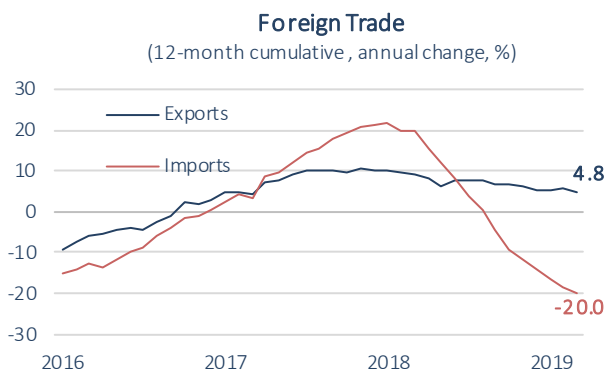




### Foreign trade deficit was 3.2 billion USD 'n June .

In June, export volume contracted by 14.3% yoy, the largest decline since January 2016. In the same period, the import volume decreased by 22.7% to 14.3 billion USD. The 9-day holiday was effective on those declines. Foreign trade deficit decreased by 42.5% compared to the same period of the previous year and was realized as 3.2 billion USD. Import coverage ratio, which was 70.1% in June 2018, increased to 77.7% in this period.

According to 12-month cumulative figures, export volume increased by 4.8% to 169.5 billion USD in June, while import volume decreased by 20% to 198.7 billion USD. During this period, import coverage ratio rose to 85.3%, a historic high level.



### Exports of mineral fuels and oils continued to increase.

The decrease in export volume was broad-based in June. 17 out of the 20 most exported chapters, exports declined on a yearly basis. Even though motor vehicles exports contracted by 9.7% yoy, it remained as the top export chapter. Exports of the boilers-machinery and iron-steel, the second and the third most exported chapters, declined 16% and 23.7% respectively compared to the same month of the previous year. Mineral fuels and oils continued to increase rapidly and increased by 41.6%. In this chapter, the increase in exports reached 85.9% in the first six months of the year.

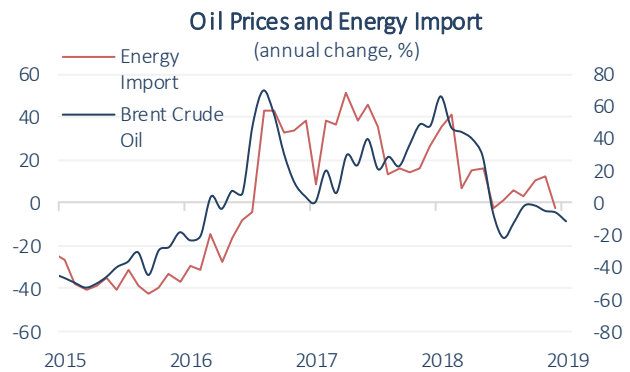
### Main export markets...

In June, Germany continued to be Turkey's largest export market, where exports contracted by 17.8% on a yearly basis. Germany was followed by the UK and France. The 10.7% rise in exports to France in June was noteworthy. The rapid

increase in automotive exports to France was effective in this development.

### Broad-based fall in imports...

As a result of the slowdown in economic activity and the holiday, the decline in import volume continued in June. In this period, imports of the 17 of the 20 most imported chapters have decreased on an annual basis. Even though the imports of mineral fuels and oils declined by 16.6% yoy in June, it has remained as the largest import item. Moreover, cereal imports, which has been increasing rapidly recently, continued to increase in June.



### Import of consumption goods kept declining.

In June, import of consumption goods declined for the 15<sup>th</sup> consecutive month and decreased by 38.3% in June. Moreover, as a result of the decline in investment expenditures, import of capital goods declined by 23.9% in this period. In June, import of intermediate goods also decreased by 19.3%.

### Expectations...

Despite concerns about the global economic growth, the Euro Area's in particular, Turkey's first half exports have reached a record high level in the first 6 months of the year. In the same period, the decline in import volume continued in line with the decrease in domestic demand. In the second half of the year, we anticipate that the slowdown in the Euro Area and the trade war would continue to pose a downside risk to Turkey's export volume. Considering the expected moderate recovery in domestic demand, we expect that the contraction in the foreign trade deficit might lose momentum in the second half of the year.

Foreign Trade Figures	(billion USD)					
	June		Change (%)	Jan-Jun		Change (%)
	2018	2019		2018	2019	
Exports	12.9	11.1	-14.3	82.2	83.7	1.9
Imports	18.4	14.3	-22.7	123.0	98.6	-19.8
<b>Foreign Trade Deficit</b>	<b>-5.5</b>	<b>-3.2</b>	<b>-42.5</b>	<b>-40.8</b>	<b>-14.8</b>	<b>-63.6</b>
Import Coverage (%)	70.1	77.7	-	66.8	84.9	-

Source: Datastream, Turkstat

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