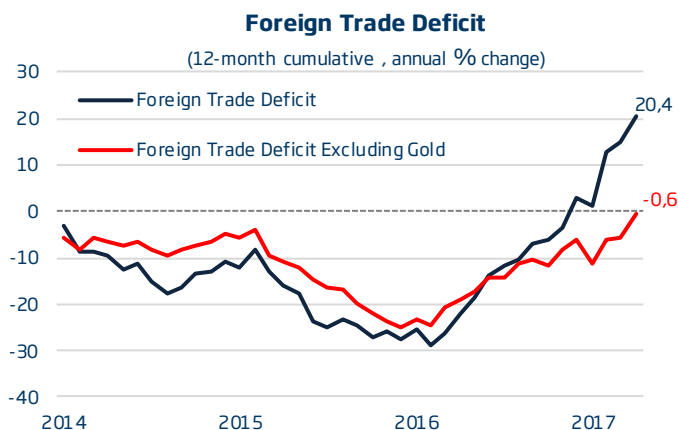


Foreign Trade Balance	(USD billion)					
	September		Δ (%)	Jan.-Sep.		Δ (%)
	2016	2017		2016	2017	
Exports	10.9	11.8	8.7	104.2	115.1	10.5
Imports	15.3	20.0	30.6	146.3	169.0	15.5
Foreign Trade Deficit	-4.4	-8.1	85.0	-42.1	-53.8	27.9
Import Coverage (%)	71.3	59.3	-	71.2	68.1	-

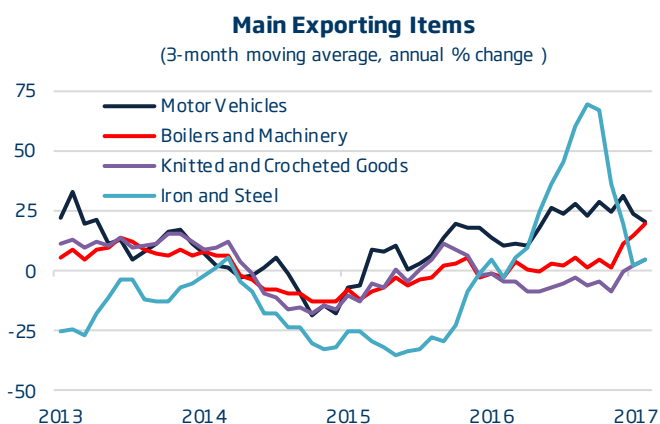
Rapid expansion in foreign trade deficit...

In September, export volume increased by 8.7% yoy to 11.8 billion USD. Import volume rose by 30.6% yoy to 20 billion USD. Thus, foreign trade deficit expanded by 85% yoy, the fastest increase in more than six years.

In the first 9 months of the year, exports went up by 10.5% yoy and imports surged by 15.5% yoy. While the annual expansion in foreign trade deficit became 27.9% in this period, import coverage ratio declined to 68.1% from 71.2% a year ago.



As 12-month cumulative data suggested, the role of gold trade in the widening of foreign trade deficit has been noteworthy in the recent period. Indeed, excluding gold trade, the deficit narrowed albeit slightly. In this period, gold trade added 8.7 billion USD to the expansion of the foreign trade deficit.



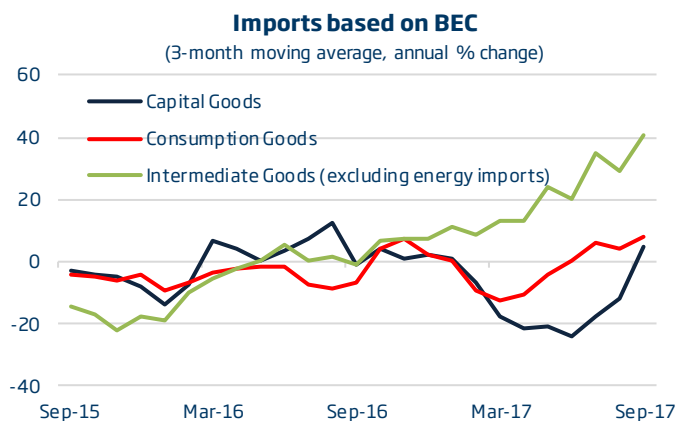
Automotive and machinery exports on a firm footing...

Exports of motor vehicles and boilers and machineries were the main drivers of the growth in exports in September. Considering the top 10 sectors with largest exports volume, only one sector, namely knitted and crocheted goods, posted an annual decline in this period.

Iron and steel exports, which had a strong performance in the first half of the year along with the upturn in commodity prices, lost some steam during the recent months. Increased domestic demand for the iron and steel products might be behind this loss of momentum. Indeed, with the strong demand from the construction sector, imports of iron and steel surged by more than 60% yoy, the most rapid rise since February 2011.

Energy imports continued to soar.

Other than the strong pace of gold imports, energy imports pulled the foreign trade deficit up. Due to the upturn in economic activity and the rise in oil prices, energy imports climbed up by 51% yoy in September, the sharpest increase in six years. The momentum gained in economic activity with the support of exports performance was also mirrored in the imports of intermediate goods. Excluding energy (mineral oils and fuels) imports, intermediate goods imports continued to surge as the 3-month moving average data suggested. Imports of consumer goods, on the other hand, exhibited a moderate performance due partly to the weakness in TRY. However, imports of capital goods remained weak despite the increase recorded in the third quarter.



Upside risks to the foreign trade deficit...

As opposed to the recovery in EU economies, the pick up in oil prices and strong domestic economic activity put upward pressure on foreign trade deficit. The trajectory of gold imports also seems to be significant for foreign trade balance in the period ahead. All these indicate that the current account deficit could exceed 40 billion USD at the end of this year.

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