

Global economic developments and their impact on Turkey

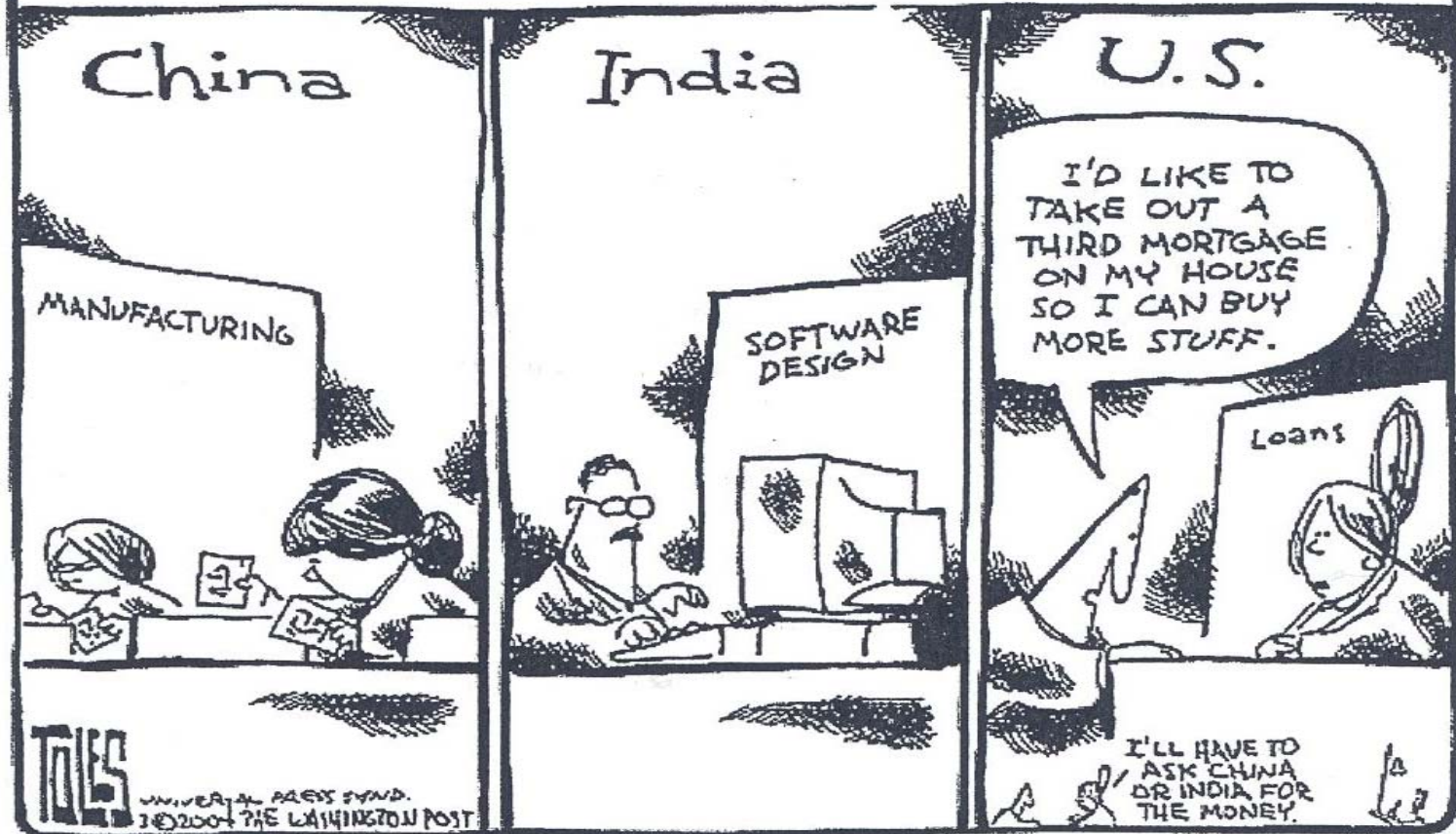
Tuuli McCully

**Canadian Turkish Business Council
Annual General Meeting**

December 11, 2008

The New Economy

• EACH COUNTRY DOES WHAT IT'S BEST AT.



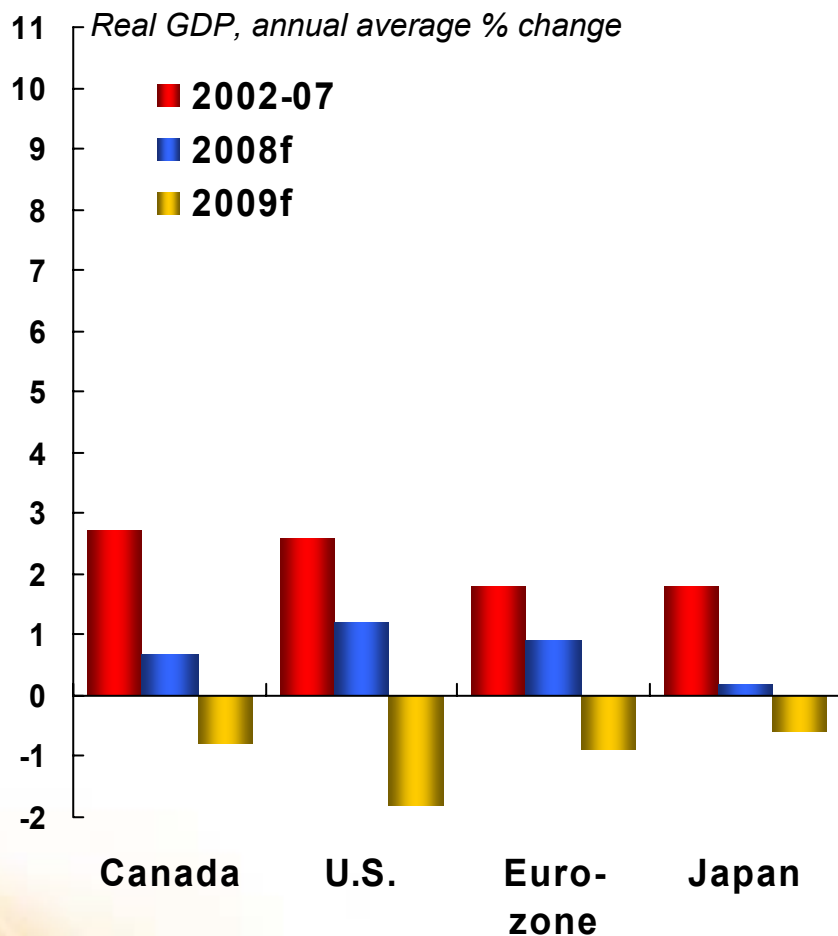
MIKE LUCKOVICH 9/12/07
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WELL, THERE GOES
THE NEIGHBORHOOD....

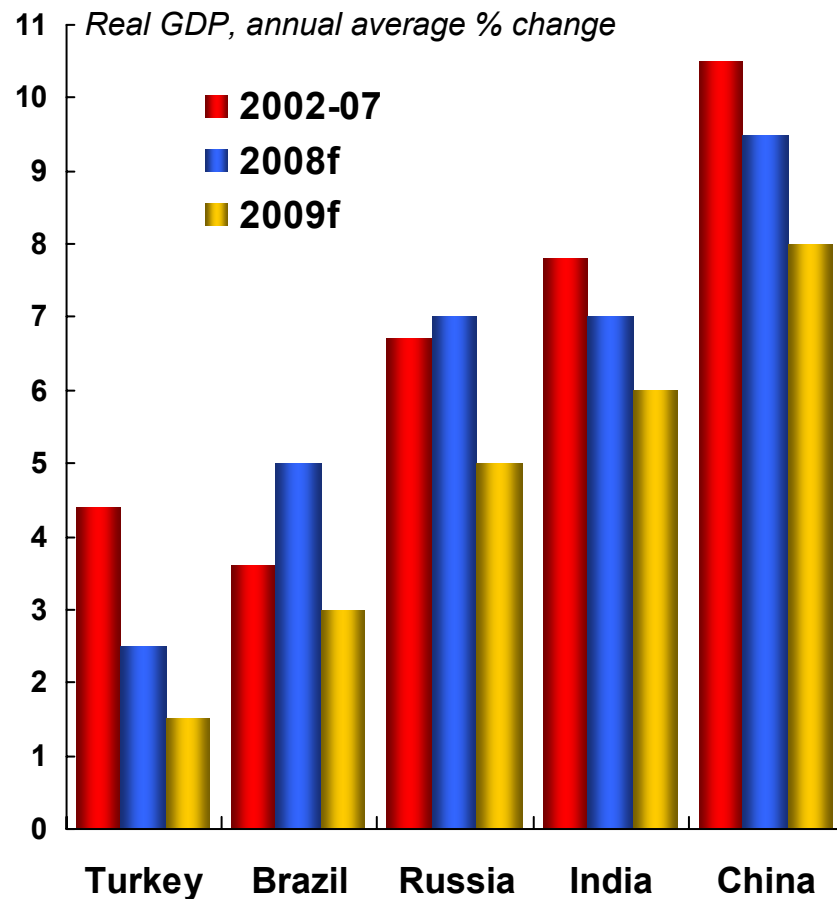


The Global Economy Downshifts

G7 Growth Stalls

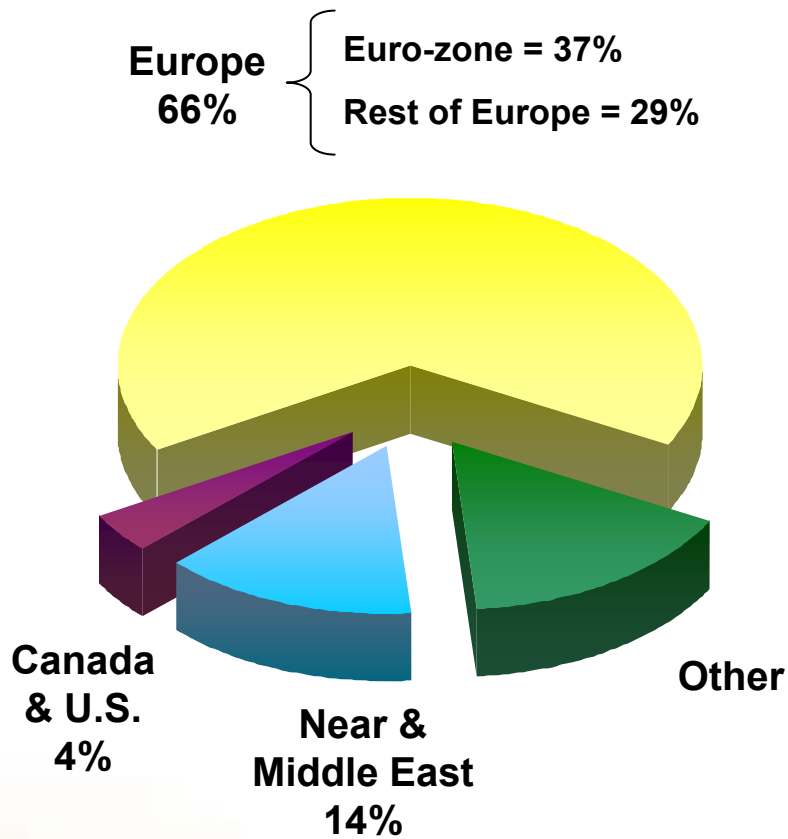


Growth Leaders Gear Down

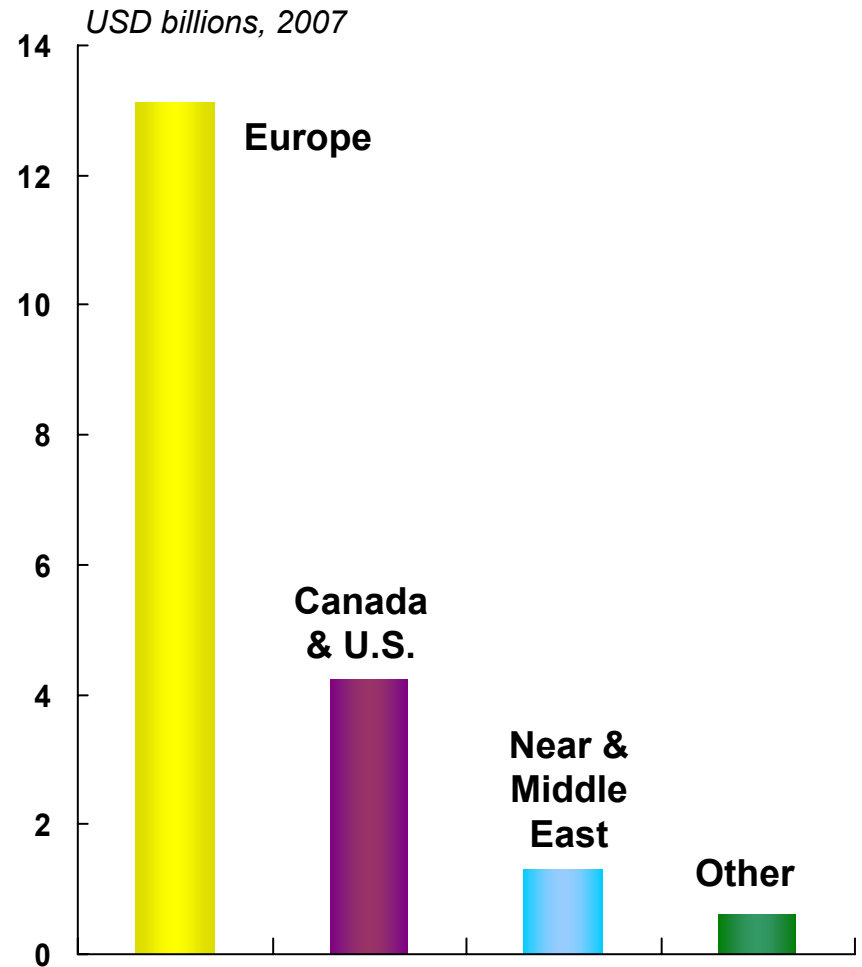


G7 Retrenchment Hits Turkish Exports and FDI Inflows

Exports by Country

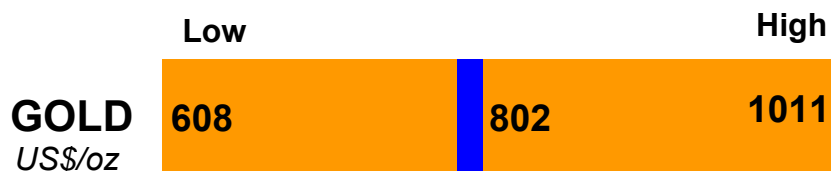


FDI Inflows



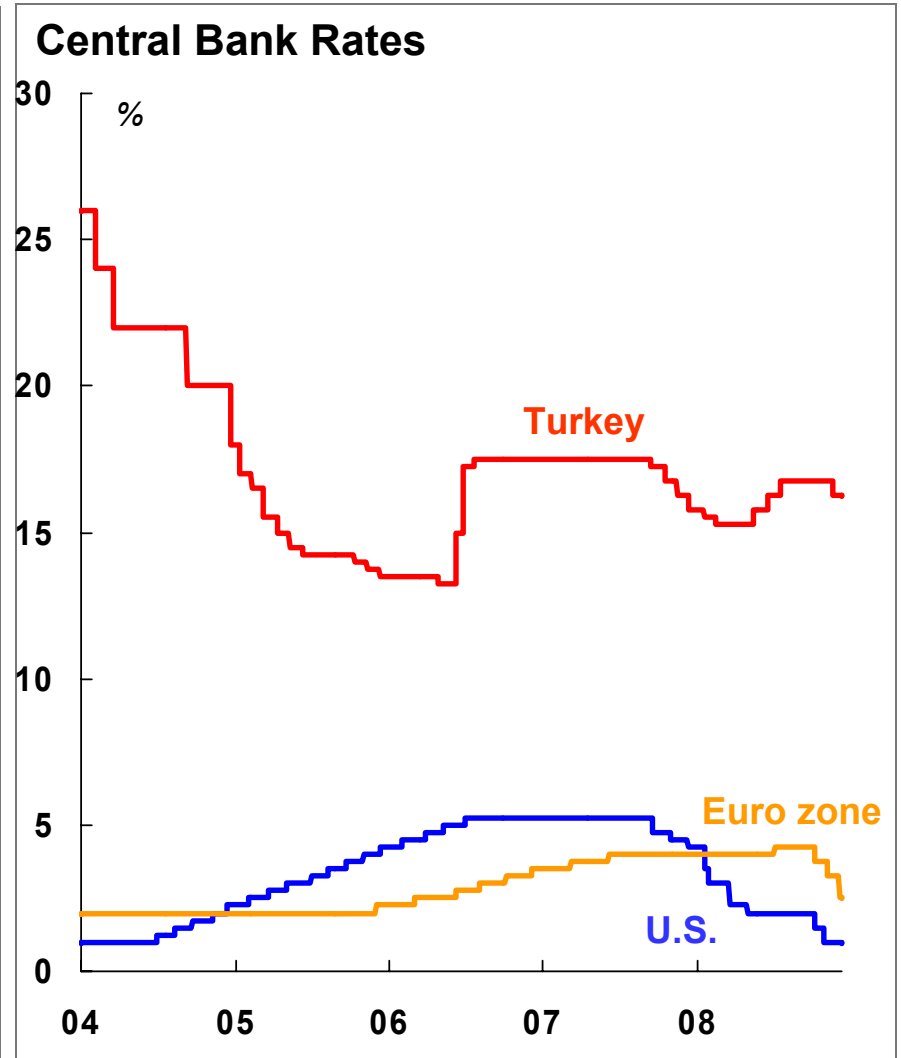
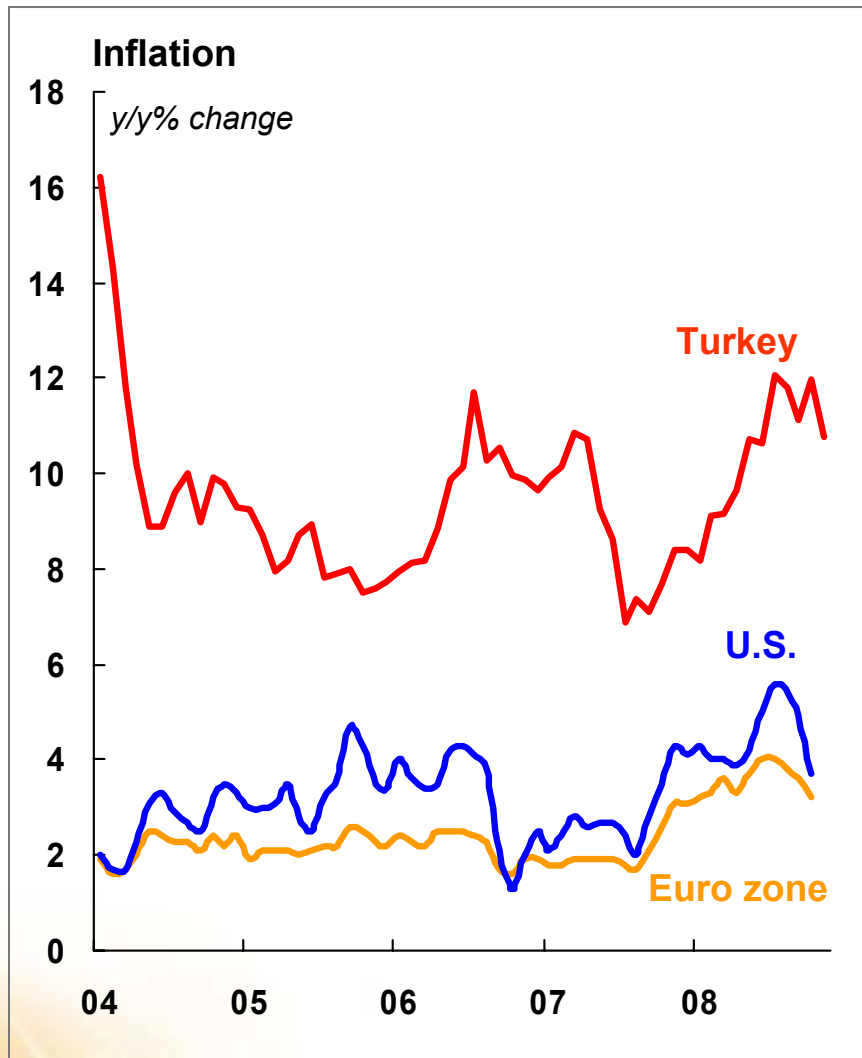
Commodity Prices Tumble

Price Fluctuations Since January 2007

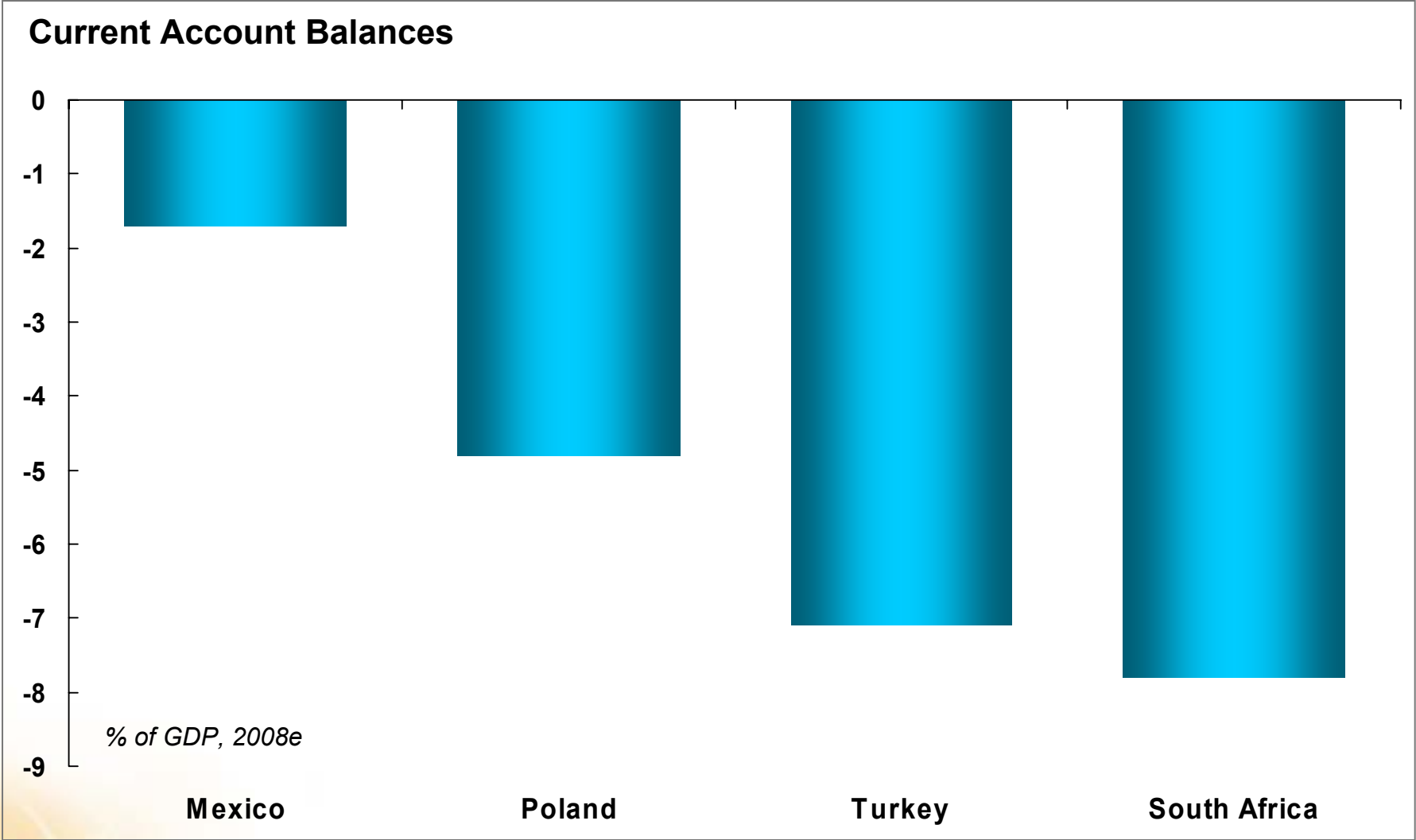


Blue bar represents price at December 11, 2008

Inflation & Interest Rates Decline Sharply

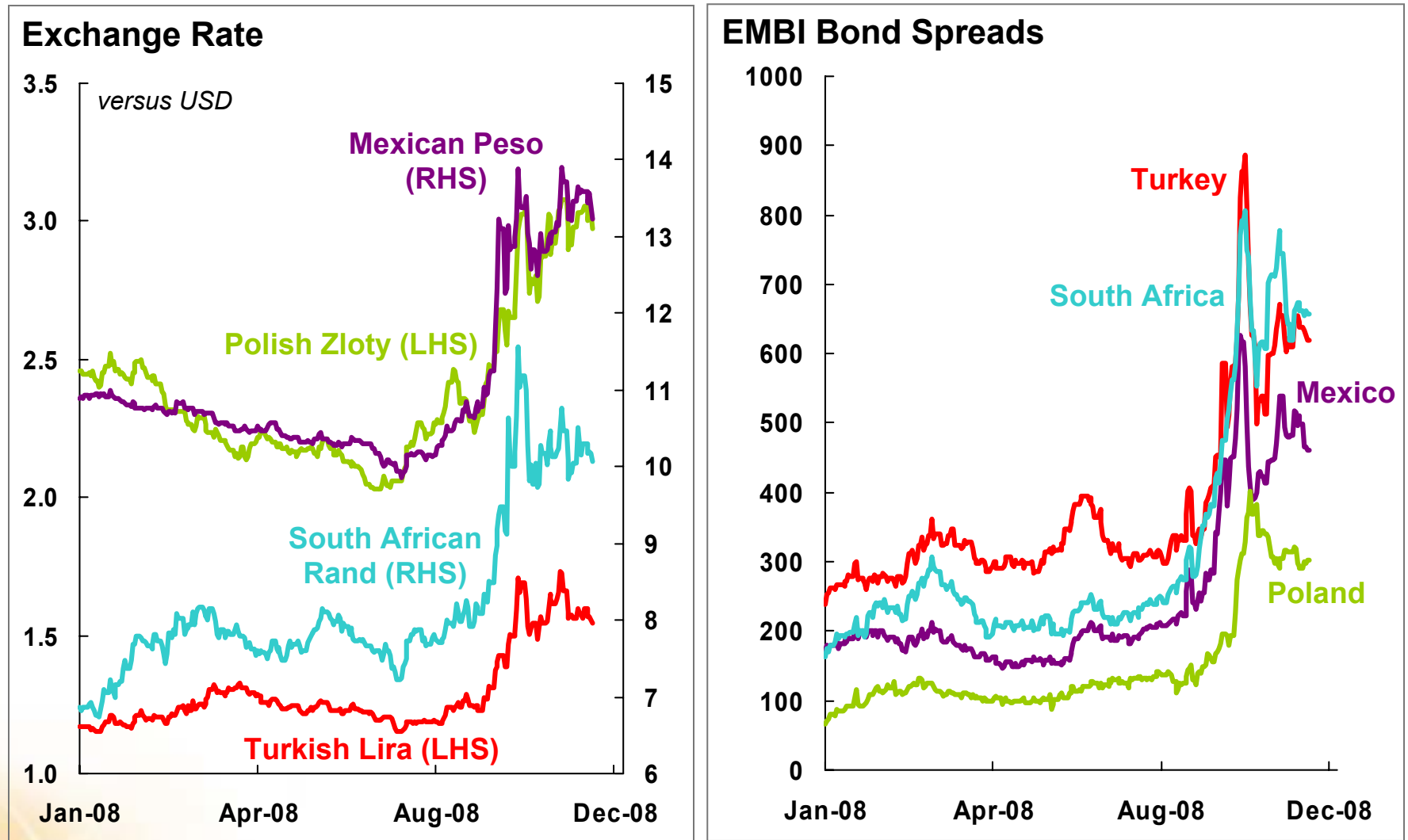


Countries with Large Current Account Deficits...



Source: Scotia Economics.

... Suffer from Increased Risk Aversion



TURKEY - KEY ECONOMIC INDICATORS

GDP: US\$688 billion (2008e)	Population: 69.7 million (2008e)				
Long-Term Foreign Currency Rating:	Moody's: Ba3		S&P: BB(-)		
	2006	2007	2008e	2009f	2010f
Real GDP (% change)	6.9	4.6	2.5	1.5	4.0
Industrial Production (% change)	5.8	5.4	2.0	1.0	3.5
Public Sector Balance (% GDP)	-0.6	-1.6	-2.0	-2.5	-2.2
Consumer Prices (eop % change)	9.7	8.4	10.0	8.0	7.0
Exchange Rate (% change)	-4.6	21.0	-26.9	-8.6	6.1
Exchange Rate (year-end)	1.42	1.17	1.60	1.75	1.65
Trade Balance (US\$bn)	-54	-63	-65	-35	-40
Exports (US\$bn)	86	107	135	125	130
Imports (US\$bn)	140	170	200	160	170
Current Account (US\$bn)	-31.9	-37.7	-45.0	-25.0	-27.0
% GDP	-6.0	-5.8	-6.5	-4.0	-3.9
FDI (% of current account deficit)	63%	59%	40%	60%	67%
External Debt (US\$bn)	205	247	300	285	290
% of GDP	39	38	43	45	42
Public Sector (% of total)	43	36	32	35	34
S-T Debt / Reserves (%)	66	57	77	80	77
Foreign Reserves (US\$bn)	60.9	73.3	71.0	70.0	74.0
Months of Imports	5.2	5.2	4.3	5.3	5.2

Disclaimer

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