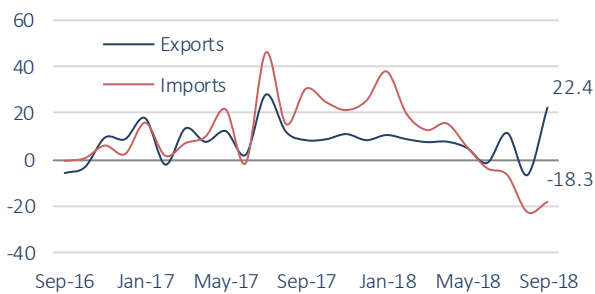




The narrowing in foreign trade deficit gained momentum.

Export volume increased by 22.4% yoy to 14.5 billion USD in September while the import volume declined by 18.3% to 16.3 billion USD. Thus, falling for the fourth consecutive month, foreign trade deficit narrowed by 77.1% compared to the same period of the previous year. Import coverage ratio, which was 59.1% in September 2017, increased to 88.5% in the same month of this year.

Foreign Trade Figures
(annual change, %)



According to the 12-month cumulative figures, the downward trend in foreign trade deficit on a monthly basis has continued in September. Export volume increased by 1.6% mom to 165 billion USD, while import volume decreased by 1.5% to 239 billion USD.

Iron and steel exports surged by 104% yoy.

Exports of motor vehicles and boilers and machineries increased by 23.7% yoy and 21.6% yoy, respectively. Iron and steel exports followed these two items, increasing by 104% yoy in this period. Under this item, on the other hand, the largest annual increases in USD terms were recorded in exports to Italy and Canada.

Rise in exports to EU countries...

Germany continued to be the biggest export market of Turkey in September. England and Italy followed Germany in this ranking. Analyzing the figures on country groups, exports to EU countries increased by 24.4% yoy while exports to Asian countries increased by 11.9% yoy.

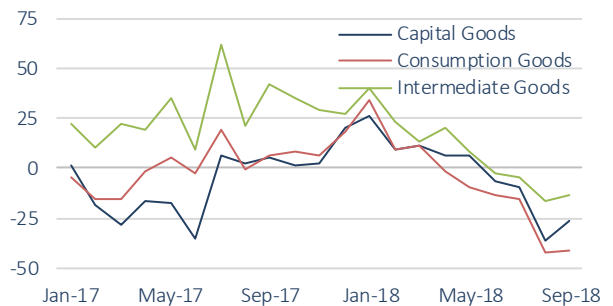
Non-monetary gold imports continued to decline.

Non-monetary gold imports maintained a downward trend, supporting foreign trade balance. The said item decreased by 64.2% yoy to 486 million USD in September. In addition, in line with the contraction in domestic automotive sales, the rapid annual decline in motor vehicles imports was also noteworthy. On the other hand, energy imports continued to exert an upward pressure on foreign trade deficit. In September, imports of mineral fuels and oils increased by 15.5% yoy. Crude oil imports on quantity basis, however, recorded an almost 12% yoy decline in this period.

Annual fall in imports of consumption goods was 41.2%.

Having declined for six months in a row, the annual fall in imports of consumption goods became 41.2% in September. Due to the recent downward trend, the share of consumption goods in total imports fell to 8.5%, the lowest since January 2002. In this period, capital goods and intermediate goods imports contracted by 26% yoy and 13.3% yoy, respectively. This performance weighed on prospects for economic activity.

Imports Based on BEC
(annual % change)



Expectations...

During the third quarter of the year, foreign trade deficit shrank by 55% yoy due largely to the falling imports. The decline in gold imports played a significant role in this performance. We expect that the slowdown in economic activity will continue to suppress import demand in the coming period. In addition to this, the trajectory of oil prices will also remain as a significant factor that drives the Turkey's foreign trade outlook.

Foreign Trade Figures

	(billion USD)					
	September		Change (%)	Jan-Sep		Change (%)
	2017	2018		2017	2018	
Exports	11.8	14.5	22.4	115.0	123.0	7.0
Imports	20.0	16.3	-18.3	169.0	174.2	3.1
Foreign Trade Deficit	-8.2	-1.9	-77.1	-53.9	-51.1	-5.2
Import Coverage (%)	59.1	88.5	-	68.1	70.7	-

Source: Datastream, Turkstat

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