CENTRAL BANK OF THE REPUBLIC OF TURKEY

Balance of Payments Report 2013-IV

CENTRAL BANK OF THE REPUBLIC OF TURKEY

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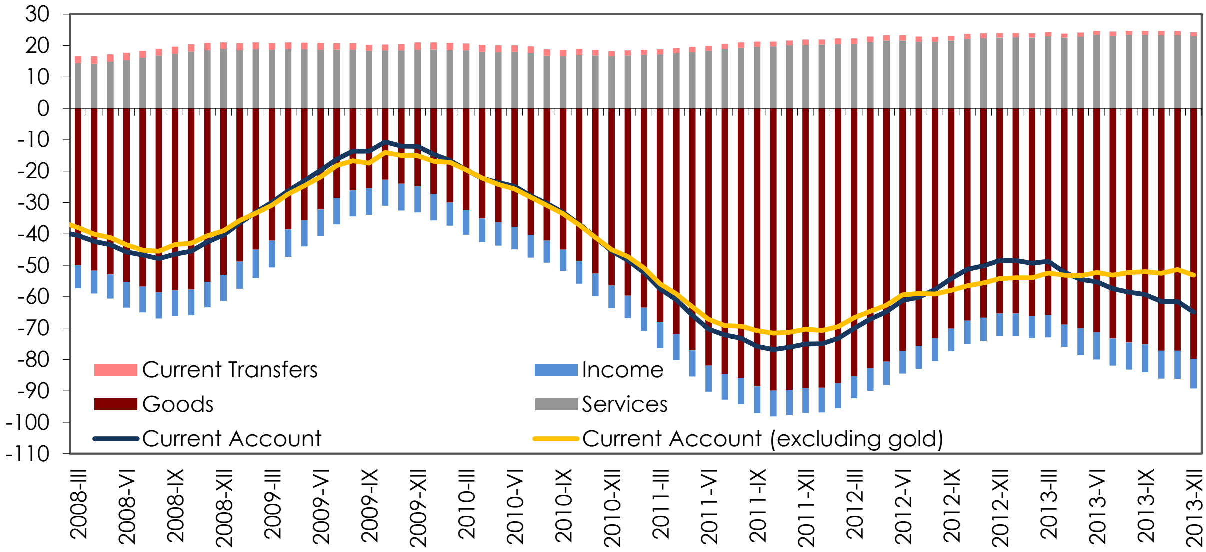
CONTENTS

Overview

The current account deficit widened in the final quarter of 2013. This widening in the current account deficit was mainly driven by elevated imports and net gold imports hovering above historic averages. Actually, an analysis, excluding gold, reveals that the current account deficit displayed a modest rise in the fourth quarter (Chart 1). Meanwhile, in this quarter, the contribution of services balance to current account balance decreased due to the deceleration in tourism revenues.

Chart 1. Current Account and Sub-Items
(annualized, billion USD)



Source: Central Bank of the Republic of Turkey (CBRT).

In the fourth quarter, exports excluding gold displayed an uptrend. The waning impacts of the crisis in the European Union (EU) coupled with signs of recovery in domestic demand and the competitive level of exchange rates continued to be the key factors contributing to the increase in exports. Shuttle trade revenues listed in the balance of payments-defined exports category decreased in this quarter.

The mild upward trend in import expenditures, which has been observed over the last year, continued in the fourth quarter. A moderate recovery in domestic demand factors and the decline in energy imports due to warmer-than-usual weather temperatures were the main factors curbing growth in imports in this period. Meanwhile, imports of gold hovered slightly above the historic averages.

The contribution of the Services item, which is the second most important determinant of the current account balance after foreign trade, to the current account balance decreased in the fourth quarter. The growth rate of tourism revenues decelerated in this period mainly due to the fall in the number of tourists from Europe, particularly from Germany. Likewise, the uptrend in other transportation revenues moving in tandem with the tourism sector decelerated as well.

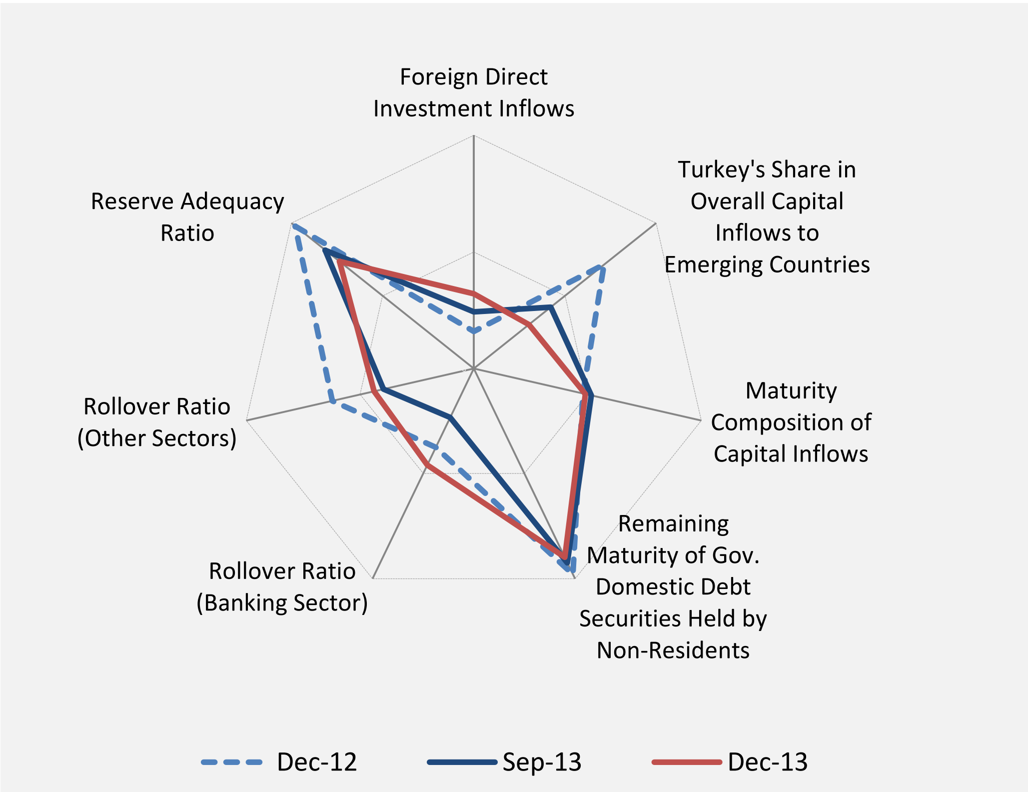
Financing of the Current Account Deficit

In May, with emerging expectations that the U.S. Federal Reserve Bank (Fed) would soon switch its quantitative easing policy that it had adopted in the post-crisis period, the emerging economies started to experience capital outflows. The Fed's decision to cut down on asset purchases in December resulted in the continuation of the re-pricing process of financial assets all over the world in the fourth quarter.

A breakdown of financial accounts in the balance of payments by main headings reveals that the share of direct investments, which have been low compared to historical averages, picked up in the final quarter of 2013. In the same period, portfolio investments recovered quarter-on-quarter. Based on instruments, portfolio investments, except for domestic debt securities, posted inflows. As for other investment inflows, although the banking sector's and other sectors' debt rollover ratios declined slightly, they remained above 100. Meanwhile, outflows from deposits under liabilities continued in this quarter as well.

As for the quality of financing sources, in the fourth quarter, while the debt rollover ratios of the banking sector and foreign direct investments increased quarter-on-quarter and year-on-year, Turkey's share in capital flows towards emerging economies declined in both time frames. While there has been no significant change in other indicators compared to the previous quarter, the maturity structure of the portfolio has not deteriorated despite the outflows from portfolio items as of the second half of the year, which is a noteworthy development (Chart 2).

Chart 2: Macro Display of the Quality of Current Account Deficit Financing



Source: CBRT.

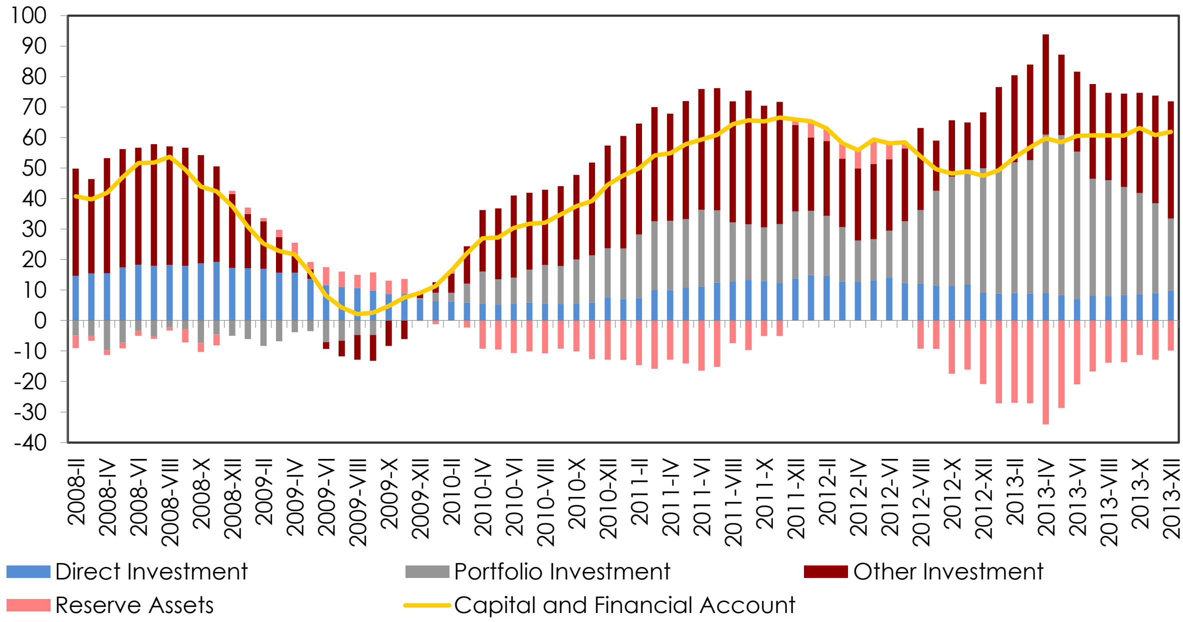
The ongoing flat trend that had been observed in direct investment inflows for a long time was replaced by a moderate recovery in this quarter. This recovery was underpinned by investments from Asian countries. Despite the relative economic recovery in the euro area having the largest share in direct investments in Turkey, the risk appetite remained weak fueling concerns over the sustainability of the rise in direct investments (Chart 3).

The global risk appetite was volatile in the final quarter of 2013. While portfolio inflows picked up compared to the previous quarter, Turkey diverged negatively from other emerging markets due to the domestic developments in December. Actually, portfolio investments, which posted high inflows in October and November, posted outflows in December. By instrument, non-residents were sellers of Government Domestic Debt Securities (GDDS) and banks increased the bonds that they issue abroad. Demand for the Treasury's Eurobonds was high on the back of the limited rise in interest rates. Other sectors' bond issues abroad continued in the fourth quarter of 2013, with a high level of issue (USD 500 million) in October.

In the fourth quarter of 2013, neither the banking sector nor other sectors had any supply-side constraints in external borrowing through loans. When banks' borrowing through bonds is included, the banking sector's total debt rollover ratio was well above the 100 percent level. The long-term external loans used by other sectors mainly to finance investments posted net inflows in the fourth quarter of 2013. When bond issues are included, the other sector's debt rollover ratio exceeds 100 percent.

While the Central Bank's official reserves increased in October and November owing to the recovery in portfolio inflows in these months, official reserves showed a downtrend on the back of the outflows in December.

Chart 3. Capital and Financial Account and Sub-Items
(annualized, billion USD)

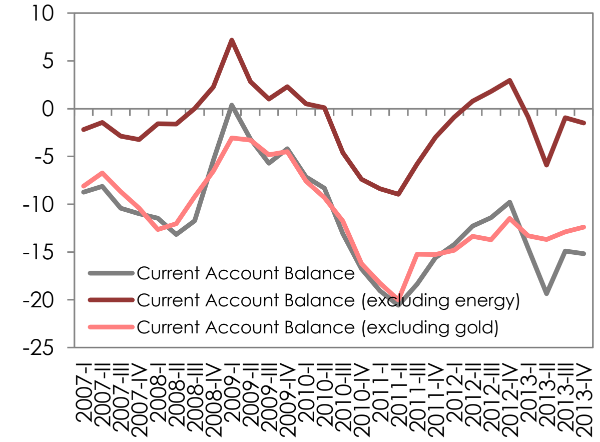


Source: CBRT.

I. Current Account

The seasonally adjusted data suggests that the current account deficit posted a limited expansion quarter–on–quarter in the final quarter of 2013. Net gold imports, which was USD 2.8 billion in the final quarter of the year, became USD 11.8 billion for the whole year and continued to be an important factor affecting current account balance dynamics. Actually, when the analysis is re-applied excluding the gold trade, the current account deficit narrowed further in the final quarter of the year.

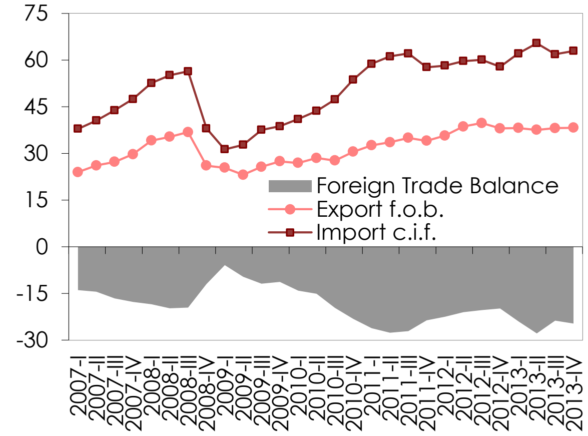
Chart 1. Current Account Balance
(seasonally adjusted, billion USD)



Source: CBRT.

The (seasonally adjusted) foreign trade balance, which is the most important component of the current account balance, showed some deterioration in the final quarter. The foreign trade deficit, which had decreased by USD 4.1 billion in the third quarter of 2013 compared to the previous quarter to USD 23.7 billion, increased by USD 1.0 billion to USD 24.7 billion in the fourth quarter. The expansion in the foreign trade deficit can be mainly attributed to the re-bounce in gold imports in December.

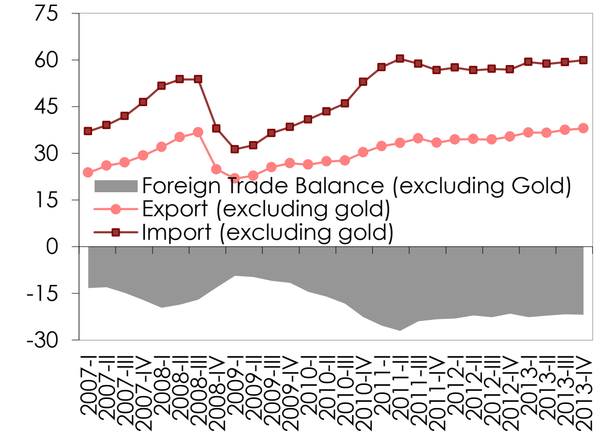
Chart 2. Foreign Trade Deficit
(seasonally adjusted, billion USD)



Source: CBRT.

When gold is excluded, the foreign trade deficit becomes flat. The seasonally adjusted foreign trade deficit excluding gold increased marginally by USD 0.1 billion in the final quarter and became USD 21.9 billion. This level is slightly below the quarterly average of 2013 of USD 22.1 billion.

Chart 3. Imports and Exports
(seasonally adjusted, billion USD)



Source: CBRT.

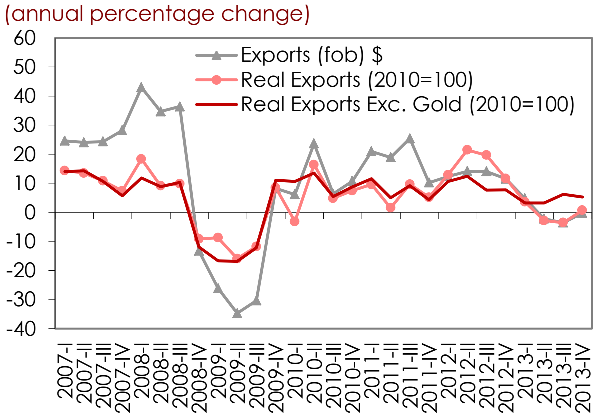
1.1 Exports of Goods

The overall downtrend in total exports in annual terms terminated in the fourth quarter as the base effect stemming from gold exports eased. On the back of this development, the total exports in 2013 decreased by 0.4 percent in annual terms while exports excluding gold increased by 6.7 percent. An analysis of the annual change in export quantity index based on the year 2010, excluding gold, indicates that there has been an acceleration in the second half of the year in tandem with the global developments. Annual growth, which was 3.2 percent in the first half of the year, became 5.7 percent in the second half.

The recovery in the EU countries' share in Turkey's exports continued in the final quarter of 2014. Non-gold exports to EU countries increased by 6.7 percent year-on-year posting a faster rise than that of total exports. Therefore, the EU countries' share in Turkey's total exports reached 42.7 percent. The Middle East and Africa (MEA) countries' share in Turkey's exports remained high and these countries continued to be Turkey's second largest trade partner with a share of 31.6 percent.

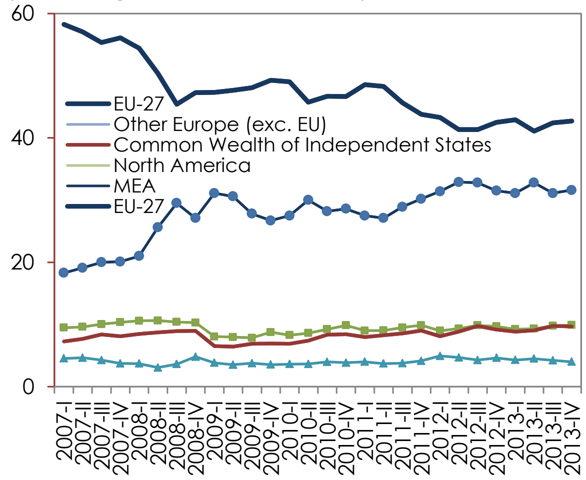
Turkey's export markets are recovering in tandem with the global economic recovery that started in the second quarter of 2013. While global growth recorded a quarter-on-quarter increase of 0.7 points reaching 3.4 percent in annual terms in the final quarter of 2014, the export-weighted global growth increased by 0.7 points quarter-on-quarter in the same period to 2.0 percent in annual terms. Despite the favorable trend in global growth outlook, the growth gap to the detriment of Turkey's trade partners persists.

Chart 4. Exports- Nominal and Real
(annual percentage change)



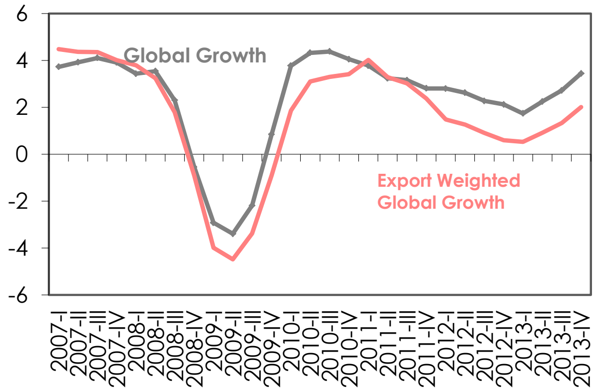
Source: TURKSTAT.

Chart 5. Selected Regions' Shares in Exports Excluding Gold
(percentage share in total exports)



Source: TURKSTAT.

Chart 6. Foreign Demand Index for Turkey
(annual percentage change)

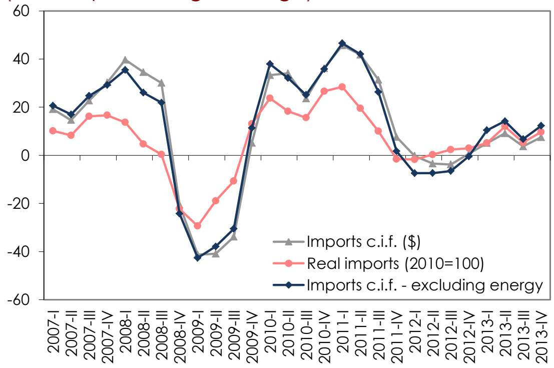


Source: Bloomberg, Consensus Forecasts, IMF, CBRT.

1.2 Imports of Goods

In the final quarter of 2013, the uptrend in total imports accelerated again due to the rise in gold imports. An analysis of imports excluding gold suggests that the upward trend slightly decelerated in this quarter and the annual growth rate decreased from 4.6 percent to 4.0 percent. Meanwhile, total imports was up 6.4 percent while imports excluding gold remained at 3.3 percent in 2013.

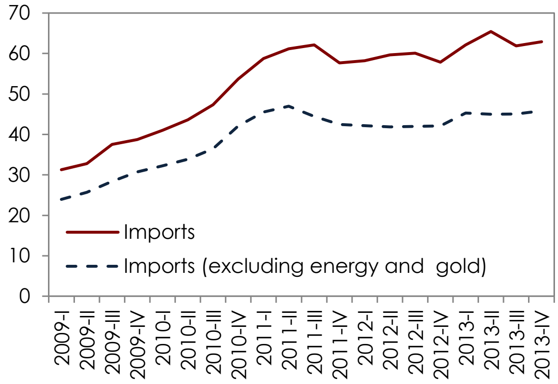
Chart 7. Imports-Nominal and Real
(annual percentage change)



Source: TURKSTAT.

Seasonally adjusted core imports, which are defined as imports excluding gold and energy, posted a limited increase in the final quarter after two consecutive quarters of flat trend. After having declined by 0.7 percent in the second quarter, core imports increased by 0.1 percent in the third quarter and by 1.8 percent in the final quarter of 2014. Core imports' share in total imports further increased as the rise in gold and energy imports remained limited in the final quarter.

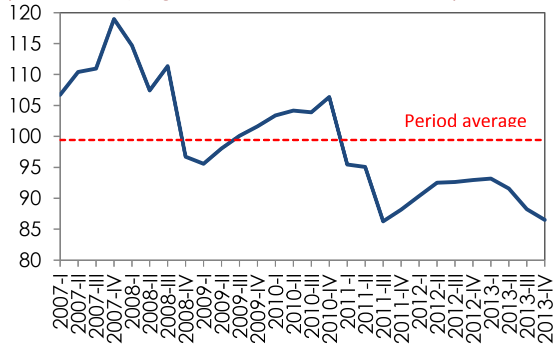
Chart 8. Imports Excluding Energy and Gold
(seasonally adjusted, billion USD)



Source: CBRT.

The real exchange rate based on the CPI and developing countries posted a further decline and continued to remain below the quarterly average. With this decline in the last quarter, the real exchange rate stood at a level almost the same with the lowest level in the third quarter of 2011.

Chart 9. Real Effective Exchange Rate
(CPI-developing countries based, 2003=100)



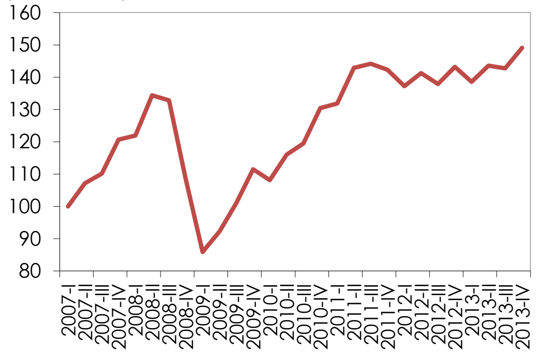
Source: CBRT.

1.3 Global Outlook

The World Trade Organization data suggest a significant growth in world trade in line with the positive outlook of global growth. Accordingly, global exports posted a high rate of increase by 4.4 percent in the last quarter, following an average of 0.1-percent contraction in the first three quarters of the year.

In this period, Turkey's shares in global imports and exports remained at 1.4 percent and 0.9 percent, respectively. Thus, the 0.5-percentage-point difference between its shares in these two categories did not change.

Chart 10. World Trade
(2007-I=100)



Source: WTO.

Chart 11. Share of Turkey in World Trade (percent)

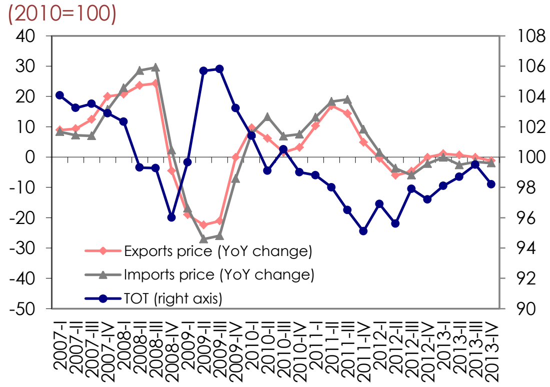
Source: WTO.

1.4 Terms of Trade

In the last quarter of 2013, terms of trade rose slightly year-on-year as the fall in export prices was relatively more limited than the fall in import prices. The Q4 value of terms of trade at 98.2 percentage points is 1.0 percentage point higher than the value of the previous year. Yet, it denotes a 1.3-percentage-point decline over the previous quarter of 2013.

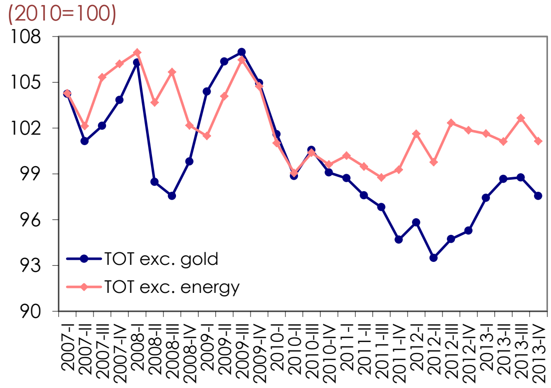
Terms of trade excluding gold inched down in quarterly terms but hovered above the previous year's level. The 97.5-percentage-point level of terms of trade excluding gold in the last quarter of 2013 is 1.3 percentage points lower than the level of the third quarter, whereas it is 2.2 percentage points higher in year-on-year terms.

Chart 12. Terms of Trade (ToT)
(2010=100)



Source: TURKSTAT.

Chart 13. ToT Excluding Gold and Energy
(2010=100)

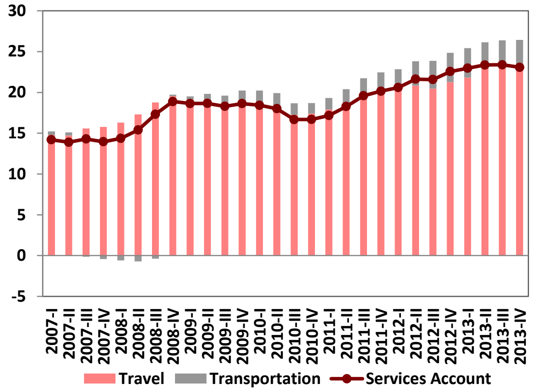


Source: TURKSTAT.

1.5 Services Account

The services item, which is the second most important determinant of the current account balance after foreign trade, had a reduced contribution to the improvement in the current account balance in the fourth quarter. The rate of increase in tourism revenues decelerated in this period, due to the fall in the number of tourists from Europe, particularly from Germany. Likewise, the uptrend in the other transportation revenues that move in line with the tourism sector lost momentum.

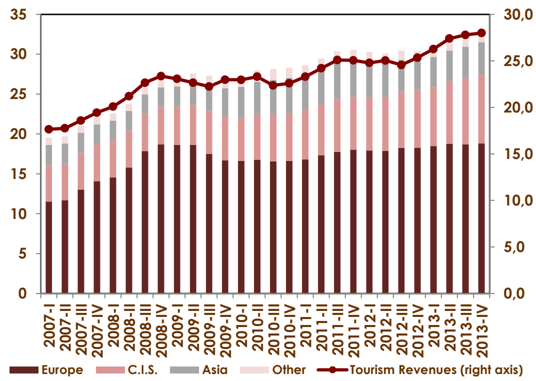
Chart 14. Services Account, Tourism and Transportation (annualized, billion USD)



Source: CBRT.

The contained increase in tourism revenues and the downtrend in transportation revenues led to a 5.9 percent decrease in services revenues compared to the same period in 2012. As a result, the contribution of services revenues to the current account balance diminished. In the last quarter of 2013, tourism revenues and expenditures grew by 3.2 percent and 11.3 percent, respectively, compared to the same period last year. Consequently, net tourism revenues surged by 1.2 percent year-on-year to USD 5.3 billion in the last quarter of 2013. Also, the number of tourists rose by 9.4 percent over a year. An analysis by country groups indicates that in the fourth quarter, the highest proportional rise with respect to the number of tourists was recorded for the Commonwealth of Independent States (CIS) and Asia.

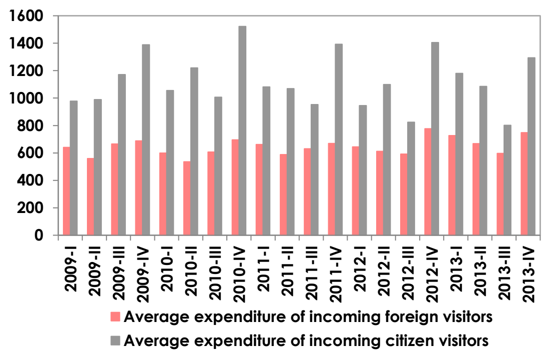
Chart 15. Breakdown of Tourists Visiting Turkey by Country and Tourism Revenues
(left axis: annualized, million people;
right axis: billion USD)



Source: TURKSTAT.

In this period, the average expenditure per foreign visitor and non-resident Turkish citizen in Turkey decreased in year-on-year terms. The average expenditure per foreign visitor in Turkey declined by 3.6 percent year-on-year to USD 748, and the average expenditure per non-resident Turkish citizen visiting Turkey dropped by 8.0 percent year-on-year to USD 1294.

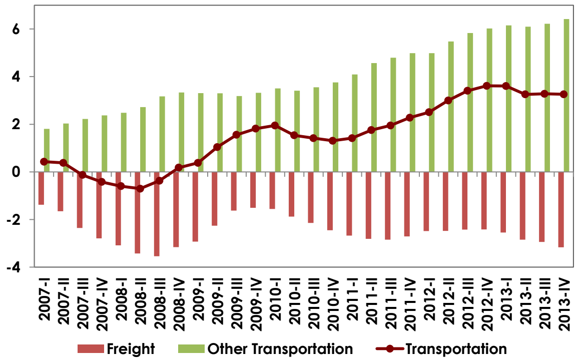
Chart 16. Average Expenditure (USD/person)



Source: TURKSTAT.

Transportation revenues remained flat at the level they dropped to in the second quarter of the year. In the last quarter of 2013, both transportation revenues and transportation expenditures increased by 3.2 percent and 5.2 percent year-on-year, respectively, thereby leading to a 2.5 percent-fall in net transportation revenues. The main driver of this fall was the 38.0-percent decline in net freight revenues. The net other transportation revenues item composed of tickets and food-beverage climbed by 14.6 percent. In this period, the share of foreign carriers in imports declined by 0.8 points quarter-on-quarter to 53.9 percent.

Chart 17. Transportation and Sub-items
(annualized, billion USD)

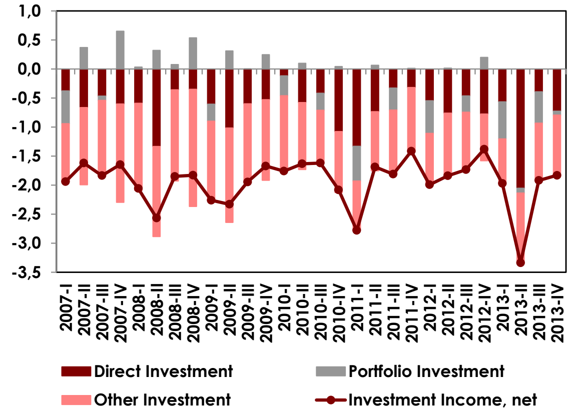


Source: TURKSTAT, CBRT.

1.6 Income Account

In the last quarter of 2013, the income account posted net outflows across all its sub-items. Net outflows from the income account surged by 32.9 percent year-on-year to USD 1.9 billion in the fourth quarter of 2013. Outflows from direct investments under the investment income item decreased compared to the same period last year and became USD 0.7 billion while outflows from other investments increased to USD 1.0 billion. Unlike the case in Q4-2012, portfolio investments posted an outflow of USD 66 million in this period.

Chart 18. Composition of Investment Income (net)
(billion USD)

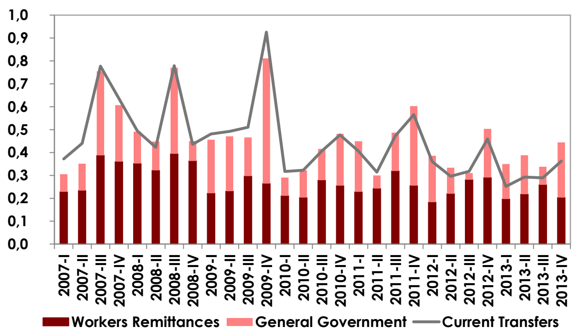


Source: CBRT.

1.7 Current Transfers

Net inflows from current transfers, which registered the lowest level since 2005 in the first quarter of 2013, maintained their recovery trend that started in the second quarter. In this period, current transfers posted a net inflow of USD 362 million with a year-on-year decline by 21.1 percent. This decline was mainly attributed to the fall in workers' remittances and net outflows from the other transfers item under the other sectors item despite the 13.7 percent-rise in the general government item which includes grants between countries.

Chart 19. Current Transfers and Workers' Remittances
(billion USD)



Source: CBRT.

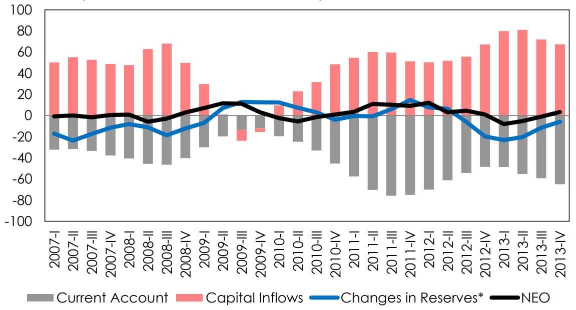
II. Capital and Financial Accounts

In the last quarter of 2013, the downtrend in capital inflows continued on the back of a growing current account deficit. Rising expectations about a Fed taper of quantitative easing policies in May led to capital outflows from emerging markets. The Fed began to cut bond purchases in December, which caused the global repricing of financial assets to continue also in the last quarter. Direct investments, which had been below the historical average for some time, assumed an uptrend in the last quarter of 2013. As for other investment inflows, although the banking sector's and other sectors' debt rollover ratios declined slightly, they maintained the levels above 100. Meanwhile, the outflow from deposits on the liabilities side, which had started in the third quarter, continued in this quarter as well.

In the fourth quarter, the financing requirement increased year-on-year. The financing requirement item, which is a compilation of the Current Account Balance, Debt Security and Credit Repayments and Other Assets items, increased by USD 10.1 billion in this quarter and reached USD 27.4 billion.[1]

In the last quarter of 2013, the shares of debt-creating and non-debt-creating flows in total liabilities remained at the same level as the same quarter of previous year. Debt-creating flows and non-debt-creating flows rose by USD 12.3 billion and USD 5.3 billion, respectively.[2]

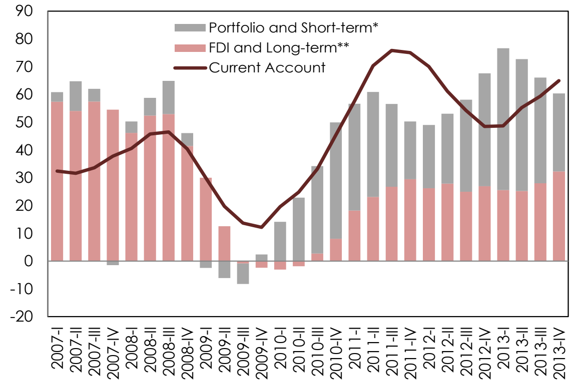
Chart 20. Current Account Balance and Net Capital Inflows (annualized, billion USD)



Source: CBRT.

* Changes in reserves are composed of banks' and other sectors' total foreign currency and deposits besides official reserves in the balance of payments table. A negative value denotes an increase, while a positive value denotes a decrease in reserves.

Chart 21. Current Account and its Financing (annualized, billion USD)

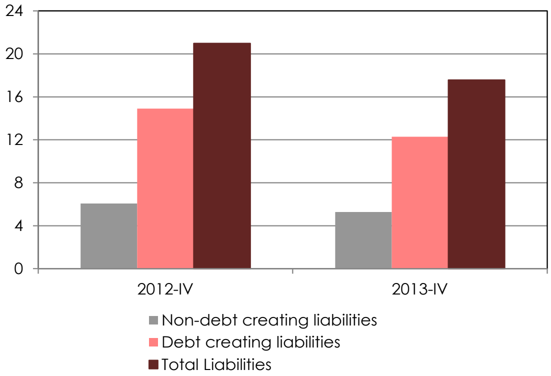


Source: CBRT.

* Composed of equity securities, Government domestic debt securities, short-term credits of banks and other sectors and deposits at the banks.

** Composed of long-term capital movements, long-term net credits of banks and other sectors and bonds issued by banks and the Treasury abroad.

Chart 22. Debt-Creating and Non-Debt-Creating Liabilities under the Financial Account (billion USD)



Source: CBRT.

[1] See Annex Tables, "Financing Requirements and Sources".
[2] See Annex Tables, "Balance of Payments Debt-Creating and Non-Debt-Creating Flows".

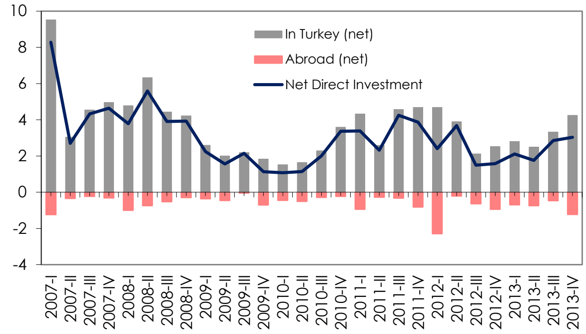
2.1 Direct Investment

The long-lasting flat course of direct investment inflows reversed into a moderate pick-up in the last quarter of 2013. While investments from Asian countries were influential in this pick-up, there are concerns over the sustainability of this uptrend as the investment appetite still presents a weak outlook despite the relative economic recovery in the Euro area that has the largest share in direct investments in Turkey (Box 1).

In the last quarter of 2013, direct investments in Turkey were USD 4.3 billion, the majority of which was composed of investments in the fields of electricity, gas, steam and air conditioning generation and distribution as well as those in the finance and insurance sectors. In this quarter, while the share of investments from Europe in total investments plunged to 56.0 percent, that of Asian countries grew to 35.3 percent.

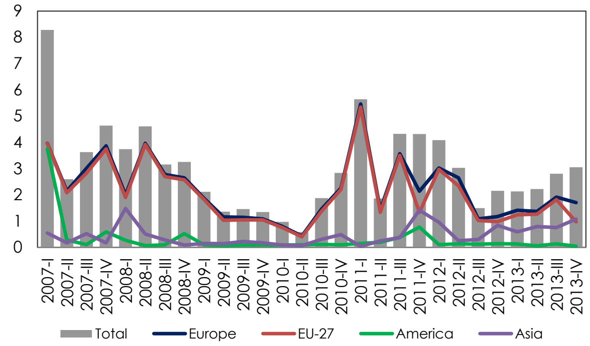
Turkey's direct investments abroad, which remained flat in the third quarter of 2013, reached a high level in the last quarter with the impact of increase in direct investments to European countries. Direct investments abroad were approximately USD 1.2 billion and the share of European countries increased to 75.0 percent whereas that of Asian countries dropped to 19.6 percent.

Chart 23. Direct Investment
(billion USD)



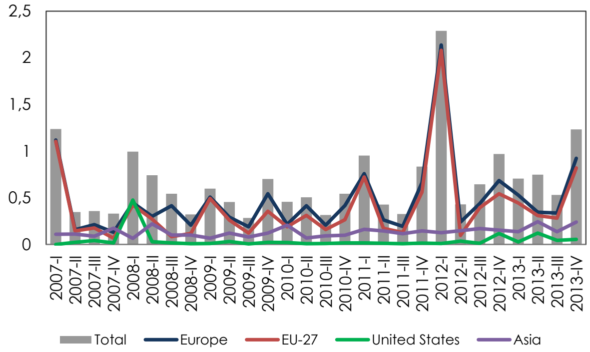
Source: CBRT.

Chart 24. Direct Investment in Turkey - Geographical Distribution (billion USD)



Source: CBRT.

Chart 25. Direct Investment Abroad - Geographical Distribution
(billion USD)



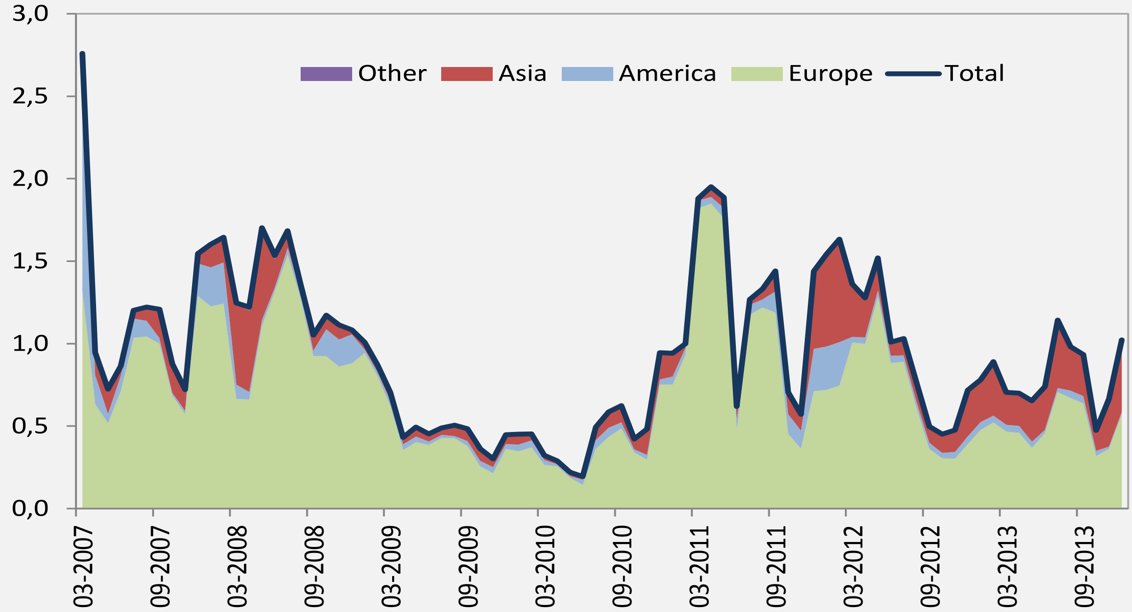
Source: CBRT.

Box 1

Impact of Economic Developments in the Euro Area on Foreign Direct Investments in Turkey

Foreign Direct Investments (FDI) are regarded as a factor that increases the financing quality of the current account deficit owing to their permanent nature. The amount of FDI that a country can draw does not only depend on the developments in the FDI-receiving country but also on the economic and financial developments in the region/country from which the FDI originates. 60 percent of FDI flows to Turkey originate from the euro area and 70 percent from Europe which makes any development in the region important for Turkey. Actually, FDI flows to Turkey in the post-crisis period presented a significantly fluctuating trend by periods. This box presents an evaluation of the impact of the economic crisis in the euro area on the FDI flows to Turkey, taking into account the global crisis period.

Chart 1. Direct Investments and Region's Shares
(monthly, 3-month moving average, billion USD)



Source: CBRT.

The FDI flows to Turkey after 2007 and the discrepancies in the regional distribution of FDI flows are analyzed in four main sub-periods (Chart 1). The first sub-period is the period that was marked by high FDI flows that lasted until the global economic crisis. In the following sub-period, the impacts of the global crisis were heavily felt in Turkey and FDI flows dropped significantly. In the third sub-period, FDI flows rebounded in tandem with the exit from the crisis. In the last sub-period, FDI flows originating from Europe decreased due to the euro area crisis while the total FDI flows decreased, albeit not as sharply as they did in the second sub-period.

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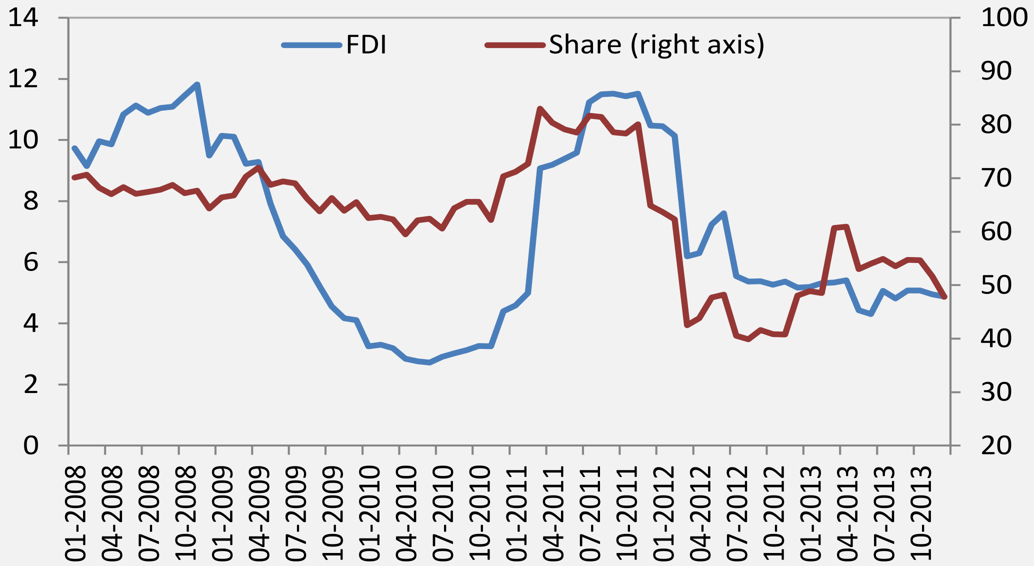
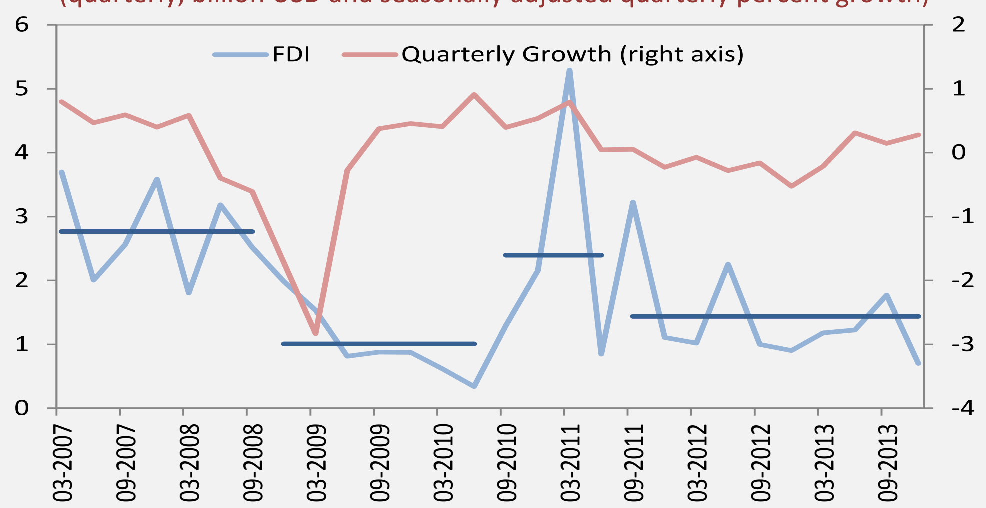
Chart 2. FDI Flows from the Euro Area and Share in Total FDI Flows
(12-month cumulative, billion USD and percent)



Source: CBRT.

Chart 2 shows 12-month cumulative data on FDI flows and the euro area's share in total inflows. While FDI flows to Turkey decreased during the global crisis, there has been no significant change in the share of FDI flows from the euro area. However, as the euro area crisis loomed in the second quarter of 2011, the amount of FDI flows originating from the euro area decreased substantially. In this period, FDI flows from other countries continued and consequently, the share of FDI flows from the euro area in total FDI flows decreased as well.

Chart 3: FDI Flows Originating from the Euro Area and Growth in the Euro Area
(quarterly, billion USD and seasonally adjusted quarterly percent growth)



Source: CBRT, ECB.

The quarterly growth (seasonally adjusted) of the euro area and FDI flows originating from the euro area countries are shown in Chart 3. An analysis of FDI flows by sectors suggests that the quarterly average of FDI flows, which was USD 2.8 billion in the pre-crisis period, decreased to USD 1.0 billion in the period when the effects of the crisis were most heavily felt. An analysis of the euro area crisis between 2011-2013 shows that the same item decreased from USD 2.4 billion to USD 1.4 billion.[3]

To sum up, the data indicates that the conjunctural developments in the euro area have a significant impact on FDI flows to Turkey as the region has the largest share in FDI flows to Turkey. In light of this data, the FDI flows originating from the euro area are expected to increase on the back of the favorable expectations pertaining to the economic outlook in the region.

[3] While the correlation coefficient between the two series is simultaneously calculated as 0.12, when data with lags of three quarters and five quarters is analyzed, the correlation coefficient increases to 0.48 and 0.51 due to the lagged impact of the change in economic activity on FDI inflows.

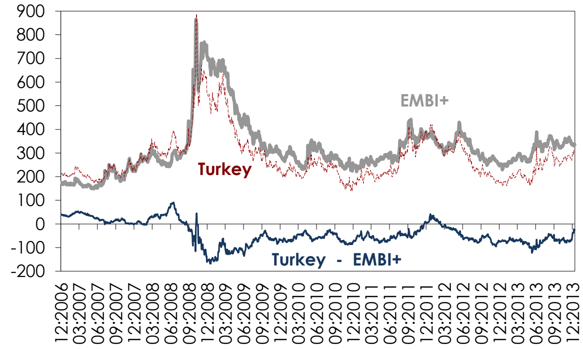
2.2. Portfolio Investment

In the last quarter of the year, the global risk appetite followed a fluctuating course. In this period, portfolio investments improved compared to the previous quarter. Yet, December developments in Turkey caused the country to diverge from other emerging market economies in a negative direction. Accordingly, the positive and strong course of portfolio inflows in October and November reversed in December. In this period, Turkey's risk premium remained below the average risk premium of the Emerging Markets Bond Index (EMBI+) but increased towards the end of December while the EMBI+ risk premium trended down.

There was a recovery in portfolio investments compared to the previous quarter. In terms of investment instruments, non-residents sold GDDS throughout the period while banks increased their bond issues abroad. Eurobond issues of the Treasury in this period also received high demand parallel to the slight rise in interest rates. Banks' bond issues abroad escalated to USD 2.3 billion in the last quarter of the year. On the other hand, the other sectors' bond issues abroad stood at USD 0.5 billion. The maturity structure of the instruments that were invested in did not deteriorate compared to the previous quarter.

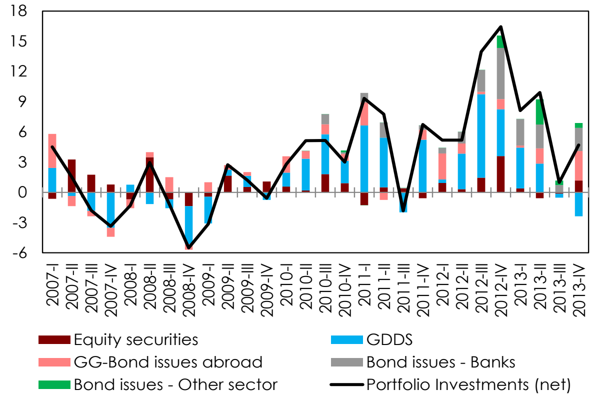
Other sectors' bond issues abroad continued in the fourth quarter of 2013, with an important new issue of USD 500 million realized in October. GDDS-driven net outflows were USD 2.4 billion, while the equity security market registered an inflow of USD 1.2 billion. Additionally, in the fourth quarter of 2013, regarding domestic debt securities of banks and other sectors, non-residents sold net USD 10 million and net USD 4 million worth of secuirities, respectively.

Chart 26. Secondary Market Spreads and Turkey's Relative Position
(basis point)



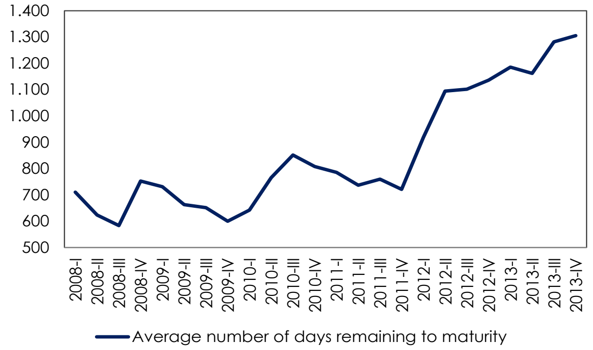
Source: JP Morgan.

Chart 27. Portfolio Investment - Liabilities
(billion USD)



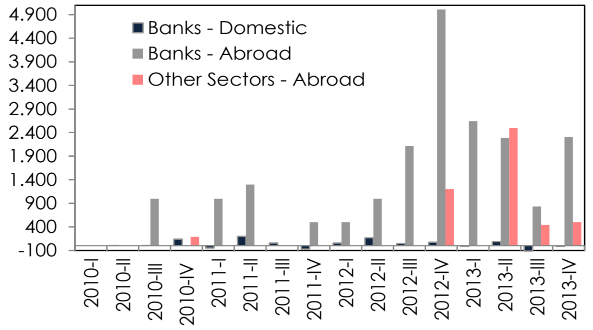
Source: CBRT.

Chart 28. Maturity Structure of Non-Residents' Holdings of GDDS
(weighted market value, billion USD)



Source: CBRT.

Chart 29. Debt Securities Issued by Banks and Other Sectors
(million USD)



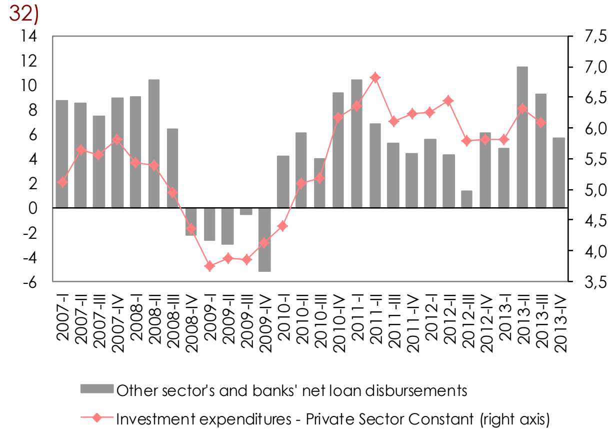
Source: CBRT.

2.3 Loans and Deposits

In the fourth quarter of 2013, neither the banking sector nor other sectors had any supply-side constraints in external borrowing through loans. In the fourth quarter of 2013, banks predominantly opted for long-term borrowings through loans. Yet, their short-term borrowings also increased compared to the previous quarter. Banks retained their role as net borrowers for both short-term and long-term loans and used net USD 1.9 billion and USD 4.9 billion worth of short-term and long-term loans, respectively. Banks' total external debt rollover ratio climbed to 116 percent in the fourth quarter. When banks' borrowings through bonds are included, the banking sector's total debt rollover ratio rises to 119 percent.

Long-term external loans used by other sectors mainly to finance investments posted net inflows in the fourth quarter of 2013. In addition, other sectors issued bonds abroad in this quarter as was the case in the third quarter. The related sectors made a net long-term borrowing of USD 0.8 billion in this quarter. An analysis of debt rollover ratios indicates that the long-term external debt rollover ratio of the other sectors surged to 112.6 percent from 105.9 percent in the fourth quarter of 2013. Including bond issues, the fourth quarter total debt rollover ratio of the other sectors rises to 121 percent.

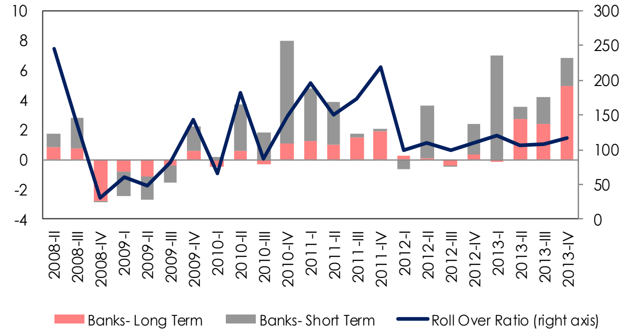
Chart 30. Net Long-Term Loan Utilization* and Other Sectors' Investment Expenditures
(billion TL, 1998=100, covering the effect of Decree No: 32)



* Including FX-denominated loans extended by banks in the domestic market.

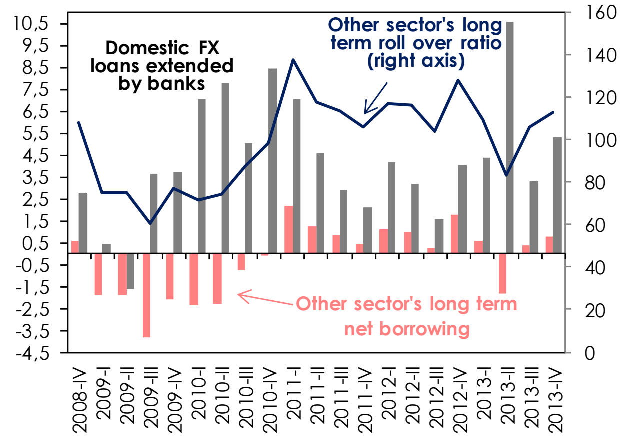
Source: CBRT.

Chart 31. Banks' Long and Short Term Net Borrowing (billion USD) **and Long-Term Rollover Ratio** (percent)



Source: CBRT.

Chart 32. Domestic FX Loans Extended by Banks - Other Sectors' Long-Term Net Borrowing (billion USD) **and Long-Term Debt Rollover Ratio** (percent)



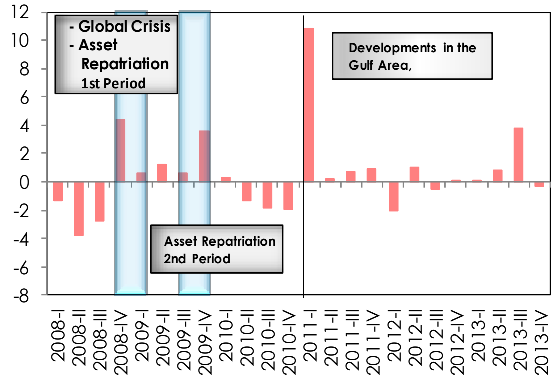
Source: CBRT.

Residents' deposits in banks abroad are recorded in the balance of payments table under "Financial Account / Other Investments /Currency and Deposits / Other Sectors". While activities in these accounts -particularly in times of crisis- have become an important determinant of capital movements in the balance of payments statistics, deposits tend to accumulate in these accounts at other times. The indicative data for the fourth quarter of 2013 suggest a USD 0.3 million increase.

The decline in FX accounts at the Central Bank of Turkey of non-resident Turkish citizens persists due to the cuts in interest rates applied to these accounts. The last cut in the interest rates applied to long-term FX deposit accounts with credit letters and to super FX accounts was effected in April 2013. While the highest outflow from these accounts was observed in 2012, deposits in these accounts posted a net outflow of USD 0.5 billion in the fourth quarter of 2013.

The facility, which allows banks to keep a certain fraction of their Turkish lira reserve requirements as FX and gold, had an impact on non-resident citizens' and banks' deposits in domestic banks. Due to the cost advantage provided by the facility, the deposits of non-resident citizens' and banks' deposits in domestic banks surged in the first two quarters of 2013; yet in the third quarter, the TL deposits in domestic banks eroded while FX deposits posted an increase. This situation reversed in the fourth quarter with TL deposits increasing by USD 0.9 billion and FX deposits declining by USD 1.9 billion.

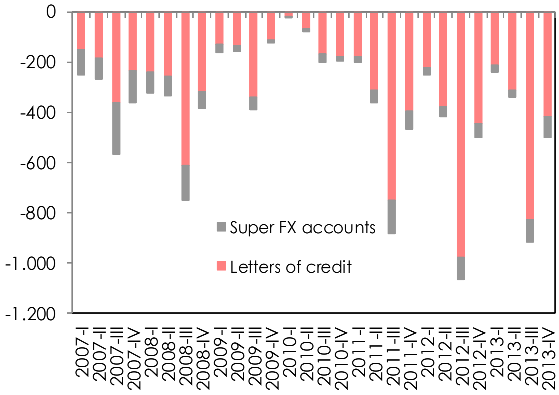
Chart 33. Other Sectors' Deposit Assets Abroad
(billion USD)



Source: CBRT.

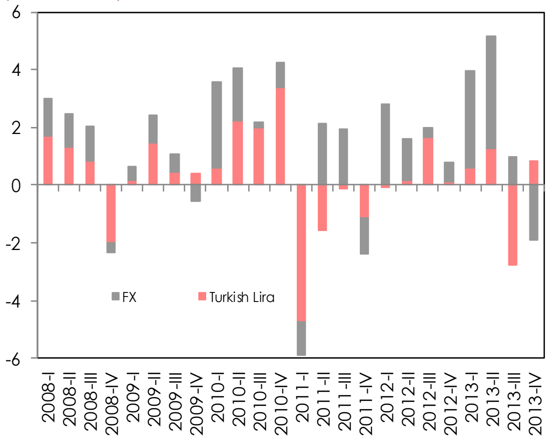
(+): Decrease in deposits abroad, (-): Increase in deposits abroad

Chart 34. Deposits within the Central Bank
(million USD)



Source: CBRT.

Chart 35. Deposits of Non-resident Banks within the Domestic Banks - Composition of FX and TL
(billion USD)



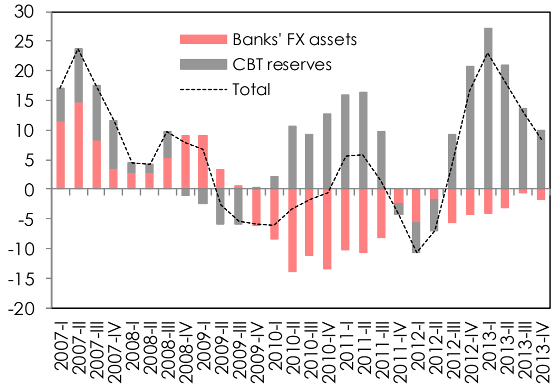
Source: CBRT.

While the Central Bank's official reserves posted an increase in October and November due to the improvement of portfolio inflows in these months, they showed a downtrend on the back of outflows in December. In the fourth quarter, the official reserves in the balance of payments table expanded by USD 0.5 billion. This expansion was triggered by the Treasury's bond issues in October and November, the repayment of rediscount loans that the Central Bank extends to exporters and the surge in banks' required reserves held at the Central Bank, whereas the CBRT's FX sales to banks and the decline in banks' deposits at the Central Bank became the main drivers of outflows from reserves.

In response to the upward trend in reserves, CBRT reserves ascended by USD 11.8 billion compared to end-2012 to USD 131.0 billion. An inflow of USD 12.7 billion driven by the repayment of rediscount loans extended to exporters became instrumental in this increase (Box 2). On the other hand, “the short-term external debt stock on a remaining maturity basis (STED)”, which is calculated based on the external debt maturing within 1 year or less regardless of the original maturity, dropped by 0.9 percent in December compared to the previous quarter-end to USD 166.7 billion. As a result, the ratio of international reserves to STED, which is considered to be one of the reserve adequacy indicators, was recorded as 89 percent. This ratio becomes 106 percent when branches and affiliates abroad are excluded (Box 3).

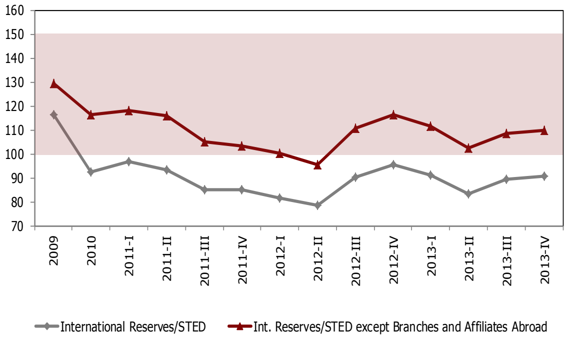
The Net Errors and Omissions (NEO) item posted a net inflow of approximately USD 1.1 billion in the fourth quarter of 2013. In annual terms, the cumulative NEO materialized as USD 3.4 billion and its ratio to total FX inflows was 1.6 percent in the fourth quarter.

Chart 36. International Reserves
(annualized, billion USD)



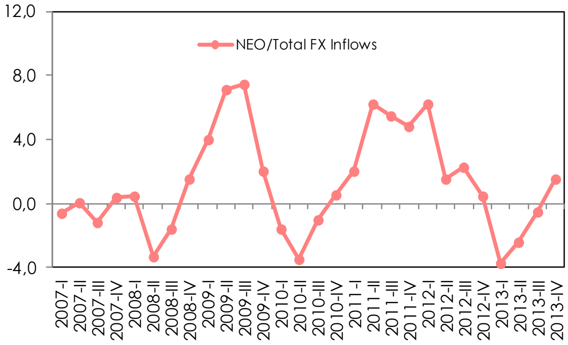
Source: CBRT.
Note: (+) increase; (-) decrease

Chart 37. The Ratio of International Reserves to STED on a Remaining Maturity Basis (percent)



Source: CBRT.

Chart 38. Net Errors and Omissions (NEO) and Total Foreign Exchange Inflows
(annualized, percent)



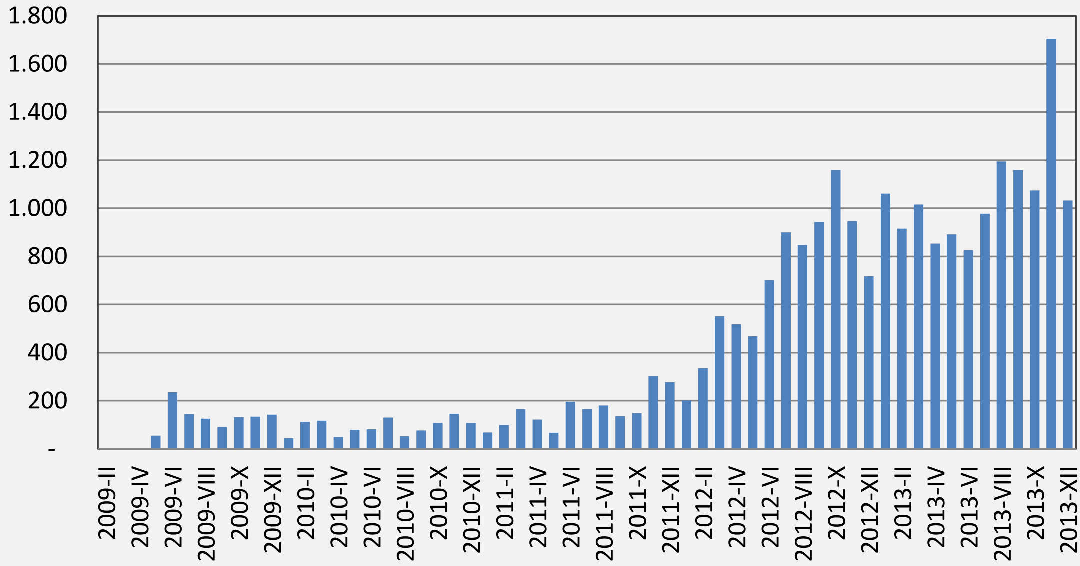
Source: CBRT.

Box 2 The Effect of Rediscount Credits on International Reserves

Export rediscount credits contribute to foreign trade by supporting the exports sector and are an important policy instrument that affects both the market liquidity and the Central Bank reserves. In line with the new arrangements by the Central Bank in recent years, foreign exchange inflows originating from repayments of export rediscount credits surged considerably and constituted one of the main items that bolstered international reserves. This box gives a summary of these arrangements and an analysis of the foreign exchange movements triggered by export rediscount credits.

Export rediscount credits are extended via the acceptance of FX bills to finance exporters' claims arising from their forward sales or the exports they have committed to realize. These credits are extended to exporters in Turkish lira and their repayments are made in foreign exchange. In other words, a growth in the CBRT's gross FX reserves originating from export rediscount credit utilization leads to a boost in the net FX reserves of the Bank as it does not create a liability in the balance sheet of the Bank. With the amendments to arrangements in various periods, costs have been reduced, maturities have been extended and credit limits have been raised. Consequently, export rediscount credits have become more attractive for firms and this has led to year-on-year surges in the volume of credits extended. Parallel to increased credit utilization, credit repayments in FX have inched up remarkably (Chart 1). As shown in Chart 1, FX inflows originating from credit repayments had not displayed a significant change until 2009 but they posted a rapid growth after 2009 due to the arrangements made.

Chart 1. FX Inflows Originating From Export Rediscount Credit Repayments
(million USD)



Source: CBRT.

The arrangements on rediscount credits that the CBRT made after 2009 are summarized as follows:

- In March 2009, to ensure that a larger number of firms benefited from rediscount credits, the CBRT started to extend rediscount credits to manufacturing firms that are not titled as exporters but manufacture final products for export purposes and export these products via an exporter.
- The credit limit was raised to USD 2.5 billion in April 2009.
- In September 2011, the duration for fulfilling the export commitment was extended from 4 months to 6 months while the credit limit was increased to USD 3 billion.
- Then again, the limit of export rediscount credits was scaled up to USD 5.5 billion in 2012 and USD 6 billion on 4 December 2012.
- In August and November 2013, collateral conditions for export rediscount credits were eased, the credit limit was increased to USD 12 billion and the maturities were extended. Moreover, the maximum maturity of bills accepted for rediscount was extended from 120 days to 240 days.

As a result of these developments, export rediscount credits, which are extended in Turkish lira and repaid in foreign exchange, had a contribution of USD 1.1 billion to international reserves overall in 2009, particularly due to the increase in credit limits in April 2019. The contribution from these credits remained at the same level in 2010 and rose to USD 1.9 billion in 2011. With the impact of the increase in credit limits and the ease of credit utilization in 2012 and 2013, the FX income from rediscount credits surged to USD 8.3 billion and USD 12.7 billion in these years, respectively. The ratio of FX income from export rediscount credits to the CBRT's gross FX reserves rose from 1.5 in 2009 to 8.3 in 2012 and 11.5 in 2013.

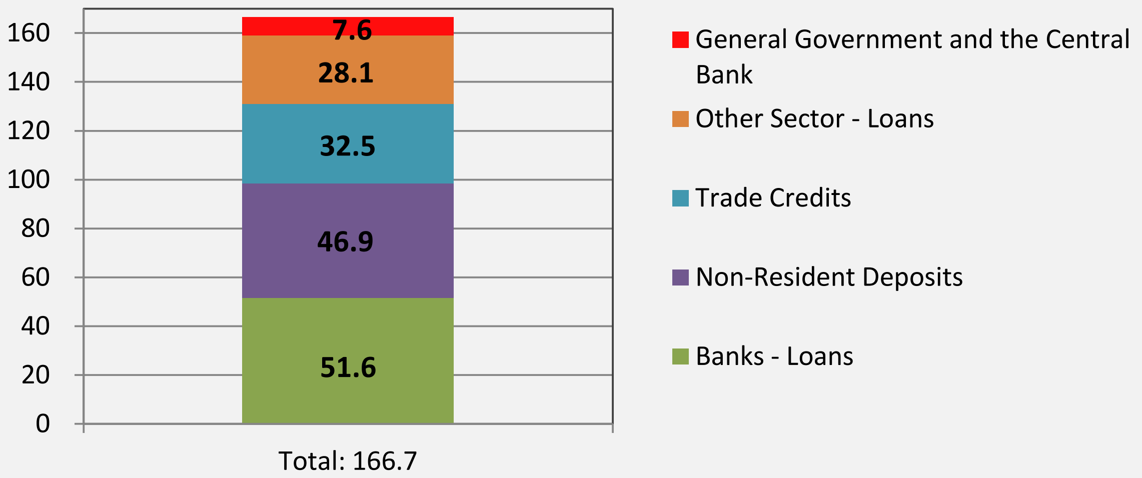
If the credit growth registered in 2013, in which the credit limits were raised and credit conditions were eased, also continues in 2014, the net FX inflow originating from credit repayments will probably amount to approximately USD 13 billion this year.

Box 3 An Analysis on the External Debt Service in 2014

This box develops scenarios and presents analyses regarding the external debt service in 2014 by taking into account the short-term external debt rollover ratios in Turkey from 1991 to 2013.

Short-term external debt stock mainly consists of (i) short-term FX deposit accounts with credit letters and super FX accounts at the CBRT, (ii) short-term cash borrowings of the banking and other sectors from abroad, (iii) short-term trade credits of the other sectors from abroad and (iv) TL and FX deposits of non-residents in domestic banks. Moreover, in order to conduct a much sounder analysis, the "Short-term External Debt Stock on a Remaining Maturity Basis (STED on a Remaining Maturity Basis)" table has been prepared by adding the long-term external debt with days-to-maturity less than one year to the short-term external debt stock. Accordingly, STED on a Remaining Maturity Basis reached USD 166.7 billion in December 2013 (Chart 1). While banks' outstanding loans in the amount of USD 51.6 billion ranked first, this was followed by non-residents' deposits in domestic banks in the amount of USD 46.9 billion and then non-residents' outstanding trade credits in the amount of USD 32.5 billion and, lastly, other sectors' outstanding loans of USD 28.1 billion. General Government and Central Bank debts remain low at USD 7.6 billion

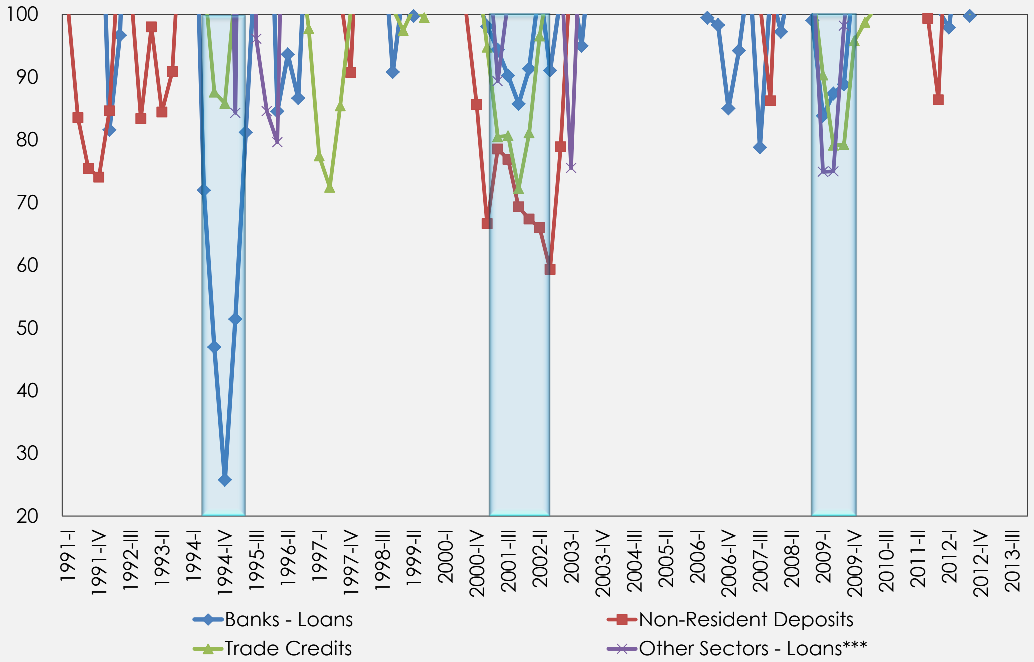
Chart 1. Short-Term Debt Stock on a Remaining Maturity Basis – December 2013 (billion USD)



Source: CBRT.

In order to develop scenarios on the external debt service of 2014, debt rollover ratios of the first four sectors that have the largest share in short-term external debt stock were calculated for the period from 1991 to 2013 (Chart 2). The given data reveal that the debt rollover ratios posted their lowest levels in early 1994, February 2001 and September 2008, all of which were dominated by financial turmoil.

Chart 2. Sectors' Debt Rollover Ratios, 1991Q1– 2013Q4
(billion USD)



Source: CBRT.

* The Chart illustrates only the cases where debt rollover ratios fell below 100 percent.

** To measure debt rollover ratios of trade credits and deposits, the rates of annual change that are calculated with respect to the same quarter of the preceding year are used.

*** FX loans borrowed from the domestic market since 2009 Q3 are also included.

Table 1 illustrates the periods of the lowest debt rollover ratios for each sub-period. Furthermore, the lowest debt rollover ratio observed during each period is shown alongside the average debt rollover ratio. For instance, a comparison of sub-periods with respect to “Banks' Outstanding Loans" suggests that the lowest debt rollover ratio at 26 percent was seen between the 1994-1995 period and the average debt rollover ratio of that period climbed to 55 percent. On the other hand, the lowest debt rollover ratios for capital inflows in the form of "Deposits" were seen during the 2001 crisis and, while the lowest debt rollover ratio during the crisis was 59 percent, the average debt rollover ratio became 70 percent. Likewise, the lowest debt rollover ratios for “Trade Credits” were posted during the 2001 crisis, whereas "Outstanding Loans of Other Sectors" recorded the lowest ratios during the 2008 crisis.

Table 1. Debt Rollover Ratios in Times of Crisis(percent)

	1994 (1994Q2 - 1995Q2)		2001 (2001Q2 - 2002Q3)		2008 (2008Q4 - 2009Q4)	
	lowest rollover	average rollover	lowest rollover	average rollover	lowest rollover	average rollover
Banks - Loans	26%	55%	86%	93%	49%	93%
Non-Resident Deposits	100%	108%	59%	70%	109%	122%
Trade Credits	86%	103%	72%	86%	79%	90%
Other Sector - Loans	84%	199%	89%	108%	75%	94%

Source: CBRT.

By using the debt rollover ratios given in Table 1, alternative financing scenarios have been developed (Table 2). These scenarios are of an "extreme" nature, illustrating the highest financing need for 2014. According to the First Scenario that was devised by using the lowest debt rollover ratios seen throughout three sub-periods, the weighted average debt rollover ratio was 53.8 percent. On the other hand, according to the Second Scenario that was developed by using the lowest average debt rollover ratios during the three crisis periods, the weighted average debt rollover ratio was recorded as 72.6 percent.

Table 2: Scenario Analysis for 2014 Constructed Using Worst Rollovers (percent)

	Scenario I*	Scenario II**
Banks - Loans	26	55
Non-Resident Deposits	59	70
Trade Credits	72	86
Other Sectors - Loans	75	94
Weighted Average Rollover Ratios* **	**53.8**	**72.6**

Source: CBRT.
* Devised by using the lowest debt rollover ratio of crisis periods.
** Devised by using the lowest average debt rollover ratio of crisis periods.
*** Weighted Average Debt Rollover Ratio has been calculated by taking into account the weights of the sectors in STED on a remaining maturity basis.

Consequently, the First Scenario that uses the lowest debt rollover ratios of previous periods indicates that in December 2014, 53.8 percent-portion of the STED on a remaining maturity basis, which was recorded as USD 166.7 billion as of December 2013, can be rolled over by new borrowings. Alternatively, the Second Scenario that is based on the lowest average debt rollover ratios reveals that 72.6 percent of the external debt in December can be rolled over by new borrowings in 2014. Therefore, in light of previous experiences, the CBRT considers that even in the worst financial conditions, more than half of the short-term external debt stock has been financed by new borrowings which should be taken into account in the projections of the 2014 external debt service.

III. Annex Tables

Balance of Payments (billion USD)

	October-December			December (Annualized)		
	2012	2013	% change	2012	2013	% change
Current Account	-10,1	-15,7	55,3	-48,5	-64,9	33,9
Goods	-14,5	-19,2	32,4	-65,3	-79,9	22,2
Exports	43,1	42,6	-1,0	163,2	163,4	0,1
Exports (fob)	39,5	39,4		152,5	151,8	
Shuttle Trade	2,1	1,9		6,3	7,4	
Imports	-57,6	-61,8	7,4	-228,6	-243,2	6,4
Imports (cif)	-59,6	-64,0		-236,5	-251,6	
Adjustment: Classification	3,1	3,3		11,9	12,9	
Services	5,4	5,0	-5,9	22,6	23,1	2,2
Travel (net)	5,2	5,3		21,3	23,2	
Credit	6,5	6,7		25,3	28,0	
Debit	-1,3	-1,4		-4,1	-4,8	
Other Services (net)	0,1	-0,3		1,3	-0,1	
Income	-1,4	-1,9	32,9	-7,2	-9,3	30,5
Compensation of Employees	-0,1	-0,1		-0,2	-0,3	
Direct Investment (net)	-0,8	-0,7		-2,5	-3,7	
Portfolio Investment (net)	0,2	-0,1		-0,6	-1,3	
Other Investment (net)	-0,8	-1,0		-3,8	-4,0	
Interest Income	0,7	0,5		2,1	1,8	
Interest Expenditure	-1,5	-1,5		-5,8	-5,8	
Current Transfers	0,5	0,4	-21,1	1,4	1,2	-16,5
Workers Remittances	0,3	0,2		1,0	0,9	
Capital and Financial Account	13,4	14,6	8,6	47,5	61,6	29,7
Financial Account (excl. reserve assets)	17,7	15,1	-14,7	68,3	71,5	4,7
Direct Investment (net)	1,6	3,0	92,3	9,2	9,8	6,6
Abroad	-0,9	-1,2		-4,1	-3,1	
In Turkey	2,5	4,3		13,2	12,9	
Portfolio Investment (net)	16,4	4,7	-71,4	40,8	23,7	-41,9
Assets	0,9	0,2		2,7	2,6	
Liabilities	15,6	4,5		38,1	21,1	
Equity Securities	3,6	1,2		6,3	0,8	
Debt Securities	12,0	3,3		31,9	20,2	
Non-residents' Purchases of GDI	4,7	-2,4		16,8	4,1	
Eurobond Issues of Treasury	1,0	2,9		4,8	4,6	
Borrowing	1,0	2,9		7,1	6,1	
Repayment	0,0	0,0		-2,3	-1,5	
Banks (net)	5,1	2,3		9,0	8,0	
Other Sectors (net)	1,2	0,5		1,2	3,5	
Other Investment (net)	-0,3	7,4	-2.698,2	18,4	38,1	107,6
Assets	-3,2	-1,4		-0,7	1,9	
Trade Credits	-0,6	-0,9		-0,9	-1,4	
Credits	-0,4	-0,1		-0,8	-0,6	
Currency and Deposits	-2,2	-0,4		1,0	1,9	
Banks	-2,4	-0,1		2,5	-0,2	
Foreign Exchange	-2,2	-1,2		4,2	1,6	
Turkish Lira	-0,2	1,2		-1,7	-1,8	
Other Sectors	0,1	-0,3		-1,5	4,2	
Liabilities	2,9	8,8		19,1	36,3	
Trade Credits	-0,7	1,8		1,0	5,6	
Credits	3,0	8,2		9,8	22,5	
Central Bank	0,0	0,0		0,0	0,0	
General Government	-0,7	-0,4		-2,1	-0,9	
IMF	-0,4	0,0		-2,0	-0,9	
Long-term	-0,3	-0,4		-0,1	0,0	
Banks	2,4	6,8		5,2	21,4	
Long-term	0,3	4,9		0,2	9,9	
Short-term	2,1	1,9		4,9	11,5	
Other sectors	1,3	1,7		6,7	2,0	
Long-term	1,8	0,8		4,1	-0,1	
Short-term	-0,5	0,9		2,6	2,1	
Deposits of Non-residents	0,6	-1,2		7,8	7,6	
Central Bank	-0,5	-0,5		-2,2	-2,0	
Banks	1,1	-0,7		10,0	9,6	
Change in Official Reserves (- increase)	-4,3	-0,5		-20,8	-9,9	
Net Errors and Omissions	-3,3	1,1		1,1	3,4	

Source: CBRT.

Financing Requirements and Sources (billion USD)

	2012 I	2012 II	2012 III	2012 IV	2012	2013 I	2013 II	2013 III	2013 IV	2013
Financing Requirements	-29,4	-24,6	-18,9	-20,1	-92,9	-28,9	-33,2	-17,2	-27,4	-106,7
Current Account Balance (Excluding Current Transfers)	-16,7	-14,2	-8,4	-10,6	-49,9	-16,8	-20,8	-12,5	-16,1	-66,1
Debt Security and Credit Repayments	-11,1	-10,1	-11,7	-9,6	-42,4	-12,5	-13,8	-8,8	-10,1	-45,2
Debt Securities (Abroad)	-1,0	0,0	-1,3	0,0	-2,3	-1,5	0,0	-0,2	-0,7	-2,3
Long Term Credits	-10,1	-10,1	-10,4	-9,6	-40,2	-11,0	-13,8	-8,6	-9,5	-42,9
Trade Credits	0,0	0,0	0,0	0,0	-0,2	0,0	-0,1	-0,1	-0,1	-0,3
Monetary Authority	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(IMF)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
General Government	-1,0	-1,6	-0,8	-1,5	-4,9	-0,9	-1,5	-0,5	-1,0	-3,8
(IMF)	-0,6	-0,6	-0,4	-0,4	-2,0	-0,4	-0,4	0,0	0,0	-0,9
Banks	-2,6	-2,3	-2,8	-1,7	-9,4	-3,8	-1,4	-1,7	-2,2	-9,1
Other Sectors	-6,5	-6,2	-6,8	-6,4	-25,8	-6,3	-10,9	-6,4	-6,2	-29,7
Other Assets (- indicates to an increase) 1/	-1,6	-0,3	1,3	0,1	-0,6	0,4	1,4	4,0	-1,2	4,7
Financing Sources	29,4	24,6	18,9	20,1	92,9	28,9	33,2	17,2	27,4	106,7
Current Transfers	0,4	0,3	0,3	0,5	1,4	0,3	0,3	0,3	0,4	1,2
Capital Account	0,0	0,0	0,0	0,0	-0,1	0,0	0,0	0,0	0,0	-0,1
Direct Investment (Net)	2,4	3,7	1,5	1,6	9,2	2,1	1,8	2,9	3,0	9,8
Equity Securities (Net)	0,9	0,3	1,4	3,6	6,3	0,4	-0,6	-0,1	1,2	0,8
Debt Securities and Credits	16,0	23,6	21,6	23,9	85,1	30,0	27,6	12,6	23,4	93,6
Debt Securities	4,5	5,7	12,0	12,0	34,1	8,4	9,2	0,9	4,0	22,6
In Turkey (Net)	0,4	3,7	8,3	4,7	17,2	4,1	3,0	-0,5	-2,4	4,1
Abroad	4,1	2,0	3,6	7,2	16,9	4,3	6,3	1,4	6,4	18,5
Long Term Credits	11,1	10,5	10,0	11,1	42,6	11,1	13,8	12,0	14,8	51,7
Trade Credits	0,1	0,1	0,1	0,0	0,3	0,1	0,1	0,0	0,0	0,2
Monetary Authority	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(IMF)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
General Government	0,6	0,9	0,6	0,8	2,8	0,5	0,6	1,2	0,6	3,0
(IMF)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Banks	2,8	2,4	2,4	2,0	9,6	3,6	4,1	4,1	7,1	19,0
Other Sectors	7,5	7,2	7,0	8,2	29,9	6,9	9,1	6,7	7,0	29,6
Short Term Credits (Net)	0,4	7,5	-0,4	0,9	8,3	10,5	4,6	-0,4	4,6	19,3
Trade Credits	-0,2	2,6	-0,9	-0,7	0,9	3,5	3,4	-3,0	1,8	5,7
Monetary Authority	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
General Government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Banks	-0,6	3,5	-0,1	2,1	4,9	7,0	0,8	1,8	1,9	11,5
Other Sectors	1,2	1,3	0,6	-0,5	2,6	-0,1	0,4	0,8	0,9	2,1
Deposits (Net)	3,8	4,0	-0,5	0,6	7,8	4,8	5,7	-1,7	-1,2	7,6
Other Liabilities	0,0	0,2	0,3	0,0	0,5	0,0	0,2	0,3	0,0	0,6
Net Errors and Omissions	5,3	-4,0	3,1	-3,3	1,1	-3,8	-1,2	7,2	1,1	3,4
Banks' Currency and Deposits 2/	1,4	2,1	1,4	-2,4	2,5	2,3	-1,1	-1,3	-0,1	-0,2
Reserve Assets 2/	-0,7	-5,6	-10,2	-4,3	-20,8	-7,0	0,5	-2,9	-0,5	-9,9

Source: CBRT.

1/ Excluding Banks' Currency and Deposits

2/- denotes an increase.

Balance of Payments Debt-Creating and Non-Debt Creating Flows (billion USD)

	2012				2012	2013				2013
	I	II	III	IV		I	II	III	IV	
A) Current Account Balance	-16,4	-13,9	-8,1	-10,1	-48,5	-16,5	-20,5	-12,2	-15,7	-64,9
B) Capital and Financial Account	11,0	17,9	5,0	13,4	47,4	20,4	21,7	4,9	14,6	54,0
Capital Account	0,0	0,0	0,0	0,0	-0,1	0,0	0,0	0,0	0,0	-0,1
Financial Account	11,1	17,9	5,1	13,4	47,5	20,4	21,7	5,0	14,6	54,1
Assets	-2,5	1,6	2,0	-3,3	-2,1	2,0	-0,4	2,2	-2,4	-6,2
Direct Investment	-2,3	-0,2	-0,6	-0,9	-4,1	-0,7	-0,7	-0,5	-1,2	-3,1
Portfolio Investment	0,8	-0,8	1,8	0,9	2,7	0,8	1,3	0,3	0,2	0,1
Other Investment	-1,0	2,7	0,8	-3,2	-0,7	1,9	-1,0	2,4	-1,4	-3,2
Liabilities	14,3	22,0	13,2	21,0	70,4	25,4	21,6	5,6	17,6	70,2
Non-Debt Creating Flows	5,5	4,1	3,8	6,1	19,5	3,0	2,4	3,4	5,3	14,1
Direct Investment 1/	4,6	3,6	2,1	2,5	12,8	2,6	2,8	3,2	4,1	12,7
Portfolio Investment/Equity Securities	0,9	0,3	1,4	3,6	6,3	0,4	-0,6	-0,1	1,2	0,8
Other Investment/Other Liabilities 2/	0,0	0,2	0,3	0,0	0,5	0,0	0,2	0,3	0,0	0,6
Debt Creating Flows	8,8	17,8	9,4	14,9	50,9	22,4	19,2	2,2	12,3	56,1
Portfolio Investment/Debt Securities	3,5	5,7	10,7	12,0	31,9	6,9	9,2	0,8	3,3	20,2
Trade Credits	-0,1	2,7	-0,8	-0,7	1,0	3,5	3,3	-3,0	1,8	5,6
Loans	1,6	5,5	0,1	3,0	10,2	7,2	1,0	6,2	8,3	22,7
Deposits	3,8	4,0	-0,5	0,6	7,8	4,8	5,7	-1,7	-1,2	7,6
Other Investment/Other Liabilities 2/	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Reserve Assets	-0,7	-5,6	-10,2	-4,3	-20,8	-7,0	0,5	-2,9	-0,5	-9,9
C) Net Errors and Omissions	5,3	-4,0	3,1	-3,3	1,1	-3,8	-1,2	7,2	1,1	3,4

Source: CBRT.

1/ "Other Capital" item, which is comprised in the Direct Investment, is presented under Debt Creating Flows/Loans.

2/ The International Monetary Fund (IMF) has made an SDR allocation to its members in proportion to their existing quotas in the Fund in August and September 2009. Accordingly, SDR equivalent of USD 1.497 million was allocated to Turkey, and recorded under the following "Financial Account" items in the balance of payments statistics: "Other Investment / Other Liabilities" and "Reserve Assets / Foreign Exchange / Currency and Deposits".

Boxes in Balance of Payments Reports

2011-II

Box 1. The Impact of Terms of Trade on Widening Current Account Deficit
Box 2. The Impact of Residents On Capital Flows
Box 3. Analysis of Net Errors and Omissions Item in the Context of Residents' Deposit Accounts Against Net Foreign Currency

2011-I

Box 1. Impacts of the Political Unrest in North Africa on Turkey's Foreign Trade by Sectors
Box 2. Implications of the Unrest in the Gulf Region on the Balance of Payments Financial Accounts
Box 3. Recording of Swap Transactions in Balance of Payments Statistics in the Context of the Off Balance Sheet Foreign Exchange Net General Position
Box 4. International Reserves and Short-Term External Debt

2010-IV

Box 1. The Trend of Capital Flows to Emerging Markets During and After the Crisis and Turkey
Box 2. The Effect of Foreign Branches of Resident Banks (Foreign Branches) on Balance of Payments Statistics in 2010
Box 3. Short-Term External Debt - Developments in 2010