



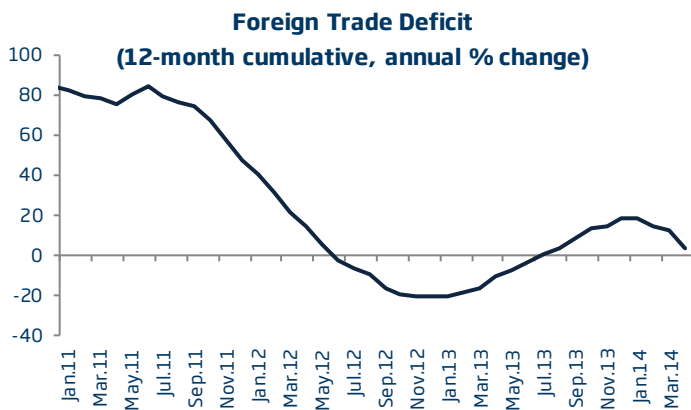
Foreign Trade Balance - April 2014

Economic Research Division



Foreign trade deficit continued to narrow.

In April, exports were realized as 13.4 billion USD (up 7.9% yoy) while imports came in 20.7 billion USD (down 9.5% yoy). Thus, the foreign trade deficit contracted by 30.3% yoy and import coverage ratio was realized as 65.1%. Exports and imports of gold did not have a major impact on foreign trade figures in April. In January-April period, it was also seen that exports rose while imports declined.

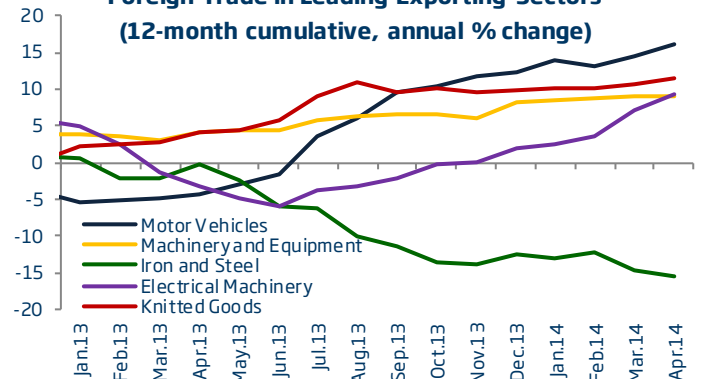


Motor vehicle exports continued to have a positive impact on total export growth.

Among the top three export items in April, exports of motor vehicles together with machinery and equipment increased by 21.7% and 11%, respectively while iron and steel exports declined by 7.3% yoy.

According to 12-month cumulative figures, exports of motor vehicles, which ranked first in the total exports, had a positive impact on total exports volume since July 2013 in line with the depreciation in TRY. In addition, the ongoing recovery in the EU economies also supported export performance. During this period, exports of electrical machinery also followed a similar course while knitted goods exports displayed a steady increasing trend since the beginning of 2013. However, exports of iron and steel, which ranked third in total exports as of April, continued to exhibit a downward trend since January 2013, therefore, limiting total export growth. This was mainly stemmed from the increasing share of China in global steel supply.

Foreign Trade in Leading Exporting Sectors (12-month cumulative, annual % change)

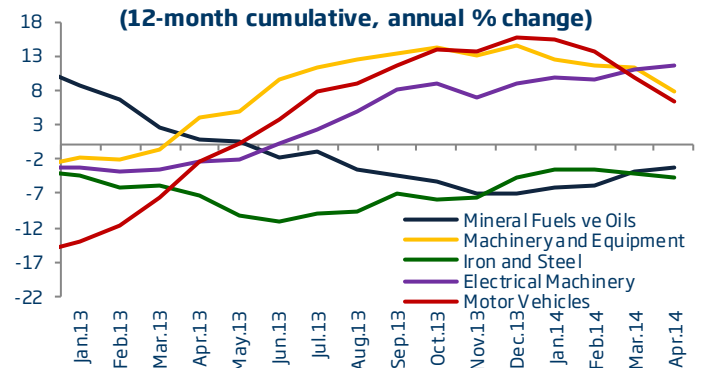


Decreasing trend in energy imports...

Imports of mineral fuels and oils, machinery and equipment together with iron and steel, which were top three import items in April, declined by 2.6%, 5.3% and 9.9% yoy, respectively.

12-month cumulative figures showed that after depreciation in TRY become more evident at the end of December 2013, the increase in imports of motor vehicles lost momentum. During this period, boilers and machinery imports also followed a similar trend. Besides, the decline in imports of mineral fuels and oils, which ranked first in total imports, since June 2013 was noteworthy. These developments limited the import growth and have been the main cause behind the contraction in the foreign trade deficit in 2014.

Foreign Trade in Leading Importing Sectors (12-month cumulative, annual % change)



Foreign Trade Balance	(USD billion)					
	April		Change	January-April		Change
	2013	2014	(%)	2013	2014	(%)
Exports	12.5	13.4	7.9	49.5	53.7	8.5
Imports	22.8	20.7	-9.5	81.6	78.1	-4.2
Foreign Trade Balance	-10.4	-7.2	-30.3	-32.1	-24.5	-23.8
Import Coverage Ratio (%)	54.6	65.1	-	60.6	68.7	-

Source: Turkstat

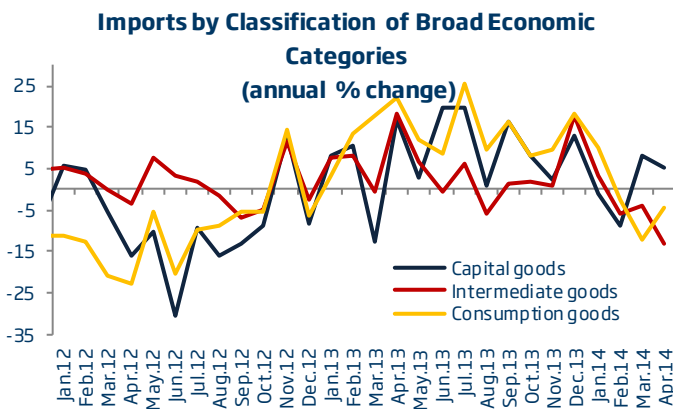
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Intermediate goods imports continued to decline.

According to the classification of broad economic categories, the slowdown in domestic demand has also been reflected on the import figures of commodity groups. Indeed, imports of intermediate goods, constituting around 70% of total imports, declined in the last three months. Although imports of consumption goods recorded a slight increase, maintained their downward trend in April. Capital goods imports, on the other hand, after a steep rise in March lost some momentum in April.



The share of the European Union in total exports increased to 44.2%.

Share of exports to the European Union in total exports, which was 39.6% in April 2013, increased to 44.2% in line with the recovery in economic activity in the same period of 2014. Share of exports to Near and Middle Eastern countries in total exports, on the other hand, decreased somewhat in April and was realized as 23.1%.

According to Turkey's exports by countries, Germany ranked first in April with 1.3 billion USD of exports. Iraq followed Germany with 1 billion USD and United Kingdom ranked third with 855 million USD. Regarding imports, Russia ranked first with 2.1 billion USD due to the high energy imports. Russia was followed by Germany and China, respectively.

Ratio of exports of high-tech products in manufacturing industries was 3.8%

The ratio of high-technology products in exports of manufacturing industries, which was 3.5% in April 2013, increased to 3.8% in April 2014. The ratio of medium-high-technology products in manufacturing industries, on the other hand, rose by 2.1 points to 33.4%. The ratio of high-technology products in imports of manufacturing industries' products increased by 3.5 points and was realized as 14.6% in the same period.

Expectations...

The impact of the significant depreciation in TRY became evident on foreign trade figures. Indeed, during this period as the exports increased faster than imports foreign trade deficit contracted. Moreover, the recovery in the economies of European Union also was reflected positively on Turkey's foreign trade performance. Tight monetary policy stance of CBRT and the measures taken by BRSB in order to slow down consumption expenditures continues to put downward pressure on domestic demand. Thus, foreign trade deficit is anticipated to continue to narrow in the coming period. In this context, net exports' contribution to growth is expected to continue throughout the rest of the year.

Foreign Trade Balance - April 2014

Economic Research Division

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