

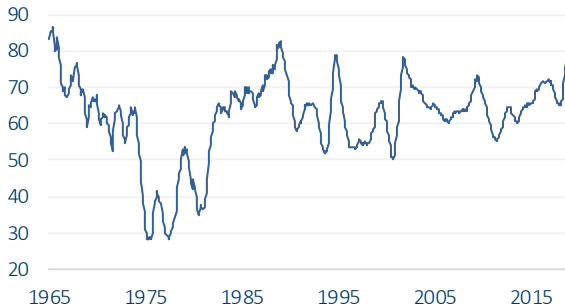


### In May foreign trade deficit was 1.8 billion USD.

In May, export volume increased by 12.1% yoy to 16 billion USD while import volume decreased by 19.3% to 17.8 billion USD. Hence, foreign trade deficit decreased by 76.5% compared to the same period of the previous year and came in at 1.8 billion USD. Import coverage ratio, which was 64.6% in May 2018, rose to 89.7%.

According to the 12-month cumulative figures, export volume reached its new historical high level with 171.3 billion USD in May, while the import volume kept declining and became 202.8 billion USD. Import coverage ratio climbed to 84.5%, the highest reading since 1965.

**Import Coverage Ratio**  
(12-month cumulative, %)



### Export of motor vehicles rose after three months.

In May, the increase in export volume was broad based. Among the top 20 chapters, only fruit exports declined during this period. Exports of motor vehicles, which had been declining on an annual basis since February, expanded by 2.2% in May and continued to be the largest export chapter. Exports of boilers and machinery and iron and steel, the second and third chapters, were up by 15.4% and 11.6% respectively compared to the same month of the previous year. In May, the rapid rise in exports of precious metals and mineral fuels drew attention.

### Main export markets...

Turkey's exports to Germany expanded by 8.3% yoy, and this country continued to be the largest export market in May. Italy and the UK followed this country. Rapid

increases in exports to the Gulf countries and the US were noteworthy.

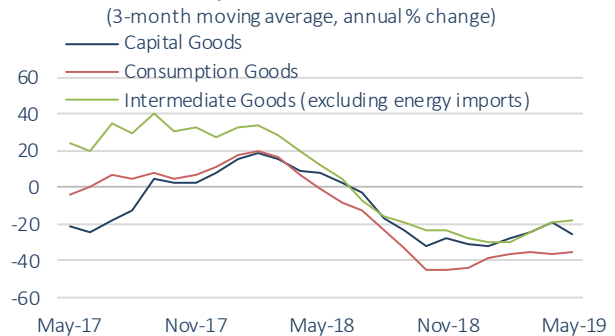
### Energy import declined in May.

As a result of the slowdown in economic activity, the decline in import volume continued in May as well. In this period, import volume decreased in 16 chapters among the top 20 chapters on an annual basis. Although imports of mineral fuels and oils posted an annual decline by 2.5% in May, this item remained as the largest import chapter. The decline in precious metal imports, which was 1.1 billion USD compared to the previous year, made the highest contribution to the fall in import volume by 5.1 pp. Having risen rapidly in April, cereals imports increased by 114.5% in May.

### Import of consumption goods kept declining.

In May, import of consumption goods dropped sharply by 33.6%. As a result of the decline in investment expenditures, import of capital goods declined by 23.5% in this period. In May, import of intermediate goods also decreased by 16.7%.

**Imports Based on BEC**



### Expectations

In May, the decline in import volume continued in line with the fall in domestic demand. Accordingly, the contraction in the foreign trade deficit continued. We expect that the slowdown in economic activity will continue to have an impact on the foreign trade balance and the downward trend in the foreign trade deficit will continue.

### Foreign Trade Figures

(billion USD)

	May		Change (%)	Jan-May		Change (%)
	2018	2019		2018	2019	
Exports	14.3	16.0	12.1	69.2	72.7	4.9
Imports	22.1	17.8	-19.3	104.5	84.3	-19.3
<b>Foreign Trade Deficit</b>	<b>-7.8</b>	<b>-1.8</b>	<b>-76.5</b>	<b>-35.3</b>	<b>-11.6</b>	<b>-67.0</b>
Import Coverage (%)	64.6	89.7	-	66.2	86.2	-

Source: Datastream, Turkstat

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