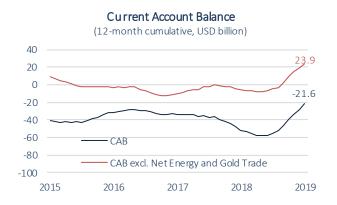




Current account deficit was 813 million USD in January.

In the first month of 2019, the current account deficit was realized as 813 million USD, in parallel with the expectations. In January, the current account deficit decreased by 88.4% yoy, due to the contraction in the foreign trade deficit. Current account excluding net gold and energy trade, which posted a deficit of 1.5 billion USD in January 2018, recorded a surplus of 2.9 billion USD in the same period of this year.

12-month cumulative figures revealed that current account deficit contracted by 6.2 billion USD compared to the previous month to 21.6 billion USD, the lowest level since April 2010. In this period, current account balance excluding net energy and gold trade posted a surplus of 23.9 billion USD, the highest level.



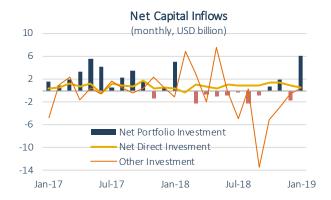
Gold imports kept declining.

Non-monetary gold imports, which amounted to 2.3 billion USD in January 2018, contracted by 75.6% to 558 million USD in the same month of this year. Thus, gold imports, which have been displaying a declining trend since the second half of 2018, kept this trend in the first month of 2019 and contributed to current account balance positively. Tourism revenues continued to recover

in the first month of 2019 and contributed to the contraction in the current account deficit.

Strong inflow in portfolio investments...

Unlike 2018, strong portfolio inflows were registered in January 2019. Thanks to the increase in global risk appetite, portfolio investments posted a capital inflow of 6.1 billion USD in January. During this period, the stock market recorded capital inflow of 1.3 billion USD, while the general government's foreign debt issuances reached 3.4 billion USD. Banks also raised 1.1 billion USD of funds and pulled portfolio investments up in January.



Foreign direct investments posted a net inflow of 586 million USD in January. In this period, non-residents' domestic capital and real estate investments were 420 million USD and 436 million USD, respectively.

Other investments...

In the first month of the year, credit repayments played an important role in the outflow recorded in other investments. During this period, banks made a net credit repayment of 2.2 billion USD and other sectors a net repayment of 162 million USD. Thus, according to the 12-month cumulative figures, the long-term debt rollover ratio of the banking sector decreased to 75%, the lowest

Net Capital Inflows			Breakdown of N	et Capital
	(million USD)		Inflows (%)	
	2017	2018	2017	2018
Current Account Balance	-27,813	-21,592	-	-
Total Net Foreign Capital Inflow	17,436	10,374	100.0	100.0
-Direct Investment	9,512	9,716	54.6	93.7
-Portfolio Inflows	-2,864	-1,763	-16.4	-17.0
-Other Investments	-10,287	-17,753	-59.0	-171.1
-Net Errors and Omissions	21,017	20,121	120.5	194.0
-Other	58	53	0.3	0.5
Reserves(1)	10.377	11.218	_	_

Note: The numbers may not addup total due to rounding.

Source: Datastream , CBRT

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



level since 2010, while this ratio remained high at 134% for other sectors. On the other hand, the domestic banks' currency and deposits held in foreign correspondents increased by 2.4 billion USD, while foreign banks' currency and deposits held in domestic correspondents raised by 2.2 billion USD.

Long-term Debt Rollover Ratios
(12-month cumulative, %)

Banks

Other Sectors

O
2015

2016

2017

2018

2019

In January, official reserves increased by 3.5 billion USD, for the fourth consecutive month. Net errors and omissions in this period posted an outflow of 1.8 billion USD.

Expectations...

Contraction in the foreign trade deficit, in line with the momentum loss in economic activity, remains decisive in the course of the current account balance. In this period, energy prices had positive effect, while the rapid decline in gold imports contributed to the improvement in the current account balance. We think that the slowdown in domestic economic activity in the rest of 2019 will continue to affect the current account balance positively. In this context, we estimate that the current account deficit/GDP ratio, which completed 2018 at 3.5%, will be around 2% in 2019.

Balance of Payments	(USD million)			
	January		%	12-month
	2018	2019	Change	Cumulative
Current Account Balance	-7,034	-813	-88.4	-21,592
Foreign Trade Balance	-7,809	-1,570	-79.9	-35,449
Services Balance	1,053	1,274	21.0	24,915
Travel (net)	907	1,034	14.0	20,752
Primary Income	-486	-609	25.3	-11,819
Secondary Income	208	92	-55.8	761
Capital Account	33	28	-	53
Financial Account	-7 <i>,</i> 897	-2,577	-67.4	-1,418
Direct Investments (net)	-382	-586	53.4	-9,716
Portfolio Investments (net)	-5,009	-6,110	22.0	1,763
Net Acquisition of Financial Assets	242	-471	-	2,406
Net Incurrence of Liabilities	5,251	5,639	7.4	643
Equity Securities	289	1,300	349.8	103
Debt Securities	4,962	4,339	-12.6	540
Other Investments (net)	-6,887	579	-	17,753
Currency and Deposits	-3,952	48	-	5,270
Net Acquisition of Financial Assets	-2,597	2,418	-	13,439
Net Incurrence of Liabilities	1,355	2,370	74.9	8,169
Central Bank	-11	0	-100.0	4,286
Banks	1,366	2,370	73.5	3,883
Foreign Banks	872	2,215	154.0	3,078
Foreign Exchange	-17	370	-	-2,117
Turkish Lira	889	1,845	107.5	5,195
Non-residents	494	155	-68.6	805
Loans	-905	2,433	-	13,257
Net Acquisition of Financial Assets	-317	-37	-88.3	401
Net Incurrence of Liabilities	588	-2,470	-	-12,856
Banking Sector	-93	-2,213	2,279.6	-17,123
Non-bank Sectors	801	-162	-	5,077
Trade Credit and Advances	-2,029	-1,897	-6.5	-796
Other Assets and Liabilities	-1	-5	400.0	22
Reserve Assets (net)	4,381	3,540	-19.2	-11,218
Net Errors and Omissions	-896	-1,792	100.0	20,121

Source: Datastream , CBRT

^(*) Positive values show the contribution to the financing of deficit.

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