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## Global Economy

Trade war tensions rose significantly in August due to the new reciprocal measures taken by the US and China. The announcement that talks between the two countries will continue in October eased the tensions somewhat.

Fed Chair Jerome Powell avoided giving signal about interest rate policy in his Jackson Hole speech. However, markets are pricing that the Fed will continue to cut interest rates.

In the Euro Area, economic activity remains weak. Across the region, leading indicators show that the weakness continues in the third quarter of the year, strengthening the expectation that the ECB would adopt supportive policies in its September meeting.

Brexit uncertainty continues in UK. Opposition MP's made a legal amendment to prevent a no-deal Brexit.

Against the loss of momentum in economic activity in China, policy makers are taking new measures.

The trade war developments increased the question marks on global demand and created pressure on oil prices, while gold prices climbed to the peak of more than 6 years due to risk avoidance

## Turkish Economy

Turkish economy contracted by 1.5% yoy in the second quarter of the year, according to the chain-linked volume index. On a seasonally and calendar adjusted quarterly basis, the economy expanded by 1.2% in Q2 qoq.

The negative outlook in the employment market continued in May. During this period, seasonally adjusted unemployment rate came in at 14%.

Calendar adjusted industrial production contracted by 3.9% yoy in June. According to seasonally adjusted figures, the index shrank by 3.7% mom, displaying the worst performance since July 2016.

Having declined to 46.7 in July, manufacturing PMI rose to 48 in August.

Along with the weak course in economic activity, the foreign trade deficit continued to contract annually in the beginning of the second half of the year. Foreign trade deficit contracted by 46.9% in July compared to the same month of the previous year. Export volume expanded by 7.9% to 15.2 billion USD, while import volume decreased by 8.5% to 18.4 billion USD in this period.

Current account deficit was realized as 548 million USD in June, above the expectations with. The 12-month cumulative current account balance posted a surplus for the first time since 2002.

Central government budget posted a surplus of 9.9 billion TRY in July. Budget deficit was realized as 68.7 billion TRY in the first seven months of the year.

In August monthly CPI inflation was 0.86%. Annual CPI inflation realized as 15.01% in same period.

**The annual contraction is lower-than-expected in Q2.**

Turkish economy contracted by 1.5% in the second quarter compared to the same period of the previous year, according to the chain-linked volume index (2009=100). Markets had expected GDP to shrink by 2%. On a seasonally and calendar adjusted quarterly basis, the economy expanded by 1.2% in Q2 following the 1.6% increase in Q1.

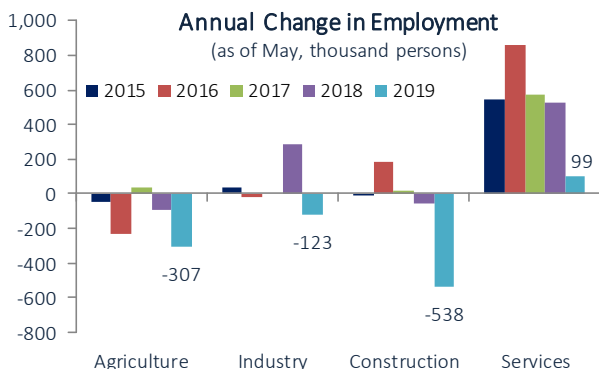
In Q2, the fall in private consumption expenditures limited the annual growth by 0.6 pp, an impact lower than the two previous quarters. On the other hand, the support of public consumption expenditures continued. Therefore, total consumption expenditures dragged the growth down by a limited 0.2 pp. Having provided a considerable support to the growth since the second quarter of 2018, net export added 5.7 pp to the annual growth in the second quarter of this year. Investment expenditures made a strong negative contribution to growth by 7.1 pp in the second quarter.

**Contributions to Growth**

	2017		2018		2019	
	Annual	Annual	Q1	Q2	H1	
<b>Consumption</b>	<b>4.5</b>	<b>0.9</b>	<b>-2.0</b>	<b>-0.2</b>	<b>-1.0</b>	
Private	3.8	0.0	-2.9	-0.6	-1.7	
Public	0.7	0.9	0.9	0.5	0.7	
<b>Investment</b>	<b>2.4</b>	<b>-0.2</b>	<b>-3.7</b>	<b>-7.1</b>	<b>-5.5</b>	
<b>Stock Change</b>	<b>0.4</b>	<b>-1.5</b>	<b>-6.0</b>	<b>0.1</b>	<b>-2.9</b>	
<b>Net Exports</b>	<b>0.1</b>	<b>3.6</b>	<b>9.4</b>	<b>5.7</b>	<b>7.5</b>	
Exports	2.5	1.7	2.0	1.8	1.9	
Imports	-2.4	1.9	7.4	3.9	5.5	
<b>GDP</b>	<b>7.5</b>	<b>2.8</b>	<b>-2.4</b>	<b>-1.5</b>	<b>-1.9</b>	

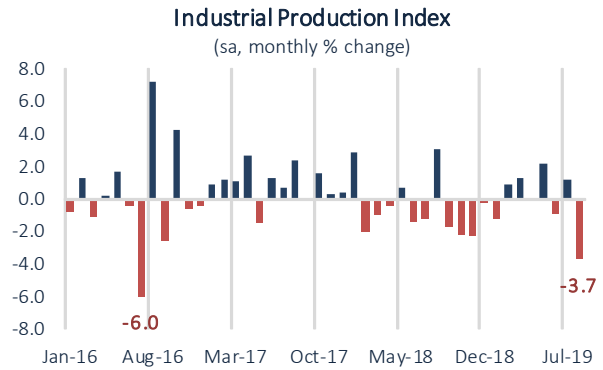
**Employment indicators kept worsening.**

In May, unemployment rate increased by 3.1 points compared to the same period of the previous year to 12.8%. During this period, seasonally adjusted unemployment rate was 14%. As a result of a slowdown in economic activity, in last one-year period, number of persons employed declined by 538 thousand in construction sector, 307 thousand in agriculture and 123 thousand in industry. The employment growth in the services sector remained weak with 99 thousand people.



**Industrial production contracted by 3.9% yoy.**

Calendar adjusted industrial production contracted by 3.9% yoy in June. Thus, annual contraction which was realized as 4.7% in the first quarter fell to 3% in the second quarter. According to seasonally and calendar adjusted figures, the index shrank by 3.7% mom in June, displaying the worst performance since July 2016, when the failed coup attempt took place. Hence, seasonally and calendar adjusted industrial production increased by 0.5% in the second quarter compared to the previous quarter.



**Manufacturing PMI recovered in August.**

Having declined to 46.7 in July manufacturing PMI rose to 48 in August. In this period, the momentum loss in new orders was at its most moderate level in the last 17 months, which led to optimistic expectations for the coming period. On the other hand, the increase in input costs and final output prices lost some momentum thanks to the decline in inflation.

**Real sector confidence indicated an optimistic outlook in August.**

Seasonally adjusted real sector confidence index increased by 5.5 points compared to the previous month to 102.1 in August, the highest level since June 2018. Seasonally adjusted capacity utilization ratio also increased by 0.3 points to 76.2% in the same period. While sectoral confidence indices recovered somewhat, consumer confidence index remained weak with 58.3 albeit rising by 3.1% mom.

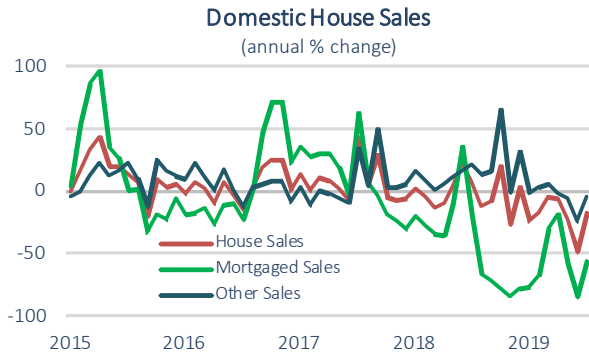
**Contraction in housing sales decelerated.**

Housing sales, which fell by 48.6% yoy in June, decreased by 17.5% compared to the same month of the previous year in July. During this period, mortgaged sales declined by 57%. The share of mortgaged sales in total sales was realized as 12.8%. On the other hand, sales to foreigners increased by 46.7% compared to the same month of the previous year to 4,192 units.

The downward trend in real housing prices continued in June. During this period, housing prices increased by 1.7% compared to the same month of the previous year in nominal terms and fell by 12.1% in real terms. It was observed that the index values decreased by 2.29% and

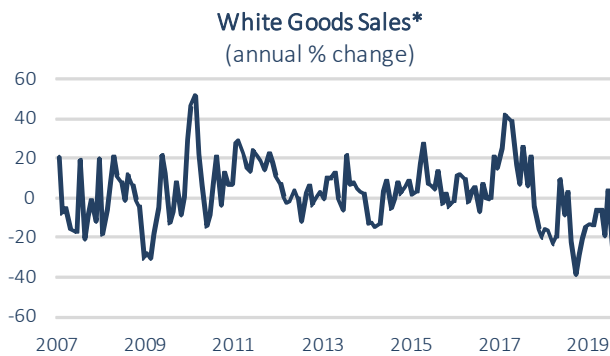
Source: Datastream, Markit, Turkstat, CBRT

0.73% in Istanbul and Ankara, respectively, and increased by 0.3% in İzmir.



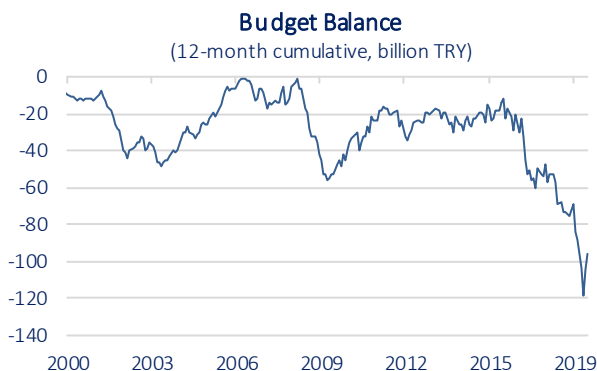
#### Fall in white goods sales continued in July.

According to the data released by White Goods Manufacturers' Association of Turkey, white goods sales in the domestic market fell by 31% yoy in July, while annual rate of contraction in the domestic market became 12% in January-July 2019. Exports, on the other hand, increased slightly by 1% yoy during both July and January-July periods.



#### Budget posted a surplus of 9.9 billion TRY in July.

Central government budget posted a surplus of 9.9 billion TRY in July. The budget had a surplus of 1.1 billion TRY in the same month of last year. In this period, budget revenues increased by 51.1% to 93.4 billion TRY, while budget expenditures rose by 37.6% to 83.5 billion TRY. Primary surplus, which was 9.3 billion TRY in July 2018, was recorded as 17.6 billion TRY in the same month of this year.



(\* Data included sales of 4 basic white goods (oven, refrigerator, washing machine, dishwasher).

In the first seven months of the year, central government budget deficit increased by 52.8% yoy due to the relatively poor performance of budget revenues. Thus, budget deficit was realized as 68.7 billion TRY in January - July period. The primary deficit also rose rapidly during this period and reached 10.2 billion TRY.

#### In July, foreign trade deficit contracted by 46.9%.

Along with the weak course in economic activity, the foreign trade deficit continued to contract annually in the beginning of the second half of the year. Foreign trade deficit contracted by 46.9% in July compared to the same month of the previous year. Export volume expanded by 7.9% to 15.2 billion USD, while import volume decreased by 8.5% to 18.4 billion USD in this period. The import coverage ratio rose by 12.6 pts compared to the previous year to 82.6%.

According to 12-month cumulative figures, the export volume was 170.6 billion USD at the end of July, while the import volume decreased to 196.9 billion USD. Thus, import coverage ratio rose to 86.6%, the new historic high.

According to the provisional data announced by the Ministry of Commerce, exports increased by 1.5% yoy in August, while imports rose by 1.1%. Thus, foreign trade deficit narrowed slightly by 0.9%.

	Foreign Trade Balance (USD billion)					
	August		Δ	Jan.- Aug.		Δ
	2018	2019	(%)	2018	2019	(%)
Exports	12.3	12.5	1.5	108.5	111.4	2.6
Imports	14.8	15.0	1.1	157.8	131.9	-16.4
Foreign Trade Balance	-2.5	-2.5	-0.9	-49.3	-20.5	-58.4
Import Coverage (%)	83.3	83.6	-	68.8	84.4	-

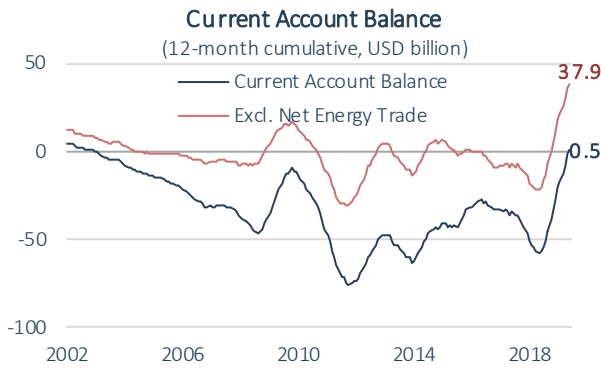
#### 12-month cumulative current account gave surplus for the first time since November 2002.

According to the data announced by the CBRT, current account deficit narrowed by 81.8% in June compared to the same month of the previous year and was realized above the expectations with 548 million USD. According to the Reuters' survey, the current account deficit was expected to be 265 million USD. The course of the foreign trade balance and the rise in travel revenues were the determinants of the annual contraction in the current account deficit. In June, foreign trade deficit decreased by 41.2% (1.8 billion USD) yoy. 34.3% rise in net travel revenues (646 million USD) in the same period also stood out.

The 12-month cumulative current account balance, which has been improving since June 2018 as a result of the slowdown in economic activity, maintained its course in June and posted a surplus for the first time since November 2002. Excluding net energy imports, 12-month

Source: Turkstat, Datastream, Ministry of Trade

current account surplus reached 37.9 billion USD, which is historically high level.



### CPI came in below expectations in August.

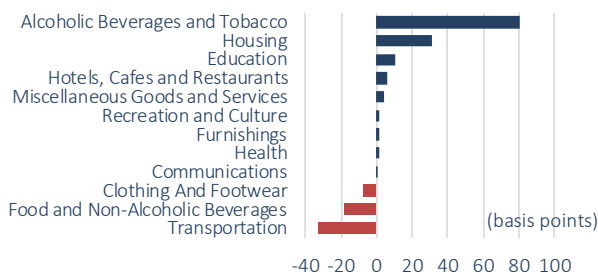
Monthly CPI inflation came in below market expectation (1.3%) in August with 0.86%. Domestic PPI (D-PPI) decreased by 0.59% mom in this period.

Annual CPI inflation declined to 15.01% in August thanks to the base effect. The annual rise in D-PPI also decreased to 13.45%, the lowest level in 1.5 years.

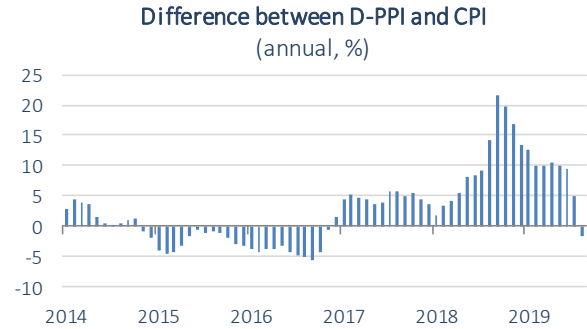
August (change %)	CPI		D-PPI	
	2018	2019	2018	2019
Monthly	2.30	0.86	6.60	-0.59
Year-to-Date	12.29	7.35	25.32	6.39
Annual	17.90	15.01	32.13	13.45
Annual Average	12.61	19.62	18.78	30.51

In August, all main expenditure groups except transportation, food and clothing-footwear put an upward pressure on inflation. Due to the price increase in cigarettes made in August, prices of alcoholic beverages and tobacco surged up by 19.11% mom, contributing 90 bps to the monthly inflation. Housing group also added 29 bps to the monthly CPI inflation, mainly driven by the rise in natural gas prices. Moreover, prices in education group rose by 4.26% due to the increase in private university fees. On the other hand, transportation group limited monthly CPI inflation by 34 bps thanks to the decline in fuels and motor cars prices. The fall in clothing-footwear and food prices was driven by seasonal factors.

### Contributions to the Monthly CPI Inflation



Analyzing annual figures, having declined since May annual D-PPI inflation kept its trend in August. Thus, the gap between D-PPI and CPI, which reached as high as 21.63 points in the last one-year period, was closed. In fact, annual CPI increase surpassed annual D-PPI increase in August, indicating that the cost pressure on the CPI has been eased.



Source: Turkstat, Datastream, Ministry of Trade

	31/Jul	30/Aug	Change
5-Y CDS (basis points)	355	422	66 bps ▲
TR 2-Y Benchmark Yield	15.98%	16.49%	51 bps ▲
BIST-100	102,082	96,718	-5.3% ▼
USD/TRY	5.5618	5.8263	4.8% ▲
EUR/TRY	6.1925	6.4162	3.6% ▲
Currency Basket*	5.8771	6.1212	4.2% ▲

(\*) (0.5 USD/TRY + 0.5 EUR/TRY)

### New regulations regarding reserve requirements and TRY currency swaps...

CBRT has announced in the first week of the August that reserve requirement ratios for FX deposits/participation funds have been increased by 100 basis points for all maturity brackets. Also, the remuneration rate for USD-denominated required reserves, reserve options and free reserves held at the Central Bank of the Republic of Turkey has been decreased by 100 basis points and set as %1. According to CBRT's announcement, approximately 2.1 billion USD of FX liquidity is planned to be withdrawn from the market as a result of these revisions. With another regulation announced on the same day, the Central Bank changed maturities regarding TRY currency swaps. TRY currency swap transactions, which are currently executed with 1 week maturity via quotation method, will also be executed with 1, 3 and 6 month maturities. The new regulation aims of enhancing flexibility in Turkish lira and FX liquidity management.

On August 19, CBRT has decided to change the ratio of and the remuneration applied to required reserves. Accordingly, for banks whose loan growth is between 10% and 20%, the reserve requirement ratios for Turkish lira liabilities in all maturity brackets excluding deposits and participation funds with 1-year or longer maturity and other liabilities with longer than 3-year maturity will be set at 2%. The reserve requirement ratios for other banks left unchanged at 7% for demand deposits, time deposits and liabilities up to 1 year, at 4% for time deposits up to 6 months and at 3.5% for other liabilities up to 3 years. Besides, the current remuneration rate of 13% applied to Turkish lira-denominated required reserves will be set at 15% for banks with a loan growth between 10% and 20% and at 5% to other banks. With this revision, approximately 5.4 billion TRY and 2.9 billion USD equivalent of gold and FX liquidity are expected to be provided to the market initially.

### Deterioration in global risk appetite...

Trade war, recession worries in US and political developments in Hong Kong and Argentina were influential on deterioration in global risk appetite in August. On the other hand, Argentina's currency control measures including restriction on companies. Accordingly, companies will have to seek central bank permission to buy foreign currency and make bank

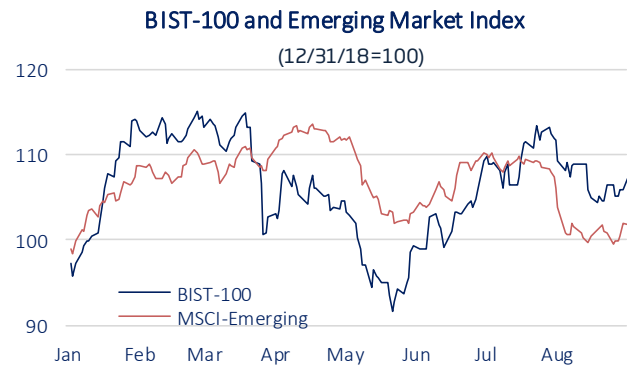
transfers abroad. This decision had a limited impact on global markets.

### Turkey's 5-year CDS premium surged up by 66 bps in August.

Turkey's 5 year CDS premium rose by 66 bps to 422 in August. Turkish lira was under selling pressure in mid-month due to the increase in trade war worries and reserve requirement regulation on August 19. In the following days, TRY recovered somewhat in parallel to the rise in global risk appetite. Accordingly, TRY depreciated by 4.2% mom against currency basket in August.

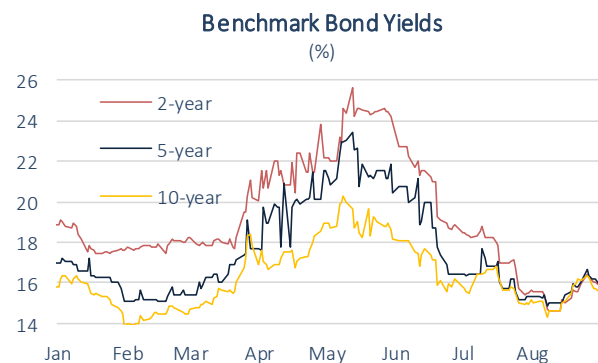
### BIST-100 index fell below 100 thousand.

BIST-100 index followed a downward trend in line with a sharp decline in global risk appetite since the end of July. Having declined to the lowest level in 2 months with 94.349 on August 22, the index recovered somewhat in the following days and completed the month at 96,718 by declining 5.3% mom.



### The fall in interest rates ended in August.

The declining trend in interest rates since May ended in August. In addition to the CBRT's reserve requirement step, which encouraged credit growth and rising geopolitical tensions in Syria put selling pressure on bond market. Thus, 2-year benchmark bond yield increased by 51 bps mom in August to 16.49%.



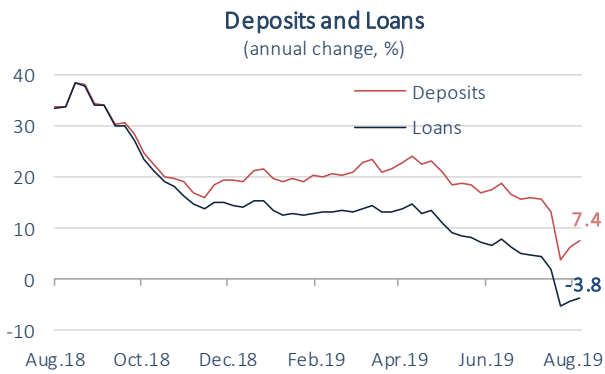
Source: CBRT, Datastream, Reuters, BIST

**Deposit volume was realized as 2,334 billion TRY.**

According to the Weekly Bulletin published by the BRSA, as of August 23, deposit volume increased by 7.4% yoy, by 14.2% compared to the end of 2018 and reached 2,334 billion TRY. During this period, annual rise in deposit volume remained weak due mainly to the loss of momentum in FX deposits. While TRY deposits expanded by 4.6% in the same period, FX deposits in USD terms rose by 14.1%.

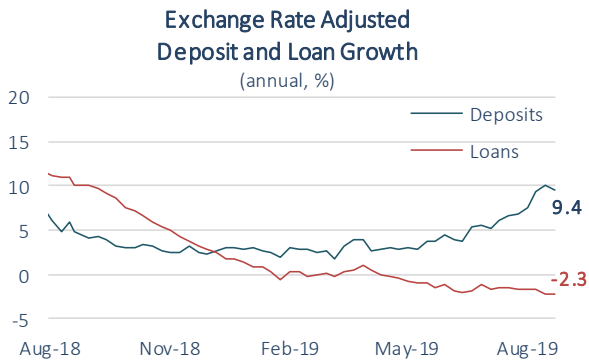
**Loan volume declined in annual basis.**

Having declined since May 2019, the rise in annual change in loan volume exhibited a negative growth in August. According to BRSA's Weekly Bulletin, total loan volume contracted by 3.8% yoy to 2,515 billion TRY as of 23 August. While TRY loans had a slight decline by 0.6% during this period, FX loans in USD terms decreased by 4.6% to 176 billion USD. Total loan volume expanded by 5.1%, while TRY loans increased by 4.8% compared to the year-end figures. The fall in FX loans in USD terms accelerated to 3.3%.



**FX adjusted figures...**

According to FX rate adjusted figures, as of August 23, deposits volume rose by 9.4% yoy. Annual decline in loans volume was realized as 2.3%, recording the fastest fall in 2014 based series.

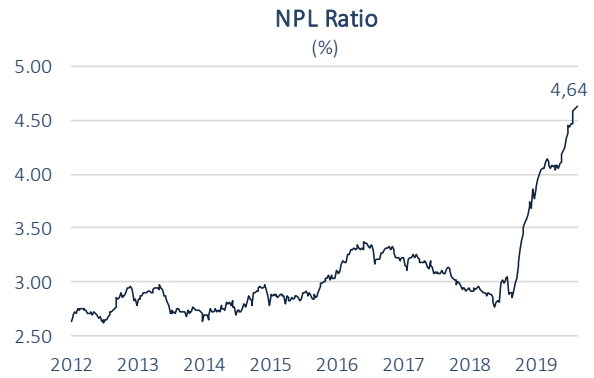


**Annual fall in vehicle loans reached 17.2%.**

The contraction in consumer loans excluding consumer credit cards since the beginning of the year continued in August. As of August 23, consumer loans decreased by 3.5% yoy. Considering the sub-items of consumer loans, while the decline in vehicle loans accelerated to 17.2% in parallel to the weak outlook in the automotive market, housing loans contracted by 10.1%. On the other hand, the recovery in personal finance loans continued. As a matter of fact, personal finance loans increased by 3.2% on an annual basis, recording the fastest growth since the end of 2018.

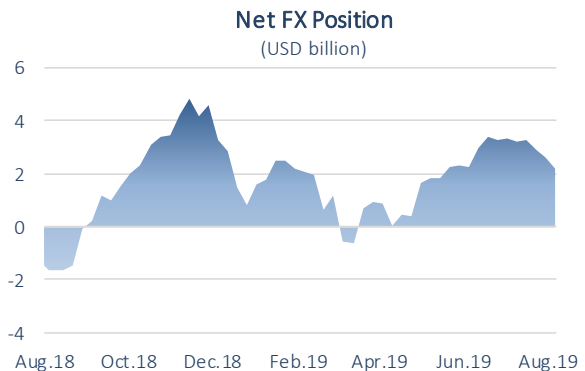
**NPL ratio reached the highest level since May 2010.**

The upward trend in non-performing loans (NPL) continued as of 23 August. During this period, NPL ratio increased to 4.64%, the highest level since May 2010. The said ratio was realized as 3.79% for consumer loans and 4.85% for commercial loans.



**Net foreign currency position...**

As of August 23, banks' on-balance sheet FX position was (-)43,026 million USD, while off-balance sheet FX position was (+)45,215 million USD. Hence, banking sector's net FX position was realized as (+)2,190 million USD.



Source: BRSA Weekly Bulletin



## Concluding Remarks

Developments regarding the trade war between the US and China came to the forefront in August. While reciprocal new measures taken by the US and China increased the tension, the announcement stating that the trade talks would continue in October was recorded as a positive development.

The meetings of the Fed and the ECB will be closely monitored in September. The Fed, which cut the policy rate after 11 years in July, is expected to cut the interest rate by 25 bps. It is stated that the ECB is also working on an interest rate cut, a new forward guidance and compensation for banks over the side-effects of negative interest in order to stimulate the economy at its September meeting.

The contraction in domestic economic activity continued in the second quarter of the year, albeit with a momentum loss. In this period, net exports made the highest contribution to growth, while the decline in investment expenditures accelerated. The weak course in investment expenditures points to the importance of the price stability.

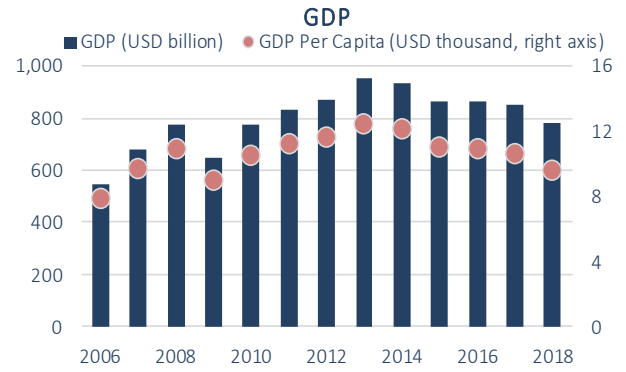
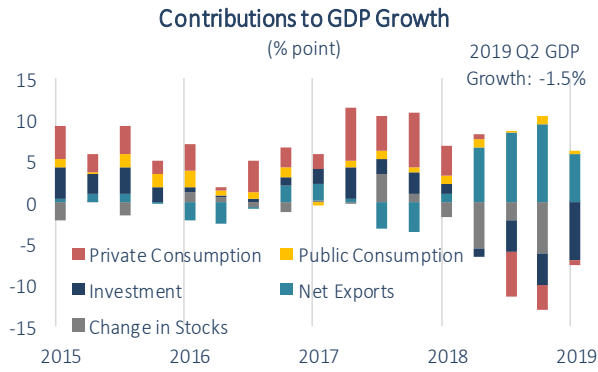
The ongoing downward trend of inflation in August was noted as a positive development. We keep our expectation that annual CPI inflation will converge to single-digit levels in the coming months and it will follow an upward trend in the last months of the year. Moreover, according to provisional foreign trade figures, the expansion in the trade deficit decreased significantly in August. In this context, it is expected that 12-month current account balance will start to give deficit after a few months of current account surplus.

Forecasts (%)	2018 (A)	2019
Growth	2.6	1.0
Current Account Deficit/GDP	3.5	1.5
Inflation (year-end)	20.3	14.0

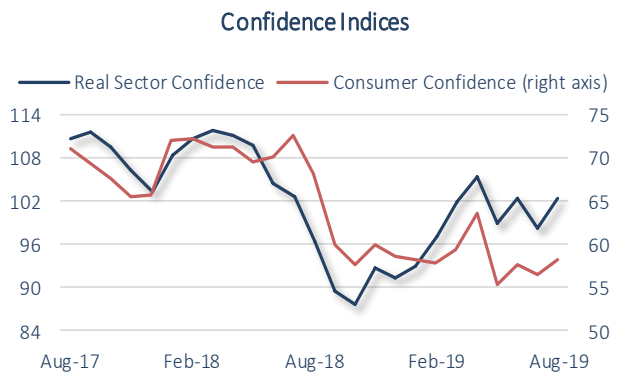
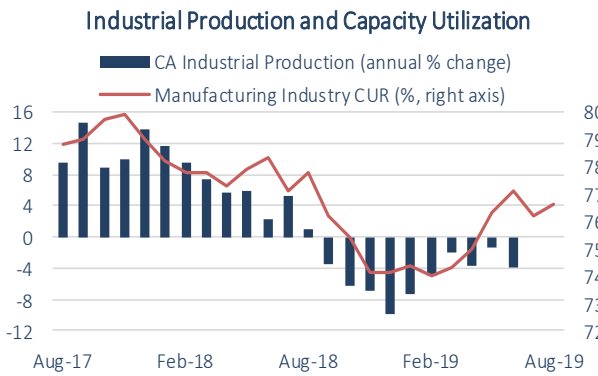
(A) Actual

# Turkish Economy- Macroeconomic Indicators

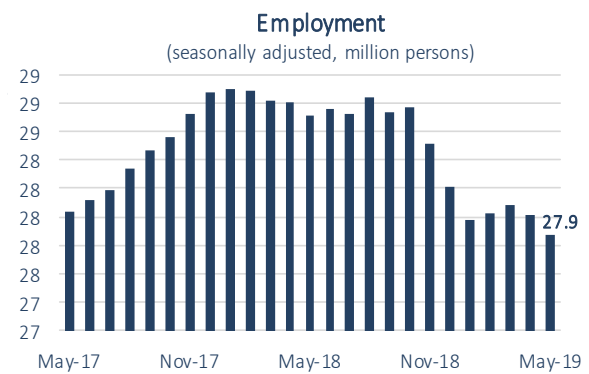
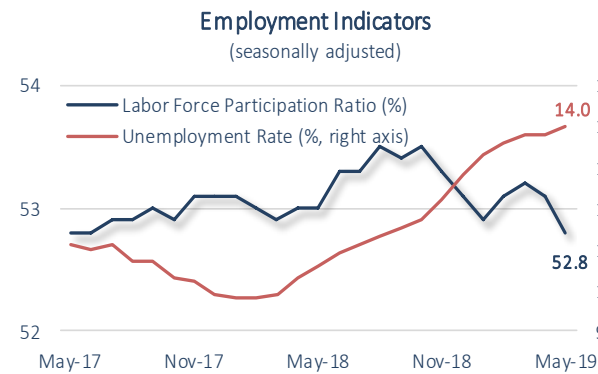
## Growth



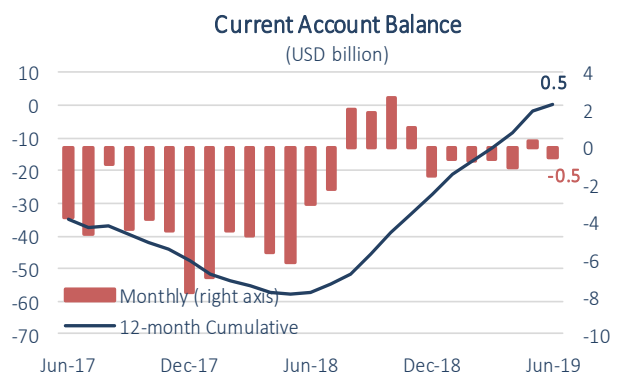
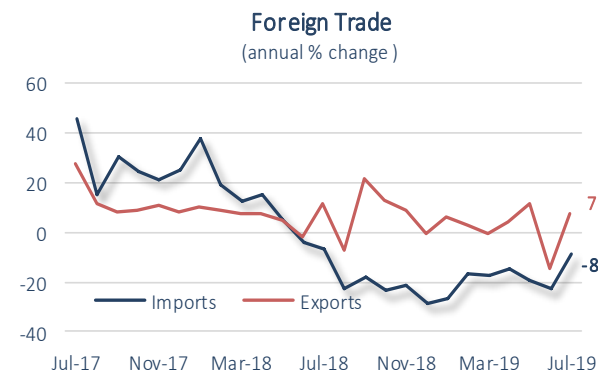
## Leading Indicators



## Labor Market



## Foreign Trade and Current Account Balance

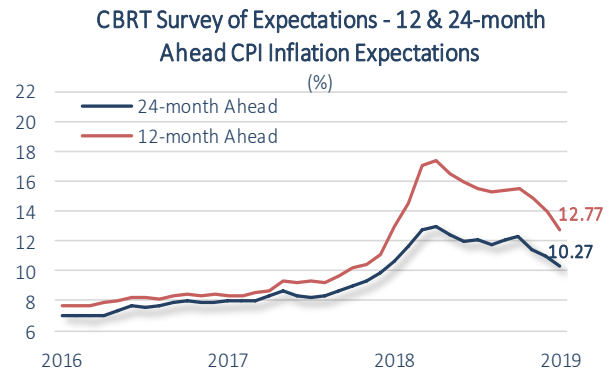
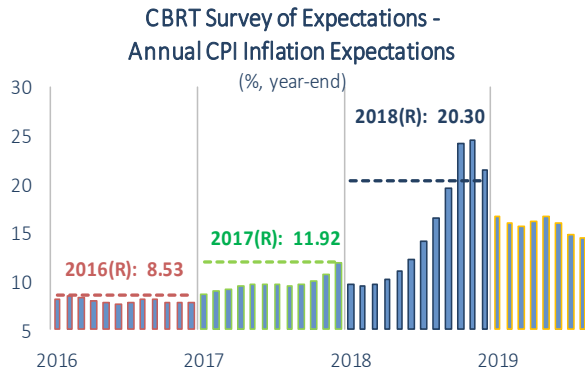
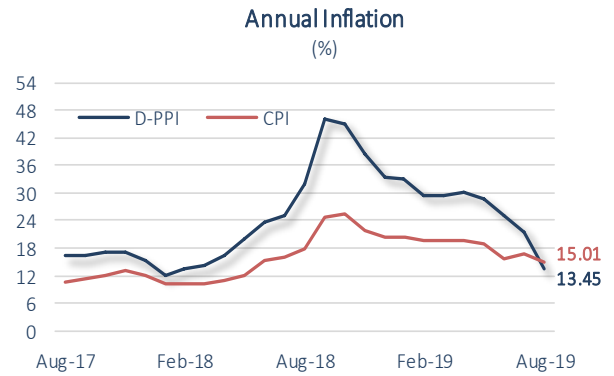
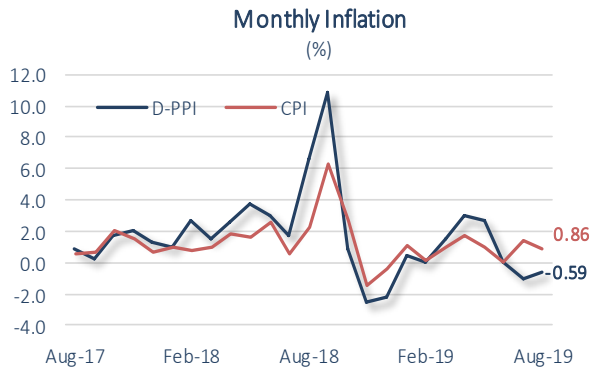


(CA) Calendar adjusted

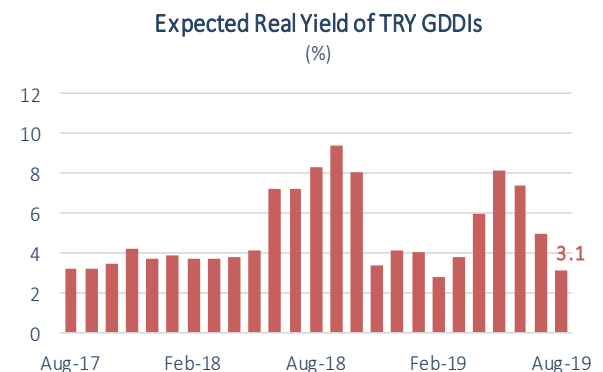
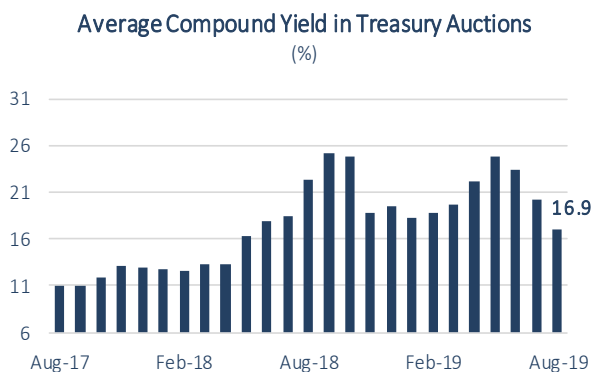
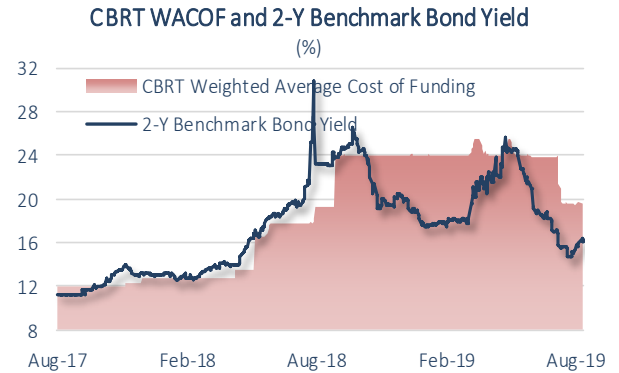
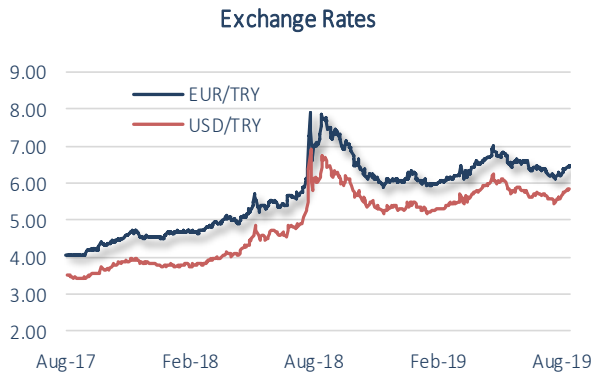
Source: Datastream, CBRT, Turkstat



Inflation



Foreign Exchange and Bond Market



## Turkish Economy - Macroeconomic Indicators

<b>Growth</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>19-Q1</b>	<b>19-Q2</b>	
GDP (USD billion)	935	862	863	853	789	172	175	
GDP (TRY billion)	2,045	2,339	2,609	3,111	3,724	921	1,024	
GDP Growth Rate (%)	5.2	6.1	3.2	7.5	2.8	-2.4	-1.5	
<b>Inflation (%)</b>						<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>
CPI (annual)	8.17	8.81	8.53	11.92	20.30	15.72	16.65	15.01
Domestic PPI (annual)	6.36	5.71	9.94	15.47	33.64	25.04	21.66	13.45
<b>Seasonally Adjusted Labor Market Figures</b>						<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>
Unemployment Rate (%)	10.3	10.2	12.0	9.9	12.8	13.80	13.80	14.00
Labor Force Participation Rate (%)	51.0	51.7	52.4	53.1	53.1	53.20	53.10	52.80
<b>FX Rates</b>						<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>
CPI Based Real Effective Exchange Rate	105.9	99.2	93.6	86.3	76.4	72.2	74.9	76.8
USD/TRY	2.3378	2.9189	3.5176	3.7916	5.3199	5.7840	5.5618	5.8263
EUR/TRY	2.8288	3.1708	3.7102	4.5530	6.0815	6.5868	6.1925	6.4162
Currency Basket (0.5*EUR+0.5*USD)	2.5833	3.0448	3.6139	4.1723	5.7007	6.1854	5.8771	6.1212
<b>Foreign Trade Balance<sup>(1)</sup> (USD billion)</b>						<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>
Exports	157.6	143.8	142.5	157.0	167.9	171.3	169.4	170.6
Imports	242.2	207.2	198.6	233.8	223.0	202.8	198.6	196.9
<b>Foreign Trade Balance</b>	<b>-84.6</b>	<b>-63.4</b>	<b>-56.1</b>	<b>-76.8</b>	<b>-55.1</b>	<b>-31.5</b>	<b>-29.2</b>	<b>-26.4</b>
Import Coverage Ratio (%)	65.1	69.4	71.8	67.1	75.3	84.5	85.3	86.6
<b>Balance of Payments<sup>(1)</sup> (USD billion)</b>						<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>
<b>Current Account Balance</b>	<b>-43.6</b>	<b>-32.1</b>	<b>-33.1</b>	<b>-47.3</b>	<b>-27.3</b>	<b>-8.4</b>	<b>-1.9</b>	<b>0.5</b>
<b>Capital and Financial Accounts</b>	<b>-43.2</b>	<b>-22.7</b>	<b>-22.0</b>	<b>-46.7</b>	<b>-8.1</b>	<b>7.3</b>	<b>11.1</b>	<b>9.9</b>
Direct Investments (net)	-6.3	-14.2	-10.8	-8.8	-9.4	-10.0	-9.8	-9.3
Portfolio Investments (net)	-20.2	15.5	-6.3	-24.5	3.1	0.8	0.2	1.4
Other Investments (net)	-16.2	-12.1	-5.7	-5.2	8.5	31.0	29.4	22.0
Reserve Assets (net)	-0.5	-11.8	0.8	-8.2	-10.4	-14.6	-8.8	-4.3
<b>Net Errors and Omissions</b>	<b>0.5</b>	<b>9.5</b>	<b>11.1</b>	<b>0.6</b>	<b>19.0</b>	<b>15.6</b>	<b>13.0</b>	<b>9.3</b>
<b>Current Account Balance/GDP (%)</b>	<b>-4.7</b>	<b>-3.7</b>	<b>-3.8</b>	<b>-5.6</b>	<b>-3.5</b>	-	-	-
<b>Budget<sup>(2)(3)</sup> (TRY billion)</b>						<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>
<b>Expenditures</b>	<b>448.8</b>	<b>506.3</b>	<b>584.1</b>	<b>678.3</b>	<b>830.5</b>	<b>414.0</b>	<b>481.6</b>	<b>565.1</b>
Interest Expenditures	49.9	53.0	50.2	56.7	74.0	46.4	50.7	58.5
Non-interest Expenditures	398.8	453.3	533.8	621.6	756.5	367.6	430.8	506.6
<b>Revenues</b>	<b>425.4</b>	<b>482.8</b>	<b>554.1</b>	<b>630.5</b>	<b>757.8</b>	<b>347.5</b>	<b>403.0</b>	<b>496.4</b>
Tax Revenues	352.5	407.8	459.0	536.6	621.3	262.9	307.7	366.1
<b>Budget Balance</b>	<b>-23.4</b>	<b>-23.5</b>	<b>-29.9</b>	<b>-47.8</b>	<b>-72.6</b>	<b>-66.5</b>	<b>-78.6</b>	<b>-68.7</b>
<b>Primary Balance</b>	<b>26.5</b>	<b>29.5</b>	<b>20.3</b>	<b>8.9</b>	<b>1.3</b>	<b>-20.1</b>	<b>-27.8</b>	<b>-10.2</b>
<b>Budget Balance/GDP (%)</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.5</b>	<b>-1.9</b>	-	-	-
<b>Central Government Debt Stock (TRY billion)</b>						<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>
Domestic Debt Stock	414.6	440.1	468.6	535.4	586.1	664.5	676.2	680.8
External Debt Stock	197.9	238.1	291.3	341.0	480.6	556.6	543.6	535.0
<b>Total Debt Stock</b>	<b>612.5</b>	<b>678.2</b>	<b>760.0</b>	<b>876.5</b>	<b>1,067.1</b>	<b>1,221.1</b>	<b>1,219.8</b>	<b>1,215.8</b>

(1) 12-month cumulative

(2) Year-to-date cumulative

(3) According to Central Government Budget

BANKING SECTOR ACCORDING TO BRSA's MONTHLY BULLETIN FIGURES

(TRY billion)	2014	2015	2016	2017	2018	Jun.19	Jul.19	Change <sup>(1)</sup>
<b>TOTAL ASSETS</b>	<b>1,994</b>	<b>2,357</b>	<b>2,731</b>	<b>3,258</b>	<b>3,867</b>	<b>4,234</b>	<b>4,170</b>	<b>7.8</b>
<b>Loans</b>	<b>1,241</b>	<b>1,485</b>	<b>1,734</b>	<b>2,098</b>	<b>2,395</b>	<b>2,540</b>	<b>2,490</b>	<b>3.9</b>
TRY Loans	881	1,013	1,131	1,414	1,439	1,508	1,512	5.1
Share (%)	71.0	68.2	65.2	67.4	60.1	59.4	60.7	-
FX Loans	360	472	603	684	956	1,032	977	2.2
Share (%)	29.0	31.8	34.8	32.6	39.9	40.6	39.3	-
Non-performing Loans	36.4	47.5	58.2	64.0	96.6	116.2	119.6	23.8
Non-performing Loan Rate (%)	2.9	3.1	3.2	3.0	3.9	4.4	4.6	-
<b>Securities</b>	<b>302</b>	<b>330</b>	<b>352</b>	<b>402</b>	<b>478</b>	<b>586</b>	<b>590</b>	<b>23.4</b>
<b>TOTAL LIABILITIES</b>	<b>1,994</b>	<b>2,357</b>	<b>2,731</b>	<b>3,258</b>	<b>3,867</b>	<b>4,234</b>	<b>4,170</b>	<b>7.8</b>
<b>Deposits</b>	<b>1,053</b>	<b>1,245</b>	<b>1,454</b>	<b>1,711</b>	<b>2,036</b>	<b>2,273</b>	<b>2,260</b>	<b>11.0</b>
TRY Deposits	661	715	845	955	1,042	1,041	1,073	3.0
Share (%)	62.8	57.4	58.1	55.8	51.2	45.8	47.5	-
FX Deposits	391	530	609	756	994	1,231	1,187	19.4
Share (%)	37.2	42.6	41.9	44.2	48.8	54.2	52.5	-
<b>Securities Issued</b>	<b>89</b>	<b>98</b>	<b>116</b>	<b>145</b>	<b>174</b>	<b>204</b>	<b>194</b>	<b>11.4</b>
<b>Payables to Banks</b>	<b>293</b>	<b>361</b>	<b>418</b>	<b>475</b>	<b>563</b>	<b>565</b>	<b>551</b>	<b>-2.2</b>
<b>Funds from Repo Transactions</b>	<b>137</b>	<b>157</b>	<b>138</b>	<b>99</b>	<b>97</b>	<b>161</b>	<b>121</b>	<b>24.5</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>232</b>	<b>262</b>	<b>300</b>	<b>359</b>	<b>421</b>	<b>449</b>	<b>455</b>	<b>8.0</b>
Profit (Loss) of the Period	24.6	26.1	37.5	49.1	53.5	24.8	28.2	-
<b>RATIOS (%)</b>								
Loans/GDP	60.7	63.5	66.5	67.6	64.7			
Loans/Assets	62.2	63.0	63.5	64.4	61.9	60.0	59.7	-
Securities/Assets	15.2	14.0	12.9	12.3	12.4	13.8	14.1	-
Deposits/Liabilities	52.8	52.8	53.2	52.5	52.6	53.7	54.2	-
Loans/Deposits	117.9	119.2	119.3	122.6	117.6	111.8	110.1	-
Capital Adequacy (%)	16.3	15.6	15.6	16.9	17.3	17.7	18.2	-

(1) Year-to-date % change

Source: BRSA, Turkstat

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