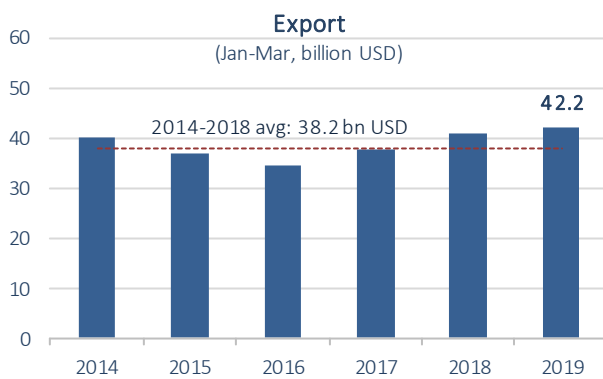




### Foreign trade deficit kept contracting.

In March, exports came in at 15.5 billion USD, while imports decreased by 17.8% yoy to 17.6 billion USD. In this period, foreign trade deficit decreased by 63.7% compared to March 2018 and was realized as 2.1 billion USD. Thus, foreign trade deficit contracted for the tenth consecutive month.

In the first quarter of the year, the export volume expanded by 2.7% compared to the previous year, while the import volume decreased by 20.8%. In this period, foreign trade deficit contracted by 14 billion USD (67.4%) to 6.8 billion USD.

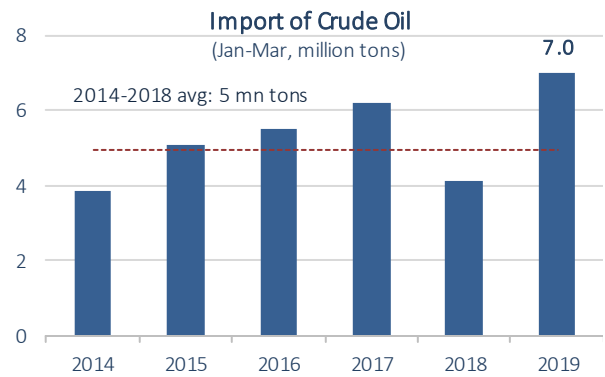


### EUR/USD parity affected foreign trade figures

In March, exports volume in 6 of the top 10 sectors declined on an annual basis. On the other hand, considering the high share of the EU countries in total exports, it is seen that the decline is mainly driven by the depreciation of euro against dollar. In this context, it is understood that the euro-denominated export to the region kept its upward trend. Similar course were observed in the first quarter as well.

### Decline in imports of consumption and capital goods continues.

In the first quarter, the deceleration in domestic demand put pressure on import volume significantly, while the rapid fall in capital goods and consumption goods continued. On the other hand, the decline in intermediate goods imports remained more limited in parallel with the increase in crude oil imports.



### Crude oil imports...

Turkey's crude oil imports from Iran are high on agenda after US' decision to end waivers in May. The share of Iran in Turkey's total crude oil imports, which was realized as 33.9% in 2018, declined to 3% in the last two months of 2018. Considering that the said share rose again to 17.4% in January, Turkey may look for alternative suppliers after the end of exemption.

### Expectations...

Taking into account that the upward trend in oil prices may increase imports, especially due to geopolitical factors, the contraction in the foreign trade deficit may slow down in the upcoming period.

Foreign Trade Figures	(billion USD)					
	March		Change (%)	Jan-Mar		Change (%)
	2018	2019		2018	2019	
Exports	15.6	15.5	-0.4	41.1	42.2	2.7
Imports	21.4	17.6	-17.8	61.9	49.0	-20.8
<b>Foreign Trade Deficit</b>	<b>-5.9</b>	<b>-2.1</b>	<b>-63.7</b>	<b>-20.8</b>	<b>-6.8</b>	<b>-67.4</b>
Import Coverage (%)	72.6	87.9	-	66.5	86.2	-

Source: Datastream, Turkstat, EMRA

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## Economic Research Division

izlem Erdem  
Chief Economist  
izlem.erdem@isbank.com.tr

ilker Şahin  
Economist  
ilker.sahin@isbank.com.tr

Alper Gürler  
Unit Manager  
alper.gurler@isbank.com.tr

Gamze Can  
Economist  
gamze.can@isbank.com.tr

H. Erhan Gül  
Asst. Manager  
erhan.gul@isbank.com.tr

Ayşim Kalkan  
Asst. Economist  
aysim.kalkan@isbank.com.tr

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