



### Foreign trade deficit came in at 2.5 billion USD in August.

In August, exports increased by 1.6% yoy to 12.5 billion USD, while imports rose by 1.5% to 15.0 billion USD. Thus, foreign trade deficit came in at 2.5 billion USD by rising 1.2% compared to the same period of the previous year. Import coverage ratio was realized as 83.4%.

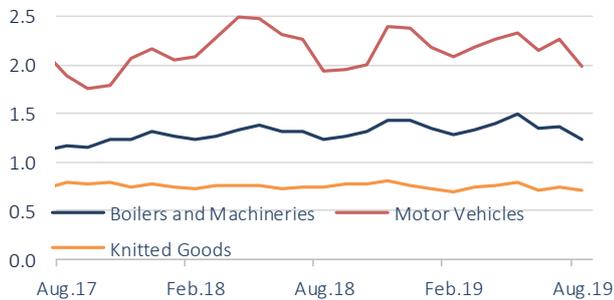
According to 12-month cumulative data, foreign trade deficit had a slight increase compared to the previous month and reached 26.4 billion USD. Import coverage ratio was realized as 86.6%, hovering around historic high levels.

### Motor vehicles subgroup was the largest export chapter in August.

In August, exports of motor vehicles increased by %13.3 yoy to 1.5 billion USD. Thus, the said item continued to be the largest export chapter. During this period, exports of boilers-machineries and knitted goods rose by 4.5% and 3.1% yoy, respectively. Also, the rapid rise in mineral fuels and oils exports (53.4%) stood out in this period. On the other hand, iron-steel exports, which have been declining since June due to the fall in exports to the US, decreased by 12.8% in August.

#### Main Exporting Items

(3 month moving average, billion USD)



### Main export destinations...

Exports to Germany, the main export market for Turkey, recorded a slight rise compared to the same period of the previous year in August. In this period, UK and Iraq were the second and third biggest export markets. Having declined since June, exports to US continued to fall.

#### Foreign Trade Figures

(billion USD)

	August		Change (%)	Jan-Aug		Change (%)
	2018	2019		2018	2019	
Exports	12.3	12.5	1.6	108.5	111.4	2.6
Imports	14.8	15.0	1.5	157.8	131.9	-16.4
<b>Foreign Trade Deficit</b>	<b>-2.5</b>	<b>-2.5</b>	<b>1.2</b>	<b>-49.3</b>	<b>-20.6</b>	<b>-58.2</b>
Import Coverage (%)	83.3	83.4	-	68.8	84.4	-

Source: Datastream, Turkstat

### Energy import decreased by 5.5%.

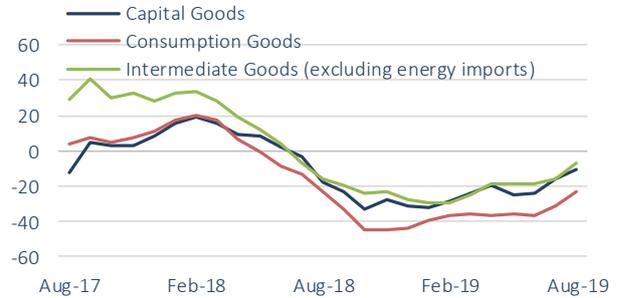
Mineral fuels and oils imports (energy), the largest import chapter, declined by 5.5% yoy in August. Imports of boilers-machinery and iron-steel, the second and third largest import chapters, decreased by 9.4% and 11.7%, respectively.

### The decline in consumption goods imports decelerated.

The fall in imports of consumption goods, which have declined on an annual basis since April 2018, decelerated in August. During this period, capital goods contracted by 6.4% due to falling investment expenditures, while intermediate goods imports increased by 2.7%.

#### Imports Based on BEC

(3-month moving average, annual % change)



### Expectations...

The falling trend in foreign trade deficit since June 2018 due to the deceleration in economic activity ended in August. We think that the gradual recovery in economic activity in the upcoming period might expand the foreign trade deficit. In addition, the impacts of the deceleration in the Euro Area economy, which is the largest export market of Turkey, will continue to be monitored.

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## Economic Research Division

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

İlker 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

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