



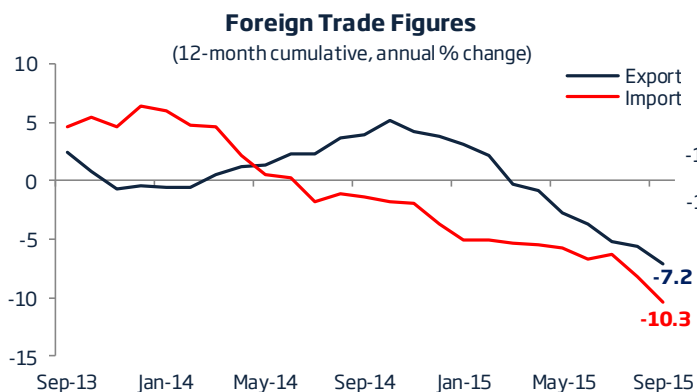
Foreign Trade Balance - September 2015

Economic Research Division

TÜRKİYE İSTATİSTİK KURUMU
BANKASI

Contraction in foreign trade deficit continued.

In September, export declined by 14.2% yoy and was realized as 11.7 billion USD, while imports contracted by 25.2% to 15.4 billion USD. Thus, foreign trade deficit dropped by 46.6% compared to the same month of 2014.



Import coverage ratio, which was 66% in September 2014, reached 75.7% in the same period of 2015. Thus, the said ratio exceeded 75% level for the first time since 2009 when imports fell rapidly due to global crisis.

Exports in euro terms kept increasing.

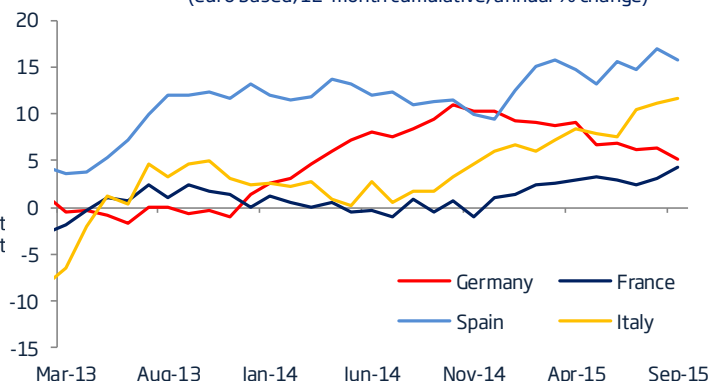
In September, weakness in exports spread to almost all export markets. Exports to Russia, Iraq, Iran and Egypt, which are among our main export markets, dropped significantly in this period. Indeed, 928 million USD decline was recorded in exports towards these countries in September, accounting for approximately half of the fall in exports.

So far this year, exports to Euro Zone countries, as the biggest export partner, diminished in dollar terms especially due to the slide in EUR/USD parity. In fact, exports to these countries in USD terms fell by 12.4% yoy during January-September period. According to euro terms, however, exports to the Euro Zone countries rose by 4.3% yoy in September and 6.5% yoy in January-September period.

Analysis of the exports by chapters revealed that exports of vehicles exhibited a relatively flat outlook in September, despite the sharp decreases in other chapters. Exports of

Exports to Main EZ Countries

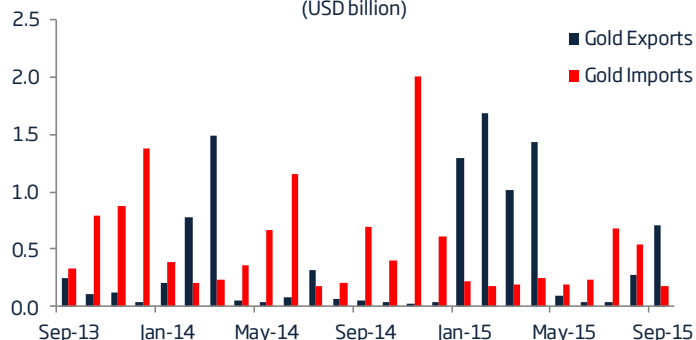
(euro based, 12-month cumulative, annual % change)



the iron-steel and mineral fuels posted a sharp drop in line with the sliding energy and commodity prices. On the other hand, gold exports amounting to 702 million USD in September limited the decline in total export volume to some extent. The shares of Switzerland and U.K in total gold exports were realized as 67.5% and 22.5%, respectively.

Gold Trade

(USD billion)



Sharp fall in imports...

Imports remained under pressure because of moderate economic activity and developments in FX markets. The intermediate goods imports, which constitute almost three-quarters of total imports, fell by 30.2% yoy in September. Having exhibited a weak performance throughout the year, intermediate goods imports decreased by 17.5% yoy in the

Foreign Trade Balance

(USD billion)

	September		Change (%)	Jan.-Sep.		Change (%)
	2014	2015		2014	2015	
Exports	13.6	11.7	-14.2	118.4	107.3	-9.4
Imports	20.6	15.4	-25.2	179.8	156.3	-13.1
Foreign Trade Balance	-7.0	-3.7	-46.6	-61.4	-49.0	-20.2
Import Coverage Ratio (%)	66.0	75.7	-	65.8	68.6	-

Source: Turkstat, Datastream

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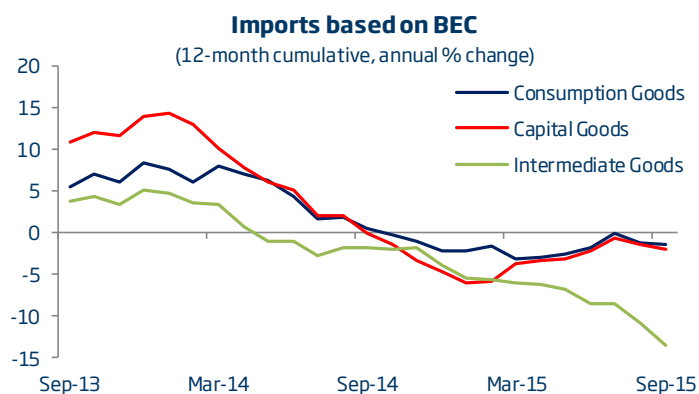
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first nine months of the year. Moreover, it was noteworthy that consumption goods imports receded by 17.1% yoy in September as they remained flat during January-September period.

In September, lower energy and commodity prices have been one of the main determinants of falling imports. Indeed, energy imports (classified as Chapter 27-mineral fuels and mineral oil) decreased by 38.6% yoy in this period. Iron and steel imports also dropped by 28.8% yoy.

Expectations

Moderate domestic economic activity as well as the developments in FX markets and lower energy prices led imports to remain under pressure in the first nine months of 2015. Exports also contracted significantly during this period owing to the weak global trade outlook and ongoing unfavorable developments in our main export markets. In addition, the decrease in the EUR/USD parity also played a significant role in falling import readings recorded in USD terms. It is anticipated that the foreign trade figures will exhibit a similar performance in the rest of the year. In this context, we foresee that the year-end foreign trade deficit and current account deficit will be 56 and 38 billion USD, respectively.



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