

**CENTRAL BANK OF THE REPUBLIC OF
TURKEY**

**BALANCE OF PAYMENTS
REPORT**



2008 - III

SUMMARY

Widening in the current account deficit lost pace in the third quarter of 2008, as the annual rate of growth of real exports realized above the annual rate of growth of real imports. The current account deficit, which was USD 37.7 billion by end-2007 on an annual basis, reached to USD 45.8 billion by June 2008 and USD 47 billion by September 2008.

According to TURKSTAT statistics, exports, which grew by 38.8 percent in the first half of 2008, sustained its high-rated growth in the third quarter of the year as well and increased by 36.5 percent. The contribution of the increase in export prices to the increase in nominal exports outpaced that of the real export growth in the first nine months of the year. In fact, while quantity index (real exports) rose by 12.2 percent, export unit index boosted by 23.7 percent in this period.

Total and sectoral exports in the July-September period displayed a similar trend to that of the first half of the year. The largest contribution to total export growth in the first nine months of the year was attributable to basic metals, which had high-rated price increases. However, declining trend in prices due to the global stagnancy and the high amount of iron-steel stocks in the Gulf countries, the main destination of the sector's exports, point that the exports of basic metals may lose pace.

Motor vehicles that had displayed high exports increases since the second half of 2006 due to productivity gains and new model launches, ranked second as regards to the share of contribution in total exports in the January-September period, after basic metal sector. However, as some brands halted their production for a short term, considering the contraction in both domestic and external demand in the last quarter of the year, a remarkable plunge in exports is highly probable. Besides, given that approximately 80 percent of motor vehicles are exported to the European Union (EU) countries, the easing demand in these countries in the rest of the year will likely have an adverse effect on the exports of this sector.

Exports of textile and clothing have been slowing down significantly since the second quarter of 2008. In fact, real exports of the clothing sector have been falling, in annual basis, since the last quarter of 2007. Thus, the shares of the said sectors in total exports that were approximately 40 percent before 2000, dropped to 17.2 percent in January-September 2008. As the production and employment of these sectors persist its downward trend, imports of the clothing sector have been displaying a rapid increase. Increase in countries such as China and India's global market shares in textile and clothing sectors, continues to influence performances of these sectors in Turkey negatively.

Imports that grew by 36.9 percent in the first half of 2008 posted an increase of 30 percent in the third quarter of the year, mainly due to price hikes. As a matter of fact, while the real imports growth rate in the July-September period was 0.2 percent, import prices climbed by 29.6 percent.

As in the first half of the year, imports of intermediate goods became the main determinant of import growth in the July-September period. Soaring oil prices in record levels in the same period accelerated energy imports and made a significant contribution to the import of intermediate goods. As regards the imports of consumption and capital goods, a notable slowdown was observed. Real import growth of consumption and capital goods, which were 21.3 and 12.9 percent respectively in the first half of the year on an annual basis, went down to 3.5 and 1.9 percent respectively in the third quarter. Negative news regarding production and investment indicate that the slowdown in imports might be deepening in the last quarter of the year.

The highest contributors to increase in imports in the July-September period were the price increases in crude oil and natural gas. Basic metals sector, a sector with high price increases, together with the "wastes and scrap" sector, that supplies input to this sector, contributed to the increase in total imports as well. The other sectors that had relatively high

contribution to the increase in imports were refined petroleum, chemicals and chemical products.

As a result of the slowdown of imports and strong export performance, real import growth has remained below the real export growth since the early 2008. The slowdown of imports accelerated in the third quarter and the import quantity index recorded an annual increase of only 0.2 percent in this period. In line with these developments, the net exports that turned positive in the second quarter of 2008 and increased the GDP by 0.3 points, contributed to the GDP growth by 1.5 points in the third quarter.

The financing structure was made up of mainly by direct investments and long-term credit uses of the private sector in the first nine months of 2008. Direct investments, which reached historical high levels in 2007, slowed down in the first half of 2008 and realized as USD 12.3 billion in the January-September period. Thanks to the banking sector, services sector had the largest share in direct investments in this period. The uncertainty triggered by the recent global developments increased concerns about the sustainability of direct investment inflows. Significantly lower share of brand new investments, defined as Greenfield, in total direct investments exacerbates these concerns. The realization of structural reforms required by the process of full membership to the EU, is important in respect to the continuity of direct investments that would generate employment.

The recent upsurge in the utilization of long-term credits primarily in private sector is noteworthy. Long-term credits with increased share in total financing accounted for 66.1 percent of the capital inflows excluding portfolio and direct investments, in the January-September period. The deceleration of global capital flows may have adverse effects on the private sector's access to credits. In the meantime, a notable increase was observed in short-term capital inflow as of the second quarter of 2008.

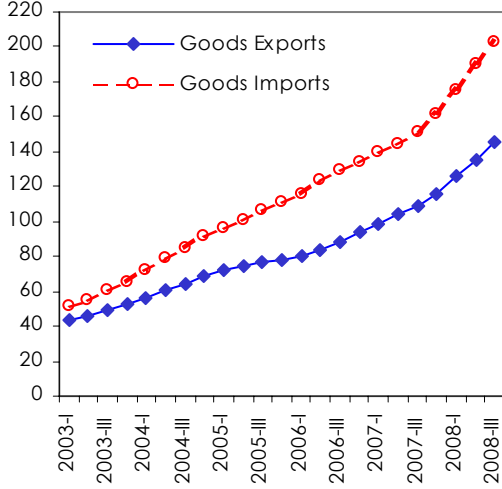
CBT net reserves rose from USD 76.4 billion at end-2007 to USD 80.8 billion by June 2008, while the commercial-bank FX assets with foreign correspondent banks increased from USD 31.8 billion to USD 36.4 billion in the same period.

Balance of Payments
 (billion USD)

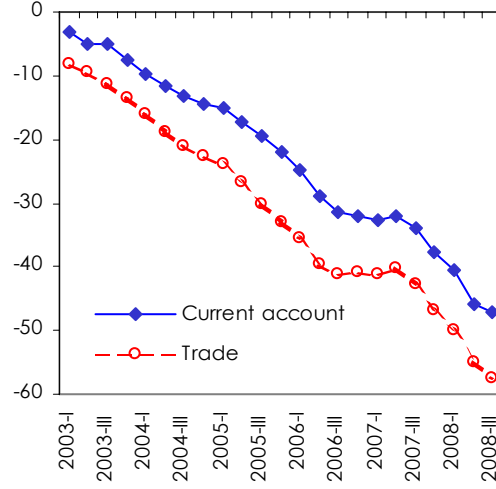
	Jan-Sep			September (12-month)		
	2007	2008	% change	2007	2008	% change
Current Account	-26.1	-35.4	..	-33.9	-47.0	..
Goods	-33.8	-44.8	..	-42.6	-57.6	..
Exports	82.3	112.0	36.2	108.8	145.1	33.3
Exports (fob)	76.3	105.3	38.0	100.5	136.3	35.7
Shuttle trade	4.4	4.6	5.3	6.3	6.2	-1.5
Imports	-116.1	-156.8	35.1	-151.4	-202.7	33.9
Imports (cif)	-121.7	-163.5	34.4	-158.8	-211.9	33.4
Coverage adjustment	7.0	8.9	..	9.1	11.8	..
Services	11.6	14.0	..	13.8	16.3	..
Tourism (net)	12.2	14.9	21.4	14.7	17.8	21.0
Credit	14.6	17.5	19.4	17.7	21.3	20.2
Debit	-2.4	-2.6	9.3	-3.0	-3.5	16.3
Other services revenues (net)	-0.6	-0.9	..	-0.9	-1.6	..
Income	-5.5	-6.2	..	-7.3	-7.9	..
Wage Payments	-0.1	-0.1	..	-0.1	-0.1	0.0
Direct investment income (net)	-1.5	-2.1	..	-1.8	-2.7	..
Portfolio investment income (net)	-0.3	0.4	..	-0.3	1.1	..
Other investment income (net)	-3.6	-4.4	..	-5.1	-6.1	..
Interest income	1.6	1.6	-3.1	2.1	2.1	1.0
Interest expenditure	-5.2	-6.0	14.7	-7.2	-8.2	14.5
Current transfers	1.6	1.6	..	2.2	2.2	..
Workers remittances	0.8	1.0	13.2	1.1	1.3	15.8
Capital and financial account	25.7	40.5	..	34.9	51.4	..
Financial account (excl. reserve assets)	33.6	44.7	..	44.0	55.7	..
Direct investment (net)	15.3	10.0	..	21.8	14.8	..
Abroad	-1.8	-2.3	..	-2.4	-2.6	..
In Turkey	17.1	12.3	..	24.1	17.4	..
Portfolio investment (net)	4.1	0.2	..	8.3	-3.2	..
Assets	-2.3	-1.8	..	-4.6	-1.5	..
Liabilities	6.4	1.9	..	13.0	-1.7	..
Equity securities	4.4	2.1	..	4.7	2.9	..
Debt securities	2.0	-0.2	..	8.3	-4.6	..
Non-residents' buyings in Turkey	0.2	-1.3	..	5.6	-4.8	..
Eurobond issues of Treasury	1.8	1.1	..	2.6	0.2	..
Borrowing	3.4	4.0	..	6.0	5.3	..
Repayment	-1.6	-2.9	..	-3.4	-5.0	..
Other investments (net)	14.2	34.5	..	13.9	44.0	..
Assets	-3.7	-6.3	..	-10.2	-7.5	..
Trade credits	-0.8	-1.2	..	-1.7	-1.9	..
Credits	0.1	0.0	..	-0.3	0.0	..
Banks FX assets (- increase)	-3.0	-5.0	..	-8.3	-5.5	..
Liabilities	17.9	40.7	..	24.1	51.5	..
Trade credits	3.4	5.3	..	3.2	6.2	..
Credits	19.3	31.0	..	21.7	39.1	..
Central Bank	0.0	0.0	..	0.0	0.0	..
General Government	-3.3	1.7	..	-4.8	1.0	..
IMF	-3.3	2.2	..	-4.2	1.5	..
Long-term	0.0	-0.6	..	-0.6	-0.5	..
Banks	4.1	6.2	..	4.3	7.7	..
Long-term	6.7	3.3	..	11.2	3.9	..
Short-term	-2.5	2.9	..	-6.9	3.8	..
Other sectors	18.4	23.1	..	22.2	30.4	..
Long-term	17.7	22.2	..	21.4	30.0	..
Short-term	0.7	0.9	..	0.8	0.4	..
Deposits of non-residents	-4.9	4.2	..	-1.1	5.8	..
In CBT	-1.1	-1.4	..	-1.4	-1.8	..
In banks	-3.9	5.6	..	0.4	7.6	..
Change in official reserves (- increase)	-7.9	-4.2	..	-9.1	-4.3	..
Net errors and omissions	0.2	-5.3	..	-1.0	-4.4	..

Source: CBT.

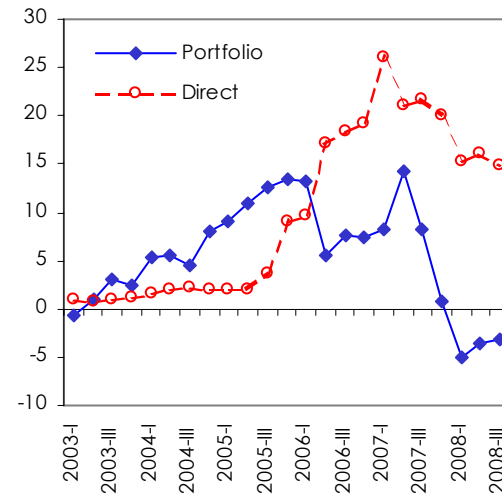
Goods Exports and Imports
(12-month ave., billion US dollars)



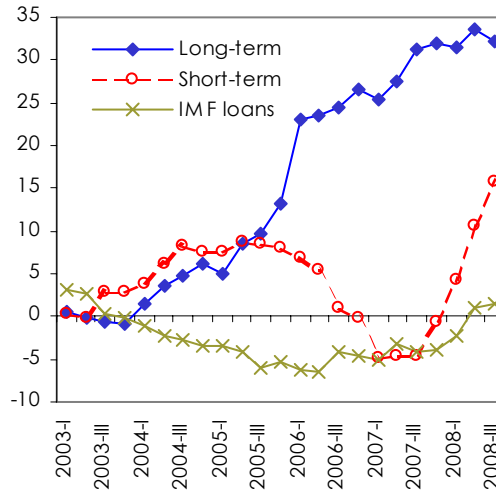
Trade and Current Account
(12-month ave., billion US dollars)



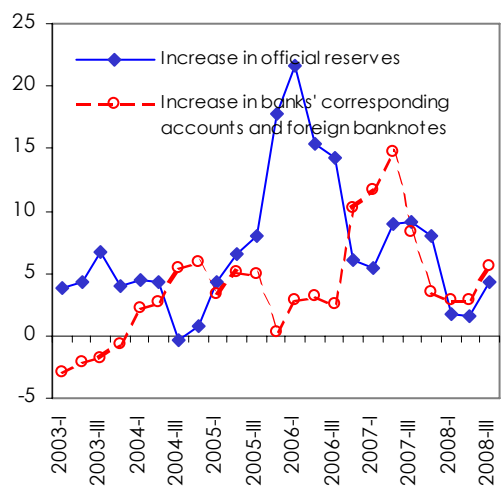
Direct and Portfolio Investments
(12-month ave., billion US dollars)



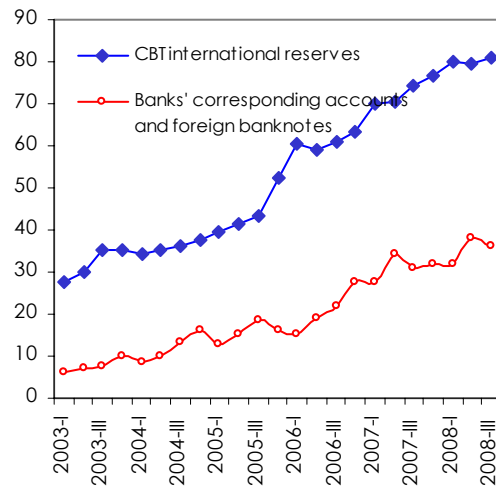
Other Capital Flows
(12-month ave., billion US dollars)



Change in Reserves
(12-month ave., billion US dollars)



International Reserves
(billion US dollars)



Kaynak: TCMB, TÜİK.

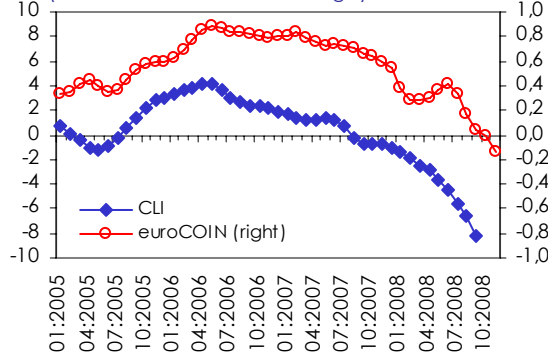
I. EXTERNAL ECONOMIC DEVELOPMENTS

1. The global financial crisis led the growth expectations for the emerging economies in 2009 to be revised down. Unfavorable effects of the said crisis on economic activities became evident in the second quarter of 2008. This was responded by reductions in policy rates by central banks. Other financial precautions were brought to the agenda at the G20 meeting held on 18-19 November 2008. On the other hand, on the back of the slowdown in global economies, international commodity prices- crude oil prices, in particular - started to decline notably by the midst of June. Fall in the demand for crude oil on the back of the deceleration of the global economic activities besides the appreciation trend of the USD in the international markets and the fall in speculative activities are considered to be the main determinants of the decline in crude oil prices. Parallel to these developments, global inflation rates indicated a decline in this period.

Euro Area Leading Indicators:

€COIN (3-month % change),

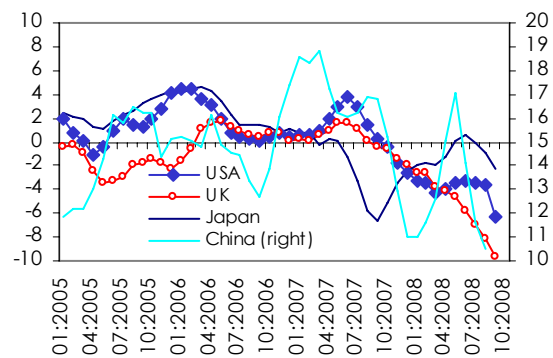
CLI (annualized 6-month % change)



Source: OECD, CEPR.

Selected Countries Leading Indicators:

CLI (annualized 6-month % change)



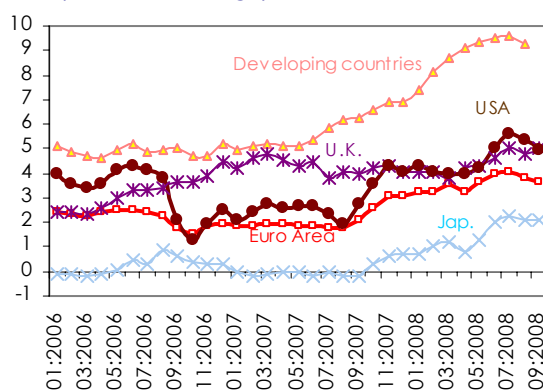
Source: OECD.

CLI: Composite Leading Indicator

EuroCOIN: Coincident Indicator of the Euro Area Business Cycle

Inflation Rate:

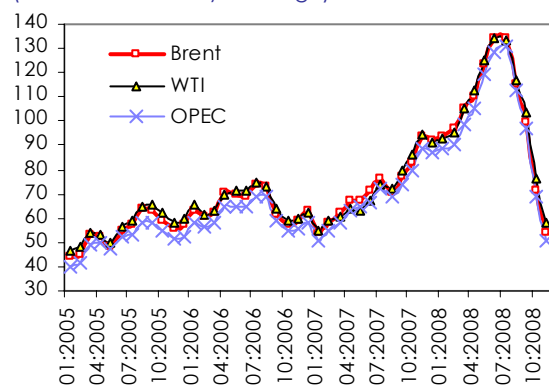
CPI, (annual % change)



Source: IMF IFS.

Crude Oil Prices:

(US dollars, monthly average)



Source: Energy Information Administration, OPEC.

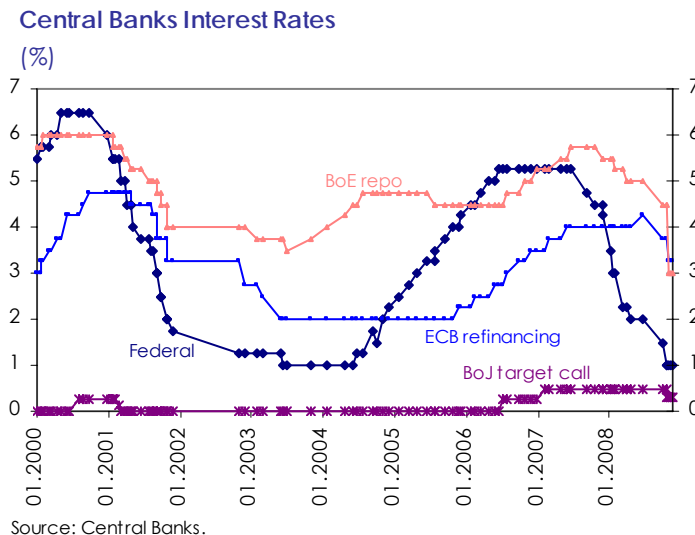
2. The latest data point to a recession in the economic activities in the US. In the third quarter of 2008, GDP contracted by 0.5 percent in annualized terms compared to the second quarter. GDP posted a growth of 2.8 percent in the second quarter. Various forecasts of international agencies imply that the US growth rate will be negative in the last quarter of 2008 and the beginning of 2009. The US growth rate expectation for 2009, which was -0.6 percent in the November 2008 Survey of the Consensus Economics, was revised down to -1.3 percent in the December 2008 Survey. Unemployment rate in the US reached the highest level of the last 14 years with 6.5 percent in October. Institute for Supply Management (ISM)

manufacturing index hit the lowest level since the recession in 1982 owing to the decline in manufacturing, new orders and employment. The FED consecutively cut policy rates by half point twice in October and announced the policy rates as 1 percent on 29 of October 2008. Then the said rates were pulled down to the 0-0.25 ranges on 16th of December 2008.

3. In the third quarter of 2008, euro-zone economy contracted by 0.2 percent and 0.8 percent in annualized terms on quarterly and annual bases, respectively. Euro-zone economy contracted by 0.2 percent in the second quarter as well. Contraction is estimated to persist through the last quarter of the year. Growth expectations regarding 2009 display a deteriorating trend. Euro-zone growth expectation for 2009, which was -0.2 percent according to November Survey of the Consensus Economics, was revised down to -0.9 percent in December Survey. Moreover, Indicators such as the OECD's composite leading indicators index (CLI) and the euroCOIN suggest that the slowdown in the euro-zone will also continue in the upcoming period. The consumer prices inflation in the euro-zone, which had been fluctuating around 2 percent in recent years, started to increase in the last quarter of 2007 due to the rise in commodity prices – particularly in crude oil and food prices. Consensus Economics Survey estimates that the consumer prices inflation, which was expected to reach 3.3 percent in 2008, will rapidly drop in 2009 and stand at 1.4 percent. The European Central Bank (ECB), considering the downward trend in inflation, cut the policy rates by 0.75 basis points to 2.5 percent on 10th of December.

4. The economic growth rate in Japan, which relies mainly on exports declined from the second quarter and became -0.4 percent in the third quarter in annualized terms. In addition to this, consumer confidence index recorded its lowest level in October since it has been introduced in 1982. The consumer prices inflation, which has been fluctuating around zero level since 1990's, gained pace in 2008 owing to the rise in the prices of imported raw materials and became 2.3 percent in July though displayed a slight decrease in the coming months. The Bank of Japan (BoJ) reacted to the crisis by opting for a cut in policy rates on 30 October 2008 for the first time since 2001.

5. In spite of the relatively strong exports, China, in the face of the slowdown in growth, announced a financial package of USD 586 billion in November. The said package addressed infrastructure investments, particularly earthquakes and railways investments. Moreover, the government announced that quotas on bank loans were lifted and that the banks would be encouraged to extend loans to small enterprises, rural areas and industries operating in the field of technology. On the other hand, inflation rate in China, which was 4.9 percent in August, went down to 4.6 percent in September. In view of the falling inflation besides the global financial crisis, the Chinese Central Bank cut the policy rates by 0.27 basis points twice in October and by 1.08 basis points in November. Additionally, the Bank reduced the required reserve ratio by 1 point on 5th of December.



II. CURRENT ACCOUNT

6. The widening of the current account deficit persisted in the third quarter of 2008, albeit a slowdown. The deficit, which was USD 37.7 billion by end-2007, became USD 45.8 billion by June 2008 and reached USD 47 billion by September on an annual basis.

7. Export growth in quantity exceeded import growth in the second quarter and thanks to the rise in tourism revenues, net exports contributed positively to growth. Nevertheless, the high-rated export growth and the rebound in tourism revenues could not offset the expansion of the current account deficit as the annual export price growth were surpassed by import prices, which mainly resulted from the rises in energy prices.

8. The recovery in the current account deficit and the financing structure indicators turned negative in the first quarter of 2008. While the exports' coverage ratio of short-term external debt stock decreased, that of foreign debt service continued to improve. However, the ratios related to the Central Bank reserves displayed a notable decline in the first nine months of 2008 compared to end-2007. Despite the fact that the contraction in foreign financing facilities as of the second half of 2007 restricted reserve increase, financing requirement continued to increase, thus resulting in a general decline in the indicators based on the Central Bank reserves.

Selected Indicators Related to the Current Account Deficit and Financing Structure

	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Exports / Imports	0.58	0.91	0.86	0.80	0.75	0.70	0.70	0.71	0.72
Exports / Short-Term External Debt	1.09	2.12	2.48	2.28	2.15	2.11	2.32	2.76	2.60
Exports / External Debt Service	1.41	1.41	1.41	1.88	2.25	2.13	2.34	2.37	2.89
Tourism Revenues** / Trade Balance	0.35	2.41	1.33	0.72	0.53	0.42	0.31	0.30	0.28
CBT Reserves / Short-Term External Debt	0.82	1.21	1.71	1.53	1.18	1.41	1.57	1.83	1.45
CBT Reserves*** / Total External Debt***	0.20	0.17	0.22	0.24	0.23	0.31	0.31	0.31	0.28
CBT Reserves / Financing Requirement	1.84	-	20.02	11.36	2.81	2.58	1.97	2.09	1.57
CBT Reserves / Current Account Balance	2.34	-	44.87	4.68	2.61	2.37	1.98	2.03	1.72
CBT Reserves / Imports	0.44	0.52	0.60	0.53	0.41	0.47	0.47	0.47	0.40

Source: CBRT, TURKSTAT.

* In annual terms as of September.

** Tourism revenues from foreigners.

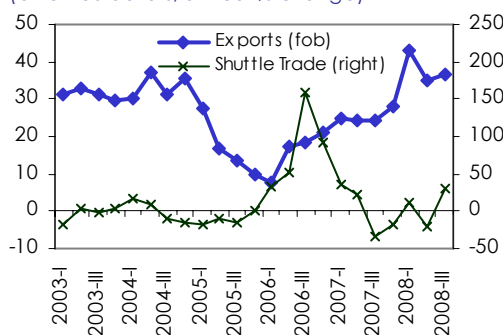
*** Estimated external debt stock as of September is used.

Exports of Goods

9. According to TURKSTAT statistics, exports, which grew by 38.8 percent in the first half of 2008, sustained its high-rated growth and increased by 36.5 percent in the third quarter of the year. The contribution of price movements to this nominal increase in the first nine months of the year outpaced that of the real export growth. In fact, while quantity index (real exports) rose by 12.2 percent, export unit index boosted by 23.7 percent in this period. Exports through shuttle trade, which recorded a weak performance in the first half of the year, displayed an increase in the July-September period.

Exports

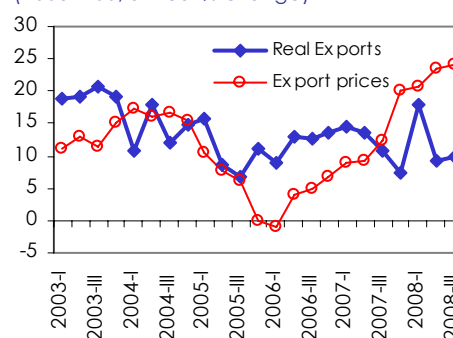
(billion US dollars, annual % change)



Source: TURKSTAT.

Exports - Real and Unit Value

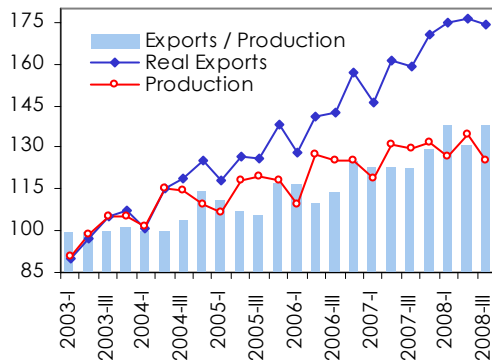
(2003=100, annual % change)



Source: TURKSTAT.

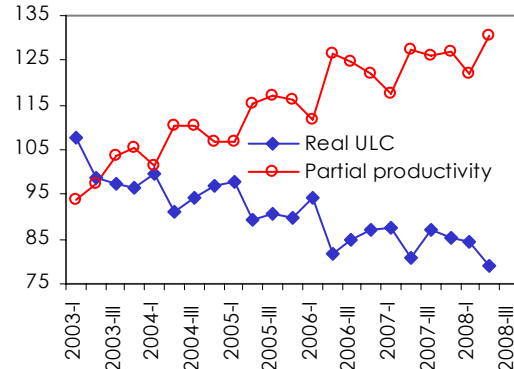
10. Productivity gains, which have also been supported by investment expenditures since 2002, played a significant role in the decline of real unit labor costs, thus contributing to the rapid export growth. Nevertheless, the recent global economic slowdown led to a decline particularly in the import demand of developed countries, negatively affecting Turkey's exports performance. As a matter of fact, data from Turkish Exporters Assembly state that the deterioration in exports in October and November (1.9 percent and 22 percent respectively) coupled with the unfavorable production figures posted by the leading sectors in October show that a remarkable slowdown in exports is highly probable in the last quarter of the year.

Production and Exports in Manufacturing Industry (2003=100)



Source: TURKSTAT.

Real ULC and Productivity Indices (2003=100)

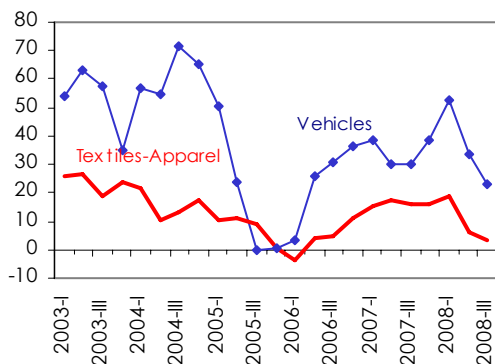


Source: CBT, TURKSTAT.

11. Total and sectoral exports in the July-September period displayed a similar trend to that of the first half of the year. The largest contribution to total export growth in the first nine months of the year that accounted for one thirds of the rise in exports was attributable to base metals, which had high-rated price increases. However, the decline in prices due to global stagnancy and the high amount of iron-steel stocks in the Gulf countries, the main destination of the sector's exports, point to a possible decrease in the exports of base metals.

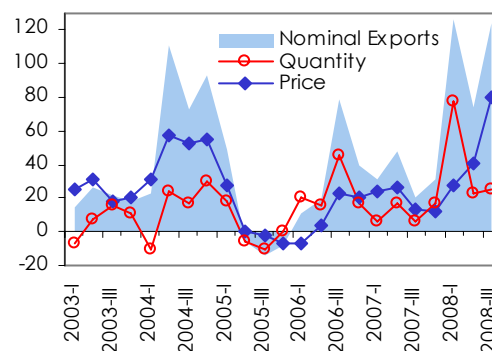
12. Motor vehicles that had displayed high increases since the second half of 2006 due to productivity gains and new model launches lost pace in the July-September period in comparison to the first half of the year, registering an increase of 22.9 percent on an annual basis. Following the base metal sector, motor vehicles became the second sector contributing most to the total exports in the January-September period. However, as some brands halted their production for short periods considering the contraction in both domestic and external demand in October and November, production and exports fell in October by 20.5 percent and 21.9 percent, respectively, according to the data of Automotive Manufacturers Association. Besides, given that approximately 80 percent of the exports of motor vehicles are to the European Union countries, the easing demand in these countries in the remainder of the year will likely have an adverse effect on the exports in this sector.

M. Vehicles and Textiles-Apparel Exports (Annual percentage change)



Source: TURKSTAT.

Base Metal Industry Exports (Annual percentage change)



Source: TURKSTAT.

13. Exports of textile and clothing have been slowing down significantly since the second quarter of 2008. Especially exports of the clothing sector have dropped annually in real terms since the last quarter of 2007. Thus, the shares of the said sectors in total exports that were approximately 40 percent before 2000 dropped to 17.2 percent. While downward trend in production and employment of these sectors still persists, clothing sector's exports shows a rapid increase. Rise in market shares of countries such as China and India's in textile and clothing sectors still has a negative impact on the performances of these sectors in Turkey.

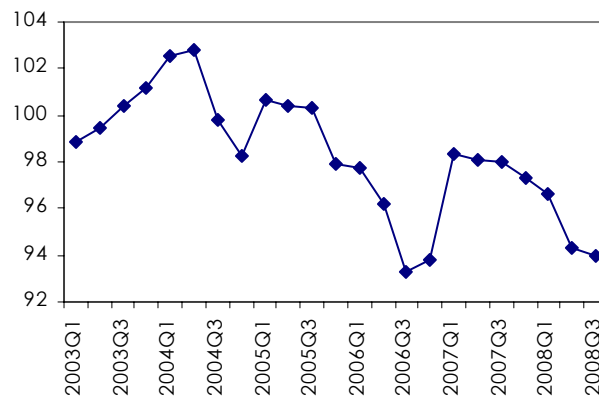
Exports
(million USD)

	<i>As of July-September period</i>									
			<u>Change</u>		<u>Contribution</u>		<u>Export share</u>		<u>Indices (% change)</u>	
	2007	2008	%	%	\$	2007	2008	price	quantity	
Total	26713	36475	36.5					24.3	9.8	
Capital Goods	3250	4211	29.6	3.6	961	12.2	11.5	12.4	15.3	
Intermediate Goods	12550	19704	57.0	26.8	7154	47.0	54.0	36.6	14.9	
Consumption Goods	10824	12399	14.6	5.9	1575	40.5	34.0	13.7	0.8	
Other	89	161	81.2	0.3	72	0.3	0.4	-	-	
Selected Items (ISIC Rev.3):										
Agriculture and farming of animals	700	775	10.7	0.3	75	2.6	2.1	-3.5	14.7	
Food products and beverages	1336	1769	32.5	1.6	434	5.0	4.9	26.7	4.5	
Textiles	2842	3063	7.8	0.8	221	10.6	8.4	7.9	-0.3	
Wearing apparel	3044	3015	-0.9	-0.1	-29	11.4	8.3	9.1	-9.4	
Petroleum products and nuclear fuel	1212	2530	108.7	4.9	1317	4.5	6.9	67.7	24.4	
Chemicals and chemical products	1040	1433	37.7	1.5	392	3.9	3.9	19.9	14.9	
Rubber and plastic products	1031	1364	32.3	1.2	333	3.9	3.7	15.1	14.7	
Other non-metallic minerals	894	1158	29.5	1.0	264	3.3	3.2	12.6	15.1	
Manufacture of base metals	3137	7010	123.5	14.5	3873	11.7	19.2	79.6	24.6	
Man. of fabricated metal prod (exc mach.)	1086	1533	41.2	1.7	447	4.1	4.2	24.8	12.9	
Manufacture of machinery and equipment	2013	2618	30.1	2.3	605	7.5	7.2	13.8	14.0	
Electrical machinery and apparatus	1069	1372	28.3	1.1	303	4.0	3.8	12.6	13.9	
Communication and apparatus	646	507	-21.5	-0.5	-139	2.4	1.4	9.4	-28.2	
Motor vehicles and trailers	3898	4788	22.9	3.3	891	14.6	13.1	9.6	12.1	
Other transport	628	860	37.0	0.9	232	2.3	2.4	-	-	

Source: TURKSTAT.

14. In line with the price increases observed in basic inputs at global level, both export and import prices showed substantial increases in the July-September period. The 29.6 percent and 24.3 percent rises in import and export prices, respectively, led to the realization of terms of trade in the same period, once more, in favor of imports. However, in case of persistent slumps in crude oil prices since October owing to the global economic stagnation, the realization of terms of trade is expected to turn in favor of exports in the upcoming period.

Terms of Trade (2003=100)



Source: TURKSTAT.

15. The downward trend in global food prices in the third quarter of the year was also reflected in the export prices. While export prices of agricultural and livestock products declined, those of food and beverages displayed milder increases in comparison to the first half of the year. Nevertheless, export prices of basic metal and refined oil along with coke coal reached record-high levels in this period.

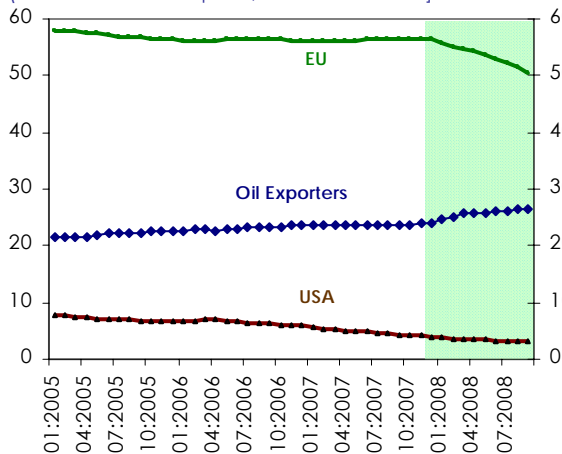
16. Real export growth rates boosted by the increases in basic metal and motor vehicles sectors in the first quarter of 2008, entered a general downward trend starting from the second quarter of the year and total exports quantity index rose by 9.1 percent and 9.8 percent, respectively, in the second and third quarters. Analyzing by item, it is noteworthy that export quantity indices of textile and clothing sectors declined in the July-September period, however, increase in export quantity index of motor vehicles displayed a remarkable slowdown. High increases in the quantity indices of refined petroleum products and basic metal continued in this period.

17. The economic slowdown at the global level especially curbed the import demand by developed countries. This development is a risk factor for Turkey's export performance. As a matter of fact, the share of exports to EU countries that reached 58 percent in early 2007 has decreased to 42 percent recently. Similarly, the share of exports to the USA also decreased. Meanwhile the share of exports to petroleum exporting, non-EU European countries and Eastern Asian countries rose. Though this development in the country decomposition is important with respect to alternative market options for export, the unfavorable outlook in external demand suggests that it will not be possible to maintain the export performance in the short term. An analysis on country basis demonstrates that the United Arab Emirates, Russia, Qatar and Saudi Arabia made up the highest share in exports from Turkey in the July-September period.

18. As to the currency composition of exports, in the July-September period, the share of the US dollar peaked to its highest level while that of euro declined to its lowest level since 2001 in line with the developments in country groups. Sterling-based exports maintain the downward trend. Meanwhile, parity changes also had an effect on the nominal value of both exports and imports. At the exchange rate held constant at December 2007, changes in euro/dollar parity increased the US dollar value of exports and imports by USD 0.4 billion and USD 0.6 billion, respectively, in the July-September period of 2008. Hence, parity changes widened the trade deficit by USD 0.1 billion in the said period. The euro/dollar parity that stood at an average value of 1.46 in December 2007 increased to 1.58 in July whereas it started to decline from August onwards and fell to 1.33 in October.

Selected Countries' Shares in Exports

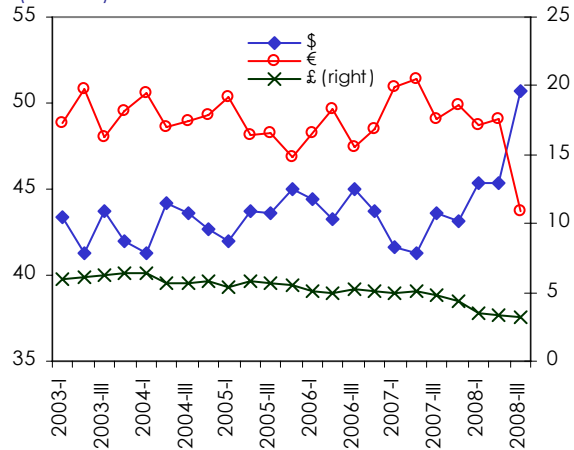
(% share in total exports, annualized data)



Source: TURKSTAT.

Currency Decomposition of Exports

(% share)



Source: TURKSTAT.

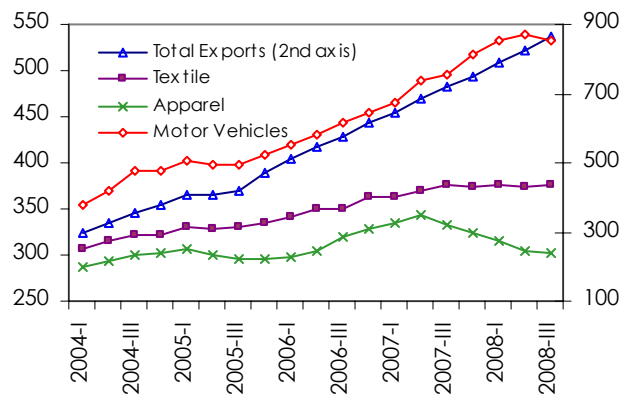
Exports– Country Decomposition (million US Dollars)

	As of July-September period						
	2007		2008		% Change	Contribution	
	Value	Share (%)	Value	Share (%)		%	\$
Total	26713	..	36475	..	36.5
EU countries (27)	14728	55.1	16510	45.3	12.1	6.7	1782
Other countries	11272	42.2	19196	52.6	70.3	29.7	7924
Other European	2739	10.3	3869	10.6	41.2	4.2	1130
East Asian	1407	5.3	2068	5.7	47.0	2.5	661
Other	9865	36.9	13259	36.4	34.4	12.7	3394
Free Zones in Turkey	713	2.7	769	2.1	7.8	0.2	56
<i>Selected countries and country groups:</i>							
OECD	16,151	60.5	17,932	49.2	11.0	6.7	1781
Germany	3,084	11.5	3,385	9.3	9.8	1.1	301
UK	2,247	8.4	2,214	6.1	-1.5	-0.1	-33
Italy	1,622	6.1	1,929	5.3	19.0	1.2	308
France	1,386	5.2	1,708	4.7	23.2	1.2	322
Spain	1,100	4.1	906	2.5	-17.6	-0.7	-193
USA	1,027	3.8	1,192	3.3	16.0	0.6	165
Netherlands	777	2.9	848	2.3	9.2	0.3	71
Greece	565	2.1	673	1.8	19.1	0.4	108
Other OECD	4,908	18.4	5,075	13.9	3.4	0.6	167
Middle East countries	3,850	14.4	8,393	23.0	118.0	17.0	4543
UAE	797	3.0	3,007	8.2	277.1	8.3	2210
Iraq	728	2.7	1,081	3.0	48.4	1.3	353
S.Arabia	456	1.7	798	2.2	74.9	1.3	342
Qatar	109	0.4	424	1.2	290.6	1.2	316
Iran	323	1.2	472	1.3	46.4	0.6	150
Russian Fed.	1,203	4.5	1,804	4.9	50.0	2.3	601
Romania	874	3.3	1,123	3.1	28.5	0.9	249
Bulgaria	535	2.0	602	1.6	12.4	0.2	66
China	292	1.1	458	1.3	57.0	0.6	166

Source: TURKSTAT.

19. Seasonally adjusted series also supports the ongoing performance of exports in the third quarter of the year. During this period, seasonally adjusted real exports increased by 3 percent compared to the previous quarter. However, seasonally adjusted real exports of motor vehicles, a leading export industry and clothing exports decreased by 2.2 percent and 0.9 percent, respectively, compared to the previous quarter.

Seasonally Adjusted Exports and Sub-Sectors
(2003=100)

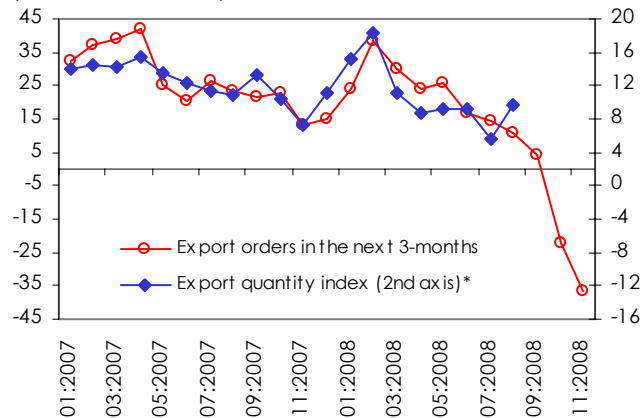


Source: CBT.

20. Significant decline in the "Expected orders over the next quarter", which is included in the CBT Business Tendency Survey (BTS) in October and November, suggests that real exports will decline in the last quarter of the year.

Export Expectations- Next 3 months

(increase - decrease)



Source: CBT, TURKSTAT.

*% change in the 3-month moving averages. The graph of export quantity index is moved one-month

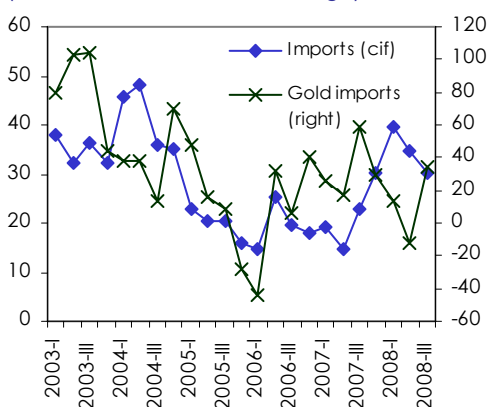
Imports of Goods

21. The imports that grew by 36.9 percent in the first half of 2008 posted an increase of 30 percent in the third quarter of the year, mainly due to price hikes. As a matter of fact, the real imports growth (import quantity index) in the July-September period was only realized at 0.2 percent whereas import prices climbed by 29.6 percent.

22. As in the first half of the year, imports of intermediate goods became the main determinant of import growth in the July-September period. Soaring oil prices in record levels in the same period accelerated energy imports and made a significant contribution to the imports of intermediate goods.

Imports

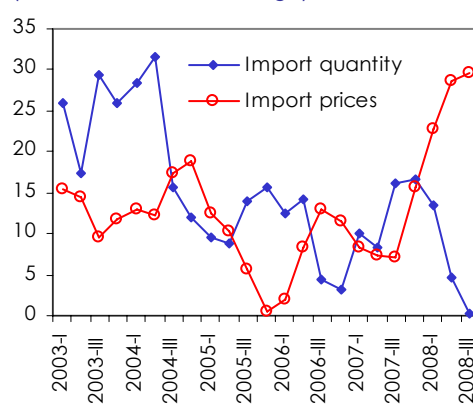
(Billion US dollars, annual % change)



Source: CBT, TURKSTAT.

Imports - Real and Unit Value

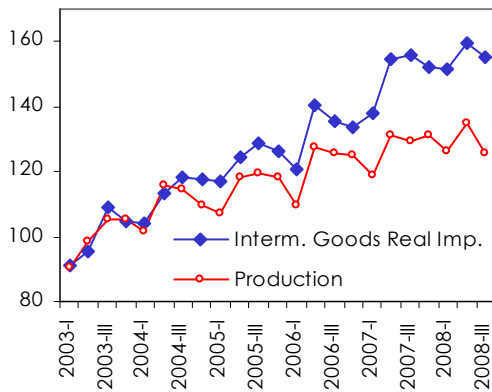
(2003=100, annual % change)



Source: TURKSTAT.

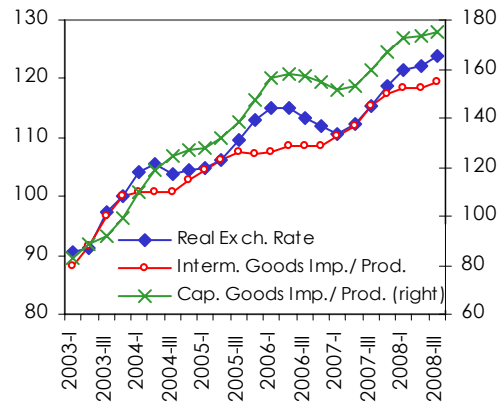
23. The increase in imports of intermediate goods in the July-September period was fully driven by the price hikes. In the said period, imports of intermediate goods, in quantity, posted an annual decline of 0.4 percent in line with the decline in industrial production. Meanwhile, this period also witnessed a considerable slowdown in the imports of consumption and capital goods in quantity. The annual growth in real imports of consumption and capital goods, which was 21.3 percent and 12.9 percent, respectively, in the first half of 2008, fell to 3.5 percent and 1.9 percent, respectively, in the third quarter of the year. Negative indicators in production and investments indicate that the slowdown in imports will be more apparent in the last quarter of 2008.

Man. Ind. Prod. & Int. Goods Imports (2003=100)



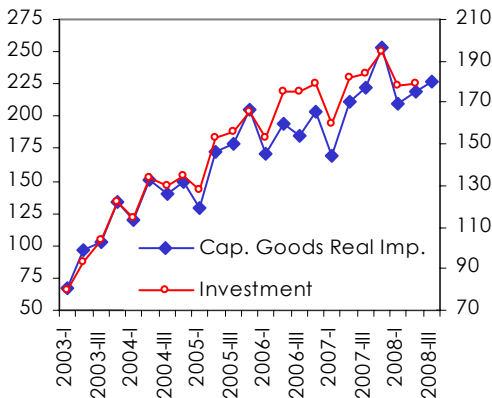
Source: TURKSTAT.

Intern. & Cap. Imp./Manuf. Ind. P. Ratio and REER (PPI)(12-month, ave.)



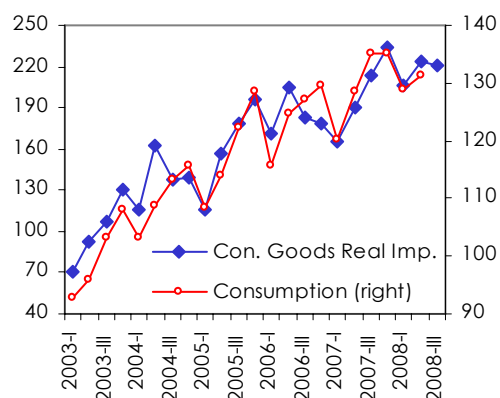
Source: TURKSTAT, CBT.

Investment Expenditures & Capital Goods Imp. (2003=100)



Source: TURKSTAT.

Consum. Exp. & Cons. Goods Imp. (2003=100, 12-month ave. for cons.)



Source: TURKSTAT.

24. An item-by-item analysis reveals that the highest contributors to increase in imports in the July-September period were the price increases in crude oil and natural gas. Basic metals sector, a sector with high price increases, and "wastes and scrap" sector that provides input to this sector contributed to the increase in total imports as well. The other items contributing relatively highly to the increase in imports were refined petroleum and chemicals and chemical products.

25. Imports of automobiles, increasing since mid-2007 with the contribution of the developments in exchange rates and domestic demand, and low base effect, were down by 3.3 percent on annual basis in the third quarter of 2008 with the fading base effect. However, as a result of an increase in the import prices of automobiles by 11.3 percent, nominal imports of automobiles grew by 7.7 percent in this period. Meanwhile, imports of durables, semi-durables and non-durables, that had been on an upward trend since the second quarter of 2007, lost pace in the third quarter of 2008.

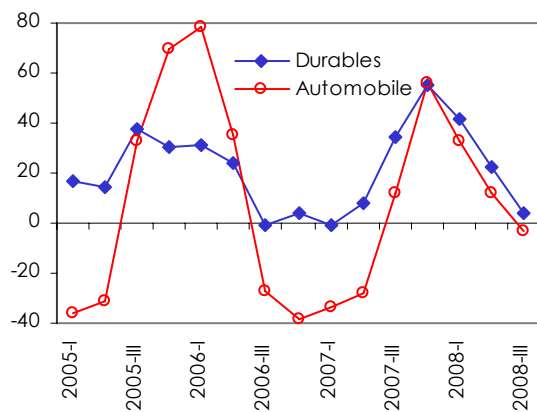
26. Imports of industrial transport vehicles and equipment grew by 42.6 percent in the July-September period with the contribution of the low base. Nevertheless, imports of parts and supplies of transport vehicles slowed down remarkably in the same period parallel to the exports of motor vehicles, which lost pace compared to the first half of the year, and showed an increase of 9.4 percent. This development confirms the negative expectations relating to the imports in this sector in the forthcoming period.

Imports (million US Dollars)

	<i>As of July-September period</i>										
			Change			Contribution		Import share		Indices (% change)	
	2007	2008	%	%	\$	2007	2008	price	quantity		
Total	44355	57675	30.0					29.6	0.2		
Capital Goods	6977	7436	6.6	1.0	459	15.7	12.9	4.5	1.9		
Intermediate Goods	32323	44367	37.3	27.2	12044	72.9	76.9	37.8	-0.4		
Consumption Goods	4917	5735	16.6	1.8	818	11.1	9.9	12.7	3.5		
Other	137	137	-0.5	0.0	-1	0.3	0.2	-	-		
Selected Items (ISIC Rev.3):											
Agriculture and Forestry	1125	1477	31.3	0.8	352	2.5	2.6	44.1	7.0		
Mining and Quarrying	6240	10478	67.9	9.6	4238	14.1	18.2	64.2	-1.3		
Crude oil and natural gas	5262	8864	68.5	8.1	3603	11.9	15.4	57.5	6.9		
Food products and beverages	694	1069	54.1	0.8	375	1.6	1.9	33.1	15.1		
Textiles	1423	1327	-6.7	-0.2	-96	3.2	2.3	5.5	-11.6		
Paper and paper products	771	799	3.7	0.1	29	1.7	1.4	11.8	-7.3		
Coke, petroleum products and nuclear fuel	2871	4316	50.3	3.3	1445	6.5	7.5	61.6	-7.9		
Chemicals and chemical products	6133	7437	21.3	2.9	1304	13.8	12.9	21.9	-0.7		
Rubber and plastic products	825	917	11.2	0.2	92	1.9	1.6	12.6	-1.4		
Manufacture of base metals	6734	9277	37.8	5.7	2543	15.2	16.1	38.4	-0.5		
Man. of fabricated metal prod (exc mach.)	750	953	27.0	0.5	203	1.7	1.7	12.0	13.2		
Manufacture of machinery and equipment	4339	4452	2.6	0.3	113	9.8	7.7	11.5	-8.0		
Office, accounting and computing mach.	678	671	-1.1	0.0	-8	1.5	1.2	2.9	-0.6		
Electrical machinery and apparatus	1696	1849	9.0	0.3	153	3.8	3.2	1.7	7.1		
Communication and apparatus	1487	1278	-14.1	-0.5	-210	3.4	2.2	8.7	-21.1		
Medical, precision and opt. instr., watches	822	977	18.8	0.3	155	1.9	1.7	-4.0	23.6		
Motor vehicles and trailers	3546	3816	7.6	0.6	270	8.0	6.6	7.5	0.1		
Other transport	623	1031	65.6	0.9	408	1.4	1.8	-	-		
Waste and scrap (Wholesale and retail)	1324	3024	128.5	3.8	1700	3.0	5.2	102.4	13.1		

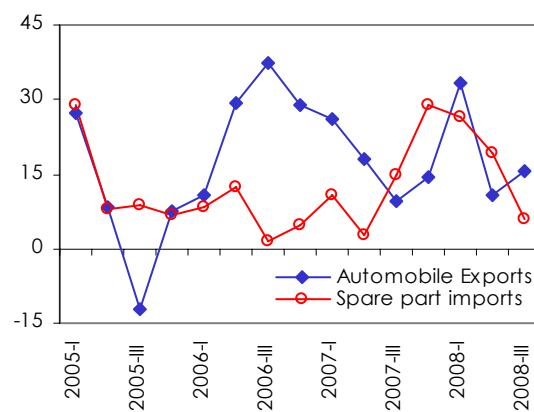
Source: TURKSTAT.

Durables & Automobile Imports (2003=100, annual % change)



Source: TURKSTAT.

Spare part imports of trans. vehicles & Auto. Exports (2003=100)

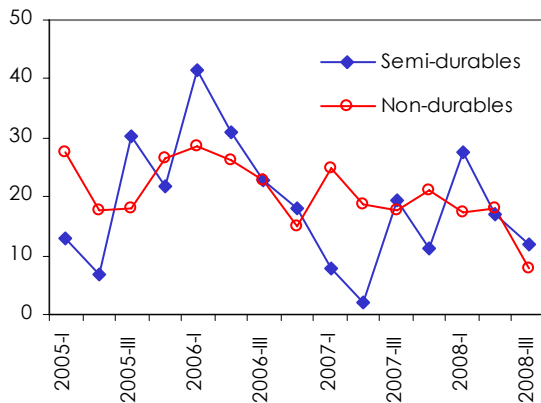


Source: TURKSTAT.

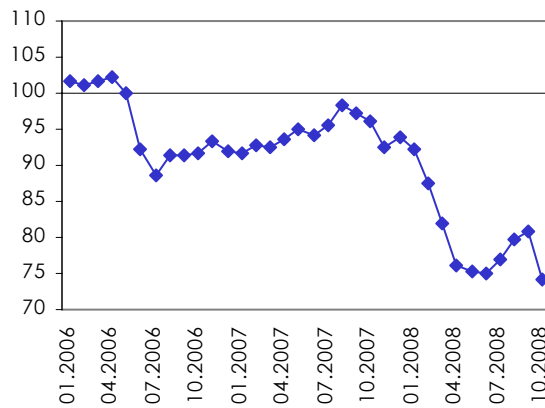
27. Consumer confidence index released by the CBT/TURKSTAT and following a course below 100 since May 2006 dropped in October 2008 to its lowest-ever level observed since the first release date, December 2003.

Semi and non-durables Imports

(2003=100, annual % change)



Source: TURKSTAT.

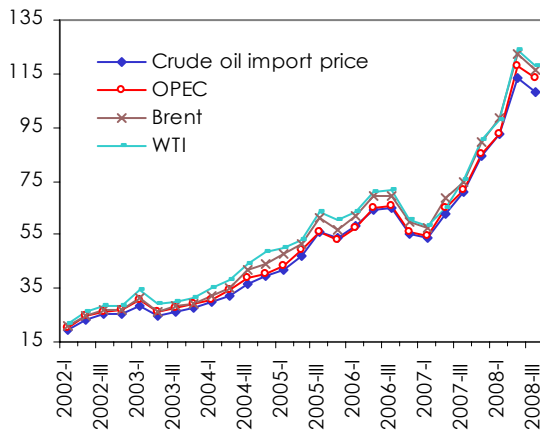
Confidence Index (CBT-TURKSTAT)

Source: CBT, TURKSTAT.

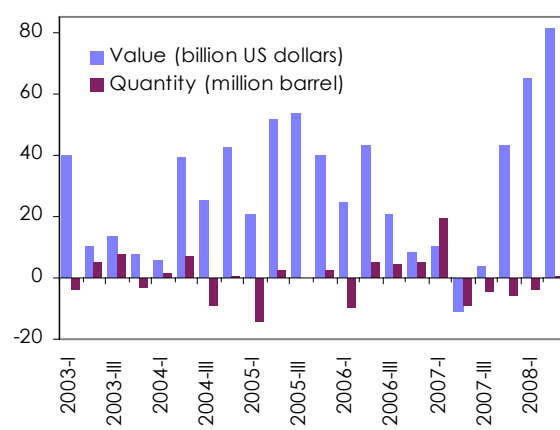
28. International crude oil prices followed an upward trend since early 2007 and reached historically high levels in July 2008. However, after a while rise in oil demand eased considerably due to the global economic stagnation and crude oil prices started to fall. In international markets, crude oil prices fell to USD 45 per barrel in November. However, as a result of the prices that stood approximately 53 percent higher on average in the July-September period of 2008 compared to the same period of the previous year, energy imports made a high contribution to the total import growth in this period. Consequently, the contribution of energy imports to total imports that increased by 30 percent in the third quarter of the year became 12.5 points.

Crude Oil Prices

(US dollar per barrel, average)



Source: TURKSTAT, OPEC, EIA.

Crude Oil Imports

Source: TURKSTAT.

29. Along with crude oil, natural gas and basic metals sector, food products and beverages, chemicals and chemical products as well as metal products were among sectors recorded high import price increases in the July-September period.

30. As a result of the slowdown of imports and strong export performance, real import growth has remained below the real export growth since early 2008. The slowdown of imports accelerated in the third quarter and the import quantity index recorded an annual increase of only 0.2 percent in the said period. In line with these developments, the net exports that turned positive in the second quarter of 2008 and increased the GDP by 0.3 points contributed to the GDP growth by 1.5 points in the third quarter as well.

31. Analysis of quantity indices by items reveals that import quantity indices of communication and apparatus, machinery and equipment, textiles, paper products and

refined petroleum and products declined to a significant extent. Meanwhile, the pick-up in those of crude oil and natural gas, food products, metal products, medical, precision and optical instruments along with waste and scrap continued in the said period.

32. The share of imports from the EU declined from 2007 onwards, whereas the share of imports from mainly Russia, Middle Eastern countries and Kazakhstan rose. These developments were driven by the upsurge in energy imports from these countries due to the hike in oil prices. Moreover, there is a remarkable increase in the share of imports from the USA

Imports – Country Decomposition
(million US Dollars)

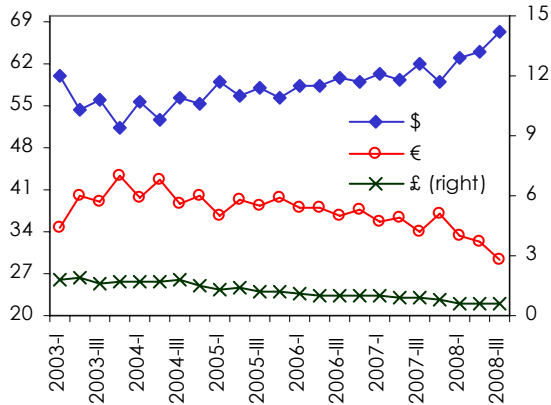
	<i>As of July-September period</i>						
	2007		2008		%	Contribution	
	Value	Share (%)	Value	Share (%)		Change	%
Total	44355	..	57675	..	30.0		
EU countries	16873	38.0	19800	34.3	17.3	6.6	2927
Other countries	27194	61.3	37476	65.0	37.8	23.2	10282
Other European	9316	21.0	13147	22.8	41.1	8.6	3831
East Asian	9190	20.7	10270	17.8	11.7	2.4	1079
Other	8688	19.6	14059	24.4	61.8	12.1	5371
Free Zones in Turkey	288	0.6	399	0.7	38.4	0.2	111
Selected countries and country groups							
OECD	23292	52.5	29213	50.7	25.4	13.4	5922
Germany	4395	9.9	4847	8.4	10.3	1.0	452
Italy	2569	5.8	2974	5.2	15.8	0.9	405
USA	2157	4.9	4175	7.2	93.6	4.5	2018
France	1948	4.4	2525	4.4	29.6	1.3	577
UK	1239	2.8	1310	2.3	5.7	0.2	71
Switzerland	1793	4.0	2500	4.3	39.4	1.6	706
Spain	1034	2.3	1236	2.1	19.5	0.5	202
Japan	916	2.1	1060	1.8	15.7	0.3	144
S. Korea	1129	2.5	1012	1.8	-10.3	-0.3	-116
Belgium	683	1.5	841	1.5	23.1	0.4	158
Netherlands	599	1.4	865	1.5	44.4	0.6	266
Poland	368	0.8	508	0.9	38.0	0.3	140
Sweden	435	1.0	517	0.9	18.7	0.2	81
Other OECD	4025	9.1	4843	8.4	20.3	1.8	818
Middle East countries	3452	7.8	5759	10.0	66.8	5.2	2307
Iraq	168	0.4	544	0.9	223.9	0.8	376
Iran	1812	4.1	2790	4.8	54.0	2.2	978
S. Arabia	634	1.4	1022	1.8	61.1	0.9	388
Russian Fed.	5999	13.5	8483	14.7	41.4	5.6	2485
China	3665	8.3	4339	7.5	18.4	1.5	674
Ukraine	1290	2.9	1847	3.2	43.1	1.3	556
Romania	790	1.8	862	1.5	9.1	0.2	72
India	616	1.4	626	1.1	1.6	0.0	10
Kazakhstan	380	0.9	588	1.0	54.9	0.5	208
Algeria	580	1.3	738	1.3	27.2	0.4	158

Source: TURKSTAT.

33. Following the decline in imports from the EU, the use of the euro in imports during the third quarter of 2008 fell to its lowest-ever level, while the share of imports in US dollar reached to its highest-ever level. The share of the pound sterling in imports, on the other hand, still displays a steady decline since the second half of the 1990s.

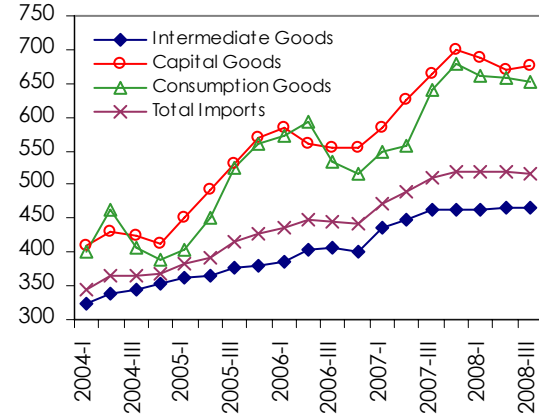
34. According to the seasonally adjusted data, imports, in quantity, decreased by 0.5 percent in the July-September period compared to the previous quarter. In the said period, while imports of intermediate and capital goods remained unchanged, imports of consumption goods posted a decline of 0.7 percent.

Currency Decomposition of Imports
(% share)



Source: TURKSTAT.

Seasonally Adjusted Imports and Sub-Sectors (2003=100)



Source: CBT.

Services Account

35. Following a rebound in 2007, tourism revenues continued to rise in the first nine months of 2008 as well and increased by 26 percent on a year-on-year basis. In the said period, 15.5 points of this increase was driven by the increase in the number of visitors. As a result of an increase in tourism expenditures by 9.3 percent; hence, "net" tourism revenues rose by 21.4 percent.

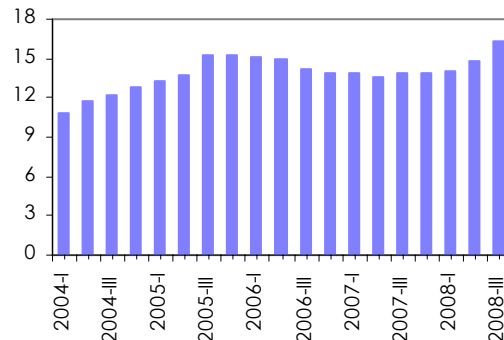
Tourism Statistics

	2007				2007	2008		
	I	II	III	IV		I	II	III
Tourism Revenues (million US dollars)	2163	3727	8732	3865	18487	2776	4693	9988
Departing foreigner visitors (x1000)	2552	5777	9941	4746	23017	3000	6824	11283
Departing citizen visitors (x1000)	640	710	1930	918	4198	726	798	2071
Tourism Expenditures (million US dollars)	671	903	809	876	3260	805	1007	793
Arriving citizen visitors (x1000)	1174	1356	1137	1289	4956	1065	1456	1049

Source: TURKSTAT, CBT.

36. In the first nine months of 2008, while other commercial services expenses, which include commission and other similar expenses that paid for transportation expenses and merchandise trade, accelerated, rise in revenues from construction and insurance were limited. However, underpinned by tourism revenues, the services account surplus increased by 20.5 percent in the said period.

Services
(12-month ave., billions US dollars)



Source: CBT.

Services Accounts
(million US Dollars)

	2007				2007	2008		
	I	II	III	IV		I	II	III
Services	1239	2649	7730	2255	13873	1357	3403	9241
Total income	4148	6327	11792	6482	28749	5285	8053	13831
Total Expenses	-2909	-3678	-4062	-4227	-14876	-3928	-4650	-4590
Transportation	15	29	-13	-376	-345	-275	-176	286
Credit	1079	1562	1978	1555	6174	1374	1952	2470
Debit	-1064	-1533	-1991	-1931	-6519	-1649	-2128	-2184
Tourizm	1490	2825	7923	2989	15227	1971	3686	9195
Credit	2162	3728	8732	3865	18487	2776	4693	9988
Debit	-672	-903	-809	-876	-3260	-805	-1007	-793
Construction serv.	190	228	139	202	759	231	237	234
Credit	190	228	139	202	759	231	237	234
Debit	0	0	0	0	0	0	0	0
Financial serv.	-79	-41	-26	-82	-228	-31	-43	-38
Credit	73	88	114	120	395	180	235	235
Debit	-152	-129	-140	-202	-623	-211	-278	-273
Other serv.	-377	-392	-293	-478	-1540	-539	-301	-436
Credit	644	721	829	740	2934	724	936	904
Debit	-1021	-1113	-1122	-1218	-4474	-1263	-1237	-1340

Source: CBT.

Income Account

37. In 2008, growing interest payments driven by long-term borrowings by the private sector and outward transfer of profits due to the large direct investment inflow in recent years increased. Increasing gains from portfolio investments failed to compensate for the said expenditures and thus, income account deficit expanded compared to the same period of last year.

Income Accounts
(million US Dollars)

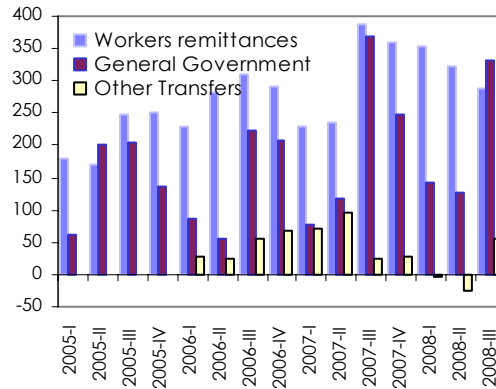
	2007				2007	2008		
	I	II	III	IV		I	II	III
Income (net)	-1968	-1648	-1856	-1670	-7142	-1910	-2495	-1775
Compensation of Employees (net)	-29	-28	-25	-24	-106	-27	-26	-28
Investment Income	-1939	-1620	-1831	-1646	-7036	-1883	-2469	-1747
Total income	1644	1371	1644	1725	6384	2159	1511	1600
Total Expenses	-3583	-2991	-3475	-3371	-13420	-4042	-3980	-3347
Direct investment	-376	-662	-462	-600	-2100	-529	-1273	-285
Credit	22	52	22	12	108	70	42	19
Debit	-398	-714	-484	-612	-2208	-599	-1315	-304
Portfolio investment	-566	372	-74	651	383	33	321	79
Credit	1084	794	1065	1175	4118	1522	922	1126
Debit	-1650	-422	-1139	-524	-3735	-1489	-601	-1047
Other investment	-997	-1330	-1295	-1697	-5319	-1387	-1517	-1541
Interest income	538	525	557	538	2158	567	547	455
Interest expenses	-1535	-1855	-1852	-2235	-7477	-1954	-2064	-1996
Long-term	-1359	-1713	-1650	-2061	-6783	-1797	-1915	-1828
Monetary A.	-123	-91	-230	-119	-563	-115	-94	-214
Gen. Gov.	-394	-503	-319	-504	-1720	-360	-410	-277
Banks	-216	-299	-321	-410	-1246	-376	-239	-287
Other sector	-626	-820	-780	-1028	-3254	-946	-1172	-1050
Short-term	-176	-142	-202	-174	-694	-157	-149	-168

Source: CBT.

Current Transfers

38. In the January-September period, current transfers posted a decline by 0.7 percent. In this period, General Government transfers and workers' remittances increased by 6.8 percent and 13.2 percent, respectively, while other transfers by non-residents comprising of other insurance and reinsurance transactions decreased by 85 percent.

Current Transfers
(Billion US dollars)



Source: CBT.

III. CAPITAL MOVEMENTS

39. In the first nine months of 2008, external financing requirement, defined as the sum of current account plus net errors and omissions, realized as USD 40.7 billion. During this period, the net capital inflow excluding reserve changes and IMF loans amounted to USD 47.7 billion whereas it amounted to USD 49.9 billion including IMF loans. The financing structure was dominated by direct investments and long-term credit uses of the private sector.

40. Following these developments, in this period, official reserves increased by USD 4.2 billion, while banks' corresponding accounts rose by USD 5 billion.

41. Net errors and omissions item, which generally displayed a positive balance in the relatively stable environment following the 2001 economic crisis, had a high and negative balance as a result of the political uncertainty as well as the global economic crisis particularly in the second quarter of 2008.

External Financing Requirement and Resources (million US Dollars)

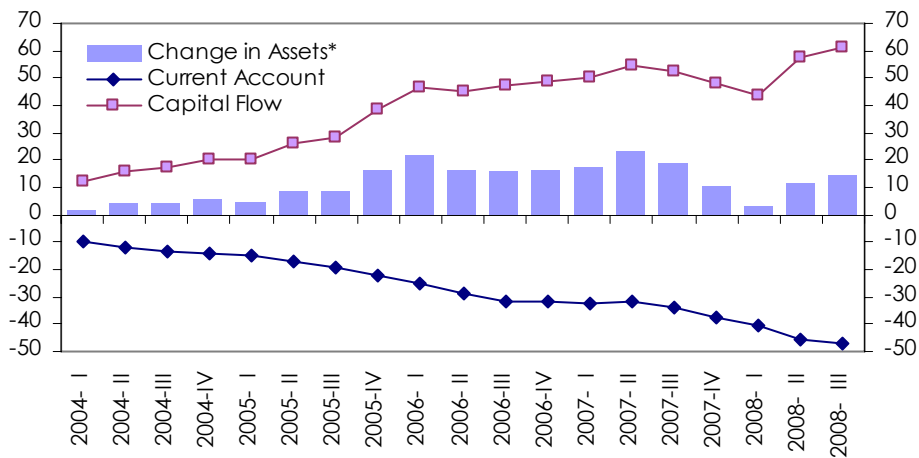
	2006	2007				2007	2008		
		I	II	III	IV		I	II	III
1. Current Account	-31.9	-9.3	-10.0	-6.8	-11.6	-37.7	-12.1	-15.3	-8.0
2. Net Errors and Omissions	-0.2	0.9	2.9	-3.7	0.9	1.1	0.9	-5.6	-0.7
I. Total Financing Requirement (=1+2)	-32.1	-8.3	-7.1	-10.5	-10.7	-36.6	-11.2	-20.8	-8.7
II. Total Financing (=1+2+3)	32.1	8.3	7.1	10.5	10.7	36.6	11.2	20.8	8.7
1. Capital Flows (net)	53.0	17.3	13.9	8.9	12.0	52.1	11.3	24.4	11.9
Direct Investment (net)	19.3	8.3	2.7	4.3	4.8	20.1	3.6	3.4	3.1
Portfolio Investment (net)	7.4	4.5	1.5	-1.9	-3.4	0.7	-1.3	3.0	-1.5
General Gov. Eurobond Issues	3.3	3.4	-1.0	-0.5	-0.9	0.9	-0.9	0.5	1.5
Nonresidents' Security Buyings in Turkey	8.1	1.8	2.9	-0.1	-2.7	1.9	0.0	2.3	-1.6
Residents' Security Buyings Abroad	-4.0	-0.7	-0.4	-1.3	0.3	-2.1	-0.5	0.1	-1.4
Credit Drawing (excl. IMF loan, net)	24.6	8.1	10.7	7.2	9.6	35.6	10.1	14.9	9.1
General Government	-0.7	0.1	-0.4	0.3	0.1	0.1	-0.5	-0.4	0.3
Banks	5.8	0.9	3.3	-0.1	1.5	5.6	1.9	1.9	2.5
Long-term	9.8	2.1	2.6	1.9	0.6	7.3	1.7	0.8	0.8
Short-term	-4.0	-1.3	0.7	-2.0	0.9	-1.7	0.2	1.1	1.7
Other Sector	19.5	7.1	7.8	6.9	8.1	29.9	8.7	13.4	6.4
Long-term	18.3	6.4	5.9	5.4	7.8	25.4	7.1	9.7	5.4
Short-term	0.5	-0.1	0.6	0.2	-0.5	0.2	0.1	0.6	0.3
Trade Credits	0.7	0.8	1.3	1.3	0.8	4.2	1.5	3.1	0.7
Deposits	4.6	-3.4	-0.5	-1.0	1.6	-3.3	0.3	2.7	1.2
in Central Bank	-1.3	-0.3	-0.3	-0.6	-0.4	-1.5	-0.3	-0.3	-0.7
in banks	5.9	-3.2	-0.3	-0.4	2.0	-1.9	0.6	3.1	1.9
Other	-2.9	-0.2	-0.4	0.3	-0.7	-1.0	-1.4	0.5	0.0
2. IMF Loans	-4.5	-2.3	0.0	-1.0	-0.7	-4.0	-0.5	3.2	-0.4
Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Government	-4.5	-2.3	0.0	-1.0	-0.7	-4.0	-0.5	3.2	-0.4
3. Change in Reserves (- increase)	-16.4	-6.6	-6.9	2.6	-0.6	-11.6	0.4	-6.7	-2.9
Banks' FX assets	-10.3	-0.2	-6.4	3.6	-0.5	-3.5	0.4	-6.4	1.0
Official Reserves	-6.1	-6.4	-0.5	-1.0	-0.1	-8.0	-0.1	-0.3	-3.8

Source: CBT.

42. Capital inflows, lower than the current account deficit on monthly basis between the January-April period, were above the current account deficit in the May-August period, thus leading to an increase in total assets. Indeed, current account deficit continued to expand on annual basis in the January-April period, whereas capital inflows lost pace. Accordingly, FX assets showed a limited increase. In the following period, this tendency reversed and increases in assets were recorded in the second quarter of the year. However, despite the

lower current account deficit in September, the total FX assets declined due to the capital outflow.

Current Account and its Financing
(12-month moving sum, billion US dollars)



Source: CBT.

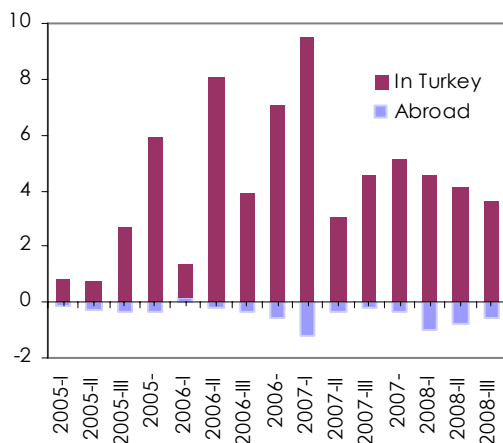
* Change in assets is shown as the reverse sign of the addition of official reserves, banks fx assets and net errors and omissions from the balance of payments table.

Direct Investments

43. Direct investments, which reached historical high levels in 2007, slowed down in the first half of 2008 to become USD 12.3 billion in the January-September period. During this period, residents' direct investments abroad increased to USD 2.3 billion. The ongoing direct investment inflows in a period of limited external financing opportunities were quite noteworthy.

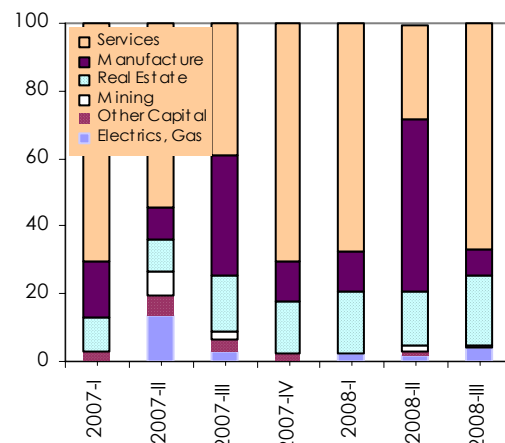
44. The services sector had the largest share in direct investments through the banking sector both in 2007 and in the first nine months of 2008. The services sector comprised 53.9 percent of total direct investments including investments in real estate and other capital in the January-September 2008 period. Meanwhile, the investments in the manufacturing industry comprised 24 percent of direct investments due to investments made in basic metals, food-tobacco and non-metal minerals along with textile, electrical and optical equipment manufacturing. Nonresidents' real estate purchases in Turkey also have a significant share in direct investment inflows. In this period, direct capital inflows via real estate purchases amounted to USD 2.2 billion.

Direct investments
(Billion US dollars)



Source: CBT.

Inward FDI
(% share)



Source: CBT.

45. The probable slowdown in direct investments called non-debt capital inflows poses risk to the financing and sustainability of current account deficit. The uncertainty triggered by the recent global developments increased concerns about the sustainability of direct investment inflows. Significantly lower share of brand new investments, defined as Greenfield, in total direct investments exacerbates these concerns. The realization of structural reforms required by the process of full membership to the EU becomes important in respect of the continuity of direct investments that will generate employment.

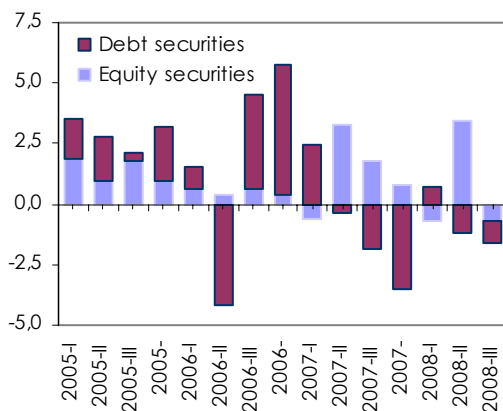
Portfolio Investments

46. The increased risk perceptions in international credit markets as of August led to an outflow in portfolio investment. Nonresidents mostly sold equity securities in August and government debt securities in September. In the January-July period, nonresidents purchased USD 3.4 billion worth of equity securities while they sold USD -1.3 billion worth of equity securities in the August-September period. The intensified sales of nonresidents in the government debt securities market in the February-April period were recouped by purchases of January and the May-July period. The sales of government debt securities totaled to USD 1.3 billion in the August-September period.

47. Nonresidents' sales of equity securities and government debt securities accelerated in October and November. In October, nonresidents-originated outflow reached USD 1.4 billion in the equity securities market and 4.4 billion in the government debt securities market. Despite a slowdown in the first three weeks of November, outflows were realized as USD 0.3 billion in the equity securities market and USD 1 billion in the government debt securities market.

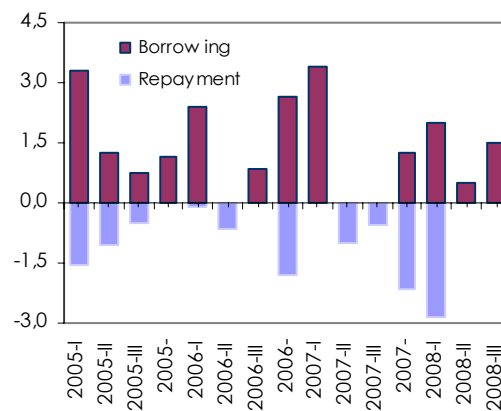
48. In September, the Treasury issued USD 1.5 billion worth of bonds abroad. Hence, in the first nine months of 2008, bond issues and repayments were realized as USD 4 billion and USD 2.9 billion, respectively.

Security purchases of non-residents
(billion US dollars)



Source: CBT.

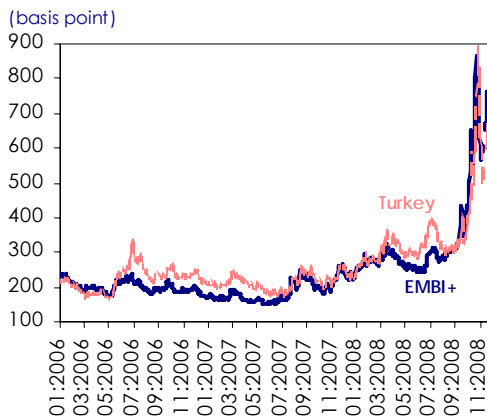
Eurobond issues of General Gov.
(billion US dollars)



Source: CBT.

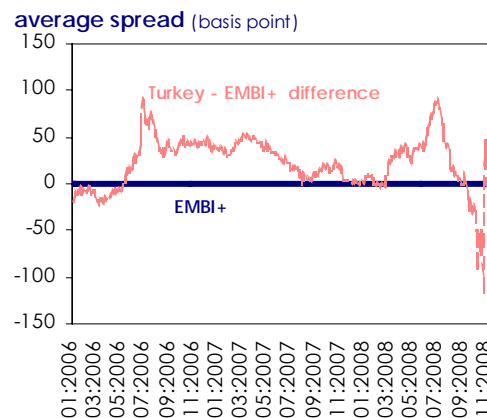
49. Since July 2007, the volatility in global financial markets has reduced investors' appetite for emerging market assets, thus widening yield spreads between local and US bonds. The rise in the JP Morgan Emerging Markets Bond Index (EMBI+) accelerated chiefly due to the bankruptcy of Lehman Brothers international investment bank in September. After hitting 239 basis points at the end of 2007, the JP Morgan Emerging Markets Bond Index (EMBI+) reached 865 basis points by 24 October and then slightly declined in the following period. Meanwhile, Turkey's yield spread, which had usually been at the same level with the EMBI+ average index since the last quarter of 2007, remained below the EMBI+ average in general during the period in question. The yield spread between Turkey and the USA was 610 basis points by end-November.

Secondary Market Spreads



Source: JPMorgan.

Turkey's position compared to EMBI+

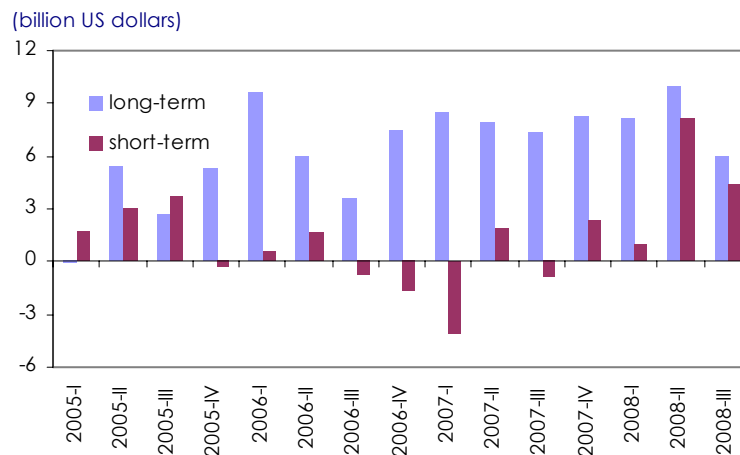


Spread: The difference between the quoted rates of return on countries' security issues and US bonds.

Other Investments

50. The recent upsurge in the utilization of long-term credits primarily in private sector is noteworthy. Long-term credits with increased share in total financing accounted for 66.1 percent of the capital inflows excluding portfolio and direct investments in the January-September 2008 period. In the meantime, a notable increase was observed in short-term capital inflows from the second quarter of 2008 onwards.

Long and Short-term capital

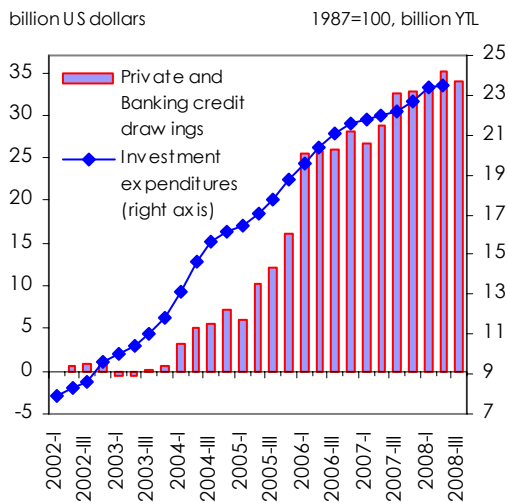


Note: Excluding direct and portfolio investment, IMF loans and banks' FX assets.

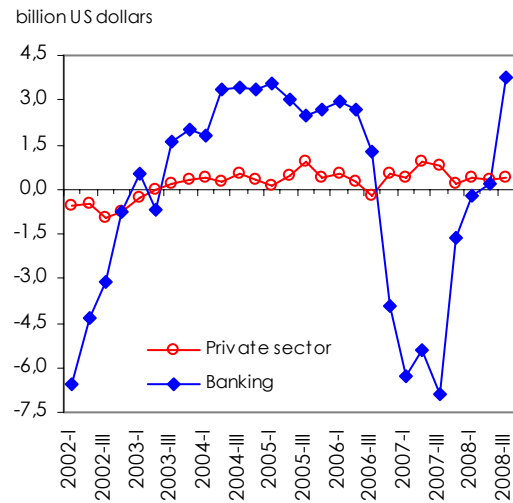
51. In the first nine months of 2008, "other sectors" almost wholly comprising of the non-banking private sector, borrowed net USD 22.2 billion worth of long-term and net USD 0.9 billion worth of short-term foreign credit. In this period, the banks' long-term credit utilization amounted to net USD 3.3 billion, while their short-term borrowings accelerated to become net USD 2.9 billion. Private and banking sectors' borrowings mostly on long-term basis gains importance in respect of financing domestic investment expenditures and improving the quality of financing of the current account.

52. Though long-term credits are rather borrowed by big and export oriented firms, the rapid increase in external debt stock of the private sector is noteworthy. Long-term external debt stock of the non-banking private sector, which was USD 59.9 billion at end-2006, rose to USD 111.2 billion by the end of September 2008.

Long-term net credit use and private sector investment expenditures (12-month cumulative)



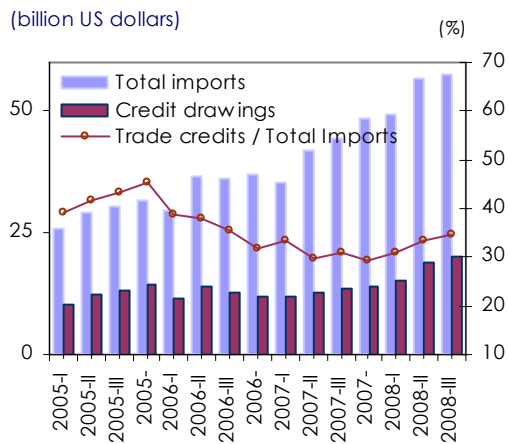
Short-term net credit use and private sector investment expenditures (12-month cumulative)



Source: CBT, TÜRKSTAT.

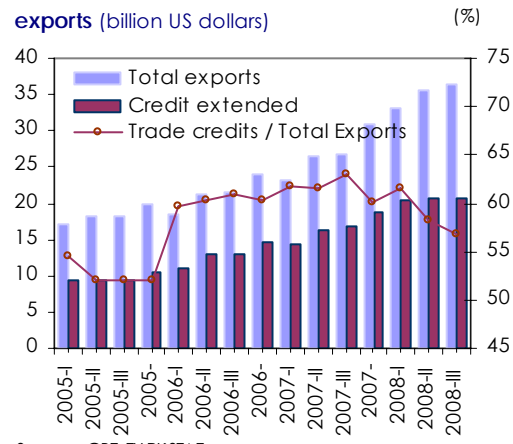
53. Despite their tendency to rise in 2004 and 2005, futures imports did not display a significant increase in 2006 and 2007. Hence, futures imports/overall imports ratio that reached 45.5 percent in the last quarter of 2005 declined to 29.3 percent in the last quarter of 2007. The ratio climbed again in 2008 to reach 34.8 percent in the third quarter of the year. Meanwhile, the share of futures exports in overall exports tended to expand in recent years. The futures exports/overall exports ratio, which was 52 percent in the last quarter of 2005, realized as 61.5 percent in 2007. The increase in the share of futures exports in total exports is believed to contribute to the performance of exports in 2006 and the rest. Nevertheless, futures exports displayed a downward trend throughout 2008.

Trade credit drawings and imports



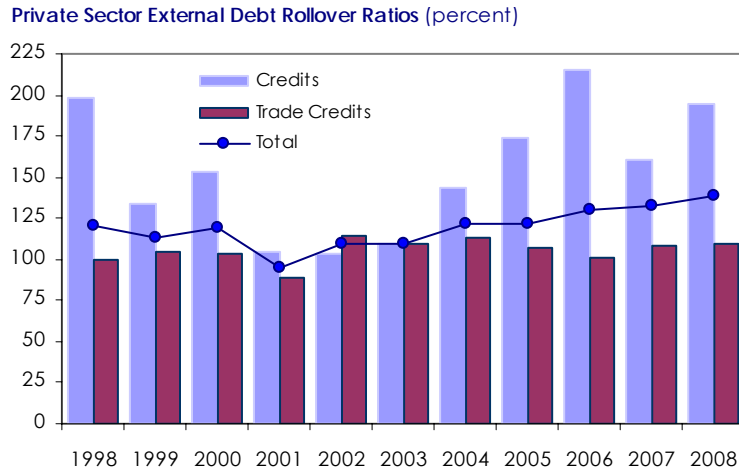
Source: CBT, TÜRKSTAT.

Trade credits extended abroad & exports



Source: CBT, TÜRKSTAT.

54. Despite the weakening in financing facilities in 2008, private sector external debt rollover ratio increased. Private sector external debt rollover ratio, which was 133.2 percent in 2007, became 138.8 percent on annualized basis by September 2008. The ratio was realized as 109.9 percent in commercial loans and 194.9 percent in other credits.



Note: 2008 shows rates annualized as of September.

Source: CBT.

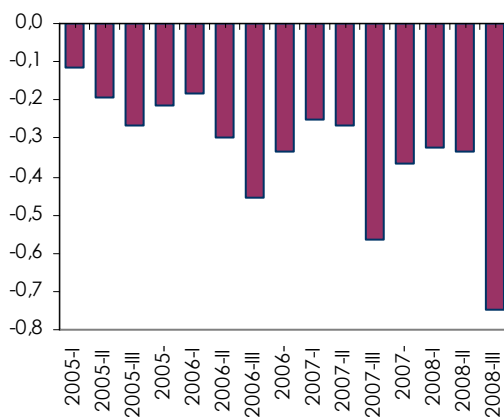
55. The Treasury continued to repay the IMF loans in 2008 and borrowed USD 3.6 billion in May upon the release of the last credit tranche. Meanwhile, the Treasury's other long-term borrowings (World Bank, etc.) and repayments in the first nine months of 2008 were realized as USD 1.8 billion and USD 2.3 billion, respectively. Consequently, the Treasury borrowed net USD 1.7 billion in the January-September period.

56. Outflows from long-term FX deposit accounts and super FX accounts at the CBT of nonresident Turkish workers have been continuing since April 2003. Besides, outflows from short-term deposit accounts that have started in the second quarter of 2004 still persist. The related deposits at the CBT decreased by USD 1.4 billion in the January-September 2008 period. These outflows can be attributed to the gradual interest rate cuts since 2002 on both FX deposit accounts and super FX accounts.

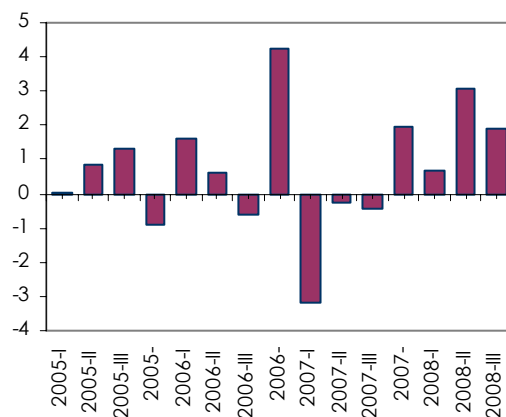
57. Following an outflow of USD 1.9 billion throughout 2007, domestic banks attracted USD 5.6 billion of nonresidents' deposits in the first nine months of 2008. The increase in short-term capital in this period was driven by this inflow.

Deposit Belonging to Non-Residents (12-month, billion US dollars)

FX deposits with credit letter and Super FX accounts



Deposits in banks



Source: CBT.

58. By the end of June 2008, total external debt stock rose by 15.1 percent compared to end-2007 to reach USD 284.4 billion. While private sector stood out as the main source of this growth, public sector-originated external debt growth remained limited.

59. Total external debt stock is composed of long-term external debts of USD 232.5 billion and short-term debts of USD 51.9 billion. The share of long-term debts in total external debt stock that widened to 83.1 percent as of end-2007 declined to 81.7 percent at the end of June 2008 due to the increase in futures imports and foreigners' deposits in banks.

60. As regards the external debt indicators, the ratio of external debt stock to GDP, which rose to 39 percent at end-2006, declined to 37.5 percent at end-2007 and to 36.9 percent at the end of March 2008. The said ratio re-increased to 38 percent in end-June. Besides, the deterioration in external debt indicators persisted in June and the maturity breakdown of debt stock changed in favor of short-term debts. In the meantime, the ratio of external debt service to GDP dropped to 6.6 percent, while the ratio of external debt stock to exports declined to 224.8 percent.

Selected External Debt Indicators (Percent)

	2006				2007				2008	
	I	II	III	IV	I	II	III	IV	I	II
External Debt Stock / GDP	36.7	37.1	37.7	39.0	39.2	38.9	38.1	37.5	36.9	38.0
External Debt Stock / Exports*	243.9	243.3	240.0	239.9	235.8	234.3	233.4	230.4	224.4	224.8
Debt Service / GDP	7.1	7.0	6.9	7.6	7.9	7.9	7.9	7.4	7.2	6.6
Long-term / External Debt	78.7	78.4	79.4	80.3	82.9	82.6	83.7	83.1	82.9	81.7
Short-term / External Debt	21.3	21.6	20.6	19.7	17.1	17.4	16.3	16.9	17.1	18.3
<i>Memo:</i>										
<i>External Debt Stock (billion \$)</i>	182.5	189.8	195.2	205.2	212.5	223.2	234.5	247.1	263.1	284.4
<i>GDP (billion \$)</i>	497.8	511.3	517.9	526.4	542.6	573.7	615.0	658.8	713.1	747.7

* Excluding shuttle trade and other goods.

Source: TURKSTAT, Undersecretariat of Treasury.

IV. APPENDIX

CURRENT ACCOUNT (USD million)

	Current Account										
	Net	Foreign Trade			Services		Income		Transfers		
	Net	Exports (FOB)	Shuttle Trade	Imports (CIF)	Net	Travel Revenues	Net	Interest Expenditure	Net	Workers Remittances	
	<i>(annual)</i>										
2004	-14431	-22736	63167	3880	-97540	12797	15888	-5609	-4312	1117	804
2005	-22137	-32988	73476	3473	-116774	15272	18152	-5875	-5010	1454	851
2006	-31893	-40941	85535	6408	-139576	13831	16853	-6691	-6322	1908	1111
2007	-37694	-46661	107272	6002	-170063	13873	18487	-7142	-7477	2236	1209
	<i>(quarterly)</i>										
2007 II	-6800	-13453	26714	1365	-44355	7730	8732	-1856	-1852	779	387
III	-11620	-12839	30938	1608	-48379	2255	3865	-1670	-2235	634	360
IV	-12113	-12051	33193	1448	-49178	1357	2776	-1910	-1954	491	352
2008 I	-15280	-16612	35680	1406	-56666	3403	4693	-2495	-2064	424	322
II	-7969	-16110	36476	1771	-57674	9241	9988	-1775	-1996	675	287
	<i>(monthly)</i>										
2007 Oct	-3225	-4261	9895	540	-15627	1446	1855	-574	-734	164	121
Nov	-3248	-3765	11319	557	-16632	688	1135	-350	-698	179	125
Dec	-5147	-4813	9724	511	-16120	121	875	-746	-803	291	114
2008 Jan	-4087	-4573	10642	441	-16339	499	885	-168	-547	155	110
Feb	-3824	-3404	11094	485	-16027	125	801	-700	-669	155	110
Mar	-4202	-4074	11457	522	-16812	733	1090	-1042	-738	181	132
Apr	-5065	-4999	11401	462	-17889	471	1053	-650	-625	113	116
May	-4695	-5335	12509	503	-19305	1326	1692	-848	-664	162	113
Jun	-5520	-6278	11770	441	-19472	1606	1948	-997	-775	149	93
Jul	-4002	-6348	12602	490	-20552	2607	3054	-468	-557	207	117
Aug	-3053	-6358	11043	704	-19249	3787	3995	-627	-726	145	76
Sep	-914	-3404	12831	577	-17873	2847	2939	-680	-713	323	94
	<i>(12-month)</i>										
2007 Oct	-34976	-43726	103474	6300	-163256	14056	18147	-7464	-7379	2158	1159
Nov	-35343	-44721	106152	6159	-166991	14217	18394	-6975	-7244	2136	1194
Dec	-37694	-46661	107272	6002	-170063	13873	18487	-7142	-7477	2236	1209
2008 Jan	-38677	-48065	111349	6050	-175810	13971	18645	-6869	-7604	2286	1248
Feb	-39380	-48802	114786	6117	-180454	13807	18822	-6698	-7756	2313	1287
Mar	-40542	-49800	117285	6163	-184032	13991	19101	-7084	-7896	2351	1333
Apr	-42335	-51418	120373	6069	-189002	13829	19233	-7101	-7953	2355	1364
May	-43431	-52556	123735	5923	-193372	14312	19655	-7536	-7992	2349	1396
Jun	-45813	-54955	126525	5827	-198578	14745	20066	-7931	-8105	2328	1421
Jul	-46942	-56417	130189	5955	-203916	15279	20537	-7966	-8198	2162	1411
Aug	-48356	-58217	132495	6136	-208483	15858	21128	-8082	-8237	2085	1349
Sep	-46982	-57612	136287	6233	-211897	16256	21322	-7850	-8249	2224	1321

Source: CBT.

CAPITAL and FINANCIAL ACCOUNT (USD million)

	Capital and Financial Account																	
	Net	Financial Account																
		Net	Foreign Direct Investment	Portfolio Investment				Net	Currency and Deposits	Other Investment								
				Net	Assets	Liabilities				Net	Trade Credits	Liabilities			Deposits			
Equity Securities	Debt Securities	Monetary Authority	General Gov.			Banks	Other Sectors	Monetary Authority	Banks									
									<i>(annual)</i>									
2004	13388	13388	2005	8023	-1388	1427	7984	4184	-5965	11139	4201	-4414	-267	5708	5106	-209	856	
2005	20302	20302	8967	13437	-1233	5669	9001	15745	-342	15486	3074	-2881	-4637	9248	9880	-787	1276	
2006	32064	32064	19261	7373	-4029	1939	9463	11544	-10293	24981	674	0	-5223	5814	18812	-1268	5890	
2007	36567	36567	20108	717	-2063	5138	-2358	23774	-3521	28622	4231	0	-3901	5608	25655	-1450	-1873	
									<i>(quarterly)</i>									
2007 III	10456	10456	4322	-1911	-1281	1754	-2384	9089	3614	5356	1292	0	-708	-63	5621	-567	-419	
IV	10704	10704	4802	-3365	272	769	-4406	9365	-496	10537	840	0	-649	1460	7253	-364	1978	
2008 I	11192	11192	3552	-1316	-494	-707	-115	9015	447	9952	1459	0	-978	1913	7218	-323	647	
II	20849	20849	3396	2966	149	3479	-662	14790	-6423	20905	3141	0	2747	1853	10281	-335	3052	
III	8657	8657	3091	-1492	-1425	-691	624	10892	959	10121	733	0	-116	2461	5644	-749	1917	
									<i>(monthly)</i>									
2007 Oct	4288	4288	1066	-277	471	429	-1177	3375	2583	1276	67	0	-580	571	2428	-140	-1096	
Nov	793	793	602	-3695	144	-119	-3720	2855	777	2867	464	0	-454	145	2044	-110	779	
Dec	5623	5623	3134	607	-343	459	491	3135	-3856	6394	309	0	385	744	2781	-114	2295	
2008 Jan	6185	6185	1108	242	-512	-497	1251	5442	3003	3083	1046	0	-211	433	2757	-124	-817	
Feb	2308	2308	672	368	270	160	-62	897	-1893	3183	324	0	-465	991	1624	-84	789	
Mar	2699	2699	1772	-1926	-252	-370	-1304	2676	-663	3686	89	0	-302	489	2837	-115	675	
Apr	5684	5684	700	-2135	-113	127	-2149	6234	690	5460	652	0	-232	1183	2266	-111	1677	
May	6383	6383	524	2355	532	1507	316	3241	-5699	9516	1108	0	3429	124	4186	-111	721	
Jun	8782	8782	2172	2746	-270	1845	1171	5315	-1414	5929	1381	0	-450	546	3829	-113	654	
Jul	5520	5520	1260	885	-107	579	413	3672	-2557	6648	1015	0	440	1642	1634	-232	2050	
Aug	1838	1838	856	-1129	120	-1010	-239	4120	657	2464	407	0	-321	1474	1850	-332	-690	
Sep	1299	1299	975	-1248	-1438	-260	450	3100	2859	1009	-689	0	-235	-655	2160	-185	557	
									<i>(12-month)</i>									
2007 Oct	35769	35769	20017	4026	-4239	4646	3619	21778	-1031	25282	3524	0	-4598	5664	23995	-1466	-2195	
Nov	35049	35049	18666	-762	-3801	4058	-1019	26593	-52	29213	4303	0	-3478	6650	24947	-1446	-2121	
Dec	36567	36567	20108	717	-2063	5138	-2358	23774	-3521	28622	4231	0	-3901	5608	25655	-1450	-1873	
2008 Jan	39742	39742	15715	-2165	-3003	5931	-5093	32248	-324	35876	5165	0	-3922	5939	28713	-1503	1133	
Feb	39369	39369	14759	-5077	-2227	5621	-8471	33808	-2180	39294	5142	0	-2652	6433	29546	-1501	1973	
Mar	39429	39429	15381	-5101	-1905	5082	-8278	30826	-2842	36161	4891	0	-2741	6648	26587	-1523	1942	
Apr	43767	43767	15408	-9740	-1842	4449	-12347	39761	403	41931	5486	0	-2026	7413	27648	-1552	4598	
May	48471	48471	15210	-7393	-1390	4047	-10050	42503	-738	46080	5962	0	756	5718	28354	-1567	6485	
Jun	53201	53201	16072	-3626	-1354	5295	-7567	42259	-2858	46750	6732	0	412	5163	30373	-1589	5258	
Jul	54135	54135	15574	-5278	-1086	4735	-8927	44667	-6929	53949	6748	0	875	7404	31179	-1694	9012	
Aug	55047	55047	15401	-2199	12	3940	-6151	42896	-8695	53180	6858	0	950	8015	29918	-1765	8773	
Sep	51402	51402	14841	-3207	-1498	2850	-4559	44062	-5513	51515	6173	0	1004	7687	30396	-1771	7594	

Source: CBT.

EXPORT INDICES

Unit Value Index (2003=100, Annual % Change)

	2007				2007	2008		
	I	II	III	IV		I	II	III
Total	9.0	9.4	12.4	20.0	13.1	20.7	23.6	24.3
Capital Goods	12.3	9.7	10.2	12.9	18.0	16.1	16.9	12.4
Intermediate Goods	14.2	14.0	11.7	16.8	14.2	22.6	28.0	36.6
Consumption Goods	3.1	4.1	12.5	22.8	11.0	21.0	20.8	13.7
Selected Items (ISIC Rev.3):								
Agriculture and farming of animals	-3.9	3.9	25.2	43.5	20.4	22.5	20.4	-3.5
Food products and beverages	-1.3	3.5	21.1	39.4	17.0	46.3	44.3	26.7
Textiles	7.7	7.8	10.6	14.7	10.3	11.9	12.2	7.9
Wearing apparel	0.3	0.9	12.2	17.3	7.4	19.8	19.3	9.1
Petroleum products and nuclear fuel	-5.2	5.2	7.4	49.8	15.5	61.9	60.1	67.7
Chemicals and chemical products	8.3	7.5	7.7	12.8	8.9	17.0	18.8	19.9
Rubber and plastic products	9.5	8.8	12.8	17.8	11.9	17.5	17.3	15.1
Other non-metallic minerals	4.9	5.9	9.1	12.7	8.4	14.6	20.7	12.6
Manufacture of basic metals	24.1	26.4	13.0	12.2	18.7	27.2	41.3	79.6
Manufacture of fabricated metal prod(exc mac	17.5	14.0	12.3	13.7	14.8	18.2	21.1	24.8
Manufacture of machinery and equipment	12.4	13.5	13.3	17.7	14.6	16.3	17.5	13.8
Electrical machinery and apparatus	19.9	13.9	11.1	13.2	14.1	17.2	18.0	12.6
Communication and apparatus	-12.9	-15.2	-4.8	5.4	-5.5	16.9	17.7	9.4
Motor vehicles and trailers	9.7	4.3	7.5	12.6	8.5	13.0	14.3	9.6

Source: TURKSTAT.

Quantity Index (2003=100, Annual % Change)

	2007				2007	2008		
	I	II	III	IV		I	II	III
Total	14.4	13.5	10.8	7.4	10.7	18.1	9.1	9.8
Capital Goods	39.1	25.5	34.5	27.8	31.2	23.7	25.3	15.3
Intermediate Goods	14.9	15.9	13.9	13.5	14.5	28.6	14.2	14.9
Consumption Goods	10.6	7.7	3.0	-2.5	4.2	4.8	-2.2	0.8
Selected Items (ISIC Rev.3):								
Agriculture and farming of animals	12.7	-16.8	-18.8	-12.1	-11.2	-14.9	1.2	14.7
Food products and beverages	9.7	1.5	7.1	-5.5	1.6	-8.0	-3.9	4.5
Textiles	9.0	6.4	6.1	2.3	5.7	7.9	1.1	-0.3
Wearing apparel	13.5	18.6	3.0	-2.2	7.9	-2.7	-15.7	-9.4
Petroleum products and nuclear fuel	23.1	19.1	21.7	34.9	24.1	23.7	10.9	24.4
Chemicals and chemical products	10.4	5.6	5.3	6.8	6.9	12.0	13.6	14.9
Rubber and plastic products	27.4	22.0	12.5	6.5	16.3	9.1	10.0	14.7
Other non-metallic minerals	10.6	10.7	12.1	15.9	11.9	12.8	29.8	15.1
Manufacture of basic metals	5.9	16.9	6.1	17.2	11.1	77.3	22.7	24.6
Manufacture of fabricated metal prod(exc mac)	12.8	18.8	8.7	7.2	10.6	20.5	21.3	12.9
Manufacture of machinery and equipment	27.0	20.3	14.8	8.8	16.2	16.3	14.5	14.0
Electrical machinery and apparatus	37.4	33.9	25.9	18.7	27.4	15.7	11.9	13.9
Communication and apparatus	-14.6	-10.5	13.9	-4.7	-5.1	-10.2	-14.3	-28.2
Motor vehicles and trailers	26.1	24.8	21.0	23.0	23.5	34.6	16.8	12.1

Source: TURKSTAT.

IMPORT INDICES

Unit Value Index (2003=100, Annual % Change)

	2007				2007	2008			
	I	II	III	IV		I	II	III	IV
Total	8.3	7.2	7.0	15.7	9.7	22.8	28.5	29.6	
Capital Goods	6.2	-0.9	-2.3	4.9	2.1	10.0	7.3	4.5	
Intermediate Goods	9.9	7.7	7.7	12.9	9.6	27.0	35.5	37.8	
Consumption Goods	4.1	5.8	4.0	10.0	6.5	16.5	14.6	12.7	
Selected Items (ISIC Rev.3):									
Crude oil and natural gas	-1.3	-3.3	1.9	27.2	5.8	50.3	66.1	57.5	
Food products and beverages	11.0	19.6	19.2	29.9	20.5	35.4	39.6	33.1	
Textiles	5.6	3.5	2.9	5.2	4.2	7.5	8.2	5.5	
Paper and paper products	11.3	8.3	8.4	11.8	9.9	12.2	13.4	11.8	
Coke, petroleum products and nuclear f	-3.9	5.1	6.9	40.4	12.8	58.3	64.0	61.6	
Chemicals and chemical products	6.3	7.0	8.1	12.5	8.8	19.0	19.5	21.9	
Rubber and plastic products	9.7	7.1	6.2	14.5	9.3	14.2	15.6	12.6	
Manufacture of basic metals	26.0	16.5	11.5	15.3	16.4	20.3	28.7	38.4	
Man. of fabricated metal prod(exc mac	11.1	2.3	1.3	8.7	6.1	12.9	16.2	12.0	
Manufacture of machinery and equipm	7.5	1.0	2.4	9.8	5.1	10.2	14.1	11.5	
Electrical machinery and apparatus	-4.2	-2.2	6.2	12.4	3.5	10.5	11.0	1.7	
Communication and apparatus	5.3	13.7	4.0	12.1	8.7	12.8	1.1	8.7	
Medical, precision and opt. instr., watch	3.3	7.4	16.0	2.0	7.2	0.5	3.4	-4.0	
Motor vehicles and trailers	8.7	6.9	5.1	10.1	8.3	12.9	12.2	7.5	
Waste and scrap (Wholesale and retail)	31.4	32.4	20.0	25.6	26.3	40.2	64.7	102.4	

Source: TURKSTAT.

Quantity Index (2003=100, Annual % Change)

	2007				2007	2008			
	I	II	III	IV		I	II	III	IV
Total	10.1	8.3	16.2	16.6	11.7	13.4	4.5	0.2	
Capital Goods	-1.0	9.0	19.8	24.3	13.5	23.7	4.2	1.9	
Intermediate Goods	14.5	10.0	15.4	13.7	13.3	9.7	3.2	-0.4	
Consumption Goods	-4.0	-6.9	16.9	31.4	8.9	25.5	17.7	3.5	
Selected Items (ISIC Rev.3):									
Crude oil and natural gas	19.3	5.7	2.9	1.0	8.1	2.2	1.6	6.9	
Food products and beverages	-4.3	-18.3	-14.9	4.5	-10.3	24.0	6.1	15.1	
Textiles	17.7	27.9	19.9	20.7	21.1	7.0	-7.9	-11.6	
Paper and paper products	5.3	15.5	15.9	8.3	9.8	9.9	-1.9	-7.3	
Coke, petroleum products and nuclear f	9.2	0.0	21.7	29.5	6.3	5.5	21.3	-7.9	
Chemicals and chemical products	10.4	13.0	12.6	11.9	10.5	9.1	3.2	-0.7	
Rubber and plastic products	6.0	6.6	16.1	16.4	10.3	18.7	7.4	-1.4	
Manufacture of basic metals	19.4	9.7	29.4	13.2	16.3	10.9	-2.5	-0.5	
Man. of fabricated metal prod(exc mac	1.5	8.8	9.0	19.4	8.2	29.4	21.8	13.2	
Manufacture of machinery and equipm	7.9	14.0	14.5	22.3	13.6	12.5	-5.2	-8.0	
Electrical machinery and apparatus	7.0	33.3	28.3	25.8	22.5	44.9	15.8	7.1	
Communication and apparatus	4.2	7.4	22.2	8.7	9.1	9.6	-4.6	-21.1	
Medical, precision and opt. instr., watch	-2.6	5.1	7.8	28.7	8.6	40.5	22.5	23.6	
Motor vehicles and trailers	-10.8	-11.4	9.9	38.4	4.5	27.3	15.4	0.1	
Waste and scrap (Wholesale and retail)	45.9	14.1	0.3	11.9	15.3	2.1	19.7	13.1	

Source: TURKSTAT.