MONTHLY ECONOMIC REVIEW

Economic Research Department
April 2007

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► As regards the Turkish economy, considering the data released in the first quarter, the slowdown in domestic demand still continues. During this period, sales of automotive declined and non-agricultural employment and loan growth decelerated. On the other hand, external demand remained strong on the back of the relatively strong economic activity within EU which in turn reflected positively to exports and industrial production.

► The discussions with the IMF ended without a change in the macroeconomic policy framework in 2007. However, the fact that the half of the year-end budget deficit target was already achieved in the first two months raised concerns over fiscal discipline. The IMF staff stated that the economy has entered a more challenging phase. In this respect, to support the disinflation process and to decrease the fragilities stemming from the high public debt, the continuation of the fiscal and monetary discipline is critical.

► Developments in the international markets and the increasingly weighing political agenda will be influential rather than the domestic data flow. The candidates for presidency will be announced in April and the election will be held in May. The so-called Armenian genocide resolution in the US Congress also nominates April as a critical time period for the financial markets.

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TÜRKİYE İŞ BANKASI

TURKISH ECONOMY

Volatility in the international markets continued in March.

In March, data flow from the US and tension originated from Iran were monitored closely by the markets. The fluctuations in the international markets which started in late February continued in the first half of March. In this period, concerns about the slowdown in the US housing market might diffuse to the other sectors of the economy emerged. In the second half of the month, the global risk perception increased again after the UN imposed sanctions in response to Iran's nuclear activities and Iran's capture of 15 English soldiers in Gulf of Basra. On the other hand, the increasing expectations that the FED would cut interest rates pointed out that the capital flow to emerging markets would continue at least in the short term.

The volatility in the international markets was also reflected in the money and capital markets in Turkey. The ISE-100 index decreased, the volatility in the TRY increased and yield of the benchmark bond exceeded 20%. However, in the following days, the stock exchange recovered and the volatility in the $/TRY parity and interest rates decreased.

Slowdown in domestic demand persists.

Considering the data flow in the first three months in the Turkish economy, the slowdown in domestic demand still continues. During this period, sales of automotive declined and non-agricultural employment and loan growth decelerated. On the other hand, external demand remained strong on the back of the relatively strong economic activity within EU which in turn reflected positively to exports and industrial production.

The continuation of the fiscal discipline is critical.

The discussions with the IMF ended without a change in the macroeconomic policy framework in 2007. However, the fact that the half of the year-end budget deficit target was already achieved in the first two months raised concerns over fiscal discipline. The IMF staff stated that the economy has entered a more challenging phase. In this respect, to support the disinflation process and to decrease the fragilities stemming from the high public debt, the continuation of the fiscal and monetary discipline is critical. The reforms bolstering employment and labor productivity should continue.

Candidates for presidency will be announced in April.

The developments in the international markets and the increasingly weighing political agenda will be influential rather than the domestic data flow. The candidates for presidency will be announced in April and the election will be held in May. The so-called Armenian genocide resolution in the US Congress also nominates April as a critical time period for the financial markets.

Turkish economy grew by 6% in 2006.

In the last quarter of 2006, the Turkish economy expanded by 4.6%, above expectations. According to the Reuters' survey, the expectation for the fourth quarter growth was 4.3%. The previously announced growth rates for the second and third quarters, which were 8.8% and 3.3%, were revised to 9.3% and 4.3%, respectively. The annual growth rate was realized as 6%. The upward revisions also contributed to this result. In 2006, the GNP increased to $400 billion while per capita income reached $5,477.

Growth (%)	2005					2006				
	I	II	III	IV	2005	I	II	III	IV	2006
GDP	6.6	5.5	7.7	9.5	7.4	6.7	8.3	4.8	5.2	6.1
GNP	7.5	4.7	8.0	10.2	7.6	6.4	9.3	4.3	4.6	6.0
Agriculture	4.3	8.2	7.5	-0.1	5.6	7.6	-0.4	0.5	9.7	2.9
Industry	6.6	3.9	5.7	10.1	6.5	4.5	11.1	7.2	6.5	7.4
Construction	20.6	25.4	25.6	14.8	21.5	27.1	14.9	21.3	16.1	19.4
Services	6.0	4.8	7.5	10.6	7.3	6.5	7.3	3.9	2.9	5.0

Source: Turkstat

Industrial and agricultural sectors displayed a strong performance in the last quarter.

Analyzing the growth via production approach, industrial and agricultural sectors were responsible for the higher than expected growth in the last quarter. With the strength of exports in the last quarter, the industrial sector increased its contribution to growth. The agricultural sector, which contributed to growth only 0.1 point in the third quarter, increased its contribution to 1 point in the fourth quarter. Despite a mild slowdown compared to the third quarter, the construction sector also contributed to growth significantly. However, the growth of the services sector decelerated.

Visible slowdown in consumer spending…

Considering the GNP figures with the expenditure approach, it is observed that the private consumption expenditures slowed down remarkably in the second half of 2006 due to the uncertainty emerged after the turmoil in financial markets in the May-June period and the resultant interest rate increases of CBRT. Especially, the decline in expenditures of durable consumer goods, which started in the third quarter, persisted in the last quarter. In addition, food expenditures registered only a slight increase. The investment expenditures, despite a deceleration, maintained its increasing trend.

The increase in exports supports growth…

With the slowdown in domestic demand, the production was oriented towards exports and contribution to growth from net exports turned positive in the last two quarters. The deceleration in the widening of the foreign trade deficit indicates that the positive contribution of net exports would continue throughout 2007.

Expenditure Approach (% points)

	2005					2006				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Consumption	3.3	2.8	6.5	10.0	5.8	6.5	8.5	2.2	0.1	4.1
Private	3.0	2.5	6.3	10.0	5.6	5.9	7.3	1.4	0.1	3.4
Public	0.3	0.3	0.2	0.0	0.2	0.6	1.2	0.8	0.1	0.7
Investment	2.5	5.5	6.0	8.4	5.8	8.1	4.4	2.7	1.4	3.9
Private	2.0	4.4	4.6	6.9	4.6	7.5	5.0	2.9	1.2	3.9
Public	0.5	1.1	1.4	1.5	1.2	0.6	-0.6	-0.2	0.2	0.0
Change in Stocks	0.7	-0.7	-2.8	-6.5	-2.5	-5.2	-0.9	-3.6	1.3	-2.1
Net Exports	0.5	-2.0	-2.5	-2.4	-1.7	-2.3	-3.6	3.2	2.5	0.3
Exports	6.3	3.0	1.6	5.2	3.8	3.3	4.2	4.6	3.0	3.8
Imports	5.8	5.0	4.1	7.6	5.5	5.6	7.7	1.4	0.5	3.5
Statistical Discrepancy	-0.4	-0.2	0.5	-0.1	0.0	-0.4	-0.2	0.2	0.0	-0.1
GDP	6.6	5.5	7.7	9.5	7.4	6.7	8.3	4.8	5.2	6.1

Source: Turkstat

In January, the industrial production surged by 14.8%, well above the expectations. The base year effect was the main reason behind the strong increase in industrial production. In January 2006, industrial production had contracted by 5.2% due to the long Bayram Holiday resulting in fewer working days, bad weather conditions and natural gas shortages in the Marmara region.

Despite the slowdown in domestic demand, robust exports stimulated manufacturing.

In January, despite the slowdown in domestic demand, as indicated by the Business Tendency Survey (BTS) of the Central Bank, the increase in manufacturing industry production was realized as 15.4%. Strong performance of the manufacturing industry was mainly attributable to the exports, which boosted by 27% in January. Thus, the sectors which were strong in production also displayed a robust export performance in January.

Export and Production Performance of The Manufacturing Industry		
Annual change (%)	*January 2007*	
	Export	*Production*
Electrical machinery and apparatus	*97.4*	*57.0*
Manufacture of machinery and equipment	*58.7*	*44.0*
Rubber and plastic products	*55.8*	*17.2*
Manufacture of fabricated metal prod. (exc. machinery)	*48.6*	*47.7*
Motor vehicles and trailers	*43.0*	*19.8*
Chemicals and chemical products	*31.9*	*18.2*
Manufacture of basic metals	*27.2*	*27.0*
Textiles	*25.0*	*12.8*

Source: Turkstat

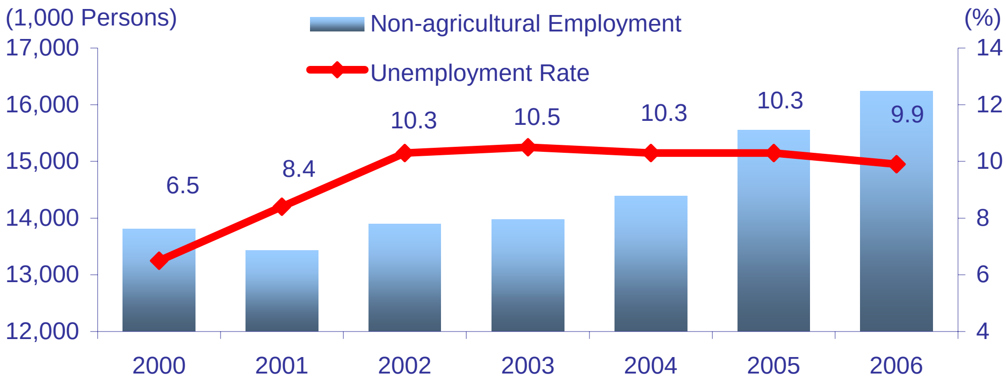
The expectations over the coming period are getting more optimistic.

According to the BTS, the number of optimistic observations regarding the general course of the industrial production, increased in February. Besides, capacity utilization ratio was realized as 80.3%. On the other hand, despite the expectations in BTS for the next three months regarding the export orders deteriorated to some extent, expectations concerning the industrial production slightly improved along with the rising optimism about the domestic orders.

Consumption and investment expenditures which decelerated in the last two quarters of 2006 are expected to continue this trend during the first half of 2007. On the other hand, in the second half of 2007 we expect that the economic activity would gain momentum together with the completion of the presidency elections and approaching general elections. Therefore, the year-end growth is expected to be realized around 5%.

In 2006, the unemployment rate decreased to 9.9%.

According to the Household Labor Survey for 2006, the unemployment rate decreased by 0.4 points to 9.9%, lower than the unemployment rate of 10.3% for both 2004 and 2005. The increase in employment was higher than that of the number of persons participated in the labor force in 2006. Thus, the number of the unemployed persons decreased by 74 thousands to 2,446 thousands persons.



Source: Turkstat

Of those who were employed in 2006; 27.3% was employed in agriculture, 19.7% in industry, 5.7% in construction and 47.3% in services. Due to the declining trend in agricultural employment, the share of agricultural employment in total employment fell by 2.2 points. On the other hand, non-agricultural unemployment rate declined from 13.6% to 12.6% as a result of the increase in non-agricultural employment.

Breakdown of Employment by Sectors					
(1.000 persons)	2005	Share(%)	2006	Share (%)	Difference
Agriculture	6,493	29.5	6,088	27.3	-405
Non-agriculture	15,553	70.5	16,242	72.7	689
Industry	4,284	19.4	4,407	19.7	123
Construction	1,173	5.3	1,267	5.7	94
Services	10,096	45.8	10,569	47.3	473
TOTAL	22,046	100.0	22,330	100.0	284

Source: Turkstat

The widening in foreign trade deficit slowed down.

In February, the foreign trade deficit narrowed by 0.6% compared to the same month of the previous year and was realized as $3.7 billion. In the same period, the exports increased by 25.7%, while the increase in imports was 15.7%, lower than that of exports.

	Jan.-Feb.		Change
($ million)	2006	2007	(%)
Exports	11,188	14,153	26.5
Imports	17,937	21,797	21.5
Foreign Trade Deficit	-6,749	-7,644	13.3
Coverage Ratio (%)	62.4	64.9	

Source: Turkstat

Triggered by the slowdown of the domestic demand and especially by the continuation of strong external demand due to the economic activity in the Euro area, exports continued to register high growth rates. The impact of the decelerating domestic demand was also visible in the course of imports. In the January-February period, the limited increase in the imports of consumption and investment goods confirmed the slowdown in the domestic demand.

Depending on the course of the domestic demand, we expect that the deceleration in the foreign trade deficit would continue in the coming months. The high performance of exports in February following January confirmed this expectation. According to the data released by the Turkish Exporters' Assembly, in March, the exports reached $8.9 billion increasing by 19.3% compared to the same month of the previous year. On the other hand, oil prices, which started to display an increasing trend lately, could pose a risk on the foreign trade deficit.

Current account deficit surpassed expectations in the first month of 2007.

The current account deficit was realized as $2.2 billion in January, unchanged from its level in the same month of the previous year but slightly higher than expectations. This development could be attributable to the higher deficit in income account and lower surplus in current transfers.

	January		Change
($ million)	2006	2007	(%)
Current Account Balance	-2,240	-2,248	0.4
Foreign Trade Balance	-2,418	-2,407	-0.5
Services Balance	446	487	9.2
Tourism Revenues (net)	504	490	-2.8
Income Balance	-387	-432	11.6
Current Transfers	119	104	-12.6
Capital and Financial Accounts	2,915	1,329	-54.4
Foreign Direct Investments (net)	727	5,056	595.5
Portfolio Investments (net)	2,069	3,088	49.3
Other Investments (net)	2,067	-4,232	-
Reserve Assets (net)	-1,948	-2,583	32.6
Net Errors and Omissions	-675	919	-

Source: CBRT

$5.1 billion of net FDI in January…

Analysis of the capital and financial accounts reveals that foreign direct investments recorded an inflow of $6.1 billion in January. The $3.1 billion of the inflow resulted from the acquisition of 20% of Akbank equities by Citigroup and $2.3 billion resulted from the acquisition of publicly held Finansbank shares by the National Bank of Greece, which made a public call after taking over 46% of the bank. After subtracting the residents' direct investment abroad, the net FDI was realized as $5.1 billion. The strong pace of portfolio inflows continued in January. Despite the net sale of $1.2 billion of equities, non-residents purchased net $3 billion of government debt securities issued in the domestic market. Besides, the Treasury made a eurobond issue of $1 billion. On the other hand, the other investment account recorded a net outflow of $4.2 billion due to the $4.5 billion contraction in the deposits of non-residents held with the Central Bank and the domestic banks. Official reserves recorded an increase of $2.6 billion in January.

The widening in the current account deficit slowed down in the last months of 2006 and the first month of 2007. The impacts of cooling domestic demand, the strong pace of exports and the relative decrease in commodity prices are visible on the current account deficit. On the financing side, the high share of foreign direct investments is encouraging. However, it is noteworthy that the inflow in January 2007 is due to the sales completed in 2006. The current account deficit, which reached 7.9% of the GNP in 2006, increases the fragility of the Turkish economy especially against the background of the intense political agenda. The sudden changes in the global risk perception increase the volatility in the Turkish financial markets.

Half of the year-end budget deficit target was already achieved.

The Ministry of Finance announced that the Central Government Budget gave a deficit of TRY2.1 billion in February while the primary surplus was realized as TRY2.9 billion. According to the cumulative figures of 2007, the budget deficit reached TRY8.2 billion, almost half of the year-end target (TRY16.8 billion). Only 11% of the primary surplus target was realized.

It is too early to draw conclusions for the whole year by considering only the realizations of the two months. However, it is known that the one-off revenues in 2006 and delays of some expenditures of 2006 to 2007 were also responsible for the outperformance of the 2006 budget. This would not be the case in 2007, negatively affecting the budget results. The figures of the first two months already raised concerns that the year-end targets might not be achieved.

Increasing trend in expenditures…

The budget expenditures increased by 25.6% in the first two months. The interest expenditures, which were quite high in January due to the Treasury's debt redemption calendar, decreased in February. The interest expenditures increased by 32.8% in the first two months. However, according to the Treasury's repayment projections, interest expenditures would put less pressure on the budget in the following months. On the other hand, the increase in non-interest expenditures due to the goods and services purchase, health and personnel expenditures is noteworthy.

Slowdown in growth hampers the indirect taxes.

Total tax revenues increased by a limited 6.1% in the first two months compared to the same period of the previous year. In this period, tax income displayed a decrease in real terms. The only 0.3% increase in indirect taxes due to the slowdown in domestic demand and the revoking of the VAT refund implementation can be regarded as responsible for this decline. The non-tax income which contributed considerably to revenues in 2006 due to one-off revenues is in a decreasing trend in this year.

(TRY million)	February 2007	Jan.-Feb. 2007	Annual (%) Change	Budget Target	Realization/ Target
Expenditures	**15,314**	**33,801**	**25.6**	**204,989**	**16.5**
Interest Exp.	4,967	11,988	32.8	52,946	22.6
Non-interest Exp.	10,347	21,814	21.9	152,043	14.3
Revenues	**13,236**	**25,628**	**-3.0**	**188,159**	**13.6**
Tax Revenues	11,540	22,617	6.1	158,153	14.3
Other Revenues	1,696	3,011	-41.1	30,006	10.0
Budget Balance	**-2,077**	**-8,173**	**1.572.1**	**-16,830**	**48.6**
Primary Balance	**2,890**	**3,815**	**-55.3**	**36,116**	**10.6**

Source: Ministry of Finance

Additional measures are on the agenda…

The government announced that it would take fiscal measures amounting to 0.6% of the GNP. With these measures, which are planned to focus on health, the primary surplus to GNP ratio would reach 6.8% in 2007. Before the privatizations, the profits of State Owned Enterprises such as Turk Telekom and Tupras were transferred to the budget. With the planned cut in expenditures, these forgone revenues could be compensated. The social security reform, on the other hand, will not be submitted to the parliament before the general elections. The course of the budget in the following months would provide more clues about fiscal discipline.

CBRT stresses the fiscal discipline.

CBRT evaluated the outlook regarding the course of public expenditures and incomes policy as risk factors for inflation targeting. CBRT reiterated similar cautions in the minutes of the Monetary Policy Committee (MPC) meeting on March, 15, while the interest rates were kept unchanged at 17.5% for the eight time in a row.

The CBRT is expected to keep its cautious stance in monetary policy and the first interest rate cut is not expected before the last quarter due to the concerns over the fiscal discipline, the global uncertainties and the inflation expectations which are still above the target. According to the CBRT's forecasts, the inflation would follow a downward trend beginning from the second quarter of 2007. However, an abrupt change in the global risk perception and liquidity conditions like experienced recently might have negative effects on inflation.

BANKING SECTOR

	2004	2005	2006
Number of Banks	48	47	46
Number of Branches	6,219	6,276	6,940
Number of Employees	127,944	132,973	143,681
Total Assets (TRY billion)	306.4	397.0	486.0
Loans (TRY billion)	99.3	149.9	209.7
Securities (TRY billion)	123.7	143.0	158.9
Deposits (TRY billion)	191.1	243.1	296.5
Net Profit (TRY billion)	6.5	5.7	11.1
Loans/Total Assets (%)	32.4	37.8	43.1
Non-Performing Loans/Loans (%)	6.0	4.8	3.8
Securities/Total Assets (%)	40.4	36.0	32.7
Deposits/Liabilities (%)	62.4	61.2	61.0
Net Profit/Total Assets (%)	2.1	1.4	2.3
Net Profit/Shareholders' Equity (%)	14.0	10.6	19.1

Source: BRSA

Increasing share of loans...

BRSA announced the banking sector data for 2006. Despite downturns in May-June turmoil, the banking sector's total assets amounted to TRY486 billion with a 22.4% nominal increase compared to the previous year-end. Although the loan growth slowed down especially after the financial turmoil due to the increased interest rates, the share of loans in total assets maintained its increasing trend in recent years. The decreasing share of securities in total assets became more evident as a result of the declining public sector borrowing requirement. In this period, net profit of the banking sector increased to TRY11.1 billion from TRY5.7 billion.

Credit volume of the banking sector amounted to TRY209.7 billion with a nominal increase of 39.9%. The increase in consumer loans, particularly in housing loans, and loans extended to Small and Medium Enterprises (SMEs) were the main source of expansion in the credit volume.

De-dollarization process halted...

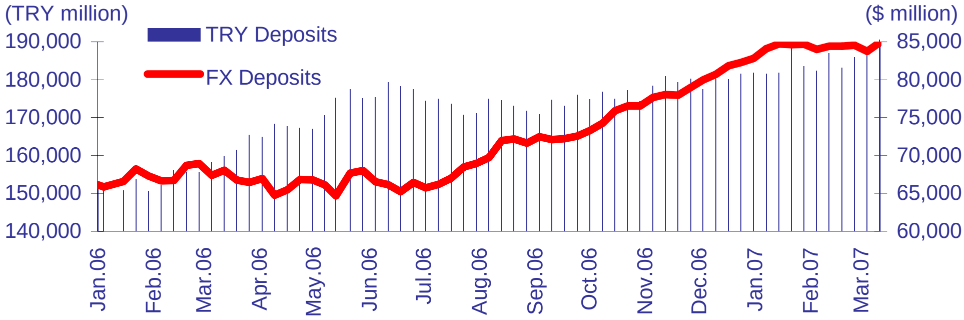
The fact that the interest rate on deposits rose above that of government domestic debt instruments due to the stiffer competition among banks shifted the investors' preferences towards TRY deposits. However, de-dollarization process halted following the turmoil in the May-June period. In 2006, TRY deposits increased by 17.2% while FX deposits increased by 30.3% in nominal terms. Total deposits amounted to TRY296.5 with a 22% increase.

Loans will gain momentum beginning from the second half of 2007.

Given the continued investment need in the economy and expanding foreign trade volume, we expect that the buoyancy in the demand for medium and long-term project loans, working capital loans and FX loans will be kept throughout 2007. We anticipate a revival in the SME and consumer loans especially in the second half of the year due to their higher sensitivity to interest rate. Deposits are expected to continue to be the main source of funding for the banking sector in 2007 while funds raised from the international markets might follow an upward trend depending on the course of loan demand.

Total deposits reached TRY308.5 billion with the increase in saving deposits.

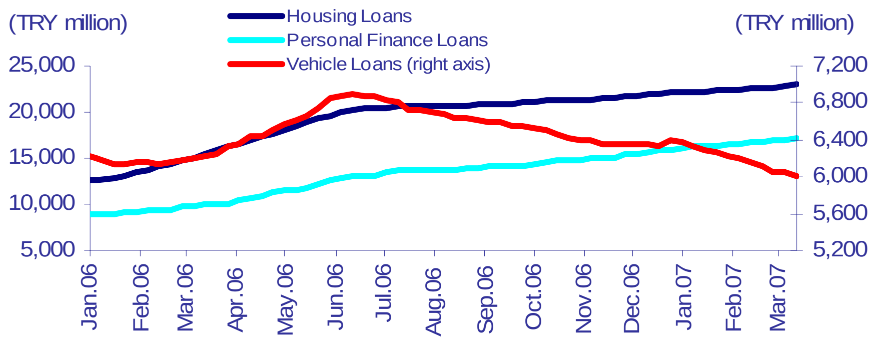
As of March 16, 2007, the banking sector deposit volume amounted to TRY308.5 billion increasing by 3.9% compared to the end of 2006 and by 1.9% compared to the same week of the previous month. The share of FX deposits in total deposits decreased to 38.2% as of March 16, the lowest level of the year. The rise in TRY deposits are higher than the increase in FX deposits compared to the end of 2006.



As of March 16, 2007, the banking sector credit volume expanded by 2.2% compared to the same week of the previous month and by 3.2% compared to the end of 2006. Reminding the fact that the increase in loans was 7.2% in the same period of the previous year, it is observed that the slowdown in domestic demand continued to decelerate the loan growth.

Personal finance loans supports the increase in consumer loans.

The increase in the credit volume stemmed from the expansion in the other credit items. In this period, the increase in personal finance loans supported the consumer loans. Also, there has been a visible enlivening in the housing loans in the last couple of weeks. However, the vehicle loans continued to contract.

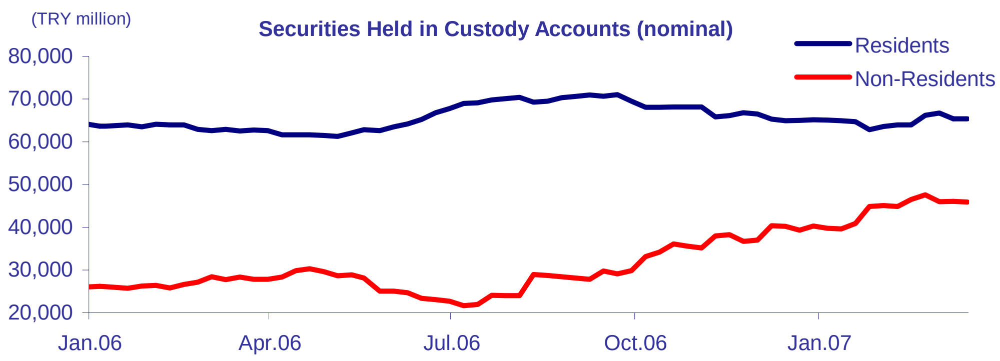


The securities portfolio of the banking sector displays an increasing trend.

As of March 16, 2007, securities portfolio of the banking sector increased by 5.1% compared to the same week of the previous month. **The banks increased their securities investments along with the slowdown in the credit demand in 2007, depending on the uncertainties in the economy.**

Decline in non-residents' interest towards GDDIs…

The securities held in custody accounts of banks increased steadily mainly due to the non-residents' interest beginning from the early 2007 until the last week of February. However, as of the last week of February, with the experienced turmoil in the financial markets, the securities held in custody accounts displayed a decreasing trend parallel to the weakening demand of the non-residents. As of March 16, 2007, the securities held in custody accounts of banks increased by 0.7% compared to the same week of the previous month. The residents' portfolios increased by 2.1% while non-residents' securities held in custody accounts decreased by 1.2%. **Although we are expecting that the non-residents' interest on GDDIs might persist due to the continuing high real interest rates in 2007, the increasing global risk perception may lead investors to behave cautiously.**



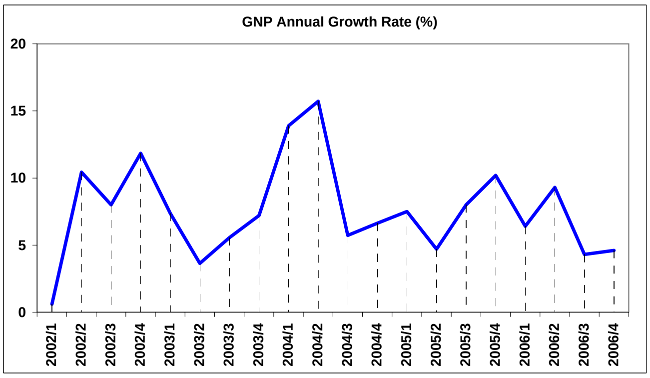
Banking sector is in short position.

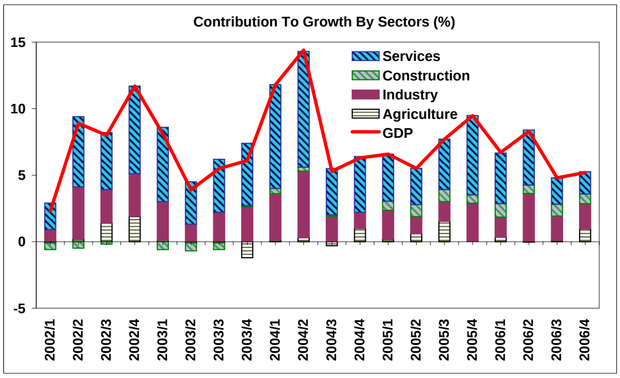
The banking sector was in short position since the beginning of 2007. Net FX position was realized as $-101 million as of March 16, 2007. On the other hand, on-balance sheet FX position remained at its high level around $5.9 billion.

ECONOMIC INDICATORS

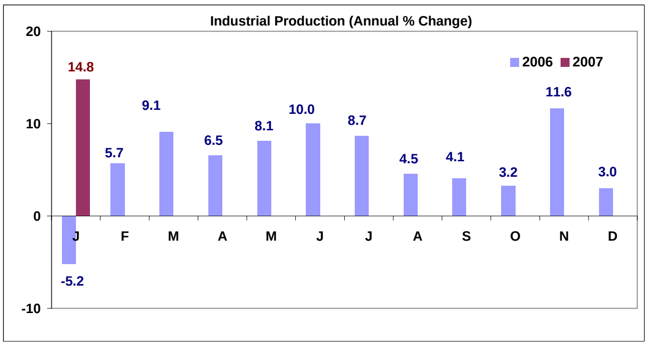
THE TURKISH ECONOMY AT A GLANCE

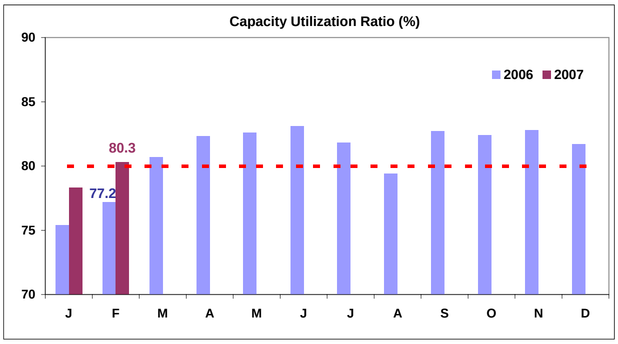
GROWTH



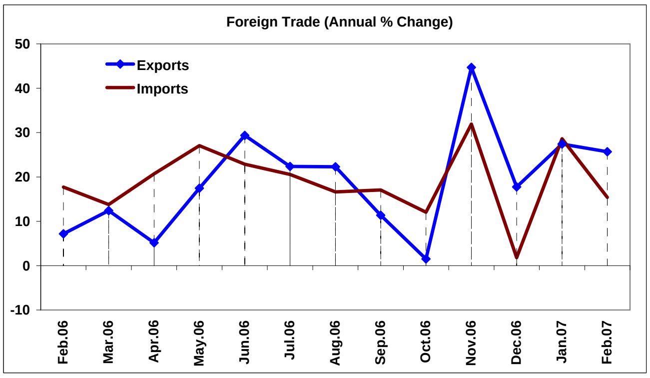


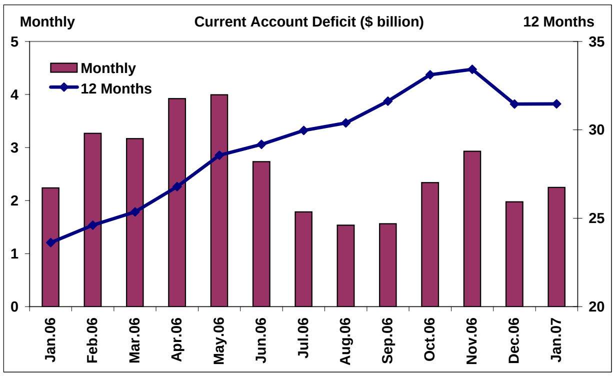
INDUSTRIAL PRODUCTION



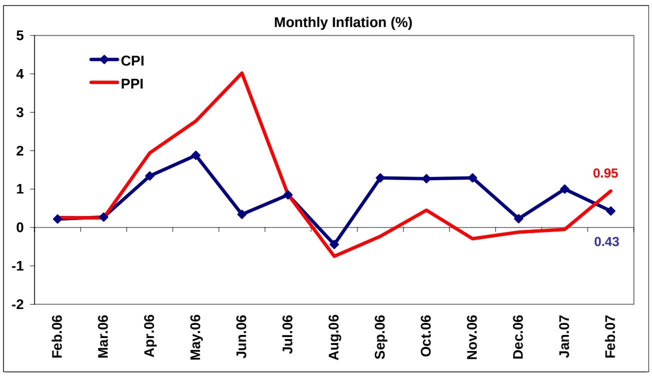


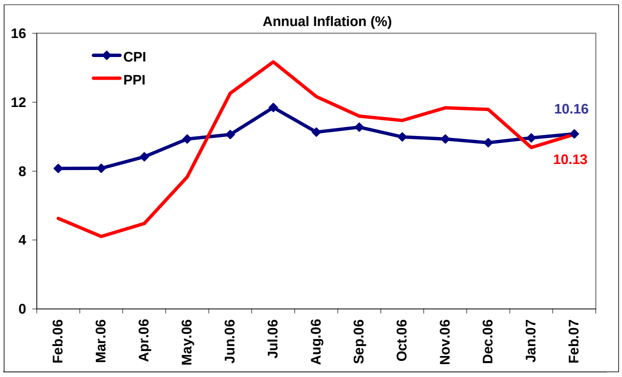
FOREIGN TRADE





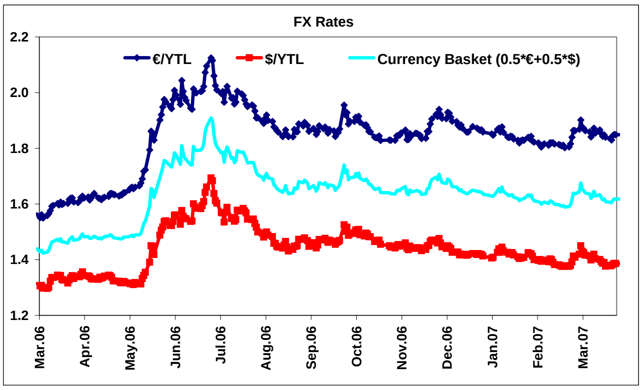
INFLATION

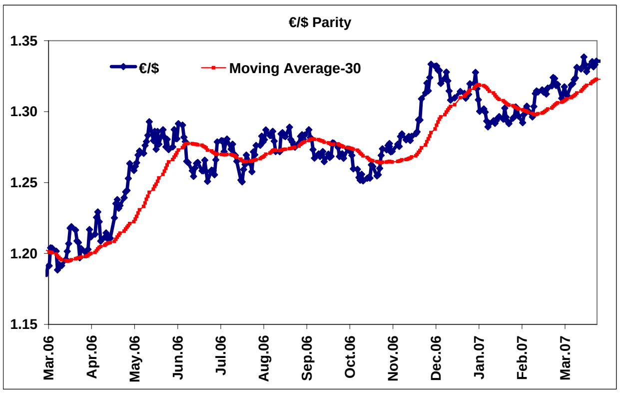




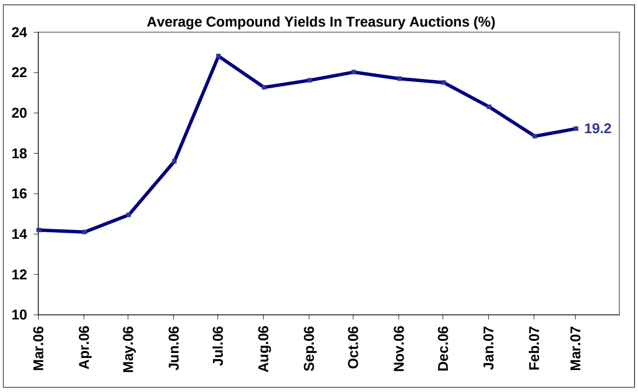
Source: CBRT, Turkstat, Is Bank Economic Research Department

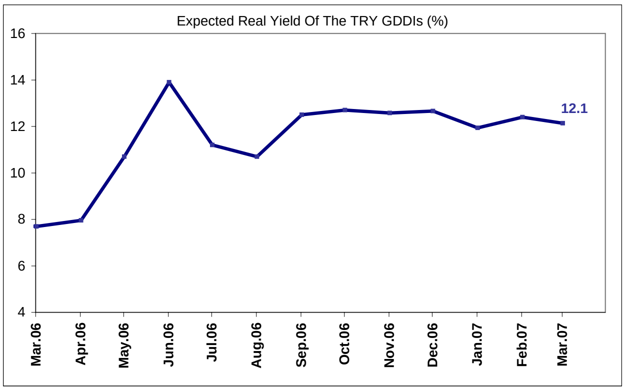
FX MARKETS

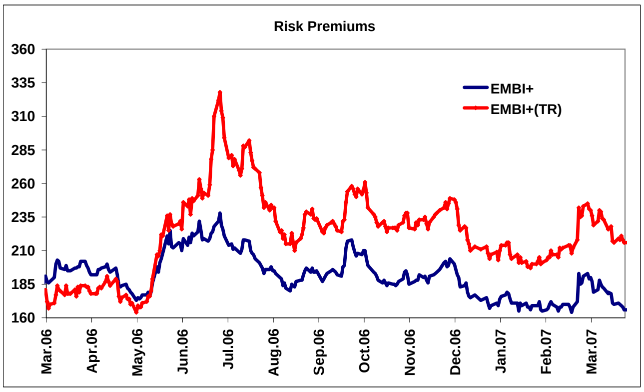


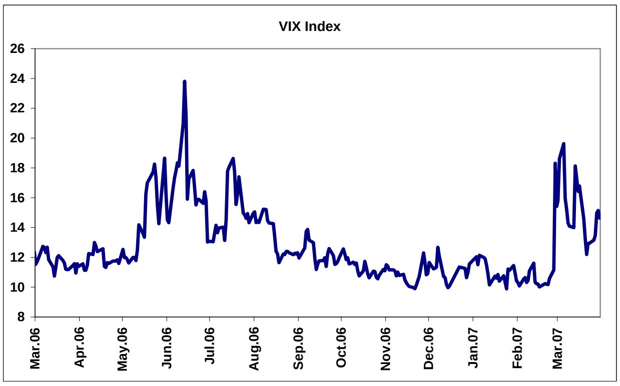


BOND-BILL MARKETS



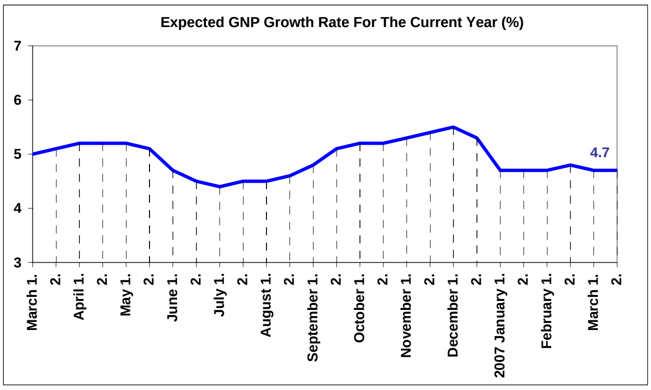




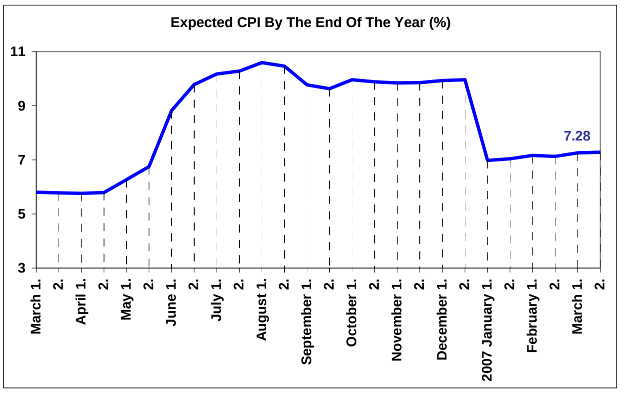


Source: CBRT, Reuters, State Planning Organization, Istanbul Stock Exchange, JP Morgan, Chicago Board Options Exchange, Is Bank Economic Research Department

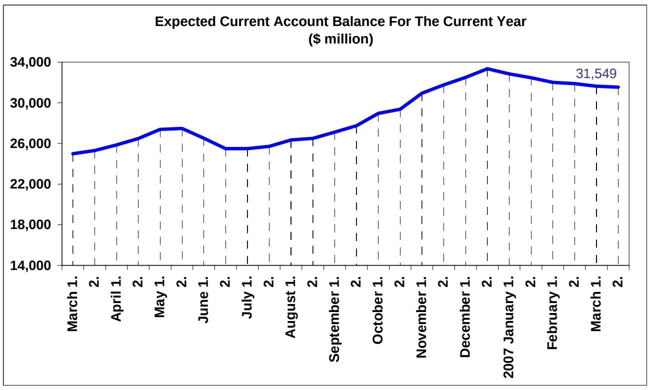
SURVEY OF EXPECTATIONS AND OTHER LEADING INDICATORS



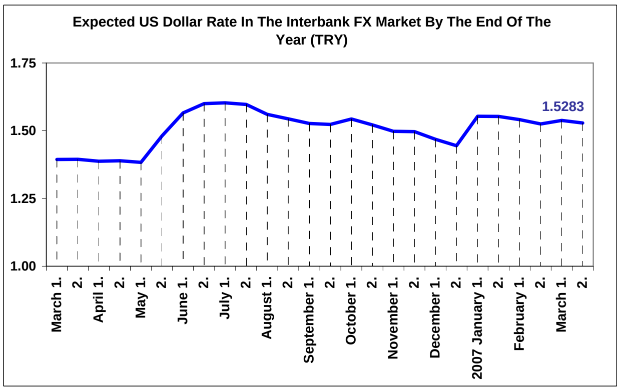
Expected GNP Growth Rate For The Current Year (%)



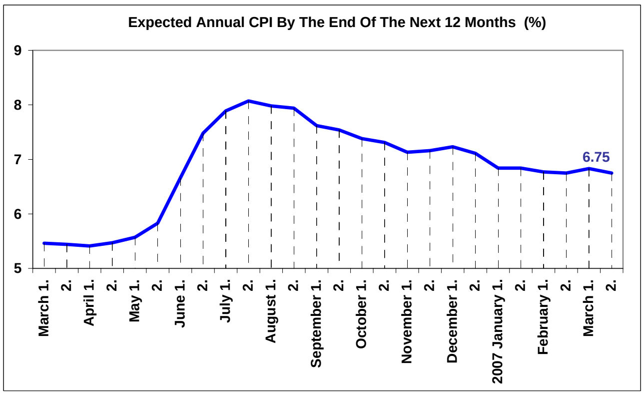
Expected CPI By The End Of The Year (%)



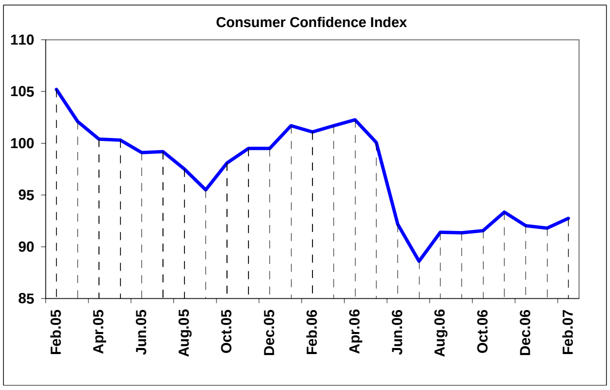
Expected Current Account Balance For The Current Year ($ million)



Expected US Dollar Rate In The Interbank FX Market By The End Of The Year (TRY)



Expected Annual CPI By The End Of The Next 12 Months (%)



Consumer Confidence Index

Source: CBRT

	2002	2003	2004	2005	2006	2007[1]		
GROWTH						Jan.	Feb.	Mar.
GNP ($ million)	180,888	239,235	299,475	360,876	399,673			
GNP Growth Rate (%)	**7.9**	**5.9**	**9.9**	**7.6**	**6.0**			
INFLATION (%)								
PPI (annual)	30.8	13.9	15.34	2.66	11.58	9.37	10.13	
CPI (annual)	29.7	18.4	9.35	7.72	9.65	9.93	10.16	
FX RATES								
CPI Based Real Effective FX Rate Index	**125.4**	**140.6**	**143.2**	**171.4**	**160.1**	**164.8**	**167.9**	
$/TRY	1.6345	1.3958	1.3421	1.3430	1.4131	1.4221	1.3922	1.3861
Euro/TRY	1.7035	1.7451	1.8268	1.5904	1.8586	1.8432	1.8397	1.8490
Euro/$	1.0496	1.2586	1.3558	1.1840	1.3196	1.3033	1.3233	1.3355
BALANCE OF PAYMENTS ($ million)								
Exports	36,059	47,253	63,167	73,476	85,279	6,492		
Imports	51,554	69,340	97,540	116,774	137,321	9,631		
Foreign Trade Balance	**-15,495**	**-22,087**	**-34,373**	**-43,298**	**-52,043**	**-3,138**		
Current Account Balance	**-1,524**	**-8,036**	**-15,604**	**-22,708**	**-31,460**	**-2,248**		
CREDIT UTILIZATION FROM ABROAD ($ million)								
Banks	**-1,028**	**1,975**	**5,708**	**9,248**	**5,813**	**133**		
Long Term	-297	-40	2,361	6,544	9,765	418		
Short Term	-731	2,015	3,347	2,704	-3,952	-285		
Other Sectors	**371**	**1,022**	**5,109**	**10,309**	**18,754**	**-103**		
Long Term	1,099	734	4,768	9,942	18,248	-10		
Short Term	-728	288	341	367	506	-93		
BUDGET (TRY million) [2]								
Expenditures	**115,682**	**140,455**	**141,021**	**146,098**	**175,304**	**18,488**	**33,801**	
Interest Expenditures	51,871	58,609	56,488	45,680	45,945	7,021	11,988	
Non-interest Expenditures	63,812	81,846	84,533	100,418	129,359	11,467	21,814	
Revenues	**75,592**	**100,251**	**110,721**	**137,981**	**171,309**	**12,392**	**25,628**	
Tax Revenues	59,631	84,316	90,077	106,929	137,474	11,077	22,617	
Other Revenues	15,961	15,935	20,644	31,052	33,835	1,315	3,011	
Budget Balance	**-40,090**	**-40,204**	**-30,300**	**-8,117**	**-3,995**	**-6,096**	**-8,173**	
Primary Balance	**11,781**	**18,405**	**26,188**	**37,563**	**41,951**	**925**	**3,815**	
CENTRAL GOVERNMENT DEBT STOCK ($ billion)								
Domestic Debt Stock	91.7	139.3	167.3	182.4	178.9	181.0	189.0	
External Debt Stock	56.8	63.4	68.5	64.7	66.6	66.9	67.9	
Total Debt Stock	148.5	202.7	235.8	247.1	245.5	247.9	256.9	

Source: Turkstat, CBRT, Treasury
(1) Cumulative figures for foreign trade, current account and budget.
(2) 2006 and 2007 data are according to the Central Government Budget.

BANKING SECTOR	2004	2005	2006 (I)	Jan.07	Feb.07	Mar. 16, 07 (II)	Year to Date Change (%) (II/I)
DEPOSITS (TRY million) (excluding interbank deposits)							
Total Deposits	**191,360**	**243,160**	**296,815**	**307,432**	**298,414**	**308,487**	**3.9**
TRY	106,075	153,995	181,532	188,293	186,066	190,546	5.0
FX	85,285	89,165	115,283	119,139	115,348	117,941	2.3
FX ($ million)	63,552	66,203	82,257	84,629	84,427	84,898	3.2
FX deposits/Total deposits (%)	**44.6**	**36.7**	**38.8**	**38.8**	**38.7**	**38.2**	**-**
SECURITIES HELD IN CUSTODY ACCOUNTS (TRY million) (nominal value)							
Total	**87,372**	**90,230**	**105,505**	**107,717**	**113,844**	**111,271**	**5.5**
Residents	70,912	64,191	65,177	62,844	66,221	65,339	0.2
Non-Residents	16,460	26,039	40,328	44,873	47,623	45,932	13.9
SECURITIES PORTFOLIO (TRY million)							
Total	**123,695**	**142,853**	**158,871**	**160,316**	**162,841**	**168,663**	**6.2**
CREDITS (TRY million) (excluding loans to financial institutions)							
Credit Volume	**97,329**	**147,510**	**207,603**	**208,600**	**208,185**	**214,261**	**3.2**
TRY	62,542	105,945	153,316	154,301	154,764	159,139	3.8
FX	34,787	41,565	54,287	54,299	53,421	55,121	1.5
Retail Loans	**34,930**	**62,348**	**91,534**	**91,773**	**93,047**	**93,542**	**2.1**
Consumer and Installment Com. Loans	21,010	45,010	69,942	70,439	71,453	71,878	2.8
Consumer Loans	**12,731**	**28,618**	**45,931**	**46,417**	**47,029**	**47,561**	**3.5**
Housing	2,631	12,405	22,165	22,283	22,624	22,956	3.6
Automobile	4,194	6,146	6,405	6,266	6,108	6,004	-6.3
Consumer and Commercial Credit Cards	13,920	17,338	21,642	21,334	21,594	21,664	0.1
Retail Loans/Total Credits (%)	**35.9**	**42.3**	**44.1**	**44.0**	**44.7**	**43.7**	**-**
NPL RATIO (%)							
Total Loans	**6.0**	**4.8**	**3.8**	**3.8**	**3.9**	**3.8**	
Retail Loans	**2.2**	**2.5**	**2.4**	**2.5**	**2.5**	**2.6**	
Consumer and Installment Com. Loans	0.7	0.7	0.8	0.9	0.9	**1.0**	
Consumer Loans	**0.7**	**0.7**	**0.8**	**0.8**	**0.9**	**1.0**	
Consumer and Commercial Credit Cards	4.4	7.1	7.3	7.5	7.3	**7.5**	
BANKING SECTOR NET FX POSITION ($ million)							
Total	**-71**	**-97**	**184**	**-313**	**-236**	**-101**	
On-Balance Sheet	-1,390	-1,880	-5,467	-6,438	-6,040	-5,980	
Off-Balance Sheet	1,318	1,784	5,651	6,124	5,803	5,879	

Source: BRSA

Contact Info

Name	Title	Phone	E-mail
Senar Akkuş	Manager	+90 (212) 316 16 52	senar.akkus@isbank.com.tr
Mehtap Bingöl	Group Manager	+90 (212) 316 16 58	mehtap.bingol@isbank.com.tr
Alper Gürler	Economist	+90 (212) 316 16 81	alper.gurler@isbank.com.tr
Kıvılcım Eraydın	Assistant Economist	+90 (212) 316 16 86	kivilcim.eraydin@isbank.com.tr
Hatice Erkiletlioğlu	Assistant Economist	+90 (212) 316 16 88	hatice.erkiletlioglu@isbank.com.tr
Esra Özgür	Assistant Economist	+90 (212) 316 16 73	esra.ozgur@isbank.com.tr
Alev Atak	Assistant Economist	+90 (212) 316 16 93	alev.atak@isbank.com.tr