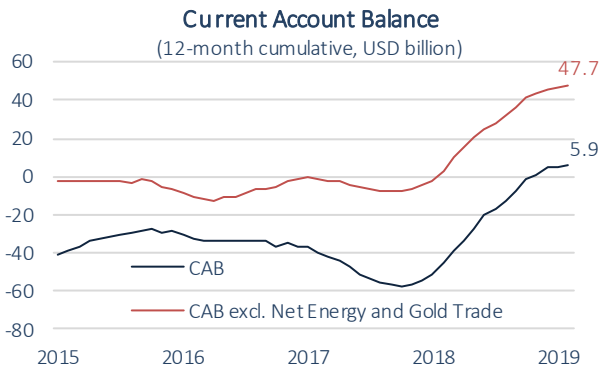




In September, current account posted a surplus of 2.48 billion USD.

Relatively weak course of economic activity continued to be effective on current account balance in September. In this month, current account surplus widened by 31.9% yoy and was realized as 2.48 billion USD. The increase in travel revenues was decisive in this development. Foreign trade balance, which recently played an important role in the improvement of current account balance, had a little impact on the rise in surplus in September. The annual contraction in foreign trade deficit was 5.2%, a more moderate rate compared to previous months.

Having reached new historically high level with 5.9 billion USD, 12-month cumulative current account became 47.7 billion USD when net energy and gold trade excluded.

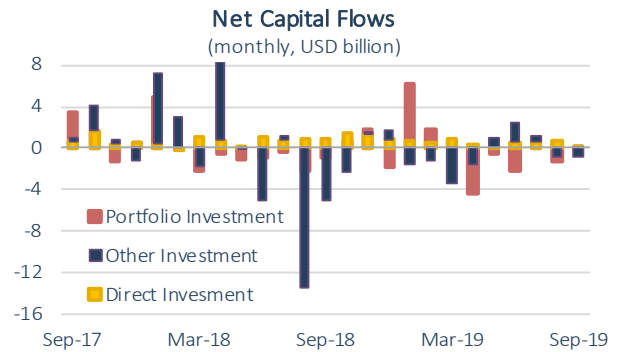


Tourism revenues continued to increase.

In September, tourism revenues increased by 19.2% yoy to 3.8 billion USD. During this period, tourism expenses declined slightly on an annual basis. Thus, net tourism revenues increased by 21.7% in September and reached 3.5 billion USD. 12-month cumulative net tourism revenues have also continued to increase, reaching 24.4 billion USD, the highest level since March 2015.

A limited capital inflow in FDI...

In September, net foreign direct investments (FDI) posted a very limited inflow with 8 million USD. During this period, FDI inflows declined by 84.7% yoy to 187 million USD, the lowest monthly capital inflow since 2005. Accordingly, 12-month cumulative net FDI continued to display a downward trend and became 7.9 billion USD.



Portfolio investments posted a capital inflow.

Portfolio investments, which recorded a net outflow of 1.3 billion USD in August, posted a limited inflow of 144 million USD in September. In this period, non-residents' equity securities and government domestic debt securities transactions posted net purchases of 120 million USD and 149 million USD, respectively.

Other investments posted a net capital outflow of 832 million USD.

In September, other investments posted a net capital outflow of 832 million USD. This development was mainly driven by the rise in domestic banks' currency and deposits by 2.5 billion USD, which were held within foreign correspondent banks. Meanwhile, nonresident banks' deposits held within domestic banks recorded an increase of 510 million USD.

Net Capital Flows

	12-month Cumulative (million USD)		Share in Financing (%)	
	Dec. 2018	Sep. 2019	Dec. 2018	Sep. 2019
Current Account Balance	-27,031	5,894	-	32.7
Total Net Foreign Capital Flows	-2,452	1,660	-	-
-Direct Investment	9,410	7,893	24.2	43.8
-Portfolio Investment	-3,115	1,003	-	5.6
-Other Investment	-8,809	-7,260	-	-
-Other	62	24	0.2	0.1
Net Errors and Omissions	19,107	3,203	49.0	17.8
Reserves(1)	10,377	-10,758	26.6	-

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

Banks and General Government made net loan repayments of 809 million USD and 138 million USD, respectively. In the same period, other sectors used net loans of 682 million USD. Thus, according to 12-month cumulative figures, long-term debt roll-over ratios became 69% in banking sector and 101% for other sectors.

Reserves and net errors and omissions...

In September, CBRT reserves increased at amount of 29 million USD, while net errors and omissions posted an outflow of 1.8 billion USD.

Expectations...

We anticipate that the current account balance will give a deficit in the last quarter of the year due to the moderate recovery in economic activity and the expected seasonal decline in tourism revenues. We foresee that Turkish economy will give a current account surplus at the end of 2019 for the first time since 2001, albeit at a limited level.

Balance of Payments	(USD million)				
	Sep. 2019	Jan. - Sep. 2018	2019	% Change	12-month Cumulative
Current Account Balance	2,477	-29,238	3,687	-	5,894
Foreign Trade Balance	-867	-41,188	-13,097	-68.2	-13,825
Services Balance	4,324	19,989	24,947	24.8	30,789
Travel (net)	3,471	15,969	19,794	24.0	24,450
Primary Income	-1,088	-8,435	-8,869	5.1	-12,235
Secondary Income	108	394	706	79.2	1,166
Capital Account	-6	61	23	-62.3	24
Financial Account	709	-11,433	5,552	-	9,122
Direct Investment (net)	-8	-5,808	-4,291	-26.1	-7,893
Portfolio Investment (net)	-144	3,636	-482	-	-1,003
Net Acquisition of Financial Assets	112	1,587	4,083	157.3	5,643
Net Incurrence of Liabilities	256	-2,049	4,565	-	6,646
Equity Securities	120	-1,352	554	-	775
Debt Securities	136	-697	4,011	-	5,871
Other Investment (net)	832	7,625	6,076	-20.3	7,260
Currency and Deposits	1,729	3,868	5,531	43.0	2,162
Net Acquisition of Financial Assets	2,504	12,901	13,457	4.3	7,841
Net Incurrence of Liabilities	775	9,033	7,926	-12.3	5,679
Central Bank	-18	5,041	508	-89.9	-258
Banks	793	3,992	7,418	85.8	5,937
Foreign Banks	510	3,919	4,301	9.7	2,117
Foreign Exchange	764	947	4,264	350.3	813
Turkish Lira	-254	2,972	37	-98.8	1,304
Non-residents	283	73	3,117	4,169.9	3,820
Loans	376	3,611	10,759	198.0	16,535
Net Acquisition of Financial Assets	111	-233	36	-	390
Net Incurrence of Liabilities	-265	-3,844	-10,723	179.0	-16,145
Banking Sector	-809	-9,561	-8,734	-8.6	-14,255
Non-bank Sectors	682	6,291	-953	-	-607
Trade Credit and Advances	-1,259	205	-10,142	-	-11,450
Other Assets and Liabilities	-14	-59	-72	22.0	13
Reserve Assets (net)	29	-16,886	4,249	-	10,758
Net Errors and Omissions	-1,762	17,746	1,842	-89.6	3,203

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