

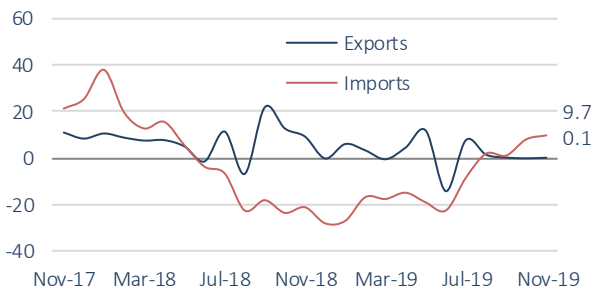


### In November, foreign trade deficit continued to expand.

According to data of Turkstat, in November 2019 export volume had a flat course compared to the previous year and reached 15.5 billion USD, while import volume increased by 9.7% to 17.7 billion USD. Thus, foreign trade deficit continued to expand rapidly and reached 2.2 billion USD in this period. Import coverage ratio, which reached 95.8% in November 2018, became 87.4% in the same month of 2019.

According to the 12-month cumulative figures, the export volume, which has been around 171 billion USD since July 2019, maintained this trend in November as well. The decline of 12-month cumulative import volume has lost momentum and this figure has exceeded 200 billion USD after 5 months.

**Foreign Trade Figures**  
(annual % change)



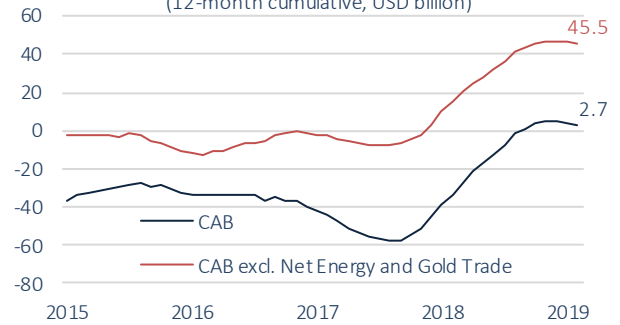
### Current account balance gave deficit in November.

The monthly current account balance, which has been posting surplus since July 2019, gave 518 million USD deficits in November 2019 due to the expansion in foreign trade deficit. The current account balance gave 1 billion USD surplus in November 2018.

The 12-month cumulative current account surplus declined in November 2019 and became 2.7 billion USD. Excluding net energy and gold trade, current account

### Current Account Balance

(12-month cumulative, USD billion)



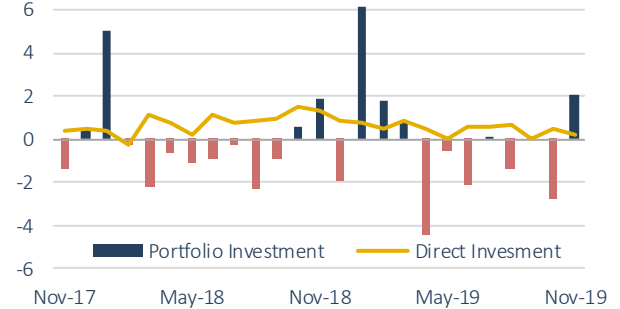
surplus also declined and was realized at 45.5 billion USD in the same period.

### Strong inflow in portfolio investments...

In November 2019, capital inflow in net direct investments decreased by 81.4% yoy and was realized at 236 million USD. In this period, portfolio investments recorded a capital inflow of 2.1 billion USD. Non-residents made a net purchase of 255 million USD in the equity securities market and net sales of 151 million USD in the government domestic debt securities market. The strong portfolio inflow in November was driven by the net borrowing of the General Government and non-bank sectors via bond issues abroad at the amount of 1 billion USD and 600 million USD, respectively.

### Net Capital Inflows

(monthly, USD billion)



### Net Capital Flows

	12-month Cumulative (million USD)		Share in Financing (%)	
	Dec. 2018	Nov. 2019	Dec. 2018	Nov. 2019
<b>Current Account Balance</b>	-27,156	2,725	-	22.7
<b>Total Net Foreign Capital Flows</b>	-2,491	1,623	-	-
-Direct Investment	9,412	5,893	24.1	49.1
-Portfolio Investment	-3,115	-2,186	-	-
-Other Investment	-8,850	-2,104	-	-
-Other	62	20	0.2	0.2
<b>Net Errors and Omissions</b>	19,270	3,375	49.3	28.1
<b>Reserves(1)</b>	10,377	-7,723	26.5	-

Note: The numbers may not add up total due to rounding.  
(1) (-) sign indicates an increase in reserves, while (+) sign indicates decrease.

Source: Datastream, Turkstat, CBRT

In November, other investments recorded net capital inflow of 829 million USD. In this period, domestic banks' currency and deposits within their foreign correspondent banks decreased by 214 million USD, while other sectors' deposits increased by 246 million USD. Besides, in the same period, nonresident banks' deposits held within domestic banks surged by 616 million USD.

Analyzing loans obtained from abroad reveals that the General Government made a net use of 25 million USD in November, while banks and other sectors made a net repayment of 26 million USD and 22 million USD, respectively. Thus, according to 12-month cumulative figures, long-term debt roll-over ratios became 71% in banking sector and 98% for other sectors.

In November, CBRT reserves increased by 743 million USD, while net errors and omissions posted an outflow of 1.9 billion USD.

### Expectations...

The gradual recovery in economic activity remains decisive in the course of the current account balance. The increase in domestic demand and the partial recovery in industrial production lead foreign trade deficit to widen on an annual basis. According to the provisional figures announced by Ministry of Trade, the foreign trade deficit continued to widen in December 2019, and as a result of that, monthly current account balance is expected to post a deficit in this period as well. On the other hand, we expect the current account balance to give surplus in the whole year of 2019, albeit at a limited level.

Balance of Payments	(USD million)				
	Nov. 2019	Jan. - Nov. 2018	Nov. 2019	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-518</b>	<b>-25,632</b>	<b>4,249</b>	<b>-</b>	<b>2,725</b>
Foreign Trade Balance	-1,111	-40,146	-15,137	-62.3	-16,907
Services Balance	1,601	24,717	29,889	20.9	31,003
Travel (net)	1,414	19,727	23,967	21.5	24,865
Primary Income	-1,137	-10,931	-11,403	4.3	-12,397
Secondary Income	129	728	900	23.6	1,026
<b>Capital Account</b>	<b>-1</b>	<b>63</b>	<b>21</b>	<b>-66.7</b>	<b>20</b>
<b>Financial Account</b>	<b>-2,372</b>	<b>-8,987</b>	<b>4,957</b>	<b>-</b>	<b>6,120</b>
Direct Investment (net)	-236	-8,541	-5,022	-41.2	-5,893
Portfolio Investment (net)	-2,050	1,170	241	-79.4	2,186
Net Acquisition of Financial Assets	-373	2,312	3,307	43.0	4,142
Net Incurrence of Liabilities	1,677	1,142	3,066	168.5	1,956
Equity Securities	255	-1,051	317	-	237
Debt Securities	1,422	2,193	2,749	25.4	1,719
Other Investment (net)	-829	9,621	2,875	-70.1	2,104
Currency and Deposits	-724	2,448	-181	-	-2,130
Net Acquisition of Financial Assets	32	10,223	9,563	-6.5	6,625
Net Incurrence of Liabilities	756	7,775	9,744	25.3	8,755
Central Bank	-6	4,778	500	-89.5	-3
Banks	762	2,997	9,244	208.4	8,758
Foreign Banks	616	2,726	5,895	116.3	4,904
Foreign Exchange	591	-1,977	5,568	-	5,041
Turkish Lira	25	4,703	327	-93.0	-137
Non-residents	146	271	3,349	1,135.8	3,854
Loans	69	6,806	13,684	101.1	16,305
Net Acquisition of Financial Assets	46	-316	225	-	662
Net Incurrence of Liabilities	-23	-7,122	-13,459	89.0	-15,643
Banking Sector	-26	-13,083	-11,251	-14.0	-13,250
Non-bank Sectors	-22	6,734	-1,170	-	-1,307
Trade Credit and Advances	-164	438	-10,526	-	-12,066
Other Assets and Liabilities	-10	-71	-102	43.7	-5
Reserve Assets (net)	743	-11,237	6,863	-	7,723
<b>Net Errors and Omissions</b>	<b>-1,853</b>	<b>16,582</b>	<b>687</b>	<b>-95.9</b>	<b>3,375</b>

Source: Datastream, Ministry of Trade, CBRT

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