

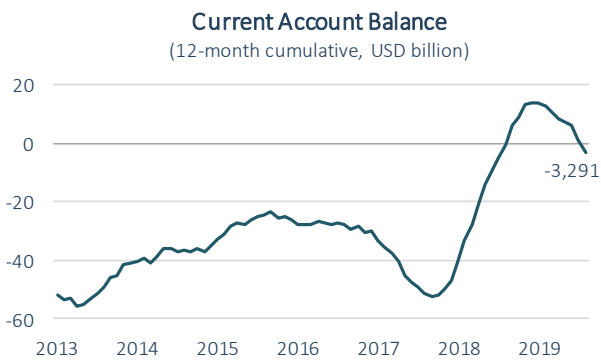


### Foreign trade deficit was 4.6 billion USD in April.

According to TURKSTAT data, exports declined by 41.4% yoy to 9 billion USD in April, while imports shrank by 25% yoy to 13.6 billion USD. Thus, foreign trade deficit widened by 67% yoy and reached 4.6 billion USD. During January-April 2020, the deficit rose by 102.3% yoy. The import coverage ratio, which was 87.4% in January-April 2019, declined to 74.7% in the same period of this year.

### Current account deficit exceeded expectations and became 5.1 billion USD in April.

In April, the current account deficit was realized as 5.1 billion USD which is approximately 11 times higher than the same period of last year. The market expectation was that the current account deficit would be around 4.5 billion USD. In this period, the absence of tourism revenues and the rapid decline in exports were behind the deterioration of the current account balance. In April, 12-month current account deficit has reached its highest level since March 2019 with 3.3 billion USD.



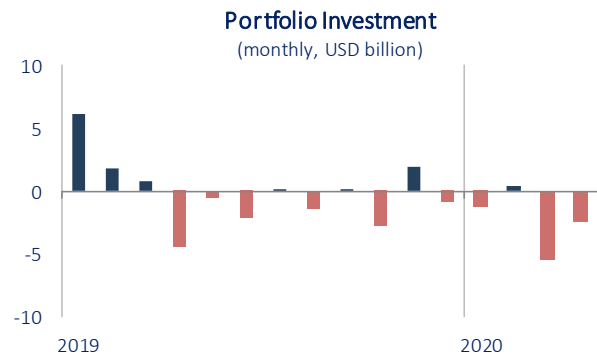
### FDI posted capital outflow.

In April, there was 118 million USD net capital outflow in foreign direct investments item. In this period, the outflow in other capital investments became 452 million USD. Real estate investment inflows decreased by 57.1% yoy in April and became 100 million USD capital inflows.

### Capital outflow continued in portfolio investments.

There was a net capital outflow of 2.4 billion USD from the portfolio investments item in April. In this period, nonresidents made net sales of 847 million USD in the stock market and 2.8 billion USD in debt securities market.

Following the outflow of 2.9 billion USD in March, other investments item had a net capital inflow of 192 million USD in April. In this period, deposits of domestic banks at their foreign correspondents rose by 2.3 billion USD, while foreign banks' deposits at domestic banks increased by 742 million USD. On the other hand, both banks and other sectors were net loan repayers in their long-term debts. According to 12-month cumulative figures, the long-term debt roll-over ratios became 73% in the banking sector and 84% in other sectors as of April.



### Reserves decreased by 8.6 billion USD in April.

Following a rapid decline of 16.6 billion USD in March, reserve assets declined by 8.6 billion USD in April. In this period, net errors and omissions also posted a capital outflow of 1.2 billion USD.

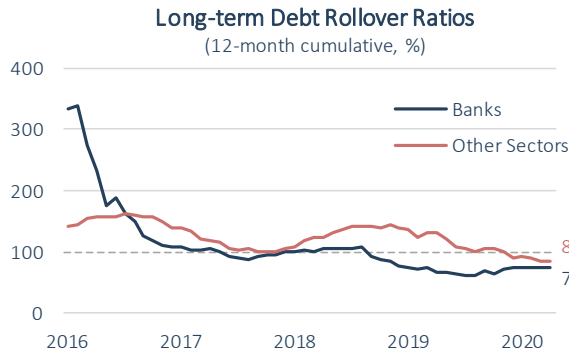
### Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2019	Apr. 2020	Dec. 2019	Apr. 2020
<b>Current Account Balance</b>	<b>8.679</b>	<b>-3.291</b>	<b>54,6</b>	<b>-</b>
<b>Total Net Foreign Capital Inflows</b>	<b>5.970</b>	<b>-1.766</b>	<b>-</b>	<b>-</b>
-Direct Investment	5.665	4.714	35,6	15,0
-Portfolio Inflows	-1.246	-14.166	-	-
-Other Investments	1.517	7.693	9,5	24,4
-Other	34	-7	0,2	-
<b>Net Errors and Omissions</b>	<b>-8.325</b>	<b>-14.025</b>	<b>-</b>	<b>-</b>
<b>Reserves(1)</b>	<b>-6.324</b>	<b>19.082</b>	<b>-</b>	<b>60,6</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, Turkstat, CBRT



### Expectations...

We anticipate that the negative effects of the coronavirus pandemic on the balance of payments will continue in the coming months. According to the preliminary data, exports, which declined by more than 40% yoy in April, displayed a similar performance in May. Even though scheduled international flights started with a limited number of lines in June it seems that it will take time for tourism revenues to recover. On the other hand, the normalization steps taken on a global scale and the low course of oil prices stand out as factors that will limit the deterioration in the current account balance.

### Balance of Payments

(USD million)

	Apr. 2020	Jan. - Apr. 2019	Apr. 2020	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-5.062</b>	<b>-885</b>	<b>-12.855</b>	<b>1.352,5</b>	<b>-3.291</b>
Foreign Trade Balance	-3.810	-4.249	-13.380	214,9	-25.776
Services Balance	-240	6.769	4.113	-39,2	34.225
Travel (net)	0	4.266	2.694	-36,8	24.147
Primary Income	-1.086	-3.565	-3.421	-4,0	-12.387
Secondary Income	74	160	-167	-	647
<b>Capital Account</b>	<b>-3</b>	<b>25</b>	<b>-16</b>	<b>-</b>	<b>-7</b>
<b>Financial Account</b>	<b>-6.299</b>	<b>1.155</b>	<b>-16.556</b>	<b>-</b>	<b>-17.323</b>
Direct Investment (net)	133	-2.430	-1.479	-39,1	-4.714
Portfolio Investment (net)	2.365	-4.238	8.682	-	14.166
Net Acquisition of Financial Assets	-1.296	2.183	2.069	-5,2	4.540
Net Incurrence of Liabilities	-3.661	6.421	-6.613	-	-9.626
Equity Securities	-847	804	-2.930	-	-3.328
Debt Securities	-2.814	5.617	-3.683	-	-6.298
Other Investment (net)	-192	7.545	1.369	-81,9	-7.693
Currency and Deposits	-662	8.892	-2.446	-	-15.841
Net Acquisition of Financial Assets	1.202	12.948	606	-95,3	-4.517
Net Incurrence of Liabilities	1.864	4.056	3.052	-24,8	11.324
Central Bank	997	-497	989	-	3.981
Banks	867	4.553	2.063	-54,7	7.343
Foreign Banks	742	3.299	1.356	-58,9	4.292
Foreign Exchange	251	2.591	-1.034	-	2.176
Turkish Lira	491	708	2.390	237,6	2.116
Non-residents	125	1.254	707	-43,6	3.051
Loans	936	4.158	3.798	-8,7	15.996
Net Acquisition of Financial Assets	-39	149	-14	-	205
Net Incurrence of Liabilities	-975	-4.009	-3.812	-4,9	-15.791
Banking Sector	-843	-3.933	-3.104	-21,1	-10.503
Non-bank Sectors	-62	119	-571	-	-4.370
Trade Credit and Advances	-466	-5.487	24	-	-7.899
Other Assets and Liabilities	0	-18	-7	-61,1	51
Reserve Assets (net)	-8.605	278	-25.128	-	-19.082
<b>Net Errors and Omissions</b>	<b>-1.234</b>	<b>2.015</b>	<b>-3.685</b>	<b>-</b>	<b>-14.025</b>

Source: Datastream, Ministry of Trade, CBRT

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