



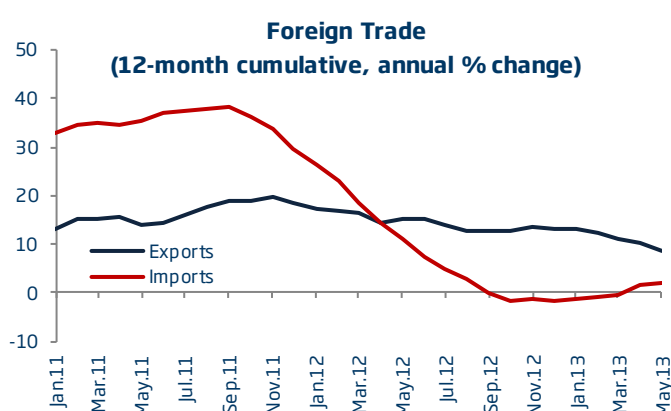
Foreign Trade Balance - May 2013

Economic Research Division

TÜRKİYE BANKASI

In May, foreign trade deficit came in 9.9 billion USD, lower than expected.

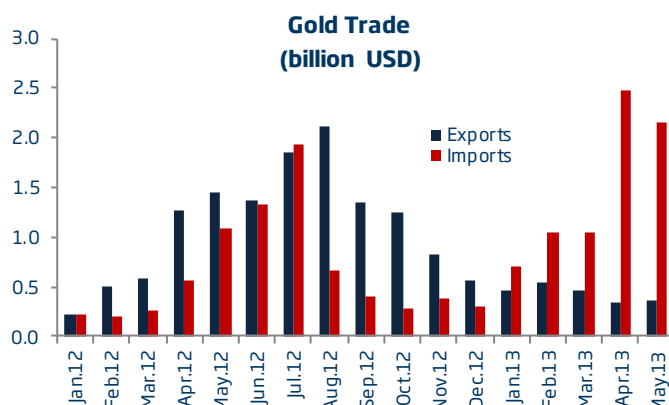
According to data released by Turkstat, imports increased by 6.7% in May compared to the same month of the previous year and were realized as 23.2 billion USD while exports decreased by 1.4% to 13.3 billion USD. During the same period, foreign trade deficit widened by 14.8% to 9.9 billion USD, slightly below the market expectations. The import coverage ratio fell from 60.4% in May 2012 to 57.4% in May 2013. Seasonally and calendar adjusted data indicated that exports increased by 4.2% in May compared to the previous month while imports declined by 4.5% in the same period.



In the first five months of the year, foreign trade deficit widened by 16.9%.

During the first five months of 2013, exports and imports rose by 2.9% and 8.1%, respectively, compared to the same period of the previous year. During the same period, foreign trade deficit widened by 16.9% to 42 billion USD. In addition to the relative recovery in domestic demand, the rapid increase in gold imports during 2013 also played an important role in the widening of the foreign trade deficit. In fact, gold imports, which were 7.6 billion USD in 2012, have reached 7.4 billion USD in the first five months of 2013. Thus, when the gold trade was excluded, foreign trade deficit in the first five months decreased by 2.2% annually and 12-month cumulative foreign trade deficit contracted by 7.2% in May 2013 compared to the same period of the previous year.

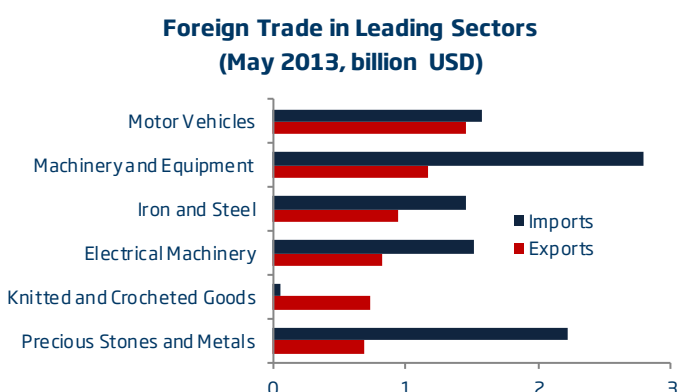
Foreign Trade Balance	(USD billion)					
	May		Change (%)	January-May		Change (%)
	2012	2013		2012	2013	
Exports	13.1	13.3	1.4	61.1	62.8	2.9
Imports	21.8	23.2	6.7	97.0	104.8	8.1
Foreign Trade Balance	-8.6	-9.9	14.8	-35.9	-42.0	16.9
Import Coverage Ratio (%)	60.4	57.4	-	63.0	60.0	-



In May, 89% of gold imports (worth of 2.1 billion USD) was imported from Switzerland and U.A.E. On the other hand, gold exports were realized 366 million USD in May. 315 million USD of this amount was exported to Iran.

Motor vehicles ranked first in exports with 1.5 billion USD.

Analyzing the exports by chapters, the motor vehicles ranked first in May, similar to previous months. The export volume of this sector rose by 16.5% compared to the same month of the previous year and was realized as 1.5 billion USD. On the other hand, precious stones and metals exports declined by 58.3% compared to the same month of the previous year, mainly due to the sharp fall in gold exports. In addition, 12.1% decrease in iron and steel exports also limited the increase in total exports.



Source: Turkstat

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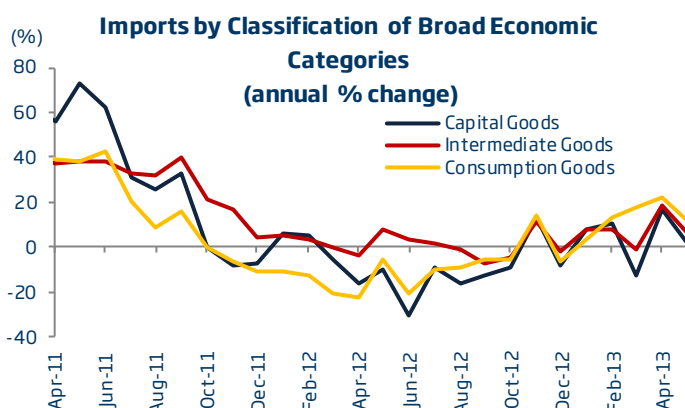
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Increase in imports of consumption goods decelerated.

After having increased in March and April by 17.8% and 22.2%, respectively, the consumption goods imports registered an annual increase of 12.1% in May. In the first five months of 2013, the consumption goods imports rose by 14.1% compared to the same period of the previous year while intermediate goods and capital goods imports increased by 7.9% and 4.2%, respectively.

The relatively high level of increase in the consumption goods imports pointed out that domestic consumption expenditures started to accelerate in 2013 backed by the supportive macroeconomic policies.

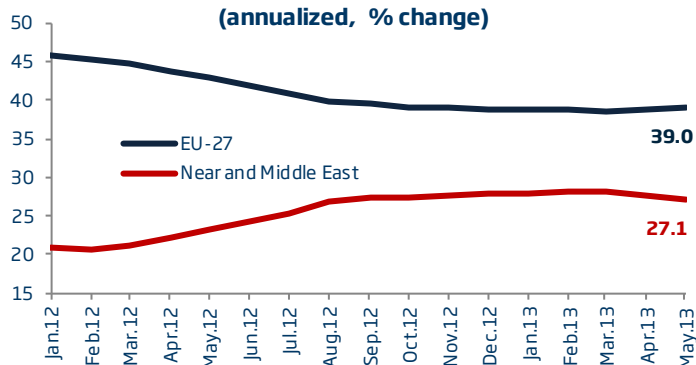


The share of European Union in total exports recorded a slight increase in April.

The share of European Union in total exports, which declined in 2012 due to weak economic conditions in this region, increased by 2.7 points in May compared to the same

month of the previous year and reached 39%. The exports to Germany, biggest trading partner of Turkey, increased by 2.9% in May compared to the same month of the previous year. Exports to Iraq increased by 16.9% and Iraq ranked as the second country in terms of exports. The decline in the share of Near and Middle Eastern Countries in Turkey's total exports mainly stemmed from the decrease in gold imports to this region.

Share of Exports by Country Groups (annualized, % change)



Expectations...

In May, the foreign trade deficit was realized below the expectation due to the slight deceleration in imports. The deceleration in imports might continue in the forthcoming period should the recent depreciation in TL persists. However, this decline is expected to be limited taking into account the low price elasticity of import demand in Turkey.

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