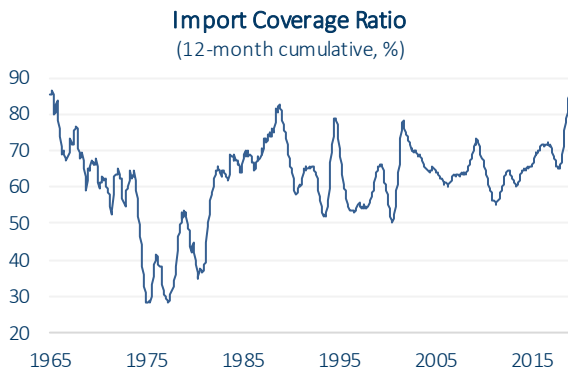




In July, foreign trade deficit contracted by 46.9%.

Along with the weak course in economic activity, the foreign trade deficit continued to contract annually in the beginning of the second half of the year. Foreign trade deficit contracted by 46.9% in July compared to the same month of the previous year. Export volume expanded by 7.9% to 15.2 billion USD, while import volume decreased by 8.5% to 18.4 billion USD in this period. The import coverage ratio rose by 12.6 pts compared to the previous year to 82.6%.

According to 12-month cumulative figures, the export volume was 170.6 billion USD at the end of July, while the import volume decreased to 196.9 billion USD. Thus, import coverage ratio rose to 86.6%, the new historic high.



Increase in exports were broadbased.

The increase in the export volume in July was broadbased. Motor vehicles, exports of which expanded by 6.7% yoy to 2.5 billion USD, remained as the top export chapter. Besides, export volume expanded by 10% in boilers and machinery. On the other hand, although iron and steel exports contracted by 9.3% due to falling exports to US, remained as the third largest export volume. The rapid increase in non-monetary gold exports in July was also remarkable. Non-monetary gold exports, which amounted to 120.6 million USD in July 2018, expanded by 186% to 345 million USD in the same month of this year.

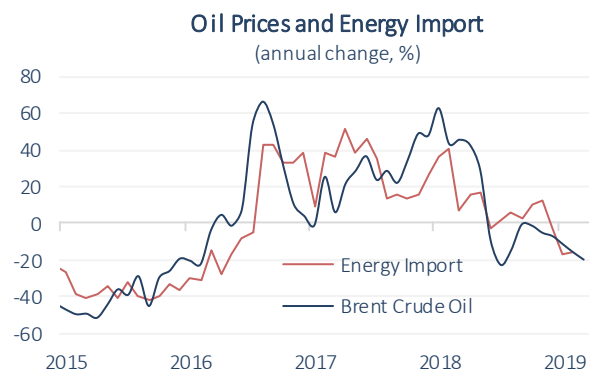
Main export markets...

Germany continues to be the largest export market for

Turkey in July. Iraq and UK followed this country. On the other hand, the US, which was the third largest market in the same month of last year, became the sixth in July 2019 as exports to this country fell by 14.3% yoy.

Decline in imports...

In July, in 13 of the 20 most imported chapters annual declines were recorded. Mineral fuels and oils (energy), where imports declined by 16.4% on an annual basis, continued to have the highest import volume in July. Considering that the amount of crude oil imports increased by 26.4% yoy in July, the decline in energy imports was mainly driven by the global oil prices.



Sharp decline in imports of consumer products continued.

Import volumes declined annually in all of the broad economic categories in July, while the decline in imports of consumption goods by 21.3%, mainly due to strong fall in passenger car imports, came to the forefront. Moreover, the double-digit decline in imports of capital goods except transportation vehicles continued.

Expectations...

The decline in imports and foreign trade deficit continued in July due to the deterioration in economic activity. However, with the expected gradual recovery in domestic demand for the rest of the year, it is foreseen that decline in import volume would lose momentum. In this period, the economic activity in our main export markets will also be important for the course of the foreign trade deficit.

Foreign Trade Figures

(billion USD)

	July		Change (%)	Jan-Jul		Change (%)
	2018	2019		2018	2019	
Exports	14.0	15.2	7.9	96.2	98.9	2.7
Imports	20.1	18.4	-8.5	143.0	116.9	-18.3
Foreign Trade Deficit	-6.0	-3.2	-46.9	-46.8	-18.1	-61.4
Import Coverage (%)	70.0	82.6	-	67.3	84.5	-

Source: Datastream, Turkstat

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