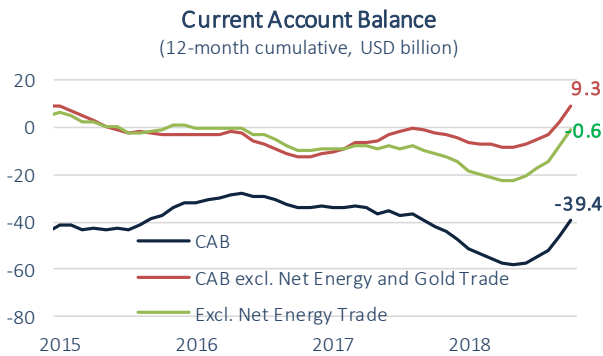




Current account balance posted a surplus of 2.8 billion USD in October.

In line with the slowdown in economic activity, current account balance posted a surplus in October as it was the case since August. During this period, current account surplus came in at 2.8 billion USD, above market expectation of 2.6 billion USD. Foreign trade surplus and strong net tourism revenues drove the improvement in current account balance.

12-month cumulative current account deficit (CAD) fell to 39.4 billion USD in October, the lowest level in last 14 months. CAD excluding net energy trade fell to 620 million USD, the lowest level since May 2016. Excluding both energy and gold trade, current account balance turns to a positive with 9.3 billion USD.



Foreign trade surplus was 799 million USD.

Recovery in foreign trade balance has continued. Foreign trade balance on a balance of payments basis posted a surplus for the first time since February 2009 with 799 million USD. Also, net non-monetary gold imports remained limited, contributing to the recovery in current account balance.

Strong course in tourism revenues continued to have a positive impact on current account balance. In October, net travel revenues increased by almost 500 million USD

(23.3% yoy) compared to the same month of the previous year. In the first ten months of the year, net travel revenues rose by 17.4% compared to the same period of 2017 and reached 18.6 billion USD.

Foreign direct investments...

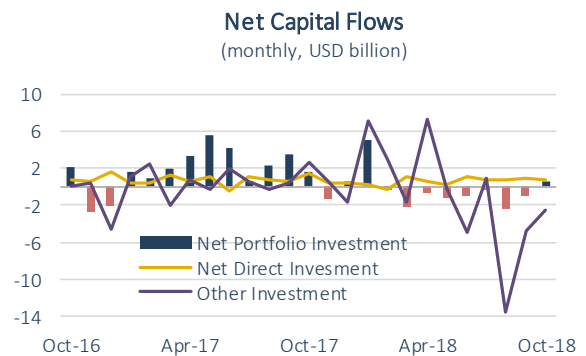
Foreign direct investments recorded a net inflow of 699 million USD, 416 million USD of which was net real estate investments. During this period, domestic residents' foreign direct investments abroad was realized as 348 million USD.

A net capital inflow was recorded in portfolio investments for the first time since January.

Having recorded net capital outflows since January, a net inflow of 491 million USD was recorded in portfolio investments in October thanks to general government's new bond issuance of 2 billion USD abroad. On the other hand, regarding the bond issues of banks in international capital markets, banks realized a net repayment of 1.4 billion USD.

Capital outflows in other investments continued albeit with a momentum loss.

In October, net outflow of 2.6 billion USD was recorded in other investments. During this period, domestic banks' currency and deposits within their foreign correspondent banks increased by 745 million USD, while nonresident banks' deposits held within domestic banks fell by 515



Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2017	Oct. 2018	Dec. 2017	Oct. 2018
Current Account Balance	-47,358	-39,403	-	-
Total Net Foreign Capital Inflows	39,151	11,509	100.0	100.0
-Direct Investment	8,221	6,835	21.0	59.4
-Portfolio Inflows	24,476	-4,026	62.5	-35.0
-Other Investments	5,777	-10,551	14.8	-91.7
-Net Errors and Omissions	660	19,191	1.7	166.7
-Other	17	60	0.0	0.5
Reserves(1)	8,207	27,894	-	-

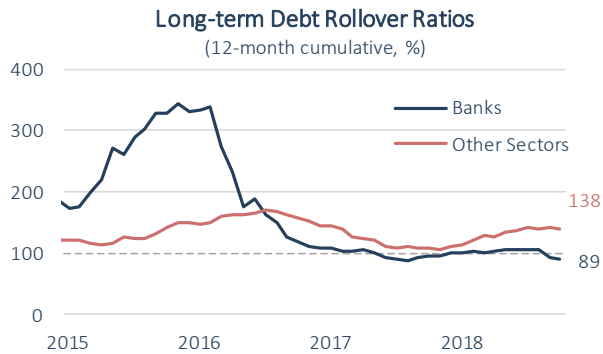
Note: The numbers may not add up total due to rounding.

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

Source: Datastream , CBRT

million USD. On the loans side, banks made net repayments of 1.4 billion USD, while other sectors realized a limited net borrowings.

According to 12-month cumulative data, as of October, long term debt roll-over ratio of the banking sector continued to decline in line with the slowdown in loan demand and became 89%. The said ratio was 138% for other sectors.



Official reserves...

Official reserves posted a rise of 1.7 billion USD in October. Net errors and omissions item, on the other hand, recorded a limited capital inflow of 355 million USD.

Expectations...

The positive impact of the slowdown in economic activity on the current account balance was influential in October after August and September. Provisional foreign trade data for November also indicated that current account balance will continue to give a surplus in the upcoming period. In this framework, we anticipate that 12-month cumulative current account deficit will continue to decline and the current account deficit to GDP ratio will be realized at 3.3% in 2018.

Balance of Payments

	Oct. 2018	Jan. - Oct. 2017	2018	% Change	12-month Cumulative
Current Account Balance	2,770	-35,129	-27,174	-22.6	-39,403
Foreign Trade Balance	799	-46,630	-40,186	-13.8	-52,511
Services Balance	3,028	18,166	22,093	21.6	23,865
Travel (net)	2,648	15,857	18,617	17.4	20,415
Primary Income	-1,162	-8,829	-9,578	8.5	-11,804
Secondary Income	105	2,164	497	-77.0	1,047
Capital Account	3	17	60	252.9	60
Financial Account	3,128	-35,201	-8,672	-75.4	-20,152
Direct Investments (net)	-699	-7,418	-6,032	-18.7	-6,835
Portfolio Investments (net)	-491	-25,299	3,203	-	4,026
Net Acquisition of Financial Assets	191	-876	1,761	-	2,243
Net Incurrence of Liabilities	682	24,423	-1,442	-	-1,783
Equity Securities	-94	3,074	-1,446	-	-1,328
Debt Securities	776	21,349	4	-100.0	-455
Other Investments (net)	2,605	-6,998	9,330	-	10,551
Currency and Deposits	1,015	-2,043	4,187	-	8,086
Net Acquisition of Financial Assets	819	424	13,215	3,016.7	16,372
Net Incurrence of Liabilities	-196	2,467	9,028	266.0	8,286
Central Bank	-17	-231	4,839	-	4,815
Banks	-179	2,698	4,189	55.3	3,471
Foreign Banks	-515	193	3,404	1,663.7	2,325
Foreign Exchange	-1,209	-204	-262	28.4	-1,838
Turkish Lira	694	397	3,666	823.4	4,163
Non-residents	336	2,505	785	-68.7	1,146
Loans	1,409	-1,656	4,750	-	2,211
Net Acquisition of Financial Assets	-33	434	-263	-	-112
Net Incurrence of Liabilities	-1,442	2,090	-5,013	-	-2,323
Banking Sector	-1,383	284	-10,828	-	-9,000
Non-bank Sectors	33	2,817	6,481	130.1	7,699
Trade Credit and Advances	190	-3,253	461	-	214
Other Assets and Liabilities	-9	-46	-68	47.8	40
Reserve Assets (net)	1,713	4,514	-15,173	-	-27,894
Net Errors and Omissions	355	-89	18,442	-	19,191

Source: Datastream , CBRT

Economic Research Division

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

Our reports are available on our website <https://research.isbank.com.tr>

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