



Foreign trade deficit narrowed by 32.6% yoy.

Exports increased by 11.6% yoy in July while imports declined by 6.7% yoy. Foreign trade deficit shrank by 32.6% yoy to 6 billion USD, marking its sharpest fall since November 2015. In this period, import coverage ratio increased to 70.2% from 58.7% in July 2017.

Seasonally and calendar adjusted data also revealed that foreign trade balance has improved in the recent months. According to these figures, exports increased by 5.1% mom while imports declined by 1.3% mom in July.

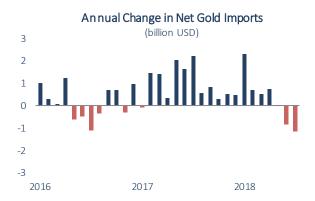
12-month cumulative figures, however, continued to point to a widening deficit. Exports rose by 8.1% yoy in June to 163.3 billion USD, while import volume increased by 15.4% yoy to 247 billion USD, according to 12-month cumulative data. In this period, 12-month foreign trade deficit surged by 32.9% yoy and became 83.7 billion USD.

Iron and steel exports posted a steep increase.

9 of the first 10 exporting items recorded annual increases in July. Exports of motor vehicles and boilers and machineries rose by 15.3% yoy and 22.3% yoy, respectively. The third largest exporting item of Turkey, iron and steel exports posted a strong increase of 77.9% yoy in this period. Precious stones and metals (principally gold), on the other hand, registered an annual fall of 60.3%. Non-monetary gold exports decreased by 87.3% yoy and became 120.6 million USD in July.

Gold imports fell.

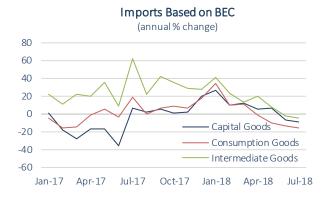
Non-monetary gold imports showed an annual fall for the third month in a row in July, supporting foreign trade



balance. Gold imports contracted by 73.1% yoy to 729 million USD. Energy imports continued to put upward pressure on foreign trade deficit due largely to the rise in oil prices. Imports of mineral fuels and oils, having the largest share in total imports by 20%, rose by 41% to 4.1 billion USD. In this period, crude oil imports (in tons) recorded the first annual increase in nine months.

Imports of consumption goods declined by 15.3% yoy.

Capital goods and intermediate goods imports declined by 9% yoy and 4.5% yoy, respectively. On the other hand, the annual fall in imports of consumption goods accelerated and reached 15.3% in July. Automotive imports led this decline.



Exports to EU countries continued to rise.

Our exports to EU countries continued to rise while the share of the Near and Middle Eastern countries in our total exports kept declining compared to previous years. On country basis, the rise in our total trade volume with the US has lost considerable momentum due mainly to protectionist trade policies.

Expectations...

Despite the rising energy bill, foreign trade balance marked the most favorable performance in the last couple of years thanks partly to the fall in net gold imports. In the period ahead, commodity prices, particularly oil prices, and gold trade as well as the slowdown in economic activity and protectionist trade policies will determine the outlook for foreign trade.

Foreign Trade Figures (billion USD)						
	July		Change	Januar	January-July	
	2017	2018	(%)	2017	2018	(%)
Exports	12.6	14.1	11.6	90.0	96.3	7.0
Imports	21.5	20.1	-6.7	129.8	143.0	10.2
Foreign Trade Deficit	-8.9	-6.0	-32.6	-39.8	-46.8	17.4
Import Coverage (%)	58.7	70.2	-	69.3	67.3	-

Source: Datastream, Turkstat

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