

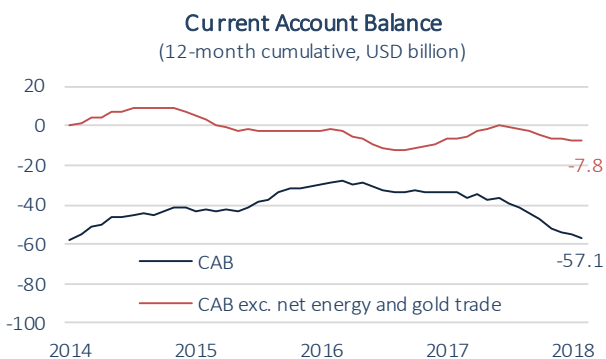


### 12-month current account deficit was 57.1 billion USD.

Current account deficit rose by 45.9% yoy to 5.4 billion USD in April, slightly above market expectations. As was the case during the last one year period, oil prices and net gold imports drove the deterioration in current account balance. Net non-monetary gold imports increased by 728 million USD compared to the same month of the previous year in April while foreign trade deficit expanded by 1.8 billion USD. The recovery in tourism revenues, on the other hand, limited the expansion in current account deficit. The annual rise in net tourism revenues hit almost 50% in the same period.

In the first four months of the year, current account deficit surged by 80% compared to the same period of the previous year due to the widening in foreign trade deficit. Services balance displayed a rapid recovery in this period.

12-month cumulative current account deficit rose by 23 billion USD to 57.1 billion USD in April. This figure, which marked the highest level since March 2014, declines to 7.8 billion USD when net energy and gold trade is excluded. That said, current account deficit excluding net energy and gold trade has also been on an upward trend during the last eight months.



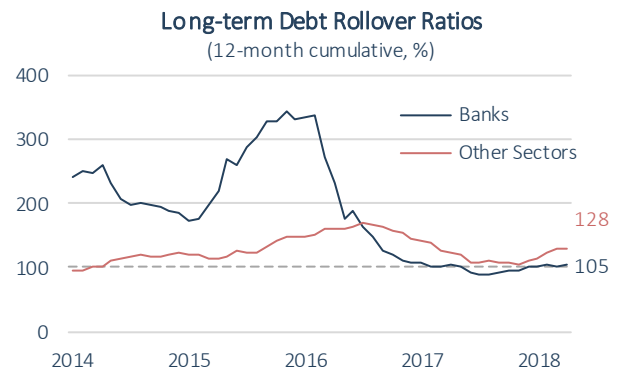
### Currency and deposits account made a large contribution to the financing of the current account deficit.

In April, currency and deposits account, which is monitored under other investments, played a significant

role in the financing of the deficit. Resident banks' currency and deposits held in their foreign correspondent banks recorded a net decline of 1.9 billion USD while non-resident banks' currency and deposits held in resident banks increased by 2 billion USD. In addition, loans obtained from abroad by both banking and non-banking sectors also made a strong contribution to the financing of current account deficit.

### Debt rollover ratios are at comfortable levels.

Banking and non-banking sectors were net credit users in both short and long term. Banks and other sectors made a long term borrowing of 4.3 billion USD and 1.6 billion USD, respectively. According to 12-month cumulative data, long-term debt roll-over ratio of the banking sector was 105% while that of other sectors became 128%.



### Continued outflows in portfolio investments...

Foreign direct investments recorded a net inflow of 703 million USD in April. Portfolio investments, however, recorded a net outflow for the third month in a row. The redemption of eurobonds issued by banks and other sectors was a factor behind this performance. While non residents' government domestic debt securities portfolios recorded net purchases of 456 million USD in April, their equity securities transactions registered a net sales of 414 million USD.

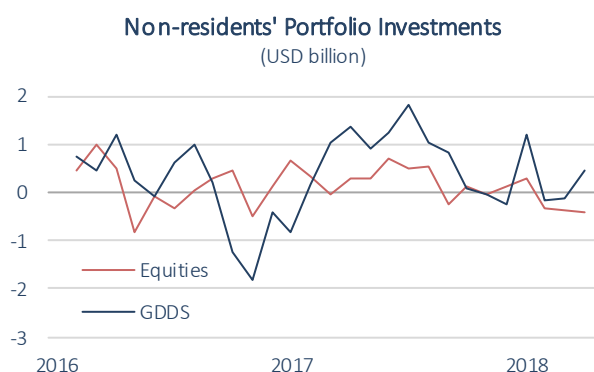
### Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2017	Apr. 2018	Dec. 2017	Apr. 2018
<b>Current Account Balance</b>	-47,378	-57,073	-	-
<b>Total Net Foreign Capital Inflows</b>	<b>39,171</b>	<b>58,733</b>	<b>100.0</b>	<b>100.0</b>
-Direct Investment	8,204	7,257	20.9	12.4
-Portfolio Inflows	24,445	18,603	62.4	31.7
-Other Investments	5,656	19,939	14.4	33.9
-Net Errors and Omissions	850	12,891	2.2	21.9
-Other	16	43	0.0	0.1
<b>Reserves(1)</b>	<b>8,207</b>	<b>-1,660</b>	-	-

Note: The numbers may not add up total due to rounding.

(1) (-) sign indicates an increase in reserves, while (+) sign indicates decrease.

Source: Datastream , CBRT



Having seen a strong inflow in March, net errors and omissions account recorded a relatively limited inflow of 264 million USD in April. Nonetheless, 12-month cumulative net errors and omissions reached 12.9 billion USD.

#### Rise in reserve assets...

Reserve assets had fallen by 4.8 billion USD in March reflecting the negative impact of weak performance in portfolio investments. In April, on the other hand, reserve

assets increased by 2.8 billion USD. 12-month cumulative figure for the reserve assets was also on the positive side as of April.

#### Expectations for a loss of momentum in the widening of current account deficit...

As domestic demand started to moderate in the second quarter of the year and the provisional data on May trade deficit pointed to a loss of momentum in the widening trend, expectations over the course of current account deficit painted a relatively better picture for the upcoming period. In addition to the recovery in tourism revenues, the decline in expansionary fiscal policies and their impacts will be potential factors to boost current account balance once the elections are over. Together with these, the trajectory of oil prices continues to bear significance. During recent weeks, the news that OPEC will trim production cuts in the coming period caused oil prices to display a favorable performance for net oil importer countries including Turkey. However, we believe that upside risks on oil prices, in particular geopolitical ones, will remain relevant in the period ahead.

Balance of Payments	(USD million)				
	Apr. 2018	January - April 2017	January - April 2018	% Change	% 12-month Cumulative
<b>Current Account Balance</b>	<b>-5,426</b>	<b>-12,104</b>	<b>-21,799</b>	<b>80.1</b>	<b>-57,073</b>
Foreign Trade Balance	-5,462	-12,146	-22,638	86.4	-69,441
Services Balance	1,474	2,840	4,443	56.4	21,547
Travel (net)	1,122	2,769	3,773	36.3	18,659
Primary Income	-1,489	-3,391	-3,856	13.7	-11,544
Secondary Income	51	593	252	-57.5	2,365
<b>Capital Account</b>	<b>-4</b>	<b>-2</b>	<b>25</b>	<b>-</b>	<b>43</b>
<b>Financial Account</b>	<b>-5,166</b>	<b>-20,367</b>	<b>-17,994</b>	<b>-11.7</b>	<b>-44,139</b>
Direct Investments (net)	-703	-2,725	-1,778	-34.8	-7,257
Portfolio Investments (net)	502	-7,684	-1,842	-76.0	-18,603
Net Acquisition of Financial Assets	-778	-264	-179	-32.2	-309
Net Incurrence of Liabilities	-1,280	7,420	1,663	-77.6	18,294
Equity Securities	-414	1,238	-834	-	1,120
Debt Securities	-866	6,182	2,497	-59.6	17,174
Other Investments (net)	-7,726	-2,143	-16,426	666.5	-19,939
Currency and Deposits	-4,158	-1,234	-11,314	816.9	-8,227
Net Acquisition of Financial Assets	-2,023	1,747	-6,537	-	-4,706
Net Incurrence of Liabilities	2,135	2,981	4,777	60.2	3,521
Central Bank	-13	-45	-43	-4.4	-253
Banks	2,148	3,026	4,820	59.3	3,774
Foreign Banks	2,017	1,940	3,558	83.4	732
Foreign Exchange	1,658	672	1,719	155.8	-733
Turkish Lira	359	1,268	1,839	45.0	1,465
Non-residents	131	1,086	1,262	16.2	3,042
Loans	-2,601	249	-4,194	-	-8,516
Net Acquisition of Financial Assets	-234	-40	-477	1,092.5	148
Net Incurrence of Liabilities	2,367	-289	3,717	-	8,664
Banking Sector	1,668	-867	5	-	2,923
Non-bank Sectors	864	527	3,810	623.0	7,261
Trade Credit and Advances	-963	-1,157	-919	-20.6	-3,260
Other Assets and Liabilities	-4	-1	1	-	64
Reserve Assets (net)	2,761	-7,815	2,052	-	1,660
<b>Net Errors and Omissions</b>	<b>264</b>	<b>-8,261</b>	<b>3,780</b>	<b>-</b>	<b>12,891</b>

Source: Datastream , CBRT

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