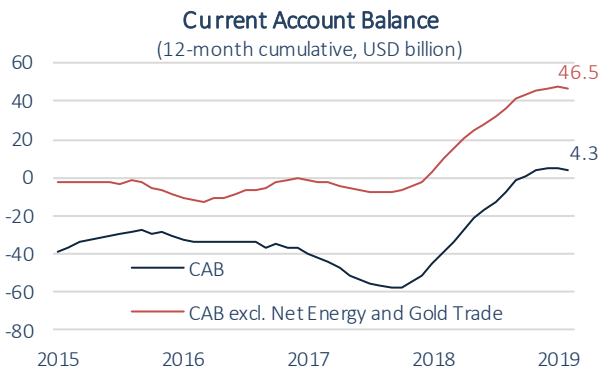




In October, current account gave 1.55 billion USD surplus.

In October, current account surplus decreased by 41% yoy to 1.55 billion USD, due to the gradual recovery in economic activity. In the same month of last year current account surplus was 2.6 billion USD. The foreign trade balance, which gave a surplus of 630 million USD in October 2018, posted a deficit of 924 million USD in the same month of this year and played an important role in this development. The positive effect of tourism revenues, which increased by 238 million USD yoy in October, started to decelerate due to the end of the summer season.

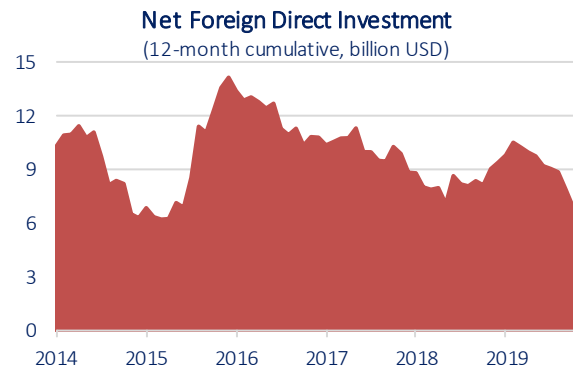
Having improved since June 2018, 12-month cumulative current account balance worsened for the first time after 16 months in October. After reaching a historic high level of 5.4 billion USD in September, 12-month current account surplus, decreased to 4.3 billion USD in October. Excluding net energy and gold trade current account surplus fell to 46.5 billion USD in this period.



Weak course in foreign direct investments...

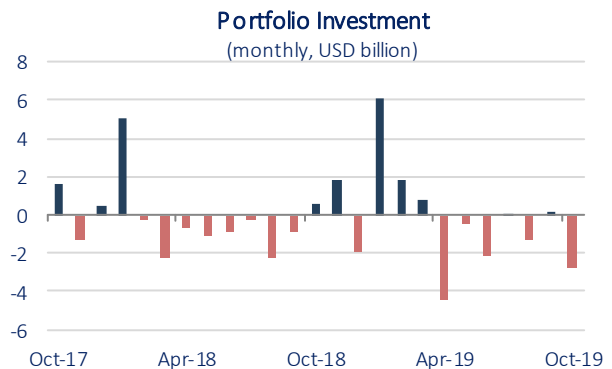
The weak outlook in net foreign direct investments continued in October. Net foreign direct investments decreased by 1 billion USD compared to the same month of last year to 448 million USD. Thus, 12-month cumulative net foreign direct investments came in at 6.9 billion USD, the lowest level since June 2015.

billion USD, the lowest level since June 2015.



Capital outflows in portfolio investments...

In October, portfolio investments recorded a strong capital outflow of 2.7 billion USD. In this period, non-residents' equity securities transactions and government domestic debt securities transactions recorded net sales of USD 492 million and USD 929 million, respectively. In addition, banks' bond repayments of 1.7 billion USD were also effective in the capital outflows recorded in portfolio investments.



Capital inflows in other investments...

In October, other investments recorded a net capital inflow of 2.2 billion USD. In this period, the decrease of 4.1 billion USD in banks' currency and deposits within their

Net Capital Flows

	12-month Cumulative (million USD)		Share in Financing (%)	
	Dec. 2018	Oct. 2019	Dec. 2018	Oct. 2019
Current Account Balance	-27,158	4,336	-	27.4
Total Net Foreign Capital Flows	-2,438	1,971	-	-
-Direct Investment	9,412	6,889	24.1	43.5
-Portfolio Investment	-3,115	-2,348	-	-
-Other Investment	-8,797	-2,590	-	-
-Other	62	20	0.2	0.1
Net Errors and Omissions	19,219	4,593	49.2	29.0
Reserves(1)	10,377	-10,900	26.6	-

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

foreign correspondent banks and the increase of nonresident banks' deposits held within domestic banks by 978 million USD stood out. Banks, General Government and other sectors made net repayments of 2.2 billion USD, 27 million USD and 304 million USD, respectively. Thus, according to 12-month cumulative figures, the long-term debt roll-over ratio of the banking sector decreased to 64%, while the ratio decreased to 101% in other sectors.

Reserves and net errors and omissions...

In October, official reserves increased by 1.9 billion USD. Net errors and omissions also posted an inflow of 454 million USD.

Expectations...

Due to the expected seasonal decline in tourism revenues in addition to the gradual recovery in economic activity, we anticipate that the current account balance will begin to give deficit again in the following period. This view is supported by developments regarding foreign trade also. We expect the current account balance, which will probably post deficit in the last two months of the year, will end 2019 with 12-month cumulative surplus, albeit at a limited level.

Balance of Payments	(USD million)				
	Oct. 2019	Jan. - Oct. 2018	2019	% Change	12-month Cumulative
Current Account Balance	1,549	-26,675	4,819	-	4,336
Foreign Trade Balance	-924	-40,558	-14,009	-65.5	-15,367
Services Balance	3,415	23,045	28,227	22.5	31,013
Travel (net)	2,759	18,490	22,553	22.0	24,688
Primary Income	-1,074	-9,671	-10,250	6.0	-12,506
Secondary Income	132	509	851	67.2	1,196
Capital Account	-1	64	22	-65.6	20
Financial Account	2,002	-9,535	7,291	-	8,949
Direct Investment (net)	-448	-7,269	-4,746	-34.7	-6,889
Portfolio Investment (net)	2,729	3,022	2,255	-25.4	2,348
Net Acquisition of Financial Assets	-447	1,706	3,644	113.6	5,085
Net Incurrence of Liabilities	-3,176	-1,316	1,389	-	2,737
Equity Securities	-492	-1,397	62	-	328
Debt Securities	-2,684	81	1,327	1,538.3	2,409
Other Investment (net)	-2,150	9,869	3,662	-62.9	2,590
Currency and Deposits	-4,625	4,456	739	-83.4	-3,218
Net Acquisition of Financial Assets	-3,563	13,298	9,727	-26.9	3,714
Net Incurrence of Liabilities	1,062	8,842	8,988	1.7	6,932
Central Bank	-2	5,024	506	-89.9	-243
Banks	1,064	3,818	8,482	122.2	7,175
Foreign Banks	978	3,404	5,279	55.1	3,610
Foreign Exchange	713	-262	4,977	-	2,735
Turkish Lira	265	3,666	302	-91.8	875
Non-residents	86	414	3,203	673.7	3,565
Loans	2,681	4,962	13,351	169.1	17,764
Net Acquisition of Financial Assets	143	-266	179	-	566
Net Incurrence of Liabilities	-2,538	-5,228	-13,172	152.0	-17,198
Banking Sector	-2,207	-10,944	-10,939	0.0	-15,077
Non-bank Sectors	-304	6,382	-1,170	-	-903
Trade Credit and Advances	-197	520	-10,345	-	-11,968
Other Assets and Liabilities	-9	-69	-83	20.3	12
Reserve Assets (net)	1,871	-15,157	6,120	-	10,900
Net Errors and Omissions	454	17,076	2,450	-85.7	4,593

Source: Datastream , CBRT

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