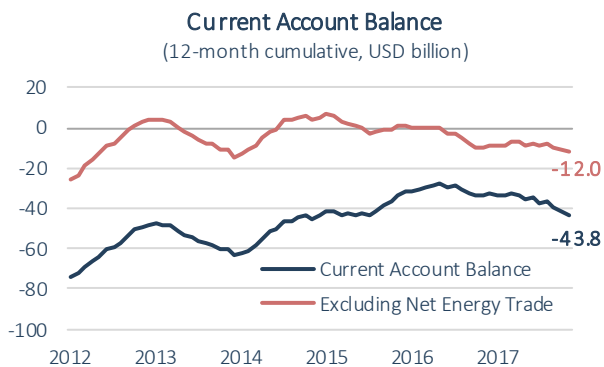




Current account deficit was 4.2 billion USD in November.

In November, current account deficit came in above expectations at 4.2 billion USD, posting an annual increase of 86.4%. The rapid increase in oil prices put upward pressure on the deficit during this period. Even though gold imports have lost some steam in November compared to previous months, net gold imports also drove the current account deficit up. In addition to these, primary income deficit is worthy of attention. Indeed, primary income deficit surged up by 113.5% on an annual basis in this period. On the other hand, the support of tourism revenues to the current account balance decreased in November compared to October, mainly due to seasonal factors.

In January-November period, the current account deficit expanded by 37.5% yoy to 39.4 billion USD. 12-month cumulative current account deficit reached its highest level in three years with 43.8 billion USD in November. The deficit excluding net energy trade became 12 billion USD in this period.

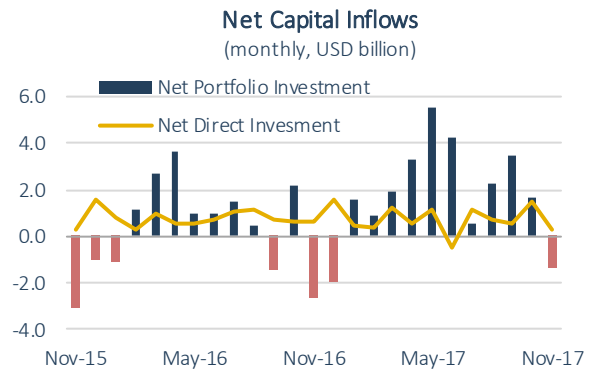


Loss of momentum in direct investments...

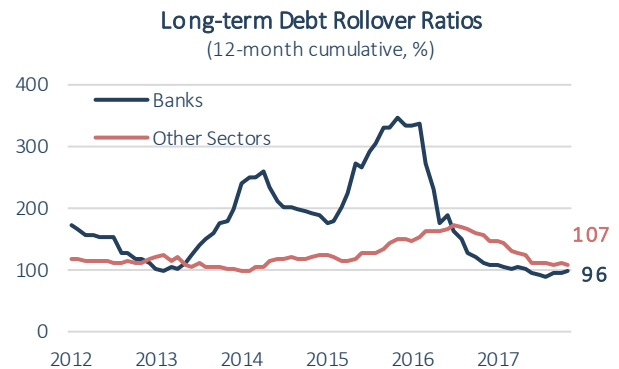
Net direct investments declined by 329 million USD in November and became 306 million USD. Net real estate investments made a contribution of 238 million USD to this amount.

Weak portfolio investments...

Portfolio investments displayed a weak performance in November. Having lost some momentum in October, portfolio flows recorded a net capital outflow in November for the first time in 2017. The net outflow of 1.3 billion USD can largely be attributed to the eurobond repayments of the banks. In addition, non-residents' equity securities transactions posted a net sales of 24 million USD during this period.



In November, a net inflow of 501 million USD was recorded in other investments. Non-banking sectors borrowed a net amount of 665 million USD from abroad while general government was also a net borrower with an amount of 242 million USD. According to 12-month cumulative data, long-term debt roll-over ratios in the banking sector and non-banking sector became 96% and 107%, respectively.



Net Capital Inflows

	12-month cumulative (USD million)		Breakdown of Net Capital Inflows (%)	
	Dec. 2016	Nov. 2017	Dec. 2016	Nov. 2017
Current Account Balance	-33,011	-43,752	-	-
Total Net Foreign Capital Inflows	33,824	37,386	100.0	100.0
-Direct Investments	9,707	9,033	28.7	24.2
-Portfolio Investments	6,300	21,955	18.6	58.7
-Other Investments	6,869	1,645	20.3	4.4
-Net Errors and Omissions	10,925	4,737	32.3	12.7
-Other	23	16	0.1	0.0
Reserves⁽¹⁾	-813	6,366	-	-

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

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

Source: Datastream , CBRT

Official reserves declined by 3.9 billion USD.

Having contributed to financing of current account deficit since May, net errors and omissions recorded a capital inflow of 813 million USD in November. Official reserves, which declined by 3.9 billion USD, also played a crucial role in the financing of the current account deficit in this period.

Expectations...

Provisional data released by the Ministry of Customs and Trade showed an increase in foreign trade deficit in December. This, in turn, indicated that current account deficit has continued to expand in the last month of the year. Thus, we expect current account deficit to rise to 44 billion USD in 2017 and reach 5.2% of GDP.

Balance of Payments	(USD million)				
	November 2017	January - November 2016	January - November 2017	% Change	12-month Cumulative
Current Account Balance	-4,200	-28,652	-39,393	37.5	-43,752
Foreign Trade Balance	-4,674	-36,598	-51,044	39.5	-55,305
Services Balance	1,263	14,707	19,323	31.4	19,951
Travel (net)	1,200	13,260	17,099	29.0	17,799
Primary Income	-1,044	-8,211	-10,040	22.3	-10,998
Secondary Income	255	1,450	2,368	63.3	2,600
Capital Account	-1	23	16	-30.4	16
Financial Account	-3,388	-20,159	-37,095	84.0	-38,999
Direct Investments (net)	-306	-8,131	-7,457	-8.3	-9,033
Portfolio Investments (net)	1,333	-8,293	-23,948	188.8	-21,955
Net Acquisition of Financial Assets	220	-16	-656	4,000.0	871
Net Incurrence of Liabilities	-1,113	8,277	23,292	181.4	22,826
Equity Securities	-24	705	3,050	332.6	3,168
Debt Securities	-1,089	7,572	20,242	167.3	19,658
Other Investments (net)	-501	-11,514	-6,290	-45.4	-1,645
Currency and Deposits	-468	-1,888	-501	-73.5	3,175
Net Acquisition of Financial Assets	-672	2,602	701	-73.1	3,479
Net Incurrence of Liabilities	-204	4,490	1,202	-73.2	304
Central Bank	-14	-460	-245	-46.7	-261
Banks	-190	4,950	1,447	-70.8	565
Foreign Banks	-531	4,805	-338	-	-661
Foreign Exchange	-686	458	-890	-	-1,166
Turkish Lira	155	4,347	552	-87.3	505
Non-residents	341	145	1,785	1,131.0	1,226
Loans	-909	-7,394	-3,384	-54.2	-1,434
Net Acquisition of Financial Assets	6	90	440	388.9	579
Net Incurrence of Liabilities	915	7,484	3,824	-48.9	2,013
Banking Sector	8	-2,670	231	-	-381
Non-bank Sectors	665	11,042	4,436	-59.8	3,274
Trade Credit and Advances	870	-2,235	-2,367	5.9	-3,448
Other Assets and Liabilities	6	3	-38	-	62
Reserve Assets (net)	-3,914	7,779	600	-92.3	-6,366
Net Errors and Omissions	813	8,470	2,282	-73.1	4,737

Source: Datastream , CBRT

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