



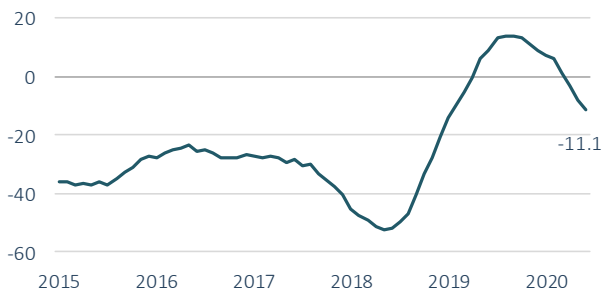
### Foreign trade deficit decreased by 17% yoy in June.

According to TURKSTAT data, exports increased by 15.7% yoy to 13.5 billion USD in June, while imports rose by 8.3% yoy to 16.3 billion USD. Thus, foreign trade deficit contracted by 17% yoy and became 2.8 billion USD. During January-June 2020, the deficit rose by 73.2% yoy. Import coverage ratio, which was 86.5% in January-June 2019, fell to 75.9% in the same period of this year.

### In June current account gave 2.9 billion USD deficit.

Current account deficit widened 2.8 billion USD yoy and became 2.9 billion USD in June. The decline in net tourism revenues by 2.5 billion USD due to the pandemic as well as 1.2 billion USD decrease in transport revenues played role in the expansion of the current account deficit. In June, 12-month cumulative current account deficit reached 11.1 billion USD, the highest level since January 2019.

**Current Account Balance**  
(12-month cumulative, USD billion)



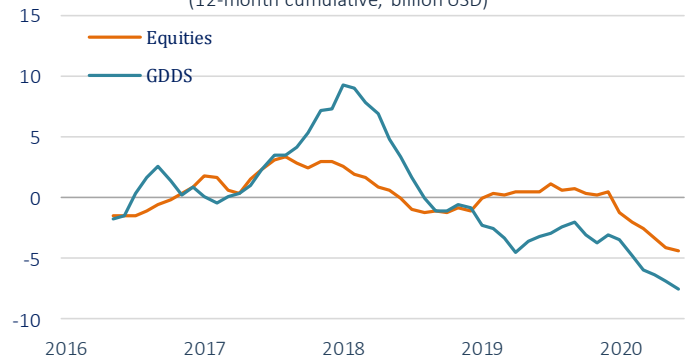
### Direct Investments...

Foreign direct investments remained weak in June. While direct investments contracted by 77% yoy to 226 million USD in this period, there was a limited capital inflow of 3 million USD in the net direct investments. In June, 183 million capital inflow was realized in real estate investments.

### Capital outflows continued in portfolio investments...

There was a net capital outflow of 1.5 billion USD from the portfolio investments in June. In this period, nonresidents made net sales of 31 million USD in the stock market and 427 million USD in debt securities market. Net repayment of 2 billion USD made by the general government for issued bonds abroad was also effective in the capital outflow of portfolio investments.

**Non-resident Investors' Portfolio Investment**  
(12-month cumulative, billion USD)



Following an inflow of 9.7 billion USD in May, other investments recorded a net capital outflow of 5.3 billion USD in June. The 2.3 billion USD increase in the deposits of domestic banks at their foreign correspondents and 1.5 billion USD decline in foreign banks' deposits at domestic banks was effective in this development. In June banks, general government and other sectors made net loan repayments. According to 12-month cumulative figures, the long-term debt roll-over ratios became 74% in the banking sector and 77% in other sectors as of June.

### Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2019	Jun. 2020	Dec. 2019	Jun. 2020
<b>Current Account Balance</b>	<b>8,895</b>	<b>-11,094</b>	<b>56.5</b>	<b>-</b>
<b>Total Net Foreign Capital Inflows</b>	<b>5,615</b>	<b>-3,467</b>	<b>-</b>	<b>-</b>
-Direct Investment	5,860	4,636	37.2	12.6
-Portfolio Inflows	-1,246	-15,612	-	-
-Other Investments	967	7,513	6.1	20.4
-Other	34	-4	0.2	-
<b>Net Errors and Omissions</b>	<b>-8,186</b>	<b>-10,043</b>	<b>-</b>	<b>-</b>
<b>Reserves(1)</b>	<b>-6,324</b>	<b>24,604</b>	<b>-</b>	<b>66.9</b>

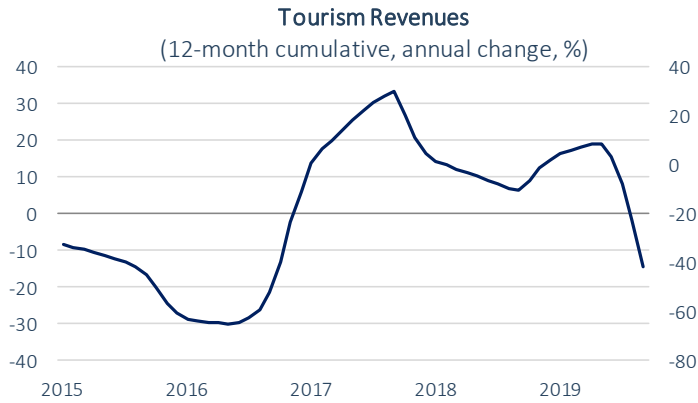
Note: The numbers may not add up total due to rounding.

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

Source: Datastream, Turkstat, CBRT

**Reserves decreased by 7.7 billion USD in June.**

Reserve assets, which rose by 2.7 billion USD in May, declined by 7.7 billion USD in June. In this period, net errors and omissions posted a capital inflow of 2 billion USD.

**Expectations...**

According to preliminary foreign trade data published by the Ministry of Trade, in July, exports decreased by 5.78% yoy while imports declined by 7.66% yoy due to high basis and the effects of pandemic. Thus, the foreign trade deficit narrowed by 16.8% yoy in July. Ongoing coronavirus concerns around the world put pressure on exports, while the FX rates, testing historical high levels, suppress imports. Although the gradual start of international flights is expected to support tourism revenues to a certain extent as of July, the unabated increase in the number of cases around the world indicate that the pressures on the current account deficit will continue in the coming period.

**Balance of Payments**

(USD million)

	Jun. 2020	Jan. - Jun. 2019	2020	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-2,934</b>	<b>185</b>	<b>-19,804</b>	<b>-</b>	<b>-11,094</b>
Foreign Trade Balance	-2,047	-6,972	-18,241	161.6	-27,916
Services Balance	-294	13,182	3,667	-72.2	27,598
Travel (net)	29	8,805	2,723	-69.1	19,637
Primary Income	-570	-6,171	-4,970	-19.5	-11,344
Secondary Income	-23	146	-260	-	568
<b>Capital Account</b>	<b>0</b>	<b>18</b>	<b>-20</b>	<b>-</b>	<b>-4</b>
<b>Financial Account</b>	<b>-956</b>	<b>142</b>	<b>-21,742</b>	<b>-</b>	<b>-21,141</b>
Direct Investment (net)	-3	-3,161	-1,937	-38.7	-4,636
Portfolio Investment (net)	1,499	-1,601	12,765	-	15,612
Net Acquisition of Financial Assets	-1,036	2,016	-1,029	-	1,609
Net Incurrence of Liabilities	-2,535	3,617	-13,794	-	-14,003
Equity Securities	-31	858	-3,970	-	-4,422
Debt Securities	-2,504	2,759	-9,824	-	-9,581
Other Investment (net)	5,255	4,094	-2,452	-	-7,513
Currency and Deposits	3,595	4,021	-10,044	-	-18,569
Net Acquisition of Financial Assets	2,605	8,044	2,591	-67.8	2,371
Net Incurrence of Liabilities	-990	4,023	12,635	214.1	20,940
Central Bank	255	552	11,213	1,931.3	13,156
Banks	-1,245	3,471	1,422	-59.0	7,784
Foreign Banks	-1,511	1,738	437	-74.9	4,934
Foreign Exchange	-900	1,323	-2,015	-	2,463
Turkish Lira	-611	415	2,452	490.8	2,471
Non-residents	266	1,733	985	-43.2	2,850
Loans	1,616	7,196	7,233	0.5	16,947
Net Acquisition of Financial Assets	149	-70	-160	128.6	278
Net Incurrence of Liabilities	-1,467	-7,266	-7,393	1.7	-16,669
Banking Sector	-373	-5,782	-3,850	-33.4	-9,407
Non-bank Sectors	-902	-1,028	-3,131	204.6	-6,380
Trade Credit and Advances	46	-7,097	367	-	-5,949
Other Assets and Liabilities	-2	-26	-8	-69.2	58
Reserve Assets (net)	-7,707	810	-30,118	-	-24,604
<b>Net Errors and Omissions</b>	<b>1,978</b>	<b>-61</b>	<b>-1,918</b>	<b>3,044.3</b>	<b>-10,043</b>

Source: Datastream, Ministry of Trade, CBRT

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