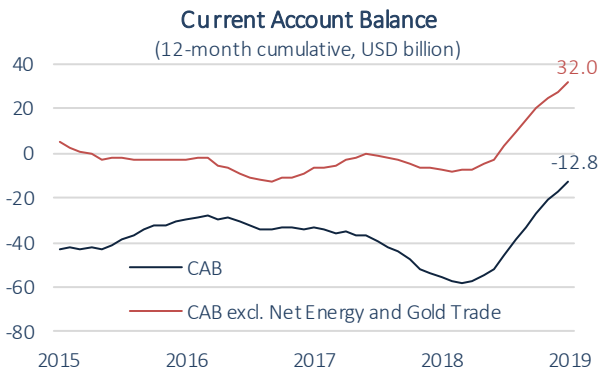




Current account deficit was 589 million USD in March.

Current account deficit kept declining in March due to ongoing slowdown in economic activity. In the third month of the year, current account deficit decreased by 4.1 billion USD (87.6%) compared to the same month of the previous year and was realized as 589 million USD. Current account balance excluding net energy and gold trade gave a surplus of 3.5 billion USD.

According to the 12-month cumulative figures, current account deficit declined to 12.8 billion USD, the lowest level since 2009. Current account balance excluding net energy and gold trade reached 32 billion USD in the same period.



Declining imports determine the course of current account balance.

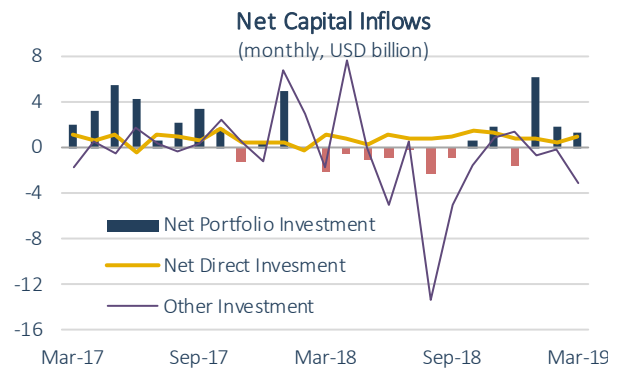
Foreign trade developments continue to be decisive in the course of current account balance. Accordingly, contraction in import volume, which was recorded as 3.4 billion USD in March on an annual basis, made the highest contribution to decline in current account deficit.

Effect of foreign trade developments on current account balance is more evident in the first quarter. In this period, foreign trade deficit decreased by 14.2 billion USD compared to the same period of the previous year, while

current account deficit decreased by 14.3 billion USD. The decline in non-monetary gold imports in the first quarter of 2019 also played role in this development. Tourism revenues continued to recover in the first quarter, but did not make a significant contribution to decline in the current account deficit.

Capital inflows in portfolio investments continued due to eurobond issuances.

Capital inflows in portfolio investments continued in March thanks to eurobond issuances. Banks and other sectors had net borrowings of 1.7 billion USD and 1.2 billion USD, respectively, while the General Government realized net repayment of 500 million USD. In March, in equity and government debt securities markets non-residents made net sales worth of 554 million USD and 863 million USD, respectively. Thus, in the first quarter of the year, the portfolio investments recorded a net capital inflow of 9.2 billion USD.



Foreign direct investment...

Net foreign direct investments in March decreased by 120 million USD yoy and posted an inflow of 965 million USD. On the other hand, in the first quarter of 2019 net foreign direct investments increased by 1.1 billion USD annually to 2.3 billion USD.

Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2018	Mar. 2019	Dec. 2018	Mar. 2019
Current Account Balance	-27,115	-12,829	-	-
Total Net Foreign Capital Inflows	16,738	3,796	100.0	100.0
-Direct Investment	9,376	10,446	56.0	275.2
-Portfolio Inflows	-2,892	3,837	-17.3	101.1
-Other Investments	-7,009	-18,937	-41.9	-498.9
-Net Errors and Omissions	17,205	8,395	102.8	221.2
-Other	58	55	0.3	1.4
Reserves(1)	10,377	9,033	-	-

Note: The numbers may not addup total due to rounding.

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

Source: Datastream , CBRT

Capital outflow was recorded in other investments.

Other investments recorded a capital outflow of 3.2 billion USD in March. Rise in banks' currency and deposits within their foreign correspondent banks by 4.7 billion USD was influential in this development. On the other hand, nonresident banks' deposits held within domestic banks increased by 303 million USD. Besides, rise in non-residents deposits held in domestic banks by 582 million USD also limited the outflow in other investments.

Regarding the loans provided from abroad in March, banks and General Government realized net repayments of 709 million USD and 91 million USD, respectively. Other sectors, on the other hand, realized net borrowings of 789 million USD in this period. Thus, according to 12-month cumulative figures, long-term debt rollover ratio of the banking sector was 73%, while the same ratio for other sectors increased to 128%.

Outflow in net errors and omissions...

In March, net errors and omissions posted an outflow of 4.3 billion USD. Official reserves decreased by 5.7 billion USD in March.

Expectations...

In line with the course of domestic economic activity, we expect that contraction in current account deficit would continue in the second quarter of the year. We foresee that the current account deficit/GDP ratio will be around 2% at the end of the year.

Balance of Payments	(USD million)				
	Mar. 2019	Jan. - Mar. 2018	2019	% Change	12-month Cumulative
Current Account Balance	-589	-16,230	-1,944	-88.0	-12,829
Foreign Trade Balance	-916	-17,227	-3,071	-82.2	-27,713
Services Balance	1,298	3,116	3,184	2.2	25,677
Travel (net)	1,043	2,651	2,845	7.3	20,819
Primary Income	-1,170	-2,331	-2,293	-1.6	-11,682
Secondary Income	199	212	236	11.3	889
Capital Account	-1	29	26	-10.3	55
Financial Account	-4,893	-12,410	-6,937	-44.1	-4,379
Direct Investments (net)	-965	-1,207	-2,277	88.6	-10,446
Portfolio Investments (net)	-1,353	-2,520	-9,249	267.0	-3,837
Net Acquisition of Financial Assets	-326	420	-433	-	2,294
Net Incurrence of Liabilities	1,027	2,940	8,816	199.9	6,131
Equity Securities	-554	-420	882	-	394
Debt Securities	1,581	3,360	7,934	136.1	5,737
Other Investments (net)	3,153	-7,974	3,954	-	18,937
Currency and Deposits	4,214	-6,578	4,873	-	9,900
Net Acquisition of Financial Assets	5,081	-4,519	7,716	-	17,511
Net Incurrence of Liabilities	867	2,059	2,843	38.1	7,611
Central Bank	-18	-341	-30	-91.2	4,586
Banks	885	2,400	2,873	19.7	3,025
Foreign Banks	303	1,541	1,807	17.3	2,001
Foreign Exchange	410	61	528	765.6	-2,037
Turkish Lira	-107	1,480	1,279	-13.6	4,038
Non-residents	582	859	1,066	24.1	1,024
Loans	151	-1,351	3,544	-	14,369
Net Acquisition of Financial Assets	140	-243	138	-	502
Net Incurrence of Liabilities	-11	1,108	-3,406	-	-13,867
Banking Sector	-709	-1,763	-3,127	77.4	-16,374
Non-bank Sectors	789	2,804	-141	-	3,533
Trade Credit and Advances	-1,208	-51	-4,455	8,635.3	-5,344
Other Assets and Liabilities	-4	6	-8	-	12
Reserve Assets (net)	-5,728	-709	635	-	-9,033
Net Errors and Omissions	-4,303	3,791	-5,019	-	8,395

Source: Datastream , CBRT

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