

Macro: Deterioration in foreign trade balance was temporary

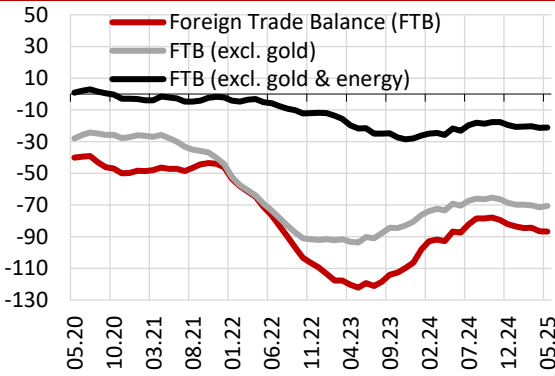
According to the provisional data released by the Ministry of Trade, foreign trade deficit was \$6.5 billion in May, and the 12-month cumulative deficit remained unchanged at \$86.7 billion. Last month, we saw that the weak performance after the Ramadan Feast and concerns over tariffs limited exports, while exchange rate volatility and uncertainties about global trade caused import demand to be brought forward, especially on the intermediate goods side. Data for May indicated that the deterioration in the foreign trade deficit due to these factors was temporary, as we had anticipated. When we compare the March-May period in a way to eliminate this volatility, we see a partial improvement in the foreign trade balance instead of a deterioration.

Leading indicators for activity signal that the tightening in financial conditions has led to a slowdown in demand conditions to some extent. Uncertainties regarding tariffs have also diminished. Under these circumstances, we expect an improvement in the underlying trend of the foreign trade balance in the upcoming period. In this regard, we maintain our current account deficit forecast of around \$20 billion at the end of the year.

According to the provisional data released by the Ministry of Trade, exports increased by 2.7% yoy to \$24.8 billion and imports rose by 2.1% yoy to \$31.3 billion in May. Thus, foreign trade deficit in May remained unchanged from a year ago at \$6.5 billion, while the 12-month cumulative deficit remained unchanged at \$86.7 billion (Table 1 and Chart 1).

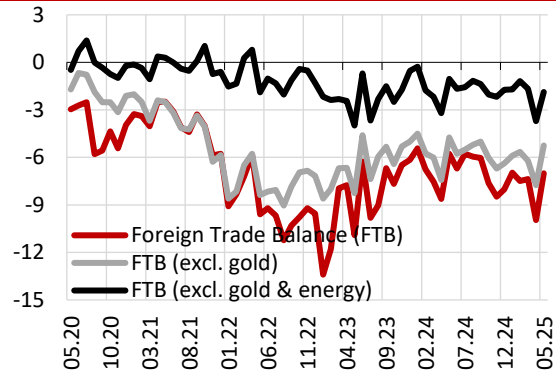
Seasonally and calendar adjusted (s.a.) data pointed to a strong correction in the foreign trade balance and that the deterioration in April was temporary due to the holiday effect and brought-forward import demand, as we anticipated. The recovery in the external balance excluding gold and energy (s.a.) was similarly strong, while the surplus in the core external balance (s.a.) was the highest in 12 months (Chart 2).

Chart 1. Foreign Trade Balance (12-month cumulative, billion \$)



Source: TURKSTAT, MoT, Akbank

Chart 2. Foreign Trade Balance (seasonally adjusted, billion \$)



Exports

Exports (s.a.) increased by 5.5% mom in May (Table 3, Chart 3). Gold exports increased compared to April and realized as \$339 million, close to the average of the last 12 months, while energy exports (s.a.), which declined in the previous 2 months, fell further by 2.7%. Thus, the monthly increase in exports excluding gold and energy (s.a.) was 5.5%, the same as the increase in total exports. In last month's report, we assessed that exports gain momentum in the days before the Eid holidays¹, and that the standard calendar variable we use can not eliminate this volatility in the seasonal adjustment process as it cannot control for the

¹ Çulha, O. Y. ve Eren, O. (2016), [Dış Ticaret İstatistiklerinde Gün Etkisi](#), TCMB Ekonomi Notları, No: 2016-10 (in Turkish)

working day effects in question. In line with this assessment, we can consider the increase in exports in May as a correction of April. In terms of 3-month trend, the weakness in the February-April period recovered in May

According to regional export data, exports (s.a.) to all regions increased in May, except for Other Europe. Exports to the EU-27 rose by 3.1% mom (Chart 5, Table 3), while exports to the Near and Middle East rose by 18.4% mom (Chart 6, Table 3). Exports to North America rose by 19.2% mom in May, largely offsetting the sharp fall in April. Looking at the average of the last 3 months in order to eliminate the effect of the holiday, exports to all regions increased.

The monthly increase in exports (s.a.) by commodity groups was broad-based, with the most significant growth in capital goods at 14.6% and the weakest increase in consumption goods at 3.5% (Charts 7 and 8, Table 3). On a 3-month average, exports of capital goods increased strongly, while exports of consumption goods declined.

Chart 3. Exports (seasonally adj., billion \$)

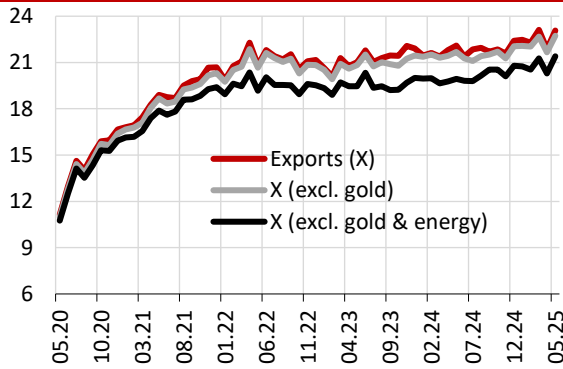


Chart 4. Imports (seasonally adj., billion \$)

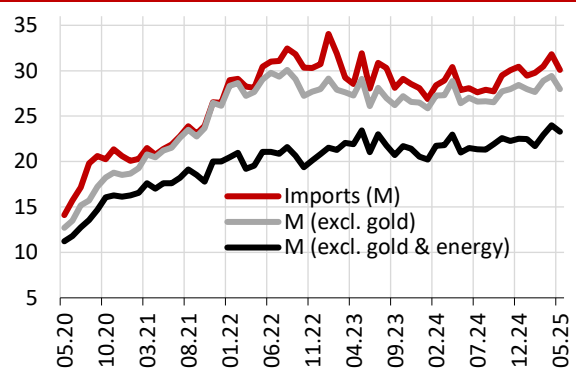


Chart 5. Exports by Region (seasonally adjusted, billion \$)

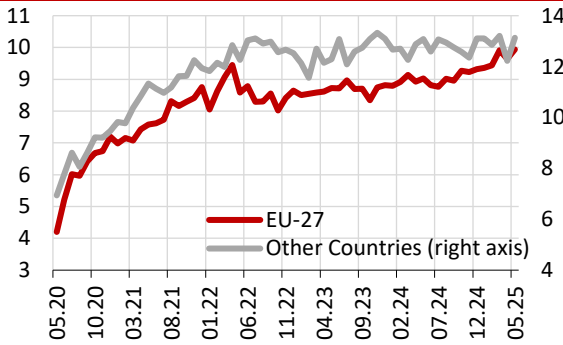


Chart 6. Exports by Region (seasonally adjusted, billion \$)

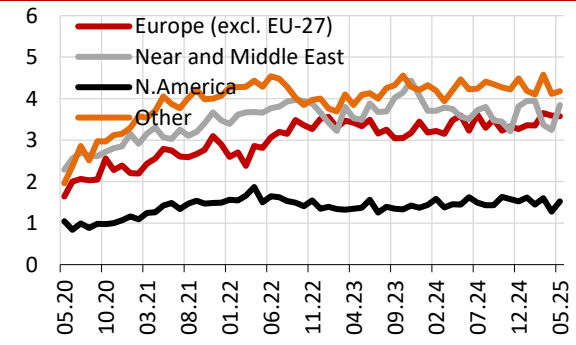


Chart 7. Intermediate Goods Exports (seasonally adjusted, billion \$)

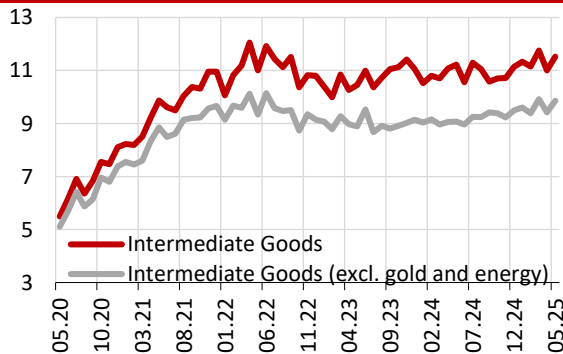
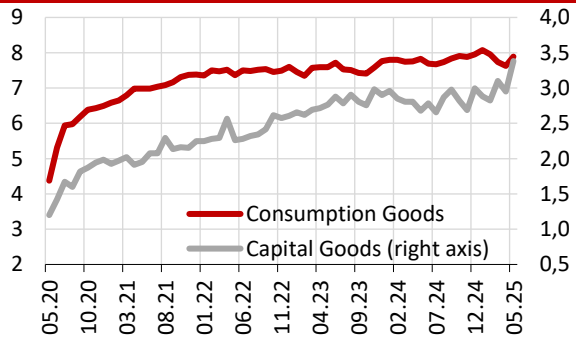


Chart 8. Capital and Consumption Goods Exports (seasonally adjusted, billion \$)



Source: TURKSTAT, MoT, Akbank

Imports

Imports (s.a.) fell by 5.4% mom on the back of the sharp decline in gold and energy items (Chart 4, Table 3). **Gold imports** fell 12% in May after hitting \$2.4 billion in the previous month, the highest level since August 2023. However, it was still realized as \$2.1 billion, above the 12-month average of \$1.6 billion. Thus, gold imports have cumulatively exceeded \$20 billion in the last 12 months (Chart 9). **Energy imports** (s.a.), on the other hand, declined by 13.3% mom in May after falling by 8.9% mom in the previous month due to the fall in oil prices (Chart 10, Table 3).

Chart 9. Gold Imports (billion \$)

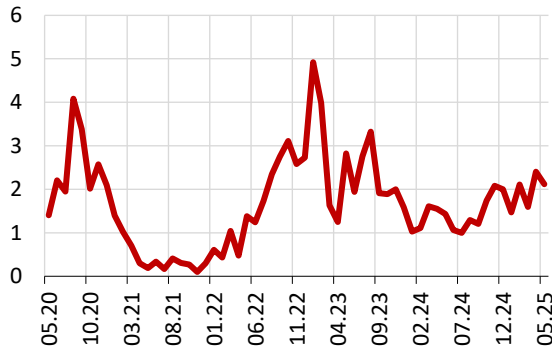


Chart 10. Energy Imports (billion \$)

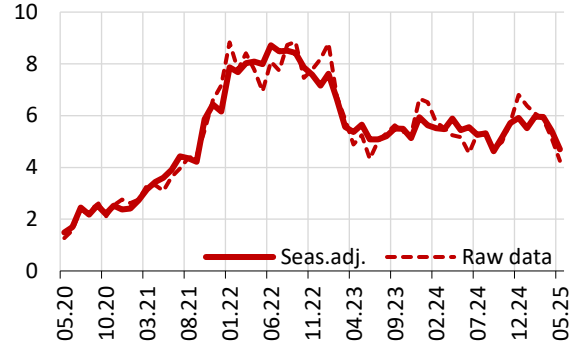


Chart 11. Intermediate Goods Imports (seasonally adjusted, billion \$)

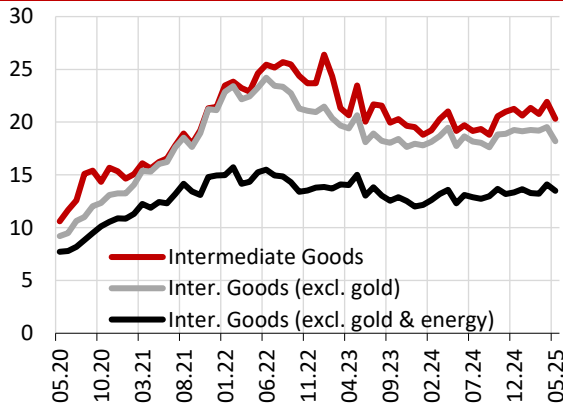
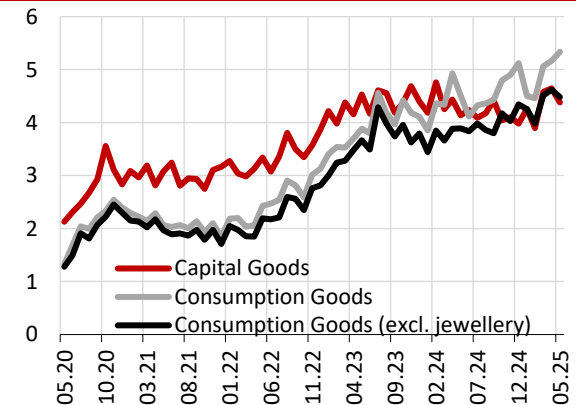


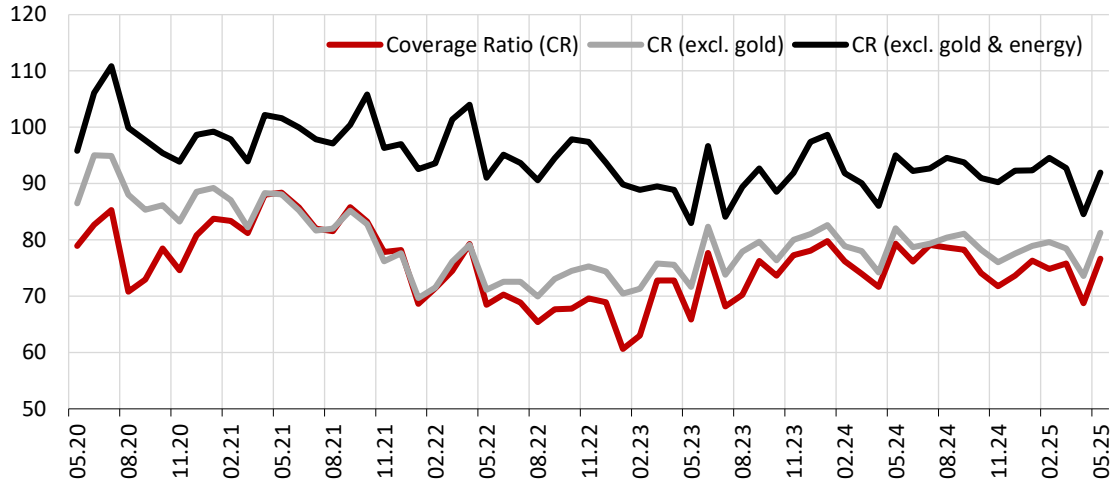
Chart 12. Capital and Consumption Goods Imports (seasonally adjusted, billion \$)



The monthly decline in **imports excluding gold and energy** (s.a.), which is more in line with growth and real exchange rate dynamics, was more limited at 3%. The decline in core imports was mainly driven by the 4.3% mom fall in imports of intermediate goods excluding gold and energy and the 5.7% mom decline in imports of capital goods. On the other hand, imports of consumption goods rose by 3.2% mom (Charts 11-12). However, the rise in imports of consumption goods was mainly driven by jewelry imports. In fact, jewelry imports reached \$951 million in May, the highest level since November 2024, while imports of consumption goods excluding jewelry (s.a.) fell by 3.0% mom (Chart 12, Table 3).

Overall, the coverage ratio excluding gold and energy (s.a.) rose to 92.0% (Chart 13).

Chart 13. Coverage Ratio (% , seasonally adjusted)



Source: TURKSTAT, MoT, Akbank

Table 1. Foreign Trade (raw data, billion USD)

	2020	2021	2022	2023	2024	12-Month Cumulative	First 5 Months	
						May 2025	2024	2025
Foreign Trade Balance	-49.9	-46.2	-109.5	-106.3	-82.2	-86.7	-36.6	-41.1
Exports	169.6	225.2	254.2	255.6	261.8	265.5	107.2	110.9
Imports	219.5	271.4	363.7	362.0	344.0	352.3	143.8	152.1
Foreign Trade Balance (excl. gold and energy)	-3.0	-2.1	-11.9	-27.9	-19.6	-21.1	-10.6	-12.1
Exports (excl. gold and energy)	162.5	213.2	234.8	234.9	241.8	245.9	98.4	102.6
Imports (excl. gold and energy)	165.4	215.2	246.7	262.8	261.3	267.1	108.9	114.7
Foreign Trade Balance (gold)	-22.7	-1.9	-17.5	-25.7	-13.6	-16.0	-5.6	-8.0
Exports (gold)	2.5	3.6	2.9	4.3	3.5	4.0	1.1	1.6
Imports (gold)	25.2	5.5	20.4	30.0	17.1	20.1	6.7	9.7
Foreign Trade Balance (energy)	-24.2	-42.2	-80.1	-52.7	-49.0	-49.6	-20.4	-21.0
Exports (energy)	4.7	8.5	16.4	16.4	16.6	15.5	7.8	6.7
Imports (energy)	28.9	50.7	96.5	69.1	65.6	65.1	28.2	27.7
Exports	169.6	225.2	254.2	255.6	261.8	265.5	107.2	110.9
Exports (EU-27)	70.0	93.1	103.0	104.3	108.5	111.7	45.1	48.3
Exports (excl. EU-27)	99.6	132.2	151.1	151.3	153.3	153.9	62.1	62.7
Exports (Other Europe)	24.4	31.5	36.6	39.7	40.1	41.0	15.9	16.8
Exports (Near and Middle East)	31.3	38.4	45.0	45.6	43.6	43.3	18.2	17.9
Exports (North America)	11.2	16.4	18.8	16.5	18.1	18.2	7.2	7.3
Exports (Other)	32.7	45.9	50.7	49.6	51.5	51.4	20.8	20.7
Exports (Capital Goods)	19.8	24.8	29.0	33.7	33.9	35.0	13.7	14.7
Exports (Intermediate Goods)	80.3	115.2	133.4	129.0	130.7	132.7	54.1	56.1
Inter. Goods Exp.(excl. gold and energy)	73.2	103.1	114.1	108.3	110.6	113.1	45.3	47.7
Exports (Consumption Goods)	68.3	83.8	89.8	90.7	93.7	94.0	38.4	38.7
Imports	219.5	271.4	363.7	362.0	344.0	352.3	143.8	152.1
Imports (Capital Goods)	31.8	35.9	40.5	52.7	50.6	50.5	20.9	20.8
Imports (Intermediate Goods)	163.0	210.1	292.4	261.3	238.3	244.1	100.7	106.6
Inter. Goods Imp. (excl. gold)	137.8	204.6	272.0	231.3	221.2	224.1	94.0	96.9
Inter. Goods Imp. (excl. gold and energy)	108.9	154.0	175.4	162.2	155.6	158.9	65.8	69.2
Imports (Consumption Goods)	24.1	24.9	30.5	47.6	54.5	56.8	22.0	24.4
Jewelry Imports	1.4	1.6	3.0	3.9	7.8	7.1	3.5	2.9
Consumption Goods Imp. (excl. jewelry)	22.7	23.4	27.5	43.7	46.7	49.7	18.5	21.5
Coverage Ratio	77.0	83.1	69.8	71.1	76.2	75.6	74.5	73.1
Coverage Ratio (excl. gold)	85.7	83.7	73.2	76.0	79.1	78.9	77.4	76.9
Coverage Ratio (excl. gold and energy)	97.8	99.2	95.2	89.9	92.7	92.4	90.6	89.8

Source: TURKSTAT, MoT

Table 2. Foreign Trade (raw data, billion USD)

	Feb.25	Mar.25	Apr.25	May.25	2024-Q3	2024-Q4	2025-Q1	2025-Q2*
Foreign Trade Balance	-7.8	-7.2	-12.2	-6.5	-17.5	-22.3	-22.5	-18.6
Exports	20.7	23.4	20.8	24.8	66.4	69.1	65.3	45.6
Imports	28.5	30.6	33.0	31.3	83.9	91.4	87.8	64.3
Foreign Trade Balance (excl. gold and energy)	-1.2	-1.7	-6.2	-1.7	-3.7	-3.6	-4.2	-7.9
Exports (excl. gold and energy)	19.1	21.5	19.3	23.2	61.4	64.5	60.1	42.5
Imports (excl. gold and energy)	20.3	23.2	25.4	24.9	65.1	68.0	64.3	50.4
Foreign Trade Balance (gold)	-1.9	-1.1	-2.2	-1.8	-2.0	-5.0	-4.1	-4.0
Exports (gold)	0.3	0.4	0.2	0.3	1.5	0.8	1.1	0.6
Imports (gold)	2.1	1.6	2.4	2.1	3.5	5.8	5.2	4.5
Foreign Trade Balance (energy)	-4.7	-4.4	-3.8	-3.0	-11.7	-13.7	-14.2	-6.8
Exports (energy)	1.4	1.5	1.3	1.3	3.6	3.8	4.1	2.6
Imports (energy)	6.1	5.9	5.1	4.2	15.3	17.5	18.3	9.4
Exports	20.7	23.4	20.8	24.8	66.4	69.1	65.3	45.6
Exports (EU-27)	8.9	10.4	9.2	10.9	26.8	28.3	28.3	20.0
Exports (excl. EU-27)	11.9	13.0	11.6	14.0	39.6	40.8	37.0	25.6
Exports (Other Europe)	3.1	3.6	3.3	3.7	10.8	10.5	9.7	7.0
Exports (Near and Middle East)	3.7	3.3	3.0	4.0	11.1	11.5	10.9	7.1
Exports (North America)	1.3	1.6	1.3	1.7	4.5	5.0	4.3	2.9
Exports (Other)	3.8	4.5	4.0	4.5	13.2	13.9	12.1	8.6
Exports (Capital Goods)	2.5	2.5	3.2	2.9	8.5	9.3	8.2	6.5
Exports (Intermediate Goods)	10.7	10.4	11.9	10.9	33.9	33.0	33.0	23.1
Inter. Goods Exp. (excl. gold and energy)	9.0	8.8	10.0	9.3	28.9	28.3	27.8	19.9
Exports (Consumption Goods)	7.9	7.5	7.9	7.0	23.2	25.6	23.3	15.4
Imports	28.5	30.6	33.0	31.3	83.9	91.4	87.8	64.3
Imports (Capital Goods)	3.5	4.5	4.6	4.4	13.1	12.9	11.7	9.0
Imports (Intermediate Goods)	20.7	20.9	22.8	21.3	57.6	62.5	62.5	44.1
Inter. Goods Imp. (excl. gold)	18.6	19.3	20.4	19.1	54.1	56.7	57.3	39.6
Inter. Goods Imp.(excl. gold and energy)	12.5	13.4	15.3	14.9	38.8	39.2	39.0	30.2
Imports (Consumption Goods)	4.2	5.2	5.4	5.6	13.0	15.7	13.4	10.9
Jewelry Imports	0.4	0.7	0.7	1.0	1.4	2.7	1.2	1.6
Consumption Goods Imp. (excl. jewelry)	3.8	4.5	4.7	4.6	11.6	13.0	12.2	9.3
Coverage Ratio	72.7	76.5	63.1	79.3	79.2	75.6	74.4	71.2
Coverage Ratio (excl. gold)	77.5	79.2	67.4	83.9	80.8	79.8	77.7	75.6
Coverage Ratio (excl. gold and energy)	94.0	92.9	75.7	93.1	94.3	94.8	93.5	84.4

Source: TURKSTAT, MoT

*April-May data

Table 3. Foreign Trade (Seasonally and calendar adjusted)

	Monthly % Change				Quarterly % Change			
	Feb.25	Mar.25	Apr.25	May.25	2024-Q3	2024-Q4	2025-Q1	2025-Q2*
Exports	-0.8	3.7	-5.4	5.5	0.3	0.5	3.1	-0.7
Exports (excl. gold)	-0.3	2.9	-4.5	5.0	-0.5	1.5	2.7	-0.3
Energy Exports	11.4	-6.6	-2.0	-2.7	-26.5	1.5	17.0	-4.4
Exports (excl. gold and energy)	-1.0	3.6	-4.7	5.5	1.6	1.6	1.9	0.0
Exports (gold)	-32.3	71.4	-51.3	56.2	58.2	-44.7	34.9	-23.5
Exports (EU-27)	0.8	5.1	-2.8	3.1	-0.1	4.0	3.2	2.3
Exports (Other Europe)	-1.9	2.7	-7.4	7.4	0.6	-1.9	3.0	-2.9
Exports (Near and Middle East)	-0.2	8.8	-1.7	-0.3	1.0	-5.5	5.5	3.7
Exports (North America)	0.0	-14.7	-3.6	18.4	1.6	-4.7	7.6	-5.6
Exports (Other)	-10.2	10.5	-20.1	19.2	-3.7	8.7	-1.5	-9.8
Exports (excl. EU-27)	-2.0	11.7	-10.1	1.6	0.9	-0.1	-0.9	-3.3
Exports (Capital Goods)	-2.0	9.8	-4.9	14.6	2.8	0.0	3.6	7.8
Exports (Intermediate Goods)	-1.6	5.5	-6.4	4.7	0.2	-1.2	5.2	-1.3
Inter. Goods (excl. gold and energy)	-2.2	5.6	-5.0	4.6	3.1	0.7	2.8	0.0
Exports (Consumption Goods)	-1.5	-2.8	-1.4	3.5	-0.1	2.2	0.1	-2.0
Imports	1.2	2.3	4.4	-5.4	-3.6	8.1	-0.3	3.5
Imports (excl. gold)	-1.1	4.4	1.8	-4.9	-3.1	5.5	0.5	1.8
Imports (excl. gold and energy)	-3.3	5.6	4.6	-3.0	-1.4	4.3	-0.4	5.6
Energy Imports	8.1	-0.1	-8.9	-13.3	-9.9	10.4	3.8	-12.9
Imports (gold)	43.4	-24.5	50.8	-12.0	-13.5	66.4	-11.1	30.9
Imports (Capital Goods)	-8.5	17.4	1.5	-5.7	-0.9	-4.4	5.1	6.3
Imports (Intermediate Goods)	3.6	-2.7	5.6	-7.4	-4.3	9.6	-0.1	1.0
Inter. Goods Imp. (excl. gold and energy)	-2.5	-0.4	6.6	-4.3	-0.9	4.1	-0.1	3.1
Inter. Goods Imp. (excl. gold)	0.5	-0.3	1.8	-6.8	-3.7	5.9	1.0	-1.7
Imports (Consumption Goods)	-0.9	13.5	2.0	3.2	-3.2	13.0	-5.3	12.3
Jewelry Imports	90.7	15.7	-1.3	55.7	-23.8	53.9	-43.4	63.3
Consumption Goods Imp. (excl. jewelry)	-6.3	13.3	2.4	-3.0	0.2	7.8	1.6	7.2

Source: TURKSTAT, MoT, Akbank

*April-May data

This report is prepared by Akbank Economic Research

Economic.research@akbank.com

Çağlar Yüncüler – Vice President

Caglar.Yunculer@akbank.com

M. Sibel Yapıcı

Sibel.Yapici@akbank.com

Sercan Pişkin

Sercan.Piskin@akbank.com

DISCLAIMER STATEMENT: The text, information and graphs in this report and comments has been prepared from the primary accessible systemic sources on a bona fide basis, and without consideration to establishing any guarantee and assurance for establishing a basis for any informed decision under any name or form, in terms of their accuracy, validity and effectiveness, and thus it has only been gathered for information purposes. Akbank TAŞ, Ak Yatırım AŞ and their employees will not be held responsible for any damages resulting from the comments included in this report such as lack of information and/or updates. Akbank TAŞ and Ak Yatırım AŞ may modify and/or remove the above information and recommendations at any time, without having to serve any prior notice and/or warning in any way, manner or form. Since this report and comments, the comprehensive information and recommendations which have been prepared in the form of general investment suggestions for the purpose of providing general information do not include any commitment by Akbank TAŞ and Ak Yatırım AŞ, the consequences of any decisions taken, conclusions reached, transactions made and any risks caused by any private and/or legal person based on such information will therefore rest with such persons. For this reason, Akbank T.A.Ş., Ak Yatırım A.Ş. and their employees shall not by any means or in any manner be liable for any material and moral damages, loss of profits, or any direct and/or indirect damages, whatsoever, incurred by the persons concerned or 3rd parties, as a result of the decisions taken, conclusions reached, or transactions performed by private and/or legal persons due to reliance on the information contained in this report, the comments and recommendations herein, and the persons concerned understand and accept that they are not entitled to claim any indemnity, whatsoever, from Akbank TAŞ, Ak Yatırım AŞ and their employees for any damages suffered/to be suffered. The information given in this report, and the comments and recommendations contained herein do not constitute an "investment consultancy" service and/or activity, but fall within the scope of a general investment consultancy activity, and individuals and entities willing to receive an investment consultancy service must contact entities and institutions that are authorized to provide such service and obtain such service under a service agreement pursuant to the legislations of CMB. Investment consultancy services are offered under an investment consultancy agreement to be signed between brokerage houses, portfolio management companies, banks that do not admit deposits and the clients. The comments and recommendations contained herein depend upon the personal opinions of the persons who make the comments and recommendations. Since such opinions have been arranged in the scope of a general investment consultancy activity they do not contain reports, comments and recommendations specific to a person, and may therefore not suit your financial status, risk and return preferences. Thus, making investment decisions solely based on the information contained herein might not bring an outcome that meets your expectations.