

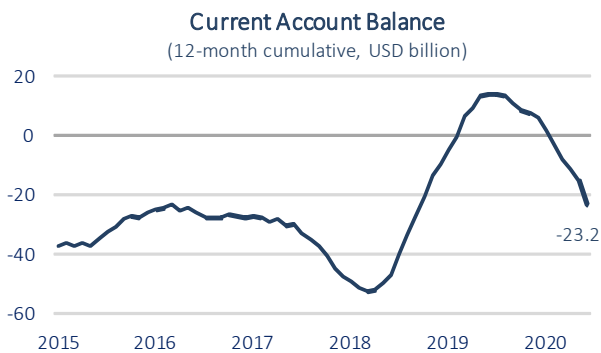


### Foreign trade deficit widened rapidly in August.

According to TURKSTAT, exports declined by 5.7% yoy to 12,5 billion USD in August, while imports rose by 20.4% yoy to 18.7 billion USD. Thus, foreign trade deficit widened rapidly by 168% yoy and became 6.3 billion USD, the highest level since May 2018. During January- August 2020 exports and imports declined by 12.9% yoy and 1.2% yoy, respectively. The foreign trade deficit rose by 70% yoy in this period. Import coverage ratio, which was 85.8% in January-August 2019, fell to 75.6% in the same period of this year.

### In August current account gave 4.6 billion USD deficit.

Current account, which posted a surplus of 3.3 billion USD in August 2019, gave a deficit of 4.6 billion USD in the same month of this year. The rapid widening in the foreign trade deficit and the decline in net services revenues by 4.6 billion USD yoy due to the decrease in transportation and tourism revenues played role in the expansion of the current account deficit. In August, 12-month cumulative current account deficit reached 23.2 billion USD.



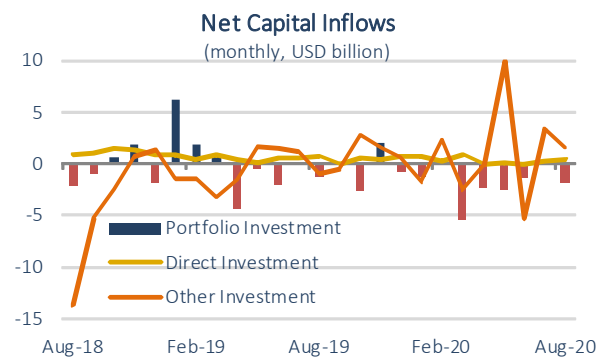
### Direct Investments...

Foreign direct investments item recorded a net capital inflow of 374 million USD in August. In this period, 97 million USD out of the total 232 million USD inflow in capital investments was realized in the wholesale and retail trade sector.

### Net outflows in portfolio investments...

The portfolio investments, which recorded inflow of 254 million USD in July, had an outflow of 2 billion USD in August. In this period, nonresidents made net sales of 1 billion USD in the stock market and 502 million USD in debt securities market.

Following a total inflow of 3.4 billion USD in July, other investments recorded a net capital inflow of 1.5 billion USD in August. In this period, deposits of domestic banks at their foreign correspondents increased by 2 billion USD, while foreign banks' deposits at domestic banks rose by 2.3 billion USD. In August, regarding the loans provided from abroad, banks made net loan repayments of 100 million USD. In this period, the general government and other sectors made long term net repayments of 62 million USD and 774 million USD, respectively. According to 12-month cumulative figures, the long-term debt roll-over ratios became 79% in the banking sector and 70% in other sectors as of August.



### Reserves decreased by 7.6 billion USD in August.

Reserve assets, which decreased by 1.3 billion USD in July, declined by 7.6 billion USD in August. Thus, the decrease in reserve assets in the first 8 months of the year rose to 39 billion USD. In this period, net errors and omissions posted a capital outflow of 2.8 billion USD.

### Net Capital Inflows

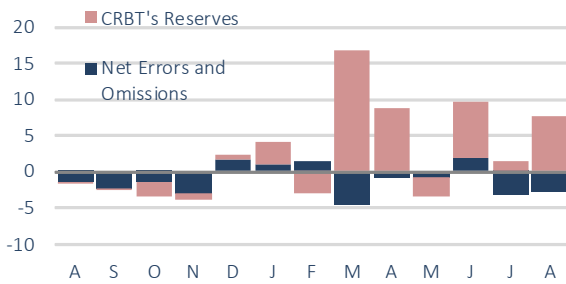
	12-month Cumulative (million USD)		Breakdown of Net Capital Inflows (%)	
	Dec. 2019	Aug. 2020	Dec. 2019	Aug. 2020
<b>Current Account Balance</b>	8,561	-23,203	58.6	-
<b>Total Net Foreign Capital Inflows</b>	-2,237	-13,696	-	-
-Direct Investment	6,130	4,296	42.0	8.2
-Portfolio Inflows	-1,260	-15,953	-	-
-Other Investments	-127	11,469	-	21.8
-Other	34	-37	0.2	-
<b>Net Errors and Omissions</b>	-7,014	-13,471	-	-
<b>Reserves(1)</b>	-6,324	36,899	-	70.1

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

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

Source: Datastream, Turkstat, CBRT

### CRBT Reserves and Net Errors and Omissions (USD billion)



### Expectations...

According to the preliminary foreign trade data released by the Ministry of Trade, exports increased by 4.8% yoy and became 16 billion USD in September, while imports rose by 23.3% to 20.9 billion USD. Thus, the foreign trade deficit widened rapidly by 193% yoy in this period. The trend of expansion in the foreign trade deficit and the impact of the pandemic on tourism revenues continue to put pressure on the current account balance.

### Balance of Payments

(USD million)

	Aug. 2020	Jan. - Aug. 2019	2020	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-4,631</b>	<b>5,299</b>	<b>-26,465</b>	<b>-</b>	<b>-23,203</b>
Foreign Trade Balance	-5,347	-10,649	-25,599	140.4	-31,597
Services Balance	1,179	23,835	5,144	-78.4	18,357
Travel (net)	1,095	16,323	4,146	-74.6	13,542
Primary Income	-570	-8,259	-5,948	-28.0	-10,503
Secondary Income	107	372	-62	-	540
<b>Capital Account</b>	<b>-9</b>	<b>44</b>	<b>-27</b>	<b>-</b>	<b>-37</b>
<b>Financial Account</b>	<b>-7,485</b>	<b>3,780</b>	<b>-34,512</b>	<b>-</b>	<b>-36,711</b>
Direct Investment (net)	-374	-4,528	-2,694	-40.5	-4,296
Portfolio Investment (net)	1,973	-347	14,346	-	15,953
Net Acquisition of Financial Assets	717	3,948	-1,056	-	-350
Net Incurrence of Liabilities	-1,256	4,295	-15,402	-	-16,303
Equity Securities	-1,007	434	-5,444	-	-5,472
Debt Securities	-249	3,861	-9,958	-	-10,831
Other Investment (net)	-1,482	4,435	-7,161	-	-11,469
Currency and Deposits	-784	3,011	-14,012	-	-21,529
Net Acquisition of Financial Assets	1,994	10,168	3,348	-67.1	1,002
Net Incurrence of Liabilities	2,778	7,157	17,360	142.6	22,531
Central Bank	381	526	12,154	2,210.6	14,123
Banks	2,397	6,631	5,206	-21.5	8,408
Foreign Banks	2,288	3,797	3,893	2.5	6,331
Foreign Exchange	893	3,506	-692	-	1,603
Turkish Lira	1,395	291	4,585	1,475.6	4,728
Non-residents	109	2,834	1,313	-53.7	2,077
Loans	775	10,815	8,511	-21.3	15,703
Net Acquisition of Financial Assets	-161	-75	-363	384.0	80
Net Incurrence of Liabilities	-936	-10,890	-8,874	-18.5	-15,623
Banking Sector	-100	-8,214	-3,805	-53.7	-6,925
Non-bank Sectors	-774	-1,815	-4,638	155.5	-8,208
Trade Credit and Advances	-1,464	-9,349	-1,641	-82.4	-5,706
Other Assets and Liabilities	-9	-42	-19	-54.8	63
Reserve Assets (net)	-7,602	4,220	-39,003	-	-36,899
<b>Net Errors and Omissions</b>	<b>-2,845</b>	<b>-1,563</b>	<b>-8,020</b>	<b>413.1</b>	<b>-13,471</b>

Source: Datastream, Ministry of Trade, CBRT

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