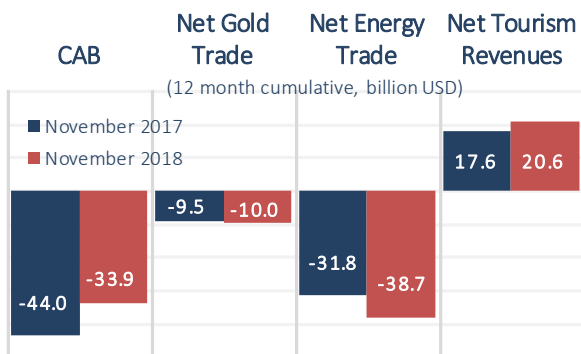




Current account surplus was in line with expectations.

Current account which gave a deficit of 4.5 billion USD in November 2017 posted a surplus of 986 million USD in the same month of 2018, in line with expectations. Thus, current account balance gave a surplus in the fourth consecutive month due to the slowdown in the economic activity. During this period, foreign trade figures and positive course of tourism revenues were effective on current account balance.

12-month cumulative current account deficit (CAD), which has continued to decline, fell to 33.9 billion USD, the lowest level since March 2017. Besides, 12-month CAD excluding net energy trade gave a surplus of 4.7 billion USD as of November.



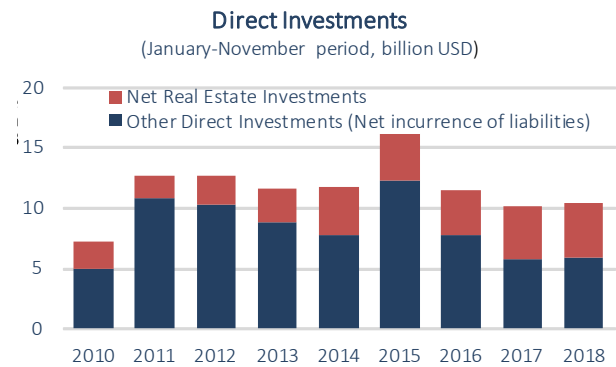
Foreign trade balance gave a surplus.

Foreign trade balance on a balance of payments basis posted a surplus in November as this was the case in October. During this period, foreign trade surplus was realized as 523 million USD. The positive impact of tourism revenues on current account balance continued in this period albeit losing some momentum compared to October mainly due to seasonal factors. The annual increase in net travel revenues was 19.7% in this period. In the first eleven months of 2018, it increased by 17.5% yoy to 19.8 billion USD.

A net inflow of 1 billion USD was recorded in direct investments.

Direct investments made a net contribution of 1 billion USD to the financial account in November. 648 million USD of this amount was net capital investments, while 333 million USD of it was net real estate investments.

In January-November period, real estate investments stood out in the foreign direct investments. During this period, real estate investments accounted for 43% of foreign residents' direct investments.



Portfolio investments...

Having displayed a negative outlook throughout the year, portfolio investments recorded its best performance since January with a net capital inflow of 1.7 billion USD thanks to the government's eurobond issuance of 1.7 billion USD. Besides, non-residents made net purchases of 346 million USD in equity market and 482 million USD in the government domestic debt securities market.

Limited capital outflow in other investments...

Other investments recorded a limited capital outflow of 296 million USD in November. During this period, domestic banks' currency and deposits within their foreign correspondent banks declined by 2.7 billion USD, while non-resident banks' deposits held within domestic banks

Net Capital Inflows

	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2017	Nov. 2018	Dec. 2017	Nov. 2018
Current Account Balance	-47,355	-33,932	-	-
Total Net Foreign Capital Inflows	39,148	14,543	100.0	100.0
-Direct Investment	8,221	7,491	21.0	51.5
-Portfolio Inflows	24,476	-922	62.5	-6.3
-Other Investments	5,878	-11,420	15.0	-78.5
-Net Errors and Omissions	556	19,334	1.4	132.9
-Other	17	60	0.0	0.4
Reserves(1)	8,207	19,389	-	-

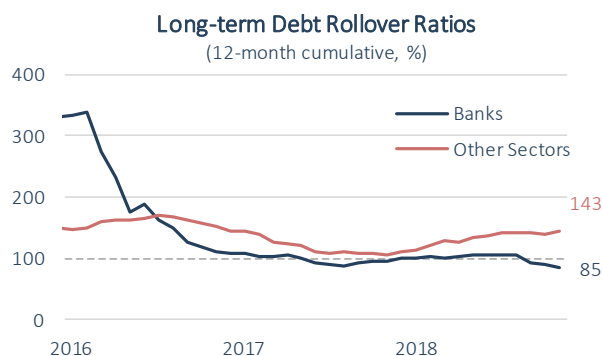
Note: The numbers may not add up total due to rounding.

(1) (-) sign indicates an increase in reserves, while (+) sign indicates decrease.

Source: Datastream , CBRT

fell by 678 million USD. While banking sector was a net credit repayer in both short and long terms (net 2.2 billion USD), other sectors borrowed 282 million USD of net credit from abroad. In January-November period, 9.7 billion USD of net outflow was recorded in other investments.

According to 12-month cumulative data, as of November, as the slowdown in credit demand continued long term debt roll-over ratio of the banking sector declined to 85%, the lowest level since March 2010. For the other sectors, the said ratio was 143%.



Official reserves increased by 4.4 billion USD.

Official reserves increased by 4.4 billion USD in November, while a net inflow of 994 million USD was recorded in net errors and omissions. In January-November period, on the other hand, these two items made a significant contribution to the financing of the current account deficit by 30.3 billion USD.

Expectations...

Current account balance gave a surplus in November in line with the rebalancing process in the economic activity. On the other hand, provisional data of Ministry of Trade showed that current account balance gave a deficit in December after four months of surplus. In the upcoming period, course of the domestic economic activity, oil prices and demand conditions in our main export markets will continue to be decisive on current account balance. Current account deficit/GDP ratio, which is forecasted to be around 3.3% in 2018, will be at 2-2.5% range in 2019.

Balance of Payments

	Nov. 2018	Jan. - Nov. 2017	Nov. 2018	% Change	12-month Cumulative
Current Account Balance	986	-39,608	-26,185	-33.9	-33,932
Foreign Trade Balance	523	-51,411	-39,702	-22.8	-47,246
Services Balance	1,475	19,255	23,610	22.6	24,293
Travel (net)	1,219	16,875	19,836	17.5	20,616
Primary Income	-1,233	-9,899	-10,811	9.2	-11,964
Secondary Income	221	2,447	718	-70.7	985
Capital Account	-1	16	59	268.8	60
Financial Account	1,979	-38,863	-6,619	-83.0	-14,538
Direct Investments (net)	-1,001	-7,746	-7,016	-9.4	-7,491
Portfolio Investments (net)	-1,720	-23,966	1,432	-	922
Net Acquisition of Financial Assets	738	-656	2,499	-	2,761
Net Incurrence of Liabilities	2,458	23,310	1,067	-95.4	1,839
Equity Securities	346	3,050	-1,051	-	-909
Debt Securities	2,112	20,260	2,118	-89.5	2,748
Other Investments (net)	296	-7,580	9,718	-	11,420
Currency and Deposits	-1,612	-2,411	2,576	-	6,843
Net Acquisition of Financial Assets	-2,439	-145	10,777	-	14,503
Net Incurrence of Liabilities	-827	2,266	8,201	261.9	7,660
Central Bank	-4	-245	4,835	-	4,825
Banks	-823	2,511	3,366	34.1	2,835
Foreign Banks	-678	-335	2,726	-	2,175
Foreign Exchange	-1,715	-887	-1,977	122.9	-2,870
Turkish Lira	1,037	552	4,703	752.0	5,045
Non-residents	-145	2,846	640	-77.5	660
Loans	1,942	-2,721	6,590	-	5,015
Net Acquisition of Financial Assets	-50	444	-316	-	-171
Net Incurrence of Liabilities	-1,992	3,165	-6,906	-	-5,186
Banking Sector	-2,149	371	-12,977	-	-11,236
Non-bank Sectors	282	3,557	6,862	92.9	7,445
Trade Credit and Advances	-33	-2,408	620	-	-472
Other Assets and Liabilities	-1	-40	-68	70.0	34
Reserve Assets (net)	4,404	429	-10,753	-	-19,389
Net Errors and Omissions	994	729	19,507	2,575.9	19,334

Source: Datastream , CBRT

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