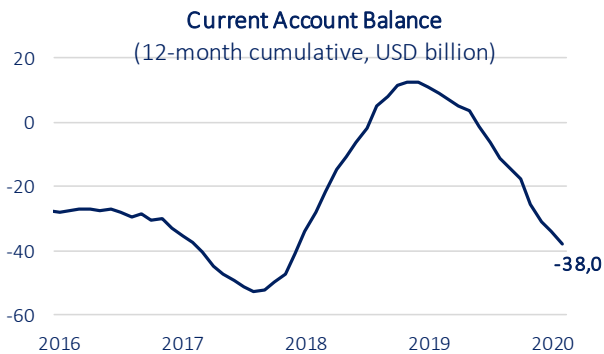




### Foreign trade deficit widened rapidly in November.

According to TURKSTAT, exports increased by 0.9% yoy to 16.1 billion USD in November, while imports went up by 15.9% yoy to 21.1 billion USD. Thus, foreign trade deficit widened rapidly by 153.5% yoy and became 5 billion USD. During January-November 2020 exports declined by 8.3% yoy, while imports rose by 3.5% yoy. Import coverage ratio, which was 86.9% in January-November 2019, fell to 77% in the same period of this year.



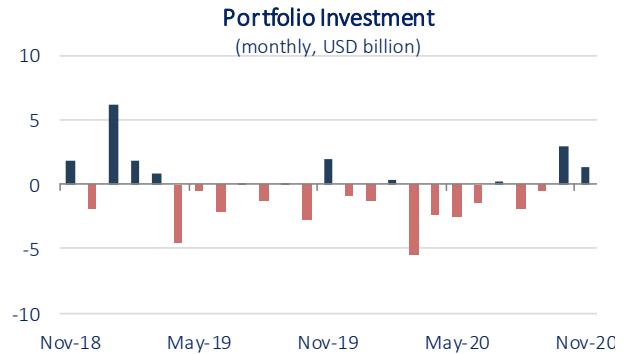
### The current account gave 4.1 billion deficit in November.

Current account, which posted a deficit of 15 million USD in November 2019, gave a deficit of 4.1 billion USD in November 2020. This development was driven by the rapid expansion in the foreign trade deficit due to the rise in gold imports and the 1.5 billion USD yoy decline in net services revenues because of the decrease in transportation and tourism revenues. The current account deficit increased more than 10 times on a monthly basis due to the re-introduction of the restrictive measures taken against the pandemic in November. In January-November period, the current account deficit reached 35.2 billion USD.

### Foreign direct investments...

Foreign direct investments item recorded a net capital inflow of 299 million USD in November. The amount of 68 million USD inflow out of the 139 million USD foreign direct investment inflows into the manufacturing sector, was realized into the chemical products and basic pharmaceutical

products and materials sector. In the first 11 months of the year, foreign direct investment inflows declined by 36% yoy to 3.5 billion USD.



### Portfolio investments...

The portfolio investments, which recorded an inflow of 2.9 billion USD in October, had an inflow of 1.3 billion USD in November as well. In this period, nonresidents made net buyings of 1.3 billion USD in the stock market and net investment of 607 million USD in debt securities market. Following a total outflow of 27 million USD in October, other investments recorded a net capital outflow of 692 million USD in November. In this period, deposits of domestic banks at their foreign correspondents increased by 1.1 billion USD, while foreign banks' deposits at domestic banks rose by 2.2 billion USD. In November, the banking sector made a net loan repayment of 629 million USD for the loans from abroad. In this period, other sectors made a net loan repayment of 191 million USD. According to 12-month cumulative figures, the long-term debt rollover ratios became 80% in the banking sector and 65% in other sectors as of November.

### Reserve assets declined by 145 million USD in November.

Reserve assets decreased by 145 million USD in November, while the decline in reserves became 38.6 billion USD in the January-November period. On the other hand, a capital inflow of 3 billion USD was realized in the net errors and omissions in November. Thus, the net error and omission

### Net Capital Flows

	12-month Cumulative (million USD)		Share in Financing %	
	Dec. 2019	Nov. 2020	Dec. 2019	Nov. 2020
<b>Current Account Balance</b>	<b>6,877</b>	<b>-37,974</b>	<b>51.3</b>	<b>-</b>
<b>Total Net Foreign Capital Flows</b>	<b>-553</b>	<b>-1,161</b>	<b>-</b>	<b>-</b>
-Direct Investment	6,125	4,166	45.7	8.2
-Portfolio Investment	-1,260	-11,506	-	-
-Other Investment	374	7,333	2.8	14.5
-Net Errors and Omissions	-5,826	-1,120	-	-
-Other	34	-34	0.3	-
<b>Reserves(1)</b>	<b>-6,324</b>	<b>39,135</b>	<b>-</b>	<b>77.3</b>

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

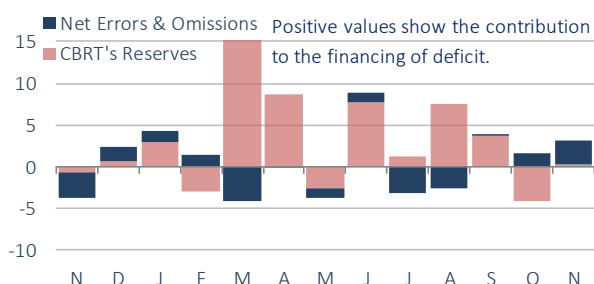
(1) (-) sign indicates an increase in reserves, while (+) sign indicates decrease.

Source: Datastream, Turkstat, CBRT

outflow in the first 11 months of the year became 2.9 billion USD.

### CBRT Reserves and Net Errors and Omissions

(monthly, USD billion)



### Expectations...

According to the preliminary foreign trade data released by the Ministry of Trade, exports increased by 16% yoy and became 17.8 billion USD in December 2020, while imports

rose by 11.8% to 22.4 billion USD. The monthly foreign trade deficit in the amount of 4.6 billion USD indicates that the current account deficit will continue to expand in December when tourism revenues remained weak. The export volume, which was under pressure due to the pandemic throughout 2020, completed the year at 169.5 billion USD with an annual loss of 6.3%, while the import volume, supported by gold import which remained high throughout the year, reached 219.4 billion USD with an expansion of 4.3%. Thus, in 2020, the foreign trade deficit widened by 20.4 billion USD to 49.9 billion USD. In the first quarter of 2021, we think that the ongoing quarantine practices in Europe, our main export market, and the developments regarding the mutated coronavirus will continue to put pressure on foreign trade and tourism revenues. On the other hand, we expect this pressure to ease in the coming months along with the impact of vaccination that has started in many countries as of December.

### Balance of Payments

(USD million)

	Nov. 2020	January - November 2019	2020	12-month Cumulative
<b>Current Account Balance</b>	<b>-4,063</b>	<b>9,602</b>	<b>-35,249</b>	<b>-37,974</b>
Foreign Trade Balance	-3,844	-13,078	-34,506	-38,179
Services Balance	555	33,721	7,064	8,871
Travel (net)	583	24,607	7,955	9,067
Primary Income	-835	-11,724	-8,124	-9,246
Secondary Income	61	683	317	580
<b>Capital Account</b>	<b>-3</b>	<b>36</b>	<b>-32</b>	<b>-34</b>
<b>Financial Account</b>	<b>-1,050</b>	<b>2,074</b>	<b>-38,139</b>	<b>-39,128</b>
Direct Investments (net)	-299	-5,423	-3,464	-4,166
Portfolio Investments (net)	-1,298	372	10,618	11,506
Net Acquisition of Financial Assets	592	3,424	158	1,388
Net Incurrence of Liabilities	1,890	3,052	-10,460	-10,118
Equity Securities	1,276	317	-4,527	-4,438
Debt Securities	614	2,735	-5,933	-5,680
Other Investments (net)	692	262	-6,697	-7,333
Currency and Deposits	-120	-2,303	-17,106	-19,308
Net Acquisition of Financial Assets	1,037	7,447	824	1,199
Net Incurrence of Liabilities	1,157	9,750	17,930	20,507
Central Bank	114	500	12,663	14,658
Banks	1,043	9,250	5,267	5,849
Foreign Banks	2,230	5,902	5,603	5,936
Foreign Exchange	1,603	5,574	1,252	1,479
Turkish Lira	627	328	4,351	4,457
Non-residents	-1,187	3,348	-336	-87
Loans	1,100	13,836	8,772	12,442
Net Acquisition of Financial Assets	245	225	-1,592	-1,449
Net Incurrence of Liabilities	-855	-13,611	-10,364	-13,891
Banking Sector	-629	-11,255	-5,622	-5,701
Non-bank Sectors	-191	-1,370	-4,182	-7,696
Trade Credit and Advances	-286	-11,210	1,639	-566
Other Assets and Liabilities	-2	-61	-2	99
Reserve Assets (net)	-145	6,863	-38,596	-39,135
<b>Net Errors and Omissions</b>	<b>3,016</b>	<b>-7,564</b>	<b>-2,858</b>	<b>-1,120</b>

Source: Datastream, Ministry of Trade, CBRT

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