the same period of this year. Also the 80.3% increase recorded in cereal imports, the 12th most imported chapter, stood out in this period.

Consumption goods imports continued to contract.

Recording a rapid decline with 37.8% yoy in April, consumption goods imports have maintained its downward trend over the last 12 months in line with the deceleration in economic activity. Automobiles imports, having a share of an almost 12% in total consumption goods imports in April, fell by 77.4% yoy to 165 million USD. Capital and intermediate goods imports also fell by 25.9% yoy and 9.8% yoy, respectively.



Expectations...

Parallel to the slowdown in domestic demand, the rapid fall in imports continued in April. Exports, on the other hand, recorded a positive performance due to benign external demand conditions and Turkish lira's competitive advantage. Taking the current course of economic activity into account, the narrowing of foreign trade deficit is expected to continue albeit to a lesser extent. In addition, the potential positive impact of the US move to halve the tariffs on Turkish steel and aluminum imports in mid-May on sector's export performance and the crude oil imports, as the US decided to end waivers for sanctions on countries importing oil from Iran, will be monitored closely in the upcoming period.

Foreign Trade Figures

(billion USD)

	April		Change (%)	Jan-Apr		Change (%)
	2018	2019		2018	2019	
Exports	13.8	14.5	4.6	55.0	56.7	3.1
Imports	20.6	17.5	-15.1	82.5	66.5	-19.4
Foreign Trade Deficit	-6.7	-3.0	-55.6	-27.5	-9.8	-64.4
Import Coverage (%)	67.4	82.9	-	66.7	85.3	-

Source: Datastream, Turkstat, EMRA

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>

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