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ANCHOR IN ECONOMICS, FREE FLOAT IN POLITICS

Oh, deep in my heart. I do believe-
We shall overcome some day.
Pete Seeger

Summary and Conclusion

The consequences of the terrorist attacks would certainly not be in favour of global economy.

There is a widespread consensus that the world would be different in many respects after the atrocious terrorist attacks against the US. The attacks were at a hitherto unprecedented scale with respect to organization and its results. Corollary, prospects suffer from being highly subjective. However, since the terrorist attack came when the recession in the US and global economy were already rife, the certain outcome "would be a depressed global economy." The first implications have signalled that the business, consumer and financial market confidences are hit and demand has contracted worldwide.

Turkish economic administration should be proactive to deal with the adverse consequences of the terrorist attacks.

With respect to Turkey's ongoing macroeconomic program, the contraction in global trade and tourism volume, increase in raw material prices and the shortage of available international funds are among the most hazardous probable implications of the changing global setting. In an environment where countries will have to rely more on internally generated growth, the remedies sought for the recovery of real sector likely to be home made. Moreover, the slow down in world economy and travel would further limit the desired hike in the export and tourism performance. Therefore, the problems of the real sector, stemming from the weak domestic demand and the scarce financing abilities at home are likely to survive for a while unless the economic administration takes the required steps. Taking the market sentiment and the constraints of real sector in account, the macroeconomic program, which is mainly aiming to rollover the debt stock, should be re-evaluated. Otherwise, considering that the international funds will be prudent and limited in the following year and the high financing need of the public sector will crowd out the real sector, the exit from the recession is not likely to happen without a significant loss in the country's production potential. While the distress on production is directly transformed to labour, the fell in real incomes in turn adversely affect the domestic demand, production and labour paradoxically. Unless the problems of the real sector are resolved, the rehabilitation of the banking sector will be slowed down through the distorting effects of non-performing loans on the asset structure.

Mutual distress, both in financial and real sectors of the economy, needs simultaneous resolution.

Turkey has entered a phase of restructuring not only in economics but also in politics and social life. It's certain that the reform efforts in the public finance and banking sector will also be vivid in the corporate sector. Restructuring in the corporate sector should not be evaluated as credit restructuring with more favourable interest rates and maturity, but as permanent changes in the traditional way of handling business both in banks and companies. These upcoming changes will certainly constitute topics such as risk management, credit ratings, effective credit utilization, etc. In order to fasten the transition process in transparent and effective way, some micro legislation is required in fields such as taxation, bankruptcy, required reserves, mortgages, etc. Considering the importance of the problem, the government's role to contribute this voluntary approach of financial restructuring should be promptly constructing the legal framework.

Output and Inflation

The severe contraction experienced after the devaluation of TL caused the expected 2001 GNP to decline its early 90s level.

The main motive of the ongoing stabilization program so far, has been to support the rehabilitation of the financial sector and achieve debt sustainability. Monetary aggregates, interest and exchange rates are fully employed for this purpose and domestic and external funds are channelled in. However, the interest rates remained high due to the increase in capital outflows and the lack of confidence in the financial markets. Along with the negative income effect of the devaluation and the widespread dollarisation, the economic activity contracted severely with the slumped domestic demand. As of June, consumption and investment expenditures declined 11.5% and 32.1% respectively on annual basis. Beside the unfavourable domestic market, the soared financing needs and its scarcity have hindered the real sector to pave its way out of the recession through exports. For the rest of the year, the clouded global environment does not leave a room for optimism in tourism and export revenues.

Increasing unemployment and the real decrease in wages further suppress the domestic demand.

The reflection of the banking sector crisis on the real sector felt as the scarcity of the available funds and this adverse effect hindered the production plans towards both domestic and international markets. Approximately 10% decrease in seasonally adjusted industrial production in the third quarter and low capacity utilization rates indicate that the slowdown in economic activity is still a cold fact. Also on the labor side the picture is not a rosy one. Considering that the production workers in the industrial manufacturing industry posted a real decline of 2.4% in 2000 despite the vigorous growth of 6.1%, the additional 8.8% of decline as of June this year display the problems on labour side. Besides the increasing unemployment, the 14.6% of real decrease in wages accounts most of the slump in domestic demand.

The failure in attempts to curb the inflation, further strengthens the backward indexation in price settings.

Economic administration embarked upon the stabilization program in 2000 with a considerable adjustment in the administrative prices. Due to the lag in transmission mechanism, anchored FX policy and disinflation campaign, the response of the private sector was limited and compensated by using the economies of scale and productivity increase. Following the devaluation in February, though the administrative prices and imported input and energy prices soared, the consumer prices were suppressed due to the knife-cut decline in domestic demand. In September, the seasonal increase in demand enabled the private sector to realize its tendency to adjust its prices upward. The monthly increases in CPI and WPI were 5.9% and 5.4% respectively in September. Since the beginning of the year, while the increases in public and private manufacturing industry prices amounted to 82.8% and 69.7% respectively, WPI and CPI recorded increases of 62.8% and 47.6%. As there is no nominal anchor to tame inflationary expectations and the contracted demand so far suppressed the cost adjustments in prices, the following months with an expected slight recovery signal some inflationary pressures would be faced with.

Table 1	2000 (Annual % Change)		2001 (Annual % Change)	
	I. Quarter	II. Quarter	I. Quarter	II. Quarter
DEMAND				
- Private Consumption	4.3	4.7	-3.3	-11.5
- Public Consumption	-0.7	12.6	-0.3	-5.7
- Fixed Capital	9.2	17.4	-11.6	-32.1
GDP	5.6	6.4	-2.2	-9.3
GNP	4.2	4.9	-4.5	-11.8
SUPPLY				
- Industrial Production	3.1	4.5	-0.7	-11.2
- Capacity Util. (Level)	72.6	76.3	70.0	70.6
- Manufacturing Industry Production Workers	-6.1	-2.1	-1.3	-8.8
Real Wage per hour	-0.4	-0.7	-3.9	-14.6
- Unemployment (%, level)	8.3	6.2	8.6	6.9

Table 2	1999	2000		2001	2001
(% Change)	Jan. Dec.	Jan. Sep.	Jan. Dec.	Jan. Sep.	Sep. Sep.
INFLATION					
- CPI	68.8	26.9	39.1	47.6	61.8
- WPI	62.9	23.7	32.7	62.8	74.7
Private Manuf.	59.7	26.7	33.7	69.7	79.8
Public Manuf.	130.0	15.8	20.2	82.8	89.9
Manuf. Ind. Price Index (Priv./Public, 1994=100)	87.3	72.9	73.9	74.1	74.8
EXCHANGE RATE					
- US Dollar	71.6	26.1	28.7	117.6	122.1
- Basket	60.6	18.5	22.1	119.5	126.2
INTEREST RATE (Level, Average)					
- Nominal	108.6	36.5	37.0	105.7	88.6
- Real	36.3	-13.2	-9.5	34.4	26.0

Fiscal and Monetary Policies

In the aftermath of twin crises, soared domestic debt stock restricts both fiscal and monetary policies.

As a cost of banking reform, total and domestic debt stocks are expected to rise to 106.3% and 64% of GNP respectively at the end of this year. Therefore, the debt trap constitutes the main constraint for the macroeconomic scenarios of 2002. In light of debt dynamics, TÜSİAD envisages that there will not be major difficulties in the rollover of the debt stock under the following assumptions: principal payments to the government securities maturing in 2002 in the portfolios of public (TL 14 quadrillion) and SDIF (TL 3.2 quadrillion) banks will be completely rolled-over via new issued securities, supplementary financing facilities will be approved by IMF amounting to due foreign debt redemptions (15 billion $), real interest rates will reduce to 12% on average, primary surplus will reach to 4.5% of GNP and maturities of domestic debt will be 210 days on average respectively. According to this scenario, total debt service rise to TL 162.6 quadrillion in 2002, with a breakdown of domestic and foreign debt services of TL 133.3 quadrillion and TL 29,6 quadrillion respectively. While the borrowing - redemption ratio from market will attain to 85%, TÜSİAD estimates that total debt stock to GNP ratio will soar to 110% at the end of year.

Consolidated budget targets for 2002 seem to be inconsistent with economic realizations.

Considering that the official GNP deflator estimation for 2002 is 46%, first remarkable thing about consolidated budget targets is the expected increases in budget revenues, expenditures and primary surplus of 50.3%, 25.6% and 24.7% respectively. Primary expenditures, that are, other current, investment and personal expenditures are targeted to increase in real terms by 11.2%, 1.1%, 0.6% respectively. However, interest expenditures are estimated to rest at the previous year level in nominal terms and post a real decrease of 27.8%. Since the average debt maturity of government estimates is optimistically long and loss of exchange rate devaluation in FX dominated debt stock is excluded in the projections, the government targets significantly diverse from market expectations. In 2002, an expected real increase of 3% in tax revenues is highly optimistic when it's remembered that 2001 is a year of unprecedented contraction with severe losses in all sectors. Consolidated budget forecasts of TÜSİAD could not attain the claimed fiscal adjustment for 2002. Considering that the public banks will continue to support the domestic debt management, public sector will again be the main customer financial markets, the crowding out effect will continue for the real sector in the lack of foreign borrowing facilities, it can be argued that primary surplus will rest below its targeted level and the budget deficit will be worse than envisaged.

Composition of domestic debt stock restricts the monetary policy of Central Bank.

The change in the composition of the domestic debt stock ruled out the post-devaluation and hiked domestic debt stock scenarios of a probable monetisation or reel depreciation. The ratio of securities with floating interest rate and FX dominated bonds to total stock has risen to 52% and 33% respectively. While the mentioned concerns of the markets lost their validity as a consequent of this considerable change, the Central Bank's fiscal dependence increased.

Table 3	As % of GNP			Annual % Change	
	2000	2001	2002	2001	2002
Expenditures	**37.0**	42.2	**35.0**	**67.5**	**25.6**
Primary Expenditures	20.8	20.3	19.7	43.2	47.6
Interest Expenditures	16.2	22.0	15.3	98.6	5.6
Revenues	**26.6**	**27.1**	**25.3**	**49.9**	**41.8**
Tax	21.0	20.9	20.6	45.3	50.3
Other	5.6	6.3	4.7	67.4	13.7
Budget Balance	**-10.4**	**-15.1**	-9.6	**112.1**	-3.4
Primary Surplus	**5.8**	6.9	**5.6**	74.2	**24.7**
Deflator (%)	-	-	-	60.3	46.0

As of October, the monetary base posted a decrease of 19% in real terms with respect to beginning of this year. Central Bank has designed its monetary policy with the aim of supporting Treasury's debt management and it's signaled that tight monetary policies would be followed. Though the amount injected through OMO to the market amounted to TL 10 quadrillion as of end-April, the Central Bank reconfigured its monetary policy from May onwards. In order to substitute OMO oriented financing of public and SDIF banks, special issue of government securities supplied by the Treasury on their portfolio was purchased by the Central Bank. This expansion has been gradually sterilized through FX auctions and with the help of the Treasury, by borrowing more than redemption policy. As a result of budgetary usage of supplementary IMF credit, expansion of NDA has been balanced with decline in NFA and monetary base contracted in real terms.

Tight monetary policies and the change in the asset structure of the banks crowd out real sector from financial markets.

Following the devaluation, the Central Bank failed to institute a nominal anchor to domesticate the expectations. While the major concern of the markets was the high volatility of the exchange rate, Central Bank chose a passive role with the adoption of floating exchange regime. The reining ambiguity disabled any attempts to foresee the outcomes of economic activity. Hence, financial system decided not to carry further open positions and after the voluntary debt swap served for this aim. Beside the evaporation of open position oriented international finance, the increased uncertainty shortened the average maturity of the deposits and together they contributed to the severe credit crunch. As of end-September, money in circulation, demand deposits and time deposits fell in real terms by 5%, 14% and 8.5% respectively compared to previous year. However, as a consequence of the devaluation, M2Y posted a real increase of 12% due to the 35% nominal increase in foreign deposits. The failure of the program in restoring confidence in financial markets caused the interest rates to stay at higher than desired levels and the devaluation continued with an expansion in share of foreign exchange deposits in M2Y, reaching 58.3% as of end-September. Moreover, realization of FX risk, consequent meltdown in bank assets and banking reform aiming to downsize public and SDIF banks contributed to the 25% real decrease in deposit banks' credit volume. The real decreases in the TL dominated credit volume of public and private banks amounted to 45%

Table 4	2000	2001		
	December	March	June	Sept.
M2Y (trillion TL)	**57,167**	71,477	**83,966**	**101,415**
Composition of M2Y (%)				
Currency in Circulation	5.6	4.3	4.6	4.4
Sight Deposits	8.7	7.2	7.4	5.9
Time Deposits	**43.0**	**42.1**	36.1	**31.4**
Foreign Exchange Dep.	**42.6**	**46.4**	**51.9**	**58.3**
Total	100	100	100	100
Domestic Debt / M2Y	64.6	71.1	107.6	104.3

and 40% respectively. The real decrease in total volume reached to 40% in the same period.

Foreign Trade and Balance of Payments

The finance of re-entering the growth path seems to be limited to the domestic resources.

Table 5	2000 (cumulated 12 months, billion$)		2001 (cumulated 12 months, billion$)	
	Mar.	July	Mar.	July
- Exports	7.6	18.2	8.2	19.6
- Imports	11.4	30.0	10.3	23.1
- Foreign Trade Balance	-3.8	-11.8	-2.1	-3.4
- Current Account Balance	-2.3	-5.9	-0.5	0.9
- Capital Movements	3.4	8.6	-3.1	-10.4
- Direct Investments	-0.0	0.5	1.6	1.8
- Portfolio	2.1	6.0	-2.9	-4.1
- Long Term	0.2	2.6	-0.5	-1.0
- Short Term	1.1	0.5	-1.3	-7.1

To overcome the adverse effects of recession in the economy, firms switched to international markets after the devaluation. However, despite the substantial competitive advantage gained by the exchange rate adjustment, afore mentioned problems (exchange rate instability, credit crunch, need for financing etc.) limited the export performance to deployment of inventories. Recession of world economies further curbed the exports and there had not been sufficient contributions to the production capacity. Thanks to the exchange rate adjustment, Turkey have benefited from the increase in tourism and exports revenues so far. Therefore, economy administration has to stir the economy up with measures in favour of revitalising the domestic markets.

The capital outflow initialised by the November crisis has reached considerable amounts.

Slowing down of production, since the end of the year 2000, accompanied by decrease in imports with following crises, have caused foreign trade and current account deficits to contract sharply. While tourism revenues increased by 16% relative to the same period of previous year, foreign trade deficit decreased by 56.8%. Consequently, current account balance gave 881 million dollars of surplus in the first seven months. Considering the capital outflows, foreign financing so far has offseted considerable amount of the required sharp decline in international reserves. In 2000, capital inflows excluding reserves posted an increase of 12.5 billion dollars till November. Following the crisis of November, the outflow rose to 13.5 billion USD as of June 2001. During the same period, while direct investments increased by 2 billion USD, short term and portfolio investments decreased by 6.5 and 9 billion dollars respectively. Since the banks were unable to fully rollover their foreign debt, 4.5 billion dollars of reimbursement accounted for the most of the short-term capital outflows. Besides, portfolio investment reflects the magnitude of the exit of foreigners from the stock market. Unclassified capital outflow of 1.5 billion dollars, indicated by the net errors and omissions account, exceeds the 10% of the total outflow.

Prospects for 2001 and 2002

Government's revisions of 2001 targets are in harmony with TÜSİAD's expectations.

Following the twin crises, TÜSİAD based its 7.6% contraction forecast on the assumption that foreign exchange market will be stabilised and the price advantage of the devaluation will be benefited in foreign markets by the supported real sector. We cut down our growth forecast for 2001 to -9.2% because of the divergences in our base assumption as follows: the Central Bank remained reluctant to intervene in the highly volatile FX markets, the policy-wise support to real sector turned out to be inadequate and the terrorist attacks exacerbated the unfavourable global economy with respect to tourism and export performances. On the other hand, there has not been any substantial change in the inflation expectation and the end-year increase in WPI and CPI are expected to be 88.7% and 71.5% respectively. Mainly because of the revisions in the growth estimations, the ratio of consolidated budget primary surplus to the GNP is expected to increase to 7% and the year average of the nominal interests is expected to be 103.6%.

TÜSİAD's expectations differ from government's targets due to high uncertainties for 2002.

The main factors account for the divergence of TÜSİAD's forecast from the government targets are the postponement of adopting inflation targeting as a nominal anchor and the lack of neither a rehabilitation effort nor a fiscal policy aimed at real sector. TÜSİAD estimates that real economic growth in 2002 will increase 2.4% and the end-year WPI and CPI increases will amount to 49% and 51%. In the government program of 2002, it has been projected that there will be a 4% growth rate, the ratio of primary surplus and consolidated budget deficit to the GNP will be 5.6% and 9.6% respectively and the inflation will decrease to 31% for WPI and to 35% for CPI at the end of the year. It is believed that the government's targets have been determined under the following assumptions; substantial capital inflow, cost reduction in public sector, strengthened capital structure in banking sector and the positive and prompt shift in expectations igniting the growth performance.

TABLE 1.1 MAIN ECONOMIC INDICATORS (2000-2001) PRODUCTION AND PRICES

	2000				2001								
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Agu.	Sep.
INDUSTRIAL PRODUCTION INDEX (SIS, 1997=100)													
Annual % Increase	6.5	13.5	11.3	-4.1	7.5	-4.8	-7.6	-10.1	-9.5	-10.2	-11.2	-10.1	..
Monthly % Increase	1.4	9.0	0.3	-14.4	-6.9	-3.1	-3.0	0.9	7.6	0.2	-3.9	3.2	..
Monthly % Increase (seasonally adjusted)	6.4	13.7	11.2	-4.1	8.1	-5.2	-6.9	-10.5	-9.5	-10.5	-11.1	-10.2	..
CAPACITY UTILISATION RATE (SIS, %)	73.9	81.3	79.6	74.5	70.5	70.9	70.7	68.5	70.4	71.3	71.0	71.4	72.8
WAGE INDEXES (SIS, quarterly, 1997=100, Man. Ind.)													
Real Wage per hour (annual % increase)	-1.9	..	..	4.7	..	..	-3.9	..	..	-14.6	..	..	..
Real Income (annual % increase)	-1.1	..	..	5.6	..	..	-5.3	..	..	-14.3	..	..	..
WHOLESALE PRICE INDEX (SIS, 1994=100)													
Annual % Increase	43.9	41.4	39.1	32.7	28.3	26.5	35.1	50.9	57.7	61.8	65.4	69.6	74.7
Monthly % Increase	2.3	2.8	2.4	1.9	2.3	2.6	10.1	14.4	6.3	2.9	3.3	3.5	5.4
Monthly % Increase (seasonally adjusted)	1.5	2.3	1.9	1.5	1.4	2.0	9.2	12.0	7.9	4.9	4.5	4.6	4.3
CONSUMER PRICE INDEX													
Annual % Increase	49.0	44.4	43.8	39.1	35.9	33.4	37.5	48.3	52.4	56.1	56.3	57.5	61.8
Monthly % Increase	3.1	3.1	3.7	2.5	2.5	1.8	6.1	10.3	5.1	3.1	2.4	2.9	5.9
Monthly % Increase (seasonally adjusted)	1.4	1.5	2.9	2.5	1.8	2.0	6.0	9.9	5.6	5.3	3.3	3.4	4.3
EXCHANGE RATE (CB buying rate)													
TL/US$ (monthly average)	663,669	676,511	682,894	677,455	670,832	750,322	971,518	1,212,811	1,132,762	1,214,901	1,320,526	1,399,173	1,474,344
Annual % Increase	46.5	45.0	37.6	28.7	23.1	33.3	67.5	103.7	83.8	97.5	110.5	116.9	122.1
Monthly % Increase	2.9	1.9	0.9	-0.8	-1.0	11.9	29.5	24.8	-6.6	7.3	8.7	6.0	5.4
TERMS OF TRADE (SIS, 1994=100)*													
External (Export/Import)	90.2	91.0	92.2	92.6	92.2	89.7	88.0	88.6	98.5	95.0	96.0	..	..
Internal (Agriculture/ Manufacturing)	118.4	118.8	119.2	121.3	121.9	118.6	111.8	98.6	98.0	97.0	97.7	94.5	92.4
DOMESTIC BORROWING (weighted by sales volume)													
Compounded Annual Interest Rate (%)	33.6	37.7	40.5	**	65.1	117.3	193.7	130.4	81.8	88.7	93.8	92.6	87.5
Average Maturity (days)	532	366	352	**	208	51	98	168	197	126	171	132	125

(..) Not available
(*) Seasonally adjusted series are used in calculation
(**) No auction held

TABLE 1.2 MAIN ECONOMIC INDICATORS (2000-2001) FOREIGN TRADE

	2000				2001								
	Sep	Oct	Nov	Dec	Jan.	Feb.	Mar.	April	May	June	July	Agu.	Sep
FOREIGN TRADE BALANCE (million $)													
Monthly													
Imports	4,644	5,024	5,362	4,437	3,983	3,513	3,087	3,012	3,535	3,261	3,251	..	..
Export	2,403	2,245	2,499	2,489	2,235	2,517	2,540	2,604	2,878	2,538	2,259	..	..
Foreign Trade Balance	-2,241	-2,779	-2,863	-1,948	-1,748	-996	-547	-408	-657	-723	-992	..	..
BALANCE OF PAYMENTS (Monthly, million $)													
Monthly													
Current Account Balance	-254	-704	-1,512	-709	-673	-95	228	627	328	197	269	..	..
Foreign Trade Balance*	-1,837	-2,319	-2,386	-1,497	-1,418	-565	-100	35	-263	-383	-710	..	..
Invisibles	1,583	1,615	874	788	745	470	328	592	591	580	979	..	..
FOREIGN TRADE BALANCE (million $)													
Cumulative for the last 12 months													
Import	51,520	52,985	54,499	54,502	55,256	54,838	53,761	52,282	51,119	49,415	47,988	..	..
Export	27,879	27,465	27,516	27,774	27,886	28,140	28,363	28,528	29,068	29,280	29,251	..	..
Foreign Trade Balance	-23,641	-25,520	-26,983	-26,728	-27,370	-26,698	-25,398	-23,754	-22,051	-20,135	-18,737	..	..
BALANCE OF PAYMENTS													
(Cumulative for the last 12 months, million $)													
Cumulative for the last 12 months	**-8,279**	**-9,294**	**-10,195**	**-9,819**	**-10,361**	**-9,379**	**-8,088**	**-6,546**	**-5,170**	**-3,672**	**-3,044**	..	..
Current Account Balance	-19,403	-21,209	-22,622	-22,377	-22,958	-22,157	-20,677	-18,995	-17,206	-15,307	-13,958	..	..
Foreign Trade Balance*	11,124	11,915	12,427	12,558	12,597	12,778	12,589	12,449	12,036	11,635	10,914	..	..
Invisibles													
Capital Account and Reserve Movements	**13,677**	**14,835**	**10,417**	**9,445**	**10,836**	**6,302**	**2,872**	**144**	**-2,722**	**-8,036**	**-9,575**	..	..
Net Foreign Direct Investment	-200	-166	238	112	228	1,791	1,706	1,760	1,823	1,625	2,437	..	..
Portfolio Investment	7,732	8,497	2,294	1,022	1,228	-2,905	-3,936	-5,108	-5,110	-5,891	-9,042	..	..
Net Long - Term Capital	3,759	3,829	4,239	4,276	4,125	4,154	3,521	2,711	1,974	446	644	..	..
Net Short - Term Capital	2,386	2,675	3,646	4,035	5,255	3,262	1,581	781	-1,409	-4,216	-3,614	..	..
Net Errors and Omissions	**-3,217**	**-3,560**	**-2,424**	**-2,623**	**-759**	**-2,291**	**-2,889**	**-2,018**	**-2,291**	**-3,161**	**-3,445**	..	..
Reserve Changes**	**-2,181**	**-1,981**	**2,202**	**2,997**	**284**	**5,368**	**8,105**	**8,420**	**10,183**	**14,869**	**16,064**	..	..
FOREIGN TRADE (annual % increase)													
Import	27.4	41.2	39.3	0.1	23.4	-10.6	-25.9	-32.9	-24.8	-34.3	-30.5	..	..
Export	5.7	-15.6	2.1	11.6	5.3	11.2	9.6	6.8	23.1	9.1	-1.3	..	..
Price Index (1994=100)													
Import	5.7	5.7	1.0	-0.9	0.2	2.9	3.9	5.9	4.5	6.1	-2.9	..	..
Export	-0.5	-6.9	-4.0	-1.0	1.6	-0.4	-0.7	-1.5	-0.5	-4,1	-0.8	..	..
Quantity Index (1994=100)													
Import	13.6	39.7	46.0	-1.2	21.8	-11.2	-32.6	-35.5	-28.2	-27.8	-30.2	..	..
Export	6.0	-8.8	5.8	6.4	12.4	18.7	17.5	15.4	28.3	17.2	4.6	..	..

(*) Exports (FOB) - Imports (FOB), including shuttle trade
(**) Positive sign indicates decrease in reserves
(..) Not Available

TABLE 1.3 MAIN ECONOMIC INDICATORS (2000-2001) CONSOLIDATED BUDGET BALANCE

	2000				2001								
	Sep	Oct	Nov	Dec	Jan.	Feb.	Mar.	April	May	June	July	Agu.	Sep
12 MONTHS CUMULATIVE (TL trillion)													
Revenues	**31,334**	**32,531**	**33,560**	**33,756**	**34,817**	**36,117**	**36,838**	**38,712**	**40,202**	**41,159**	**42,616**	**43,851**	**45,162**
Tax Revenues	24,650	25,649	26,358	26,514	27,390	27,275	27,603	28,370	29,811	30,760	31,879	33,199	34,212
Non-Tax Revenues	6,235	6,415	6,739	6,776	6,905	8,338	8,789	9,897	9,939	9,933	10,251	10,163	10,428
Expenditures	**43,217**	**44,117**	**44,928**	**46,603**	**46,107**	**46,195**	**45,873**	**45,514**	**50,223**	**53,973**	**58,705**	**61,294**	**66,408**
Current	12,177	12,668	13,071	13,539	13,831	14,113	14,414	14,813	15,343	15,775	16,329	16,749	17,280
Investment	2,026	2,185	2,268	2,472	2,474	2,523	2,561	2,762	2,807	2,848	2,999	3,079	3,246
Transfers	29,014	29,264	29,589	30,591	29,803	29,559	28,898	27,939	32,073	35,349	39,377	41,857	45,782
Primary Balance	**8,225**	**8,464**	**8,544**	**7,594**	**8,406**	**9,363**	**9,612**	**10,543**	**10,652**	**10,337**	**10,707**	**10,842**	**11,122**
Budget Balance	**-11,883**	**-11,586**	**-11,368**	**-12,846**	**-11,291**	**-10,078**	**-9,035**	**-6,802**	**-10,021**	**-12,814**	**-16,089**	**-17,443**	**-21,246**
Financing	12,356	11,892	11,496	12,752	11,769	10,178	9,160	6,874	10,277	12,944	16,224	17,750	21,293
Foreign Borrowing (net)	3,211	2,801	2,594	2,677	1,813	1,909	1,939	670	490	-1,916	-1,853	-1,798	-2,577
Domestic Borrowing (net)	11,529	10,855	10,289	10,142	7,138	3,377	1,656	-1,419	-4,083	-4,163	-1,661	-1,037	2,505
Short-term Borrowing (net)	-1,785	-1,646	-1,524	-1,334	1,165	3,474	5,232	15,652	11,440	13,165	13,720	15,459	14,053
Other	-1,141	-661	-406	724	1,109	875	-195	-389	2,224	5,773	5,932	5,125	7,312
12 MONTHS CUMULATIVE (USD billion)													
Revenues	**47.2**	**48.1**	**49.1**	**49.8**	**51.9**	**48.1**	**37.9**	**31.9**	**35.5**	**33.9**	**32.3**	**31.3**	**30.6**
Tax Revenues	37.1	37.9	38.6	39.1	40.8	36.4	28.4	23.4	26.3	25.3	24.1	23.7	23.2
Non-Tax Revenues	9.4	9.5	9.9	10.0	10.3	11.1	9.0	8.2	8.8	8.2	7.8	7.3	7.1
Expenditures	**65.1**	**65.2**	**65.8**	**68.8**	**68.7**	**61.6**	**47.2**	**37.5**	**44.3**	**44.4**	**44.5**	**43.8**	**45.0**
Current	18.3	18.7	19.1	20.0	20.6	18.8	14.8	12.2	13.5	13.0	12.4	12.0	11.8
Investment	3.1	3.2	3.3	3.6	3.7	3.4	2.6	2.3	2.5	2.3	2.3	2.2	2.2
Transfers	43.7	43.3	43.3	45.2	44.4	39.4	29.7	23.0	28.3	29.1	29.8	29.9	31.1
Primary Balance	**12.4**	**12.5**	**12.5**	**11.2**	**12.5**	**12.5**	**9.9**	**8.7**	**9.4**	**8.5**	**8.1**	**7.7**	**7.5**
Budget Balance	**-17.9**	**-17.1**	**-16.6**	**-19.0**	**-16.8**	**-13.4**	**-9.3**	**-5.6**	**-8.8**	**-10.5**	**-12.2**	**-12.5**	**-14.4**
Financing	18.6	17.6	16.8	18.8	17.5	13.6	9.4	5.7	9.1	10.7	12.3	12.7	14.4
Foreign Borrowing (net)	4.8	4.1	3.8	4.0	2.7	2.5	2.0	0.6	0.4	-1.6	-1.4	-1.3	-1.7
Domestic Borrowing (net)	17.4	16.0	15.1	15.0	10.6	4.5	1.7	-1.2	-3.6	-3.4	-1.3	-0.7	1.7
Short-term Borrowing (net)	-2.7	-2.4	-2.2	-2.0	1.7	4.6	5.4	12.9	10.1	10.8	10.4	11.0	9.5
Other	-1.7	-1.0	-0.6	1.1	1.7	1.2	-0.2	-0.3	2.0	4.8	4.5	3.7	5.0
DOMESTIC DEBT STOCK													
1000 trillion TL	30.9	32.2	32.5	36.4	44.4	45.4	50.9	59.2	84.5	90.3	96.4	101.8	105.8
Domestic Debt / M2Y	46.6	47.7	47.6	54.1	66.2	60.5	52.3	48.8	74.6	74.4	73.0	72.8	71.7
Domestic Debt / M2Y	59.7	61.3	60.0	64.6	77.7	72.0	71.1	79.0	112.3	107.6	111.8	109.3	104.3

(..) Not Available

TABLE 1.4 MAIN ECONOMIC INDICATORS (2000-2001)
MONETARY AGGREGATES

	2000				2001								
	Sep	Oct	Nov	Dec	Jan.	Feb.	Mar.	April	May	June	July	Agu.	Sep.
MONEY SUPPLY (annual % change)													
Currency in Circulation	56.8	55.3	72.4	60.4	39.2	40.8	56.2	64.8	54.9	58.1	58.1	50.9	66.4
Sight Deposits	129.3	60.4	102.5	70.6	56.7	57.0	58.1	32.8	57.7	41.0	59.2	102.7	48.6
M1	**93.6**	**58.1**	**88.8**	**66.5**	**49.6**	**50.2**	**57.4**	**59.6**	**62.0**	**63.7**	**58.8**	**79.9**	**55.7**
Time Deposits	33.9	31.9	32.8	39.3	67.4	52.4	74.1	63.6	69.4	63.5	42.3	51.3	59.9
M2	**45.2**	**37.1**	**43.0**	**45.2**	**42.8**	**51.9**	**70.2**	**62.7**	**67.7**	**63.5**	**46.2**	**58.2**	**58.8**
Foreign Exchange Deposits (TL)	81.9	70.9	56.8	39.0	33.4	52.3	61.7	74.1	66.0	91.5	103.8	114.9	134.4
M2Y	**61.0**	**51.8**	**49.3**	**42.5**	**38.6**	**52.1**	**66.2**	**68.2**	**66.9**	**77.0**	**73.5**	**85.6**	**95.6**
Repo	65.1	48.4	46.2	52.9	47.1	18.1	-47.6	-19.7	-27.1	-22.4	2.2	-39.8	-44.7
M2YR	**61.5**	**51.4**	**48.9**	**43.4**	**39.4**	**47.9**	**49.7**	**55.9**	**53.0**	**63.5**	**64.8**	**69.6**	**78.4**
Offical Deposits	40.5	63.9	-8.4	64.5	96.2	2.0	83.4	63.8	42.9	38.7	54.7	3.3	38.6
Other Deposits With CBRT	105.6	135.3	259.0	255.3	107.2	-9.4	62.9	114.0	461.2	-51.4	102.7	417.0	36.3
M3Y	**46.2**	**40.0**	**43.2**	**46.9**	**45.7**	**47.2**	**66.4**	**68.7**	**68.0**	**73.9**	**73.6**	**87.3**	**93.7**
M2Y (trillion TL)	**51,850**	**52,618**	**54,214**	**57,167**	**56,897**	**63,069**	**71,477**	**74,966**	**75,312**	**83,966**	**86,206**	**93,114**	**101,415**
Composition of M2Y (%)													
Currency in Circulation	5.2	5.2	5.2	5.6	4.6	4.4	4.3	4.5	4.6	4.6	4.7	4.5	4.4
Sight Deposits	7.8	6.5	7.3	8.7	7.4	6.9	7.2	6.9	7.0	7.4	6.7	7.6	5.9
Time Deposits	38.4	39.4	39.7	43.0	44.8	41.7	42.1	39.1	39.2	36.1	32.9	31.9	31.4
Foreign Exchange Deposits	48.6	48.9	47.7	42.6	43.3	46.9	46.4	49.5	49.2	51.9	55.7	56.1	58.3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100
CREDIT STOCK (domestic, annual % change)	**69.2**	**67.0**	**64.0**	**62.6**	**58.6**	**61.7**	**59.0**	**59.1**	**47.1**	**47.7**	**43.9**	**39.7**	**39.2**
Central Bank Direct Credits	-16.9	-15.6	-18.4	-19.9	-40.8	-17.3	33.8	121.3	96.0	124.3	128.0	131.4	-100
Deposit Bank Credits	69.9	67.9	64.8	63.8	59.2	61.7	58.8	57.6	45.4	45.4	41.4	36.7	35.7
Invest. and Develop.Bank Credits	59.2	54.2	51.3	46.0	50.2	61.4	61.3	80.5	72.2	81.6	81.3	86.9	96.4
CB BALANCE SHEET (million $)													
Net Domestic Assets	-2,520	-2,408	-464	3,918	-1,885	1,354	3,216	4,409	5,446	9,675	10,543	11,724	11,884
Net Foreign Assets	9,942	9,811	7,929	4,916	8,625	6,428	2,086	412	-277	-4,413	-5,509	-6,571	-6,730
Net Position of Public Sector	-3,135	-3,158	-2,973	64	-341	723	-1,257	-71	10,323	13,397	13,868	13,863	14,054
Liabilities Due to Open Market Operations	-3,899	-4,193	-6,179	-7,750	-2,504	-6,065	-8,276	-7,783	1,006	168	-1,107	-2,041	-1,037
THE CENTRAL BANK RESERVES (billion $)	24.2	23.2	21.6	19.6	25.7	22.6	18.4	18.2	20.5	16.5	17.2	18.7	18.9
CB REZERVES/(DOMESTIC DEBT.+M2Y, %)	**19.4**	**18.5**	**17.0**	**14.3**	**17.0**	**15.6**	**14.6**	**16.5**	**14.5**	**11.5**	**12.4**	**13.4**	**13.5**
FINANCIAL PRESURE INDEX*	**0.5**	**0.6**	**0.7**	**0.7**	**-0.6**	**2.2**	**4.1**	**2.7**	**-0.2**	**1.9**	**1.2**	**0.8**	**1.0**
FOREIGN DEBT STOCK (billion $)	**108.4**	..	..	**117.8**	..	..	**114.6**	..	..	**111.9**	..	..	..

* *Index consists of interest rates and the change in USD rate and international reserves;*
February 1988=1; tolerable lower and upper band values are -0.1 and 2 respectively. (see Q.E.S. No.27, P.3)
Net Foreign Assets= Foreign Assets-(Liabilities to Non- Residents+FX Deposits of Banking Sector)
Net Domestic Assets= Net Position of Public Sector+ Credits to Banking Sector+ Net Open Market Operations+Others+ FX Revaluation Account
Net Position of Public Sector= Credits to Public Sector-(Deposits of Public Sector+ FX Deposits of Non - Banking Sector)
Reserve Money= Net Foreign Assets+ Net Domestic Assets

TABLE 2 GROSS DOMESTIC PRODUCT (at 1987 prices, TL)

By Kind of Expenditure

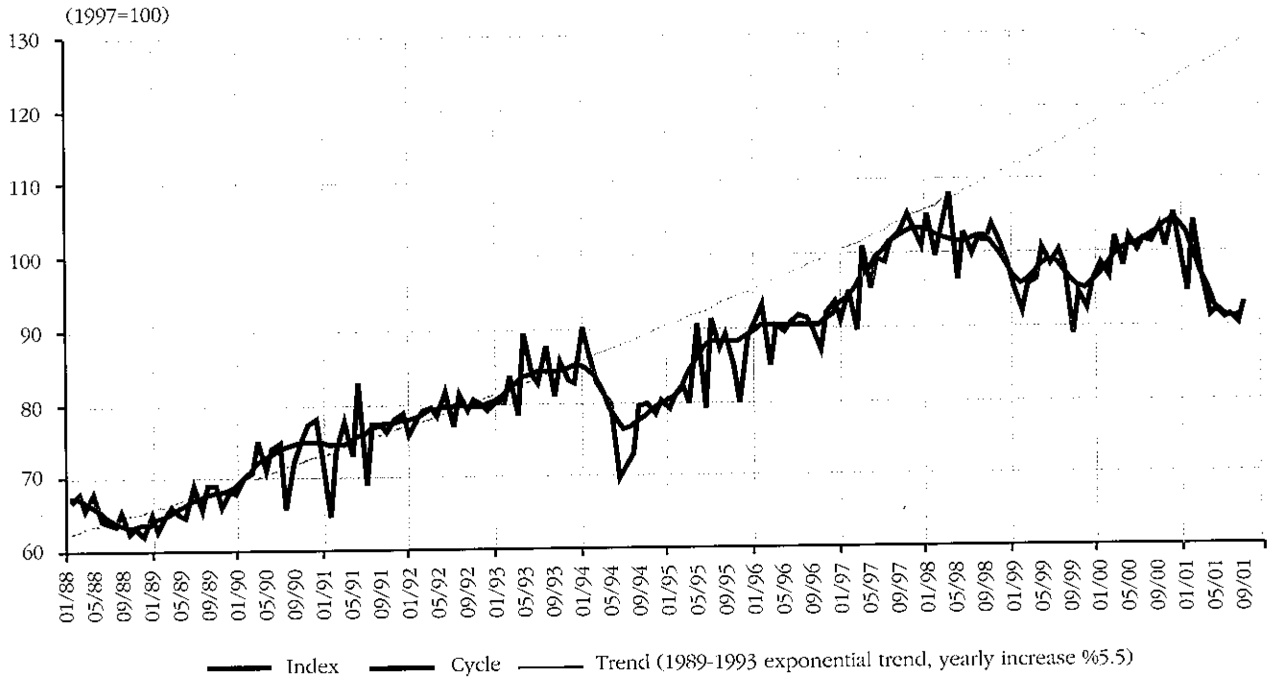
	Annual Change		% Share	Annual % Change			
	1999	2000	2000	2000-3	2000-4	2001-1	2002-2
Private Final Cons. Exp.	**-2.6**	**6.4**	**68.0**	**9.9**	**5.8**	**-3.3**	**-11.5**
Food, Beverage	14.6	3.2	23.8	6.0	0.1	0.1	-3.7
Durable Goods	-0.8	27.5	13.3	39.7	19.5	-19.4	-35.8
Semi-dur, Non-dur Goods	-8.3	0.9	10.1	8.3	5.5	2.6	-12.6
Energy, Trans., Commun.	-4.9	-0.6	9.0	-1.9	2.0	0.9	-2.7
Services	-11.2	7.2	6.6	7.6	7.7	-3.2	-11.8
Ownership of Dwelling	2.1	0.0	5.2	0.1	2.0	2.1	2.0
Gov. Final Cons. Exp.	**7.8**	**7.1**	**8.7**	**9.7**	**5.7**	**-0.3**	**-5.7**
Compensation of Empl.	5.9	1.9	4.2	2.2	2.2	3.8	3.5
Purchases of Goods, Services	10.0	12.4	4.5	17.9	7.8	-9.6	-15.3
Gross Fixed Capital Form.	**-15.7**	**16.5**	**27.9**	**20.2**	**17.3**	**-11.6**	**-32.1**
Public Sector	**-8.7**	**19.7**	**7.3**	**21.6**	**19.9**	**-6.1**	**-32.0**
Machinery Equipment	11.2	20.5	2.3	-17.1	18.5	-4.7	-65.4
Building Construction	25.0	31.6	2.0	23.0	55.4	-13.0	-2.3
Other Construction	6.3	12.2	3.0	46.7	-2.0	-3.6	-7.9
Private Sector	**-17.8**	**15.4**	**20.6**	**19.7**	**15.9**	**-12.6**	**-32.2**
Machinery Equipment	-24.1	37.3	13.4	52.5	33.2	-18.3	-44.4
Building Construction	-8.8	-11.0	7.2	-11.2	-9.9	-2.0	-8.9
Change in Stock	-	-	**2.3**	-	-	-	-
Export of Goods, Services	**12.0**	**19.3**	**33.0**	**24.8**	**13.8**	**10.1**	**7.6**
Import of Goods, Services	**2.3**	**25.4**	**39.9**	**23.4**	**19.5**	**-14.3**	**-31.5**
GDP (Demand)	**-4.7**	**7.1**	**100.0**	**8.0**	**8.3**	**-2.0**	**-9.4**
GDP (Supply)	**-4.7**	**7.2**	-	**7.8**	**8.3**	**-2.2**	**-9.3**

By Sectors

	Annual % Change		% Share	Annual % Change			
	1999	2000	2000	2000-3	2000-4	2001-1	2001-2
Agriculture	**-5.0**	**4.1**	**13.5**	**1.9**	**12.2**	**5.2**	**-4.9**
Agriculture and Livestock Prod.	-5.1	4.2	12.5	1.7	13.5	0.8	-4.2
Forestry	-4.2	3.1	0.6	9.4	-3.9	19.1	-14.5
Fishing	-1.0	1.7	0.3	5.7	2.7	19.8	-1.6
Industry	**-5.0**	**5.6**	**28.3**	**9.8**	**5.2**	**-1.3**	**-8.6**
Mining and Quarrying	-7.3	-1.1	1.4	-4.0	1.2	-2.4	-5.7
Manufacturing	-5.7	5.9	23.7	10.9	6.1	-0.9	-9.3
Electricity, Gas, Water	1.3	6.5	3.2	9.2	3.3	-3.2	-4.0
Construction	**-12.5**	**5.8**	**5.1**	**11.1**	**6.7**	**-7.3**	**-9.0**
Trade	**-6.3**	**11.6**	**22.3**	**13.0**	**11.6**	**-4.1**	**-11.5**
Wholesale and Retail Trade	-5.2	10.7	19.0	11.5	11.1	-4.2	-15.7
Hotels, Rest. Services	-13.0	16.9	0.3	21.3	14.5	-3.2	13.8
Transportation and Comm.	**-2.4**	**5.1**	**13.1**	**4.2**	**6.1**	**-2.8**	**-8.8**
Financial Institutions	6.5	0.9	2.5	0.7	-0.4	-5.3	-10.0
Ownership of Dwelling	1.1	0.0	4.7	0.1	1.9	2.1	2.0
Business and Pers. Services	-4.5	5.9	2.3	6.6	7.4	-2.0	-9.5
(-)Imputed Bank Serv. Changes	6.1	0.7	-2.0	0.2	-0.9	-6.8	-12.0
Sectoral Total	**-5.0**	**6.4**	**89.7**	**7.2**	**7.9**	**-1.9**	**-8.5**
Government Services	2.7	1.9	4.2	2.2	2.2	3.8	3.5
Private Non-profit Inst.	2.5	1.1	0.3	0.7	3.2	1.2	-0.2
Total	**-4.7**	**6.2**	**94.2**	**7.0**	**7.6**	**-1.6**	**-7.9**
Import Duties	-5.7	27.3	5.5	26.4	22.5	-10.4	-32.4
GDP	**-4.7**	**7.2**	**99.7**	**7.8**	**8.3**	**-2.2**	**-9.3**

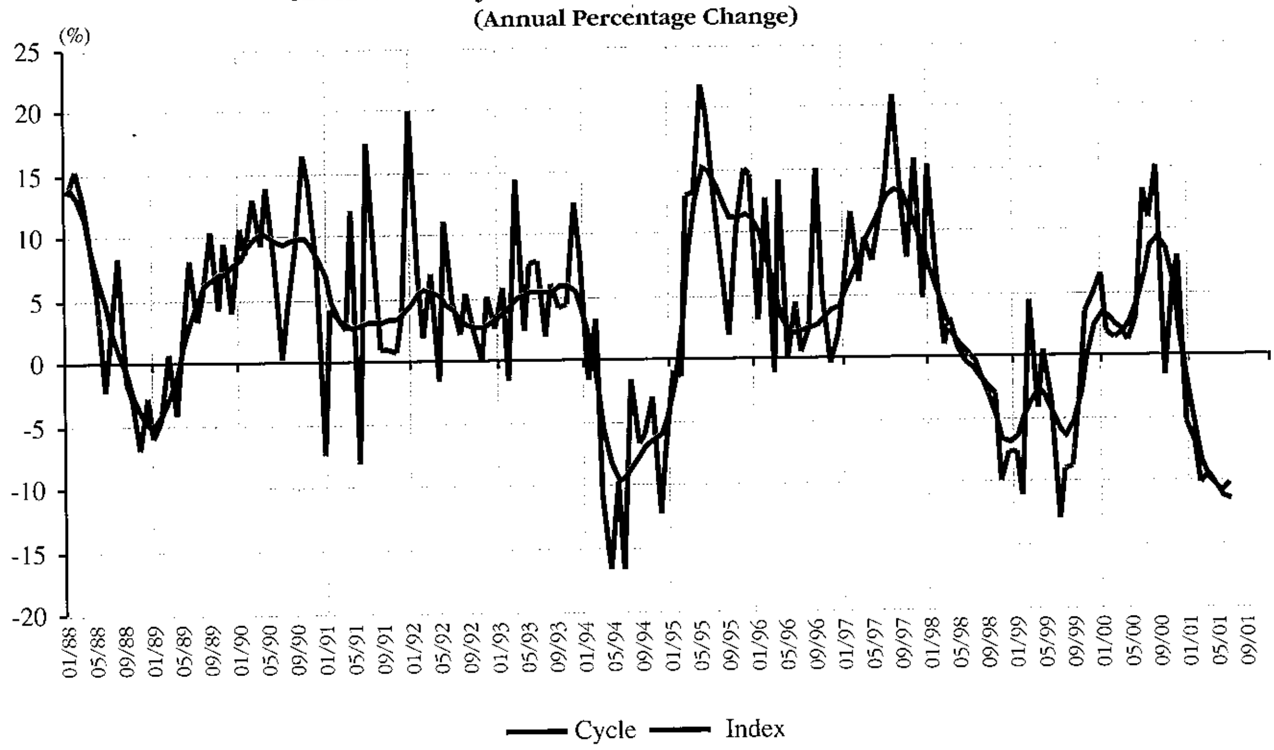
GRAPH 1

SEASONALLY ADJUSTED INDUSTRIAL PRODUCTION INDEX
(Level)



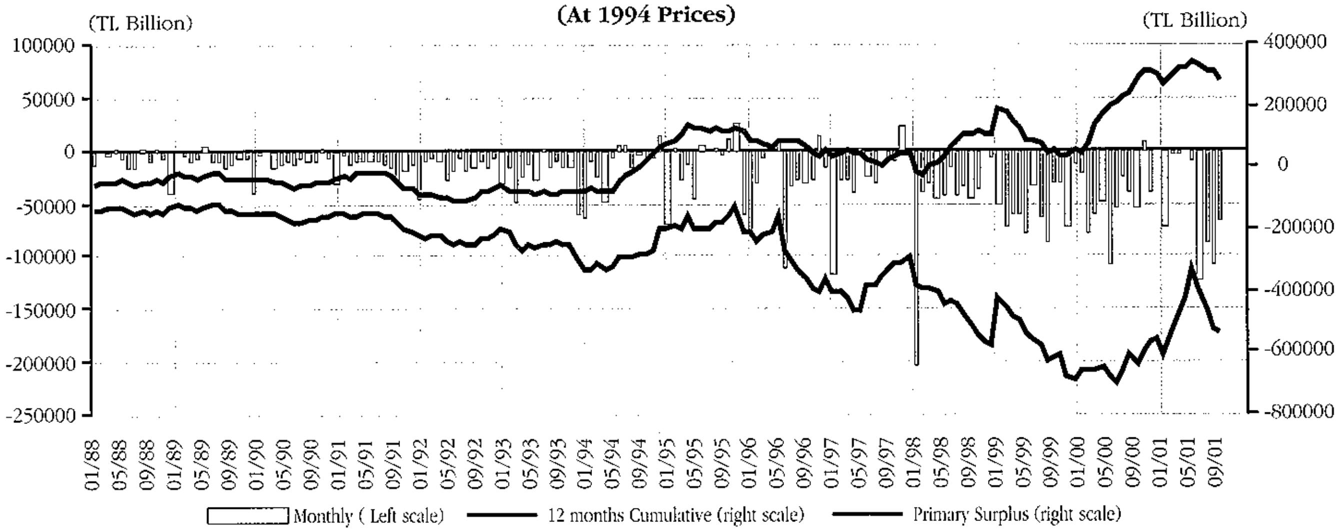
GRAPH 2

SEOSANALLY ADJUSTED INDUSTRIAL PRODUCTION INDEX
(Annual Percentage Change)



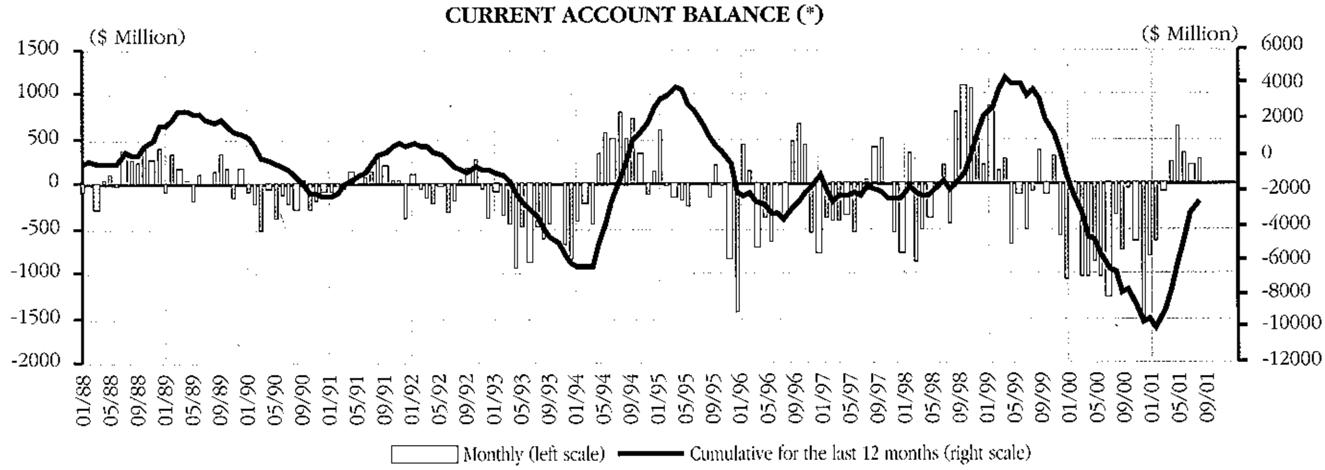
GRAPH 3

CONSOLIDATED BUDGET DEFICIT
(At 1994 Prices)



GRAPH 4

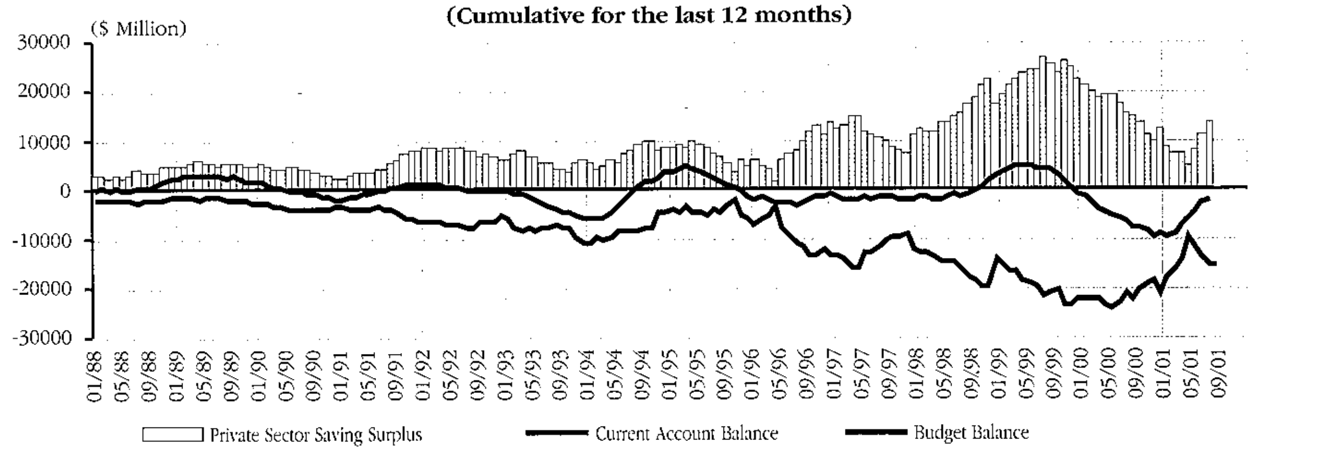
CURRENT ACCOUNT BALANCE (*)



(*) Monthly figures include shuttle trade since 01/96

GRAPH 5

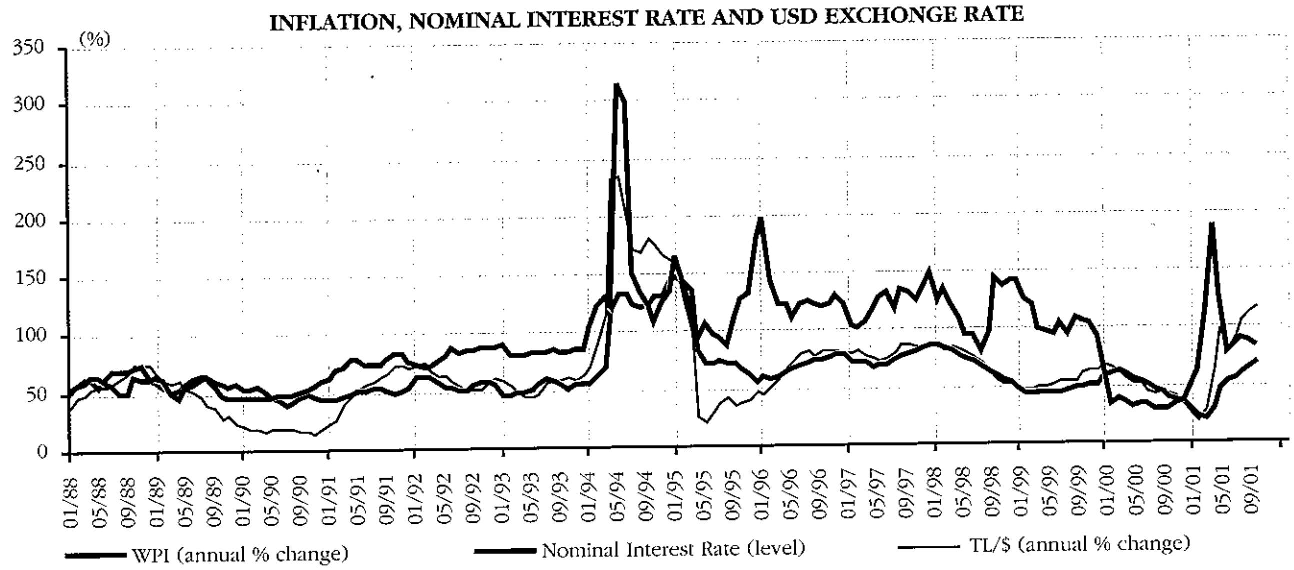
SAVING-INVESTMENT BALANCE (*)
(Cumulative for the last 12 months)



(*) Budget Balance is used as a proxy for the Public Sector Deficit due to lack of monthly data on the latter. Private Sector Saving Surplus figures are calculated as the sum of Budget Deficit and Current Account Balance. Monthly figures include shuttle trade since 01/96

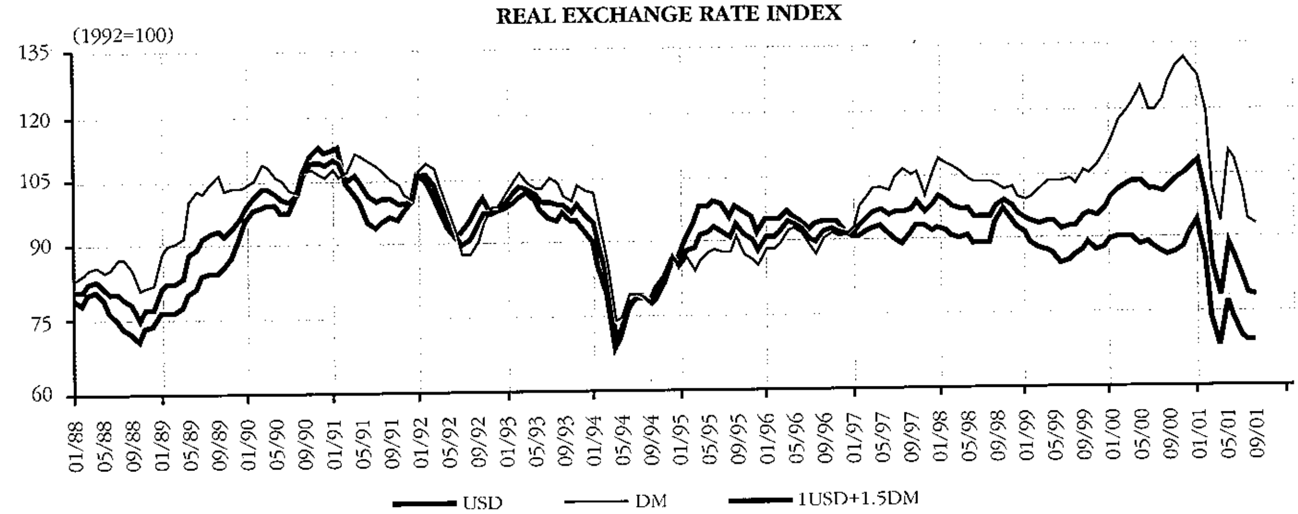
GRAPH 6

INFLATION, NOMINAL INTEREST RATE AND USD EXCHONGE RATE



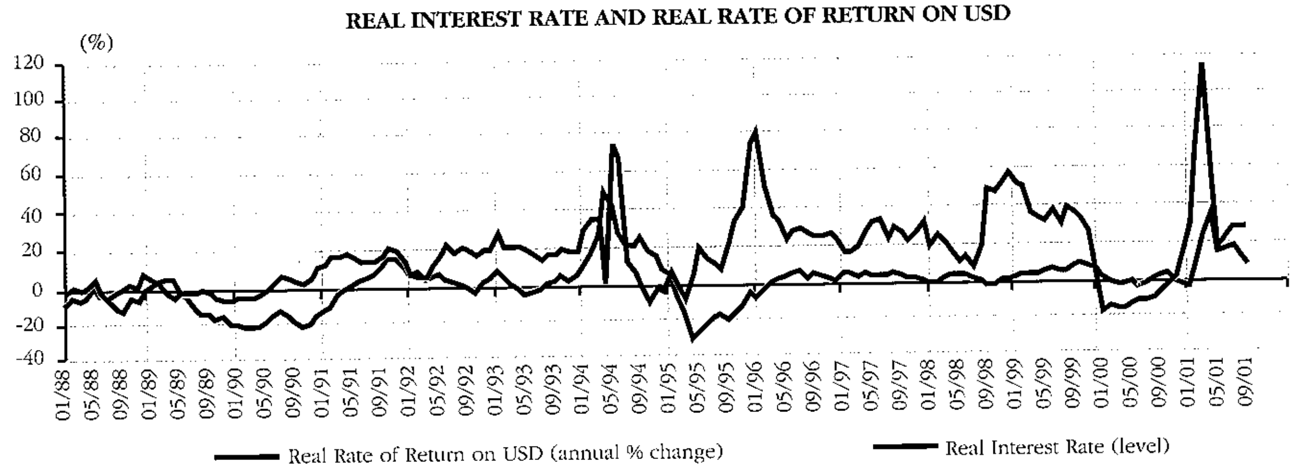
GRAPH 7

REAL EXCHANGE RATE INDEX



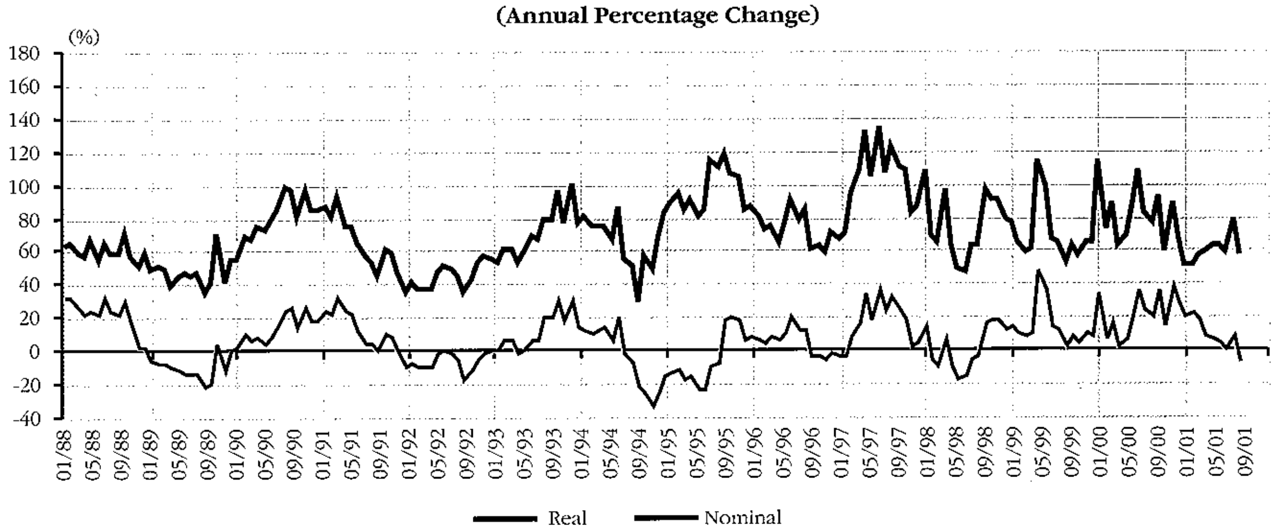
GRAPH 8

REAL INTEREST RATE AND REAL RATE OF RETURN ON USD



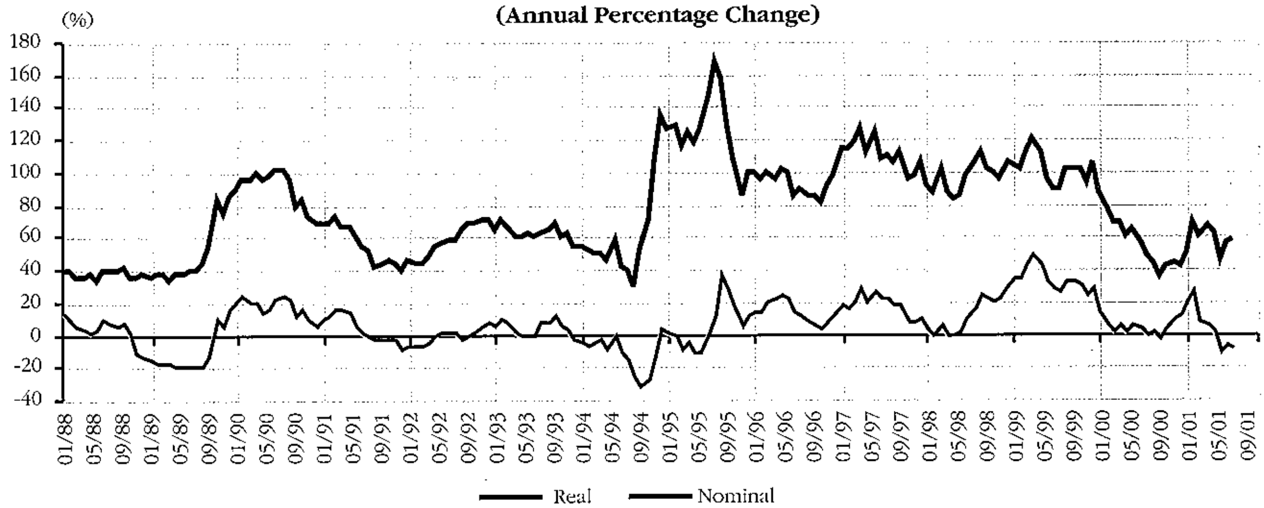
GRAPH 9

M1
(Annual Percentage Change)



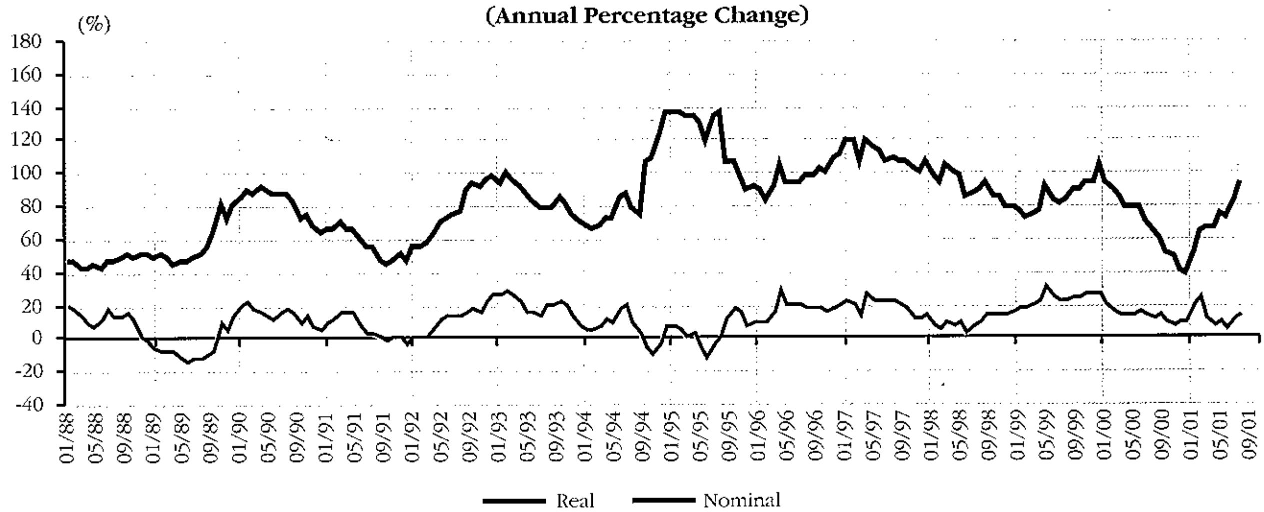
GRAPH 10

M2
(Annual Percentage Change)



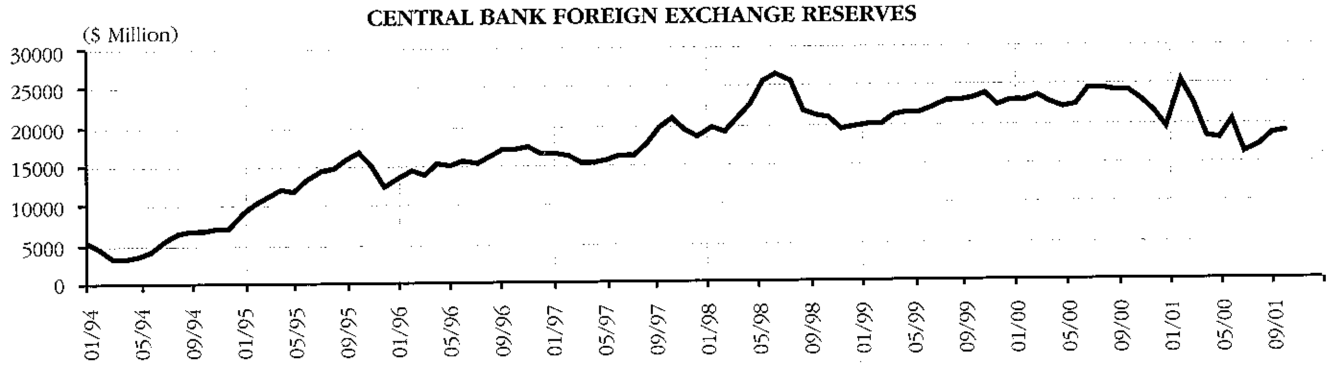
GRAPH 11

M2Y
(Annual Percentage Change)



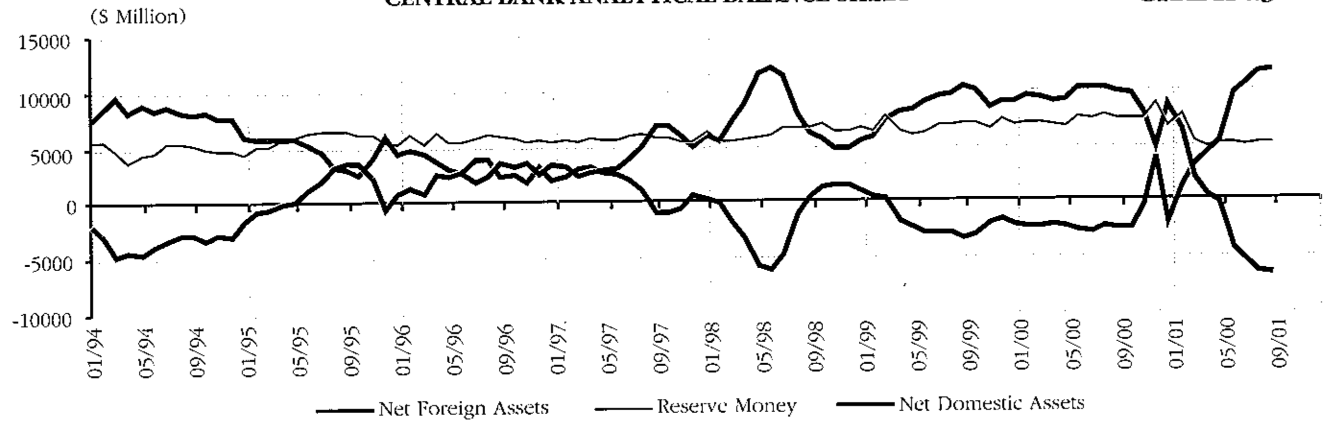
GRAPH 12

CENTRAL BANK FOREIGN EXCHANGE RESERVES



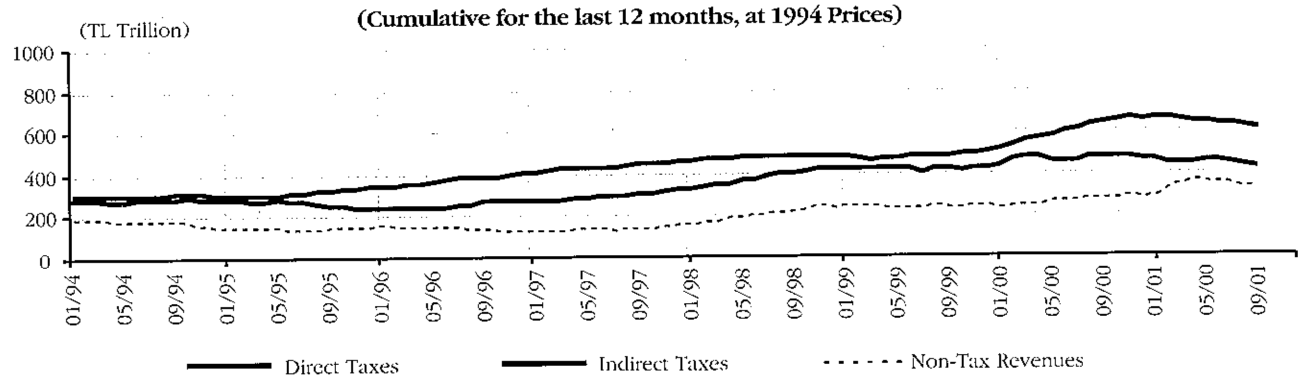
GRAPH 13

CENTRAL BANK ANALYTICAL BALANCE SHEET



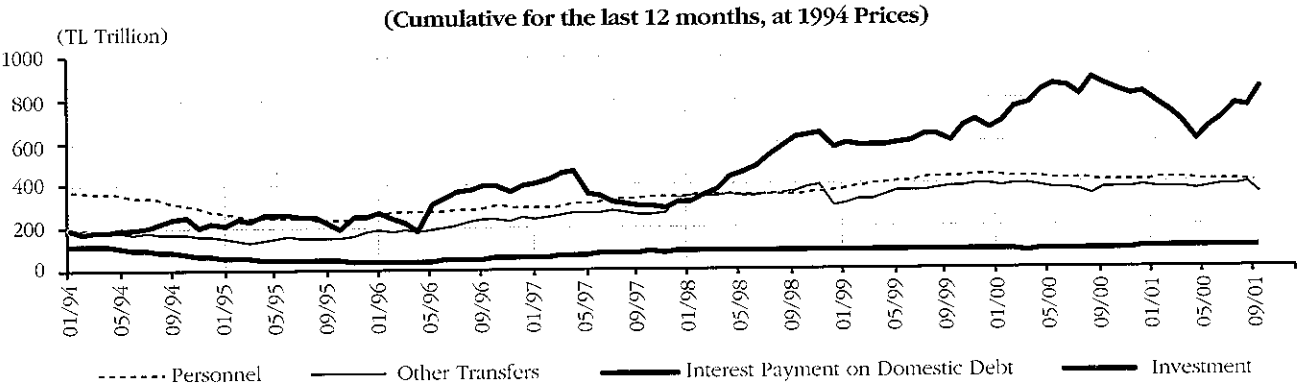
GRAPH 14

CONSOLIDATED BUDGET REVENUES
(Cumulative for the last 12 months, at 1994 Prices)



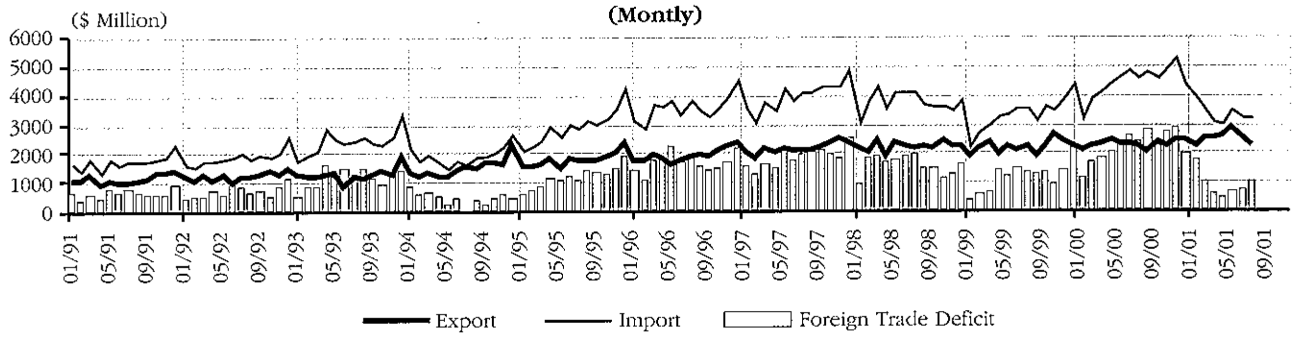
GRAPH 15

CONSOLIDATED BUDGET EXPENDITURES
(Cumulative for the last 12 months, at 1994 Prices)



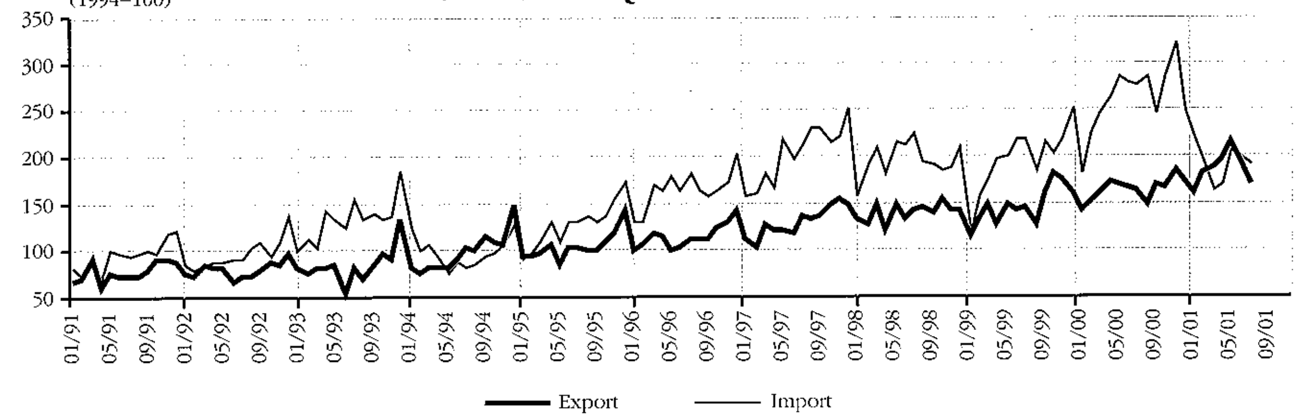
GRAPH 16

FOREIGN TRADE
(Montly)



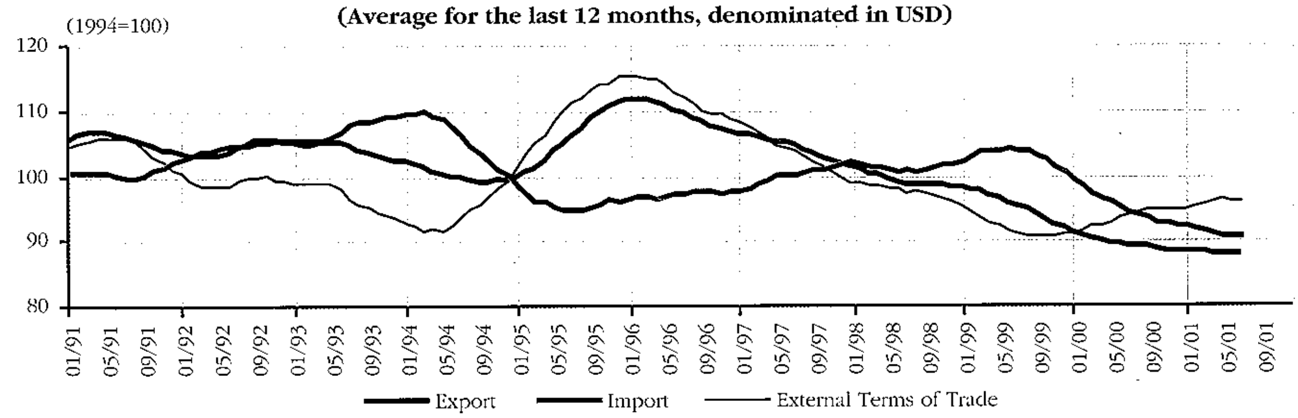
GRAPH 17

FOREIGN TRADE QUANTITY INDEX



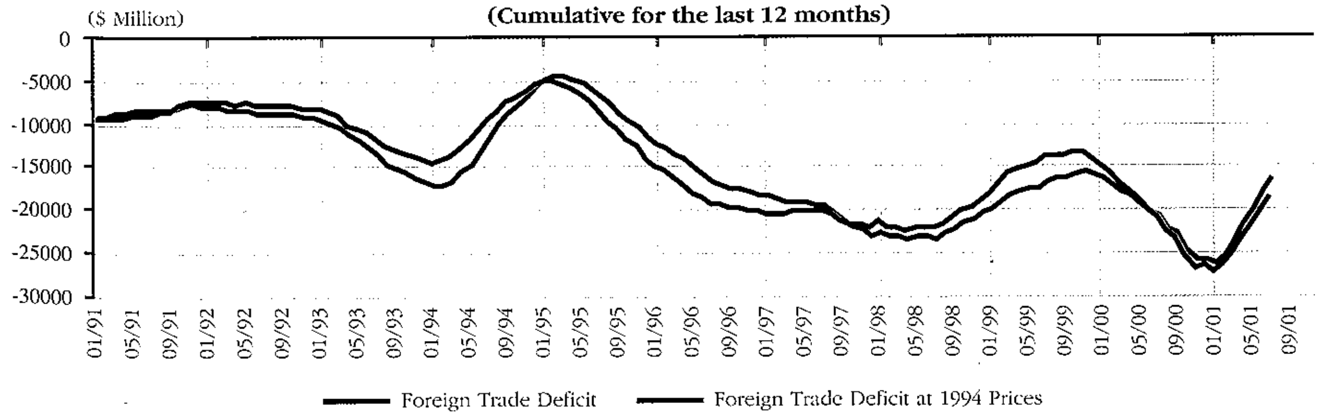
GRAPH 18

FOREIGN TRADE PRICE INDICES AND TERMS OF TRADE
(Average for the last 12 months, denominated in USD)



GRAPH 19

FOREIGN TRADE DEFICIT
(Cumulative for the last 12 months)



TÜSİAD MACROECONOMIC SCENARIO
(Quarterly and yearly average)

	2000					2001					2002					2002
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Government Programme
INCOME and PRICES																
GNP (1987 prices, annual %)*	4.2	4.9	7.2	7.6	**6.1**	-4.5	-11.8	-10.3	-8.9	-9.2	-1.9	2.3	3.4	4.7	2.4	4.0
Inflation (WPI)*	66.6	59.1	48.3	37.6	**51.4**	30.1	56.8	70.0	85.0	61.7	87.4	59.4	54.1	50.2	60.3	31(b)
Inflation (CPI)*	68.8	61.7	52.7	42.3	**54.9**	35.6	52.3	58.6	68.8	54.4	74.3	60.1	57.8	52.2	59.7	35(b)
Reserve Money *	76.6	75.1	69.4	55.6	**68.0**	31.3	34.4	36.9	56.6	40.6	75.8	48.5	46.2	43.5	51.9	-
CONSOLIDATED BUDGET																
Budget Revenues (trillion TL)	7,480	8,046	9,441	8,789	**33,756**	10,561	12,367	13,472	13,359	49,759	14,619	14,159	19,859	20,484	71,120	71,117
Budget Expenditures (trillion TL)	11,381	12,281	11,340	11,601	**46,603**	10,651	20,381	23,768	24,140	78,940	25,040	26,230	28,840	30,190	110,302	98,100
Budget Balance (trillion TL)	-3,901	-4,235	-1,898	-2,812	**-12,846**	-90	-8,014	-10,296	-10,782	-29,182	-10,422	-10,072	-8,982	-9,706	-39,182	-26,983
Interest Expenditures (trillion TL)	6,602	6,428	4,557	2,853	**20,440**	4,809	10,932	13,759	12,522	42,022	13,622	13,822	12,922	12,576	52,941	45,865
Budget Balance (billion $)	-6.9	-7.0	-2.9	-4.1	**-20.6**	-0.1	-6.8	-7.4	-6.7	-23.4	-6.0	-5.6	-4.8	-5.0	-21.3	-15.0
Primary Surplus (over GNP, %)	-	-	-	-	**6.0**	-	-	-	-	7.0	-	-	-	-	4.6	5.6
Budget Balance (over GNP , %)	-	-	-	-	**-10.2**	-	-	-	-	-15.9	-	-	-	-	-13.0	-9.6
EXCHANGE RATES																
Nominal Exchange Rate (TL/$)	562,840	609,022	645,348	678,951	**624,040**	797,557	1,186,825	1,398,015	1,612,272	1,248,667	1,728,661	1,813,311	1,870,079	1,936,354	1,837,101	1,800,000
Nominal Exchange Rate (TL/$)*	65.2	54.1	47.4	36.8	**49.4**	41.7	94.9	116.6	137.5	100.1	116.7	52.8	33.8	20.1	47.1	-
Real Exchange Rate (TL/$)(1999=100)**	92.5	91.6	89.2	90.8	**91.0**	84.9	73.7	70.0	69.3	74.5	73.4	76.9	82.6	86.6	79.4	-
Real Exchange Rate (TL/$)*	0.9	3.3	0.6	0.6	**1.3**	-8.2	-19.5	-21.5	-23.7	-18.2	-13.6	-4.3	15.2	25.3	6.6	-
Nominal Exchange Rate (TL/€)	555,014	569,162	583,843	589,358	**574,344**	724,378	1,034,128	1,243,921	1,488,836	1,122,816	1,612,170	1,671,615	1,647,098	1,704,436	1,638,830	-
Nominal Exchange Rate (TL/€)*	45	36	27	14	**29**	30.5	81.7	113.1	152.6	95.5	122.6	61.6	32.4	14.5	47.7	-
Real Exchange Rate (TL/€)(1999=100)**	111.3	116.3	117.0	124.1	**117.2**	110.9	100.4	93.4	89.0	98.4	93.4	99.0	108.6	116.7	104.4	-
Real Exchange Rate (TL/€) (1999=100)*	14.8	16.9	16.7	20.2	**17.2**	-0.4	-13.7	-20.2	-28.3	-16.0	-15.8	-1.4	16.3	31.2	6.1	-
€/$	98.61	93.46	90.47	86.80	**92.33**	90.8	87.1	89.0	92.3	89.8	93.3	91.7	89.3	90.0	91.1	-
GOVERNMENT SECURITIES AUCTIONS																
Nominal Int. Rate (compounded, %)	39.4	38.0	33.5	39.2	**37.5**	125.4	100.3	91.3	97.6	103.6	98.7	78.8	72.4	67.9	79.4	-
Real Int. Rate (compounded, %)	-16.3	-13.3	-10.0	1.2	**-9.2**	73.3	27.7	12.6	6.8	26.0	6.0	12.2	11.9	11.8	11.9	-
FOREIGN TRADE and CURRENT ACCOUNT																
Imports (cif) (billion $)	11.3	14.2	14.2	14.8	**54.5**	10.6	9.8	10.9	12.0	43.3	10.3	11.6	12.5	13.5	48.0	45.5
Exports (fob, excl. shuttle trade)(billion $)	7.6	8.0	7.7	8.1	**31.4**	8.2	8.8	8.4	8.6	33.9	8.4	8.5	8.6	8.8	34.3	35.0
Foreign Trade Balance(fob-cif) (billion $)	-3.7	-6.2	-6.5	-6.7	**-23.1**	-2.4	-1.0	-2.6	-3.4	-9.4	1.8	-3.1	-4.0	-4.8	-13.7	-10.5
Invisibles(other current) (billion$)	2.7	2.9	5.3	3.7	**14.5**	1.9	2.2	4.5	4.4	12.9	2.2	2.8	3.8	3.6	12.4	13.5
Current Account Balance (billion$)	-1.1	-3.3	-1.2	-3.0	**-8.6**	-0.5	1.2	1.9	1.0	3.5	-0.4	-0.3	-0.2	-1.2	-1.3	0.0
Imports (cif) (billion $)*	40.5	36.8	36.0	25.1	**33.9**	-6.5	-30.7	-23.2	-18.9	-20.5	3.0	18.7	15.0	12.6	10.8	-
Exports (fob, excl. shuttle trade)(billion $)*	7.5	15.8	7.7	-1.4	**7.0**	7.8	10.5	8.1	6.0	8.1	3.3	-3.0	-2.5	2.3	1.2	-
Import Quantity Index*	43.4	34.4	30.1	26.3	**32.7**	-10.0	-30.4	-19.7	-20.4	-19.6	9.4	16.5	13.0	13.0	13.0	-
Export Quantity Index*	14.4	21.4	11.1	0.8	**11.2**	16.3	20.3	22.6	19.9	20.4	7.0	6.6	6.4	6.1	6.5	-
Unit Value of Imports*(a)	-2.0	1.8	4.5	-0.9	**0.3**	3.8	-0.4	-4.3	1.7	-0.5	-11.4	-3.9	1.8	-0.3	-12.1	-
Unit Value of Exports*(a)	2.3	4.2	7.5	9.4	**-7.1**	-7.3	-8.2	-11.8	-14.3	2.4	-3.8	-9.9	-3.8	-3.9	-5.4	-

Red italic figures are TÜSİAD estimates
(..) Not available
(*)Denotes annual average percentage change on the same period of previous year
(**)Decrease in Real Exchange Rate index reflects the devaluation of TL against the Foreign Exchange.
(a)Current Value/Quantity Index
(b)End year; TÜSİAD's end-year estimation for WPI and CPI are 48.9% and 50.8% respectively.

Macroeconomic Scenario is based on the access of 15 billion dollars of international finance with the opportunity of budgetary funding.

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