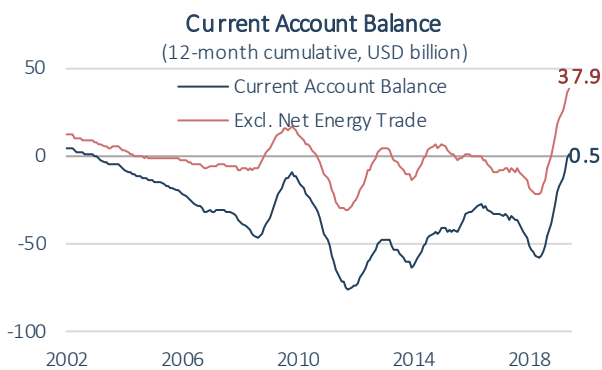




12-month cumulative current account gave surplus for the first time since November 2002.

According to the data announced by the CBRT, current account deficit narrowed by 81.8% in June compared to the same month of the previous year and was realized above the expectations with 548 million USD. According to the Reuters' survey, the current account deficit was expected to be 265 million USD. The course of the foreign trade balance and the rise in travel revenues were the determinants of the annual contraction in the current account deficit. In June, foreign trade deficit decreased by 41.2% (1.8 billion USD) yoy. 34.3% rise in net travel revenues (646 million USD) in the same period also stood out.

The 12-month cumulative current account balance, which has been improving since June 2018 as a result of the slowdown in economic activity, maintained its course in June and posted a surplus for the first time since November 2002. Excluding net energy imports, 12-month current account surplus reached 37.9 billion USD, which is historically high level.



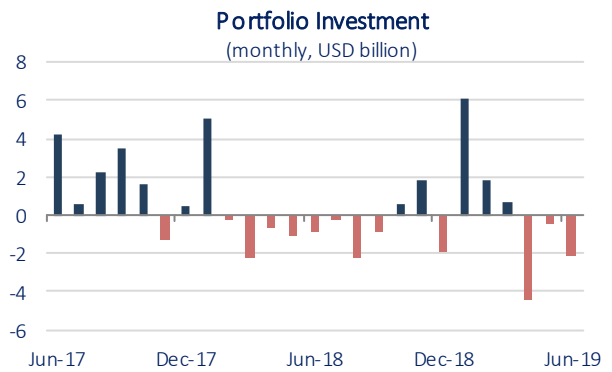
Decline in foreign direct investment...

The weak course of net foreign direct investments continues. In June, net inflows of direct investments

decreased by 44.8% (471 million USD) yoy to 581 million USD. Equity capital investments, which increased in May yoy, decreased in June. In this period, real estate investments declined for the third month, yoy.

Portfolio investments posted a capital outflow.

Capital outflows in portfolio investments continued in June. During this period, due to bond repayments of nearly 2.6 billion USD of banks and other sectors, portfolio investments posted a net capital outflow of 2.1 billion USD. On the other hand, non-residents' net purchases of equities and government debt securities by 192 million USD and 130 million USD, respectively, limited the capital outflows in portfolio investments.



Capital inflows in other investments...

In June, capital inflows of 2.4 billion USD were recorded in other investments. The decline in currency and deposits of domestic banks' held in foreign correspondents by 1.6 billion USD came to the fore in this development. In this period, the increase in Central Bank's currency and deposit liabilities by 1.1 billion USD was noteworthy.

On the other hand, the private sector made a net repayment of 2.2 billion USD in June. 1 billion USD of this repayment was realized by banks and 1.2 billion USD by other sectors. 12-month cumulative long-term roll-over

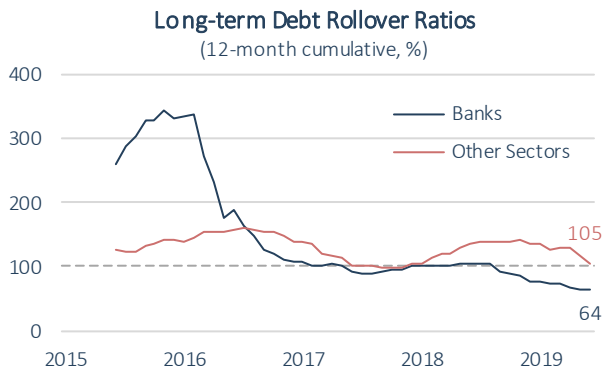
Net Capital Flows

	12-month Cumulative (million USD)		Share in Financing (%)	
	Dec. 2018	Jun. 2019	Dec. 2018	Jun. 2019
Current Account Balance	-27,252	538	-	2.3
Total Net Foreign Capital Flows	16,875	-4,794	-	-
-Direct Investment	9,407	9,286	24.2	39.7
-Portfolio Investment	-3,115	-1,402	-	-
-Other Investment	-8,521	-22,004	-	-
-Other	63	49	0.2	0.2
Net Errors and Omissions	19,041	9,277	49.0	39.6
Reserves(1)	10,377	4,256	26.7	18.2

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

ratio of the banking sector and other sectors declined to 64% and 105%, respectively, when external borrowing was not preferred due to weak domestic demand.



Reserves and net errors and omissions...

In June, official reserves declined by 2.5 billion USD. Net errors and omissions, on the other hand, posted an outflow of 2.8 billion USD.

Expectations...

The provisional data announced by the Ministry of Trade shows that the improvement in the foreign trade balance due to the ongoing weakness in economic activity continued in July. In addition, we believe that the increase in travel revenues will continue to have a positive impact on the current account balance. In this context, we estimate that the current account balance will post a surplus on a monthly basis in July, while 12 month cumulative current account balance will continue to have a surplus.

Balance of Payments

(USD million)

	Jun. 2019	Jan. - Jun. 2018	2019	% Change	12-month Cumulative
Current Account Balance	-548	-31,049	-3,259	-89.5	538
Foreign Trade Balance	-2,601	-33,691	-8,094	-76.0	-16,216
Services Balance	3,166	8,568	10,853	26.7	27,856
Travel (net)	2,527	7,135	8,805	23.4	22,295
Primary Income	-1,191	-6,124	-6,284	2.6	-12,025
Secondary Income	78	198	266	34.3	923
Capital Account	-1	32	18	-43.8	49
Financial Account	-3,327	-21,414	-3,402	-84.1	9,864
Direct Investment (net)	-581	-3,233	-3,112	-3.7	-9,286
Portfolio Investment (net)	2,098	121	-1,592	-	1,402
Net Acquisition of Financial Assets	-132	362	2,025	459.4	4,810
Net Incurrence of Liabilities	-2,230	241	3,617	1,400.8	3,408
Equity Securities	192	-782	858	-	509
Debt Securities	-2,422	1,023	2,759	169.7	2,899
Other Investment (net)	-2,368	-10,543	2,940	-	22,004
Currency and Deposits	-3,092	-5,545	2,964	-	9,039
Net Acquisition of Financial Assets	-1,595	-1,229	6,989	-	15,534
Net Incurrence of Liabilities	1,497	4,316	4,025	-6.7	6,495
Central Bank	1,057	118	554	369.5	4,711
Banks	440	4,198	3,471	-17.3	1,784
Foreign Banks	270	3,889	1,772	-54.4	-382
Foreign Exchange	250	1,583	1,357	-14.3	-2,730
Turkish Lira	20	2,306	415	-82.0	2,348
Non-residents	170	309	1,699	449.8	2,166
Loans	2,195	-3,954	7,557	-	20,806
Net Acquisition of Financial Assets	-209	-207	-71	-65.7	257
Net Incurrence of Liabilities	-2,404	3,747	-7,628	-	-20,549
Banking Sector	-1,043	-978	-5,593	471.9	-19,622
Non-bank Sectors	-1,188	5,029	-1,541	-	84
Trade Credit and Advances	-1,468	-1,027	-7,537	633.9	-7,840
Other Assets and Liabilities	-3	-17	-44	158.8	-1
Reserve Assets (net)	-2,476	-7,759	-1,638	-78.9	-4,256
Net Errors and Omissions	-2,778	9,603	-161	-	9,277

Source: Datastream , CBRT

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