

# Data Snapshot

## Trade Statistics:

### Adjustment in trade deficit continued in December

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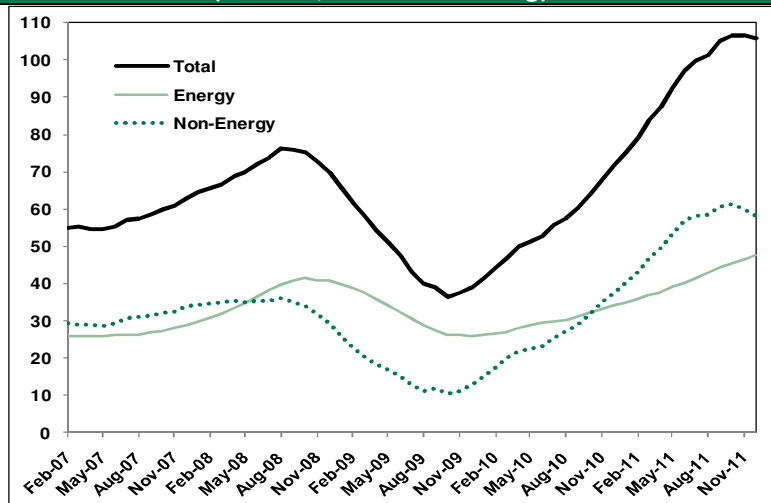
**December trade deficit came in at USD 8.1bn, broadly in line with the market consensus (USD 8.2bn) but lower than our forecast (USD 9.2bn)** The monthly figure compared favorably with the deficit of USD 8.7bn recorded in December 2010. Hence, the 12-month rolling deficit declined to USD 105.9 from USD 106.5 registered in November. The adjustment in the non-energy trade deficit started in November also continued in December. The cumulative non-energy trade deficit declined further to USD 58.3bn, narrowing by USD 1.6bn over November.

**Table 1: Foreign trade (USD bn)**

	December		Full-year		12-month rolling	
	2011	2010	2011	2010	Dec	Nov
Trade Deficit	8.1	8.7	105.9	71.7	105.9	106.5
Energy	4.5	3.5	47.6	34.0	47.6	46.6
Non-Energy	3.6	5.2	58.3	37.6	58.3	59.9
Exports	12.5	11.8	135.0	113.9	135.0	134.3
12-month; %	5.6	17.6	18.5	11.5	...	...
Imports	20.6	20.6	240.8	185.5	240.8	240.8
12-month; %	0.2	36.9	29.8	31.7	...	...
o/w: Energy	5.0	4.1	54.1	38.5	54.1	53.2
12-month; %	23.4	41.1	40.6	28.7	...	...
Non-Energy	15.6	16.5	186.7	147.0	186.7	187.6
12-month; %	-5.6	35.9	27.0	32.4	...	...

Source: TurkStat

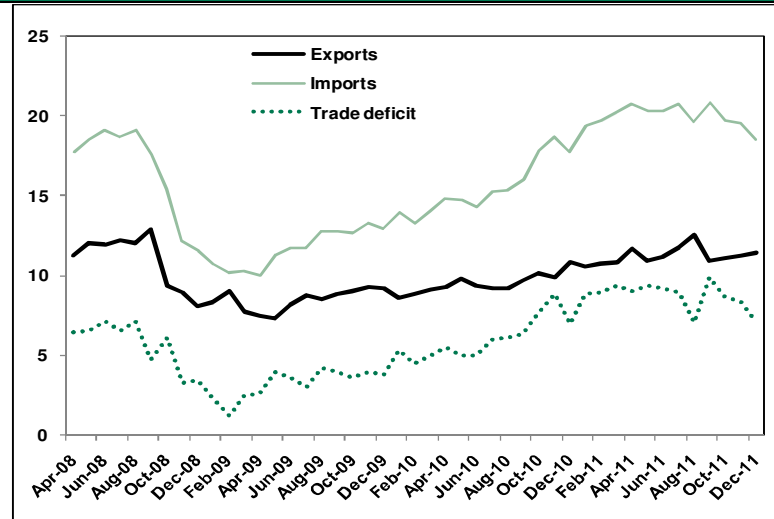
**Graph 1: Trade balance (USD bn, 12-month rolling)**



Source: TurkStat

**Decline in imports continues in seasonally and working day adjusted terms** In December, exports reached USD 12.5bn, rising 5.6% YoY. Imports, on the other hand, remained almost flat compared to December 2010 and came in at USD 20.6bn. In seasonally and working day adjusted terms, imports continued to contract – by 5.5% MoM – in December, on top of a cumulative 6.1% decline in October-November. On the other hand, exports rose 1.4% MoM in December.

**Graph 2: Seasonally and WD adjusted trade figures (billion \$)**



Source: TurkStat

**Improvement in imports was broad-based in December** The pace of expansion in capital goods imports declined to zero from 9% YoY in November, while intermediate goods imports slowed down to 5% YoY in December following 17% expansion registered in November. On the other hand, consumption goods imports declined 11% YoY following 6% fall in November.

**Adjustment in cumulative current account deficit continued in December according to our forecasts** After December's trade figures, we forecast a monthly current account deficit of USD 6.5bn. Accordingly, the 12-month rolling current account deficit might have continued to fall in December to USD 76.7bn (10.1% of GDP) from USD 77.8bn.

**Trade deficit to remain around record levels in 2012** In 2011, exports reached USD 135bn, rising 18.5% YoY. However, imports rose significantly above exports (29.8% YoY) mainly due to above 8% growth rate we forecast and increase in oil prices (from USD 79.5bn in 2010 to USD 111.2bn on average). The result was a record trade deficit of USD 105.9bn in 2011. We forecast the trade deficit to remain high in 2012 (USD 99.7bn) even with a low 0.8% growth forecast for 2012 due to elevated economic activity level. That said, we expect a current account deficit of USD 66bn (8.9% of GDP) in 2012, marginally down from 10.1% of GDP in 2011. This high CAD level still makes the economy vulnerable to external shocks as the provision of long-term funding to European banks by the ECB will likely slowdown deleveraging process, not to reverse it.

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