

VAKIFBANK TURKISH ECONOMY WEEKLY

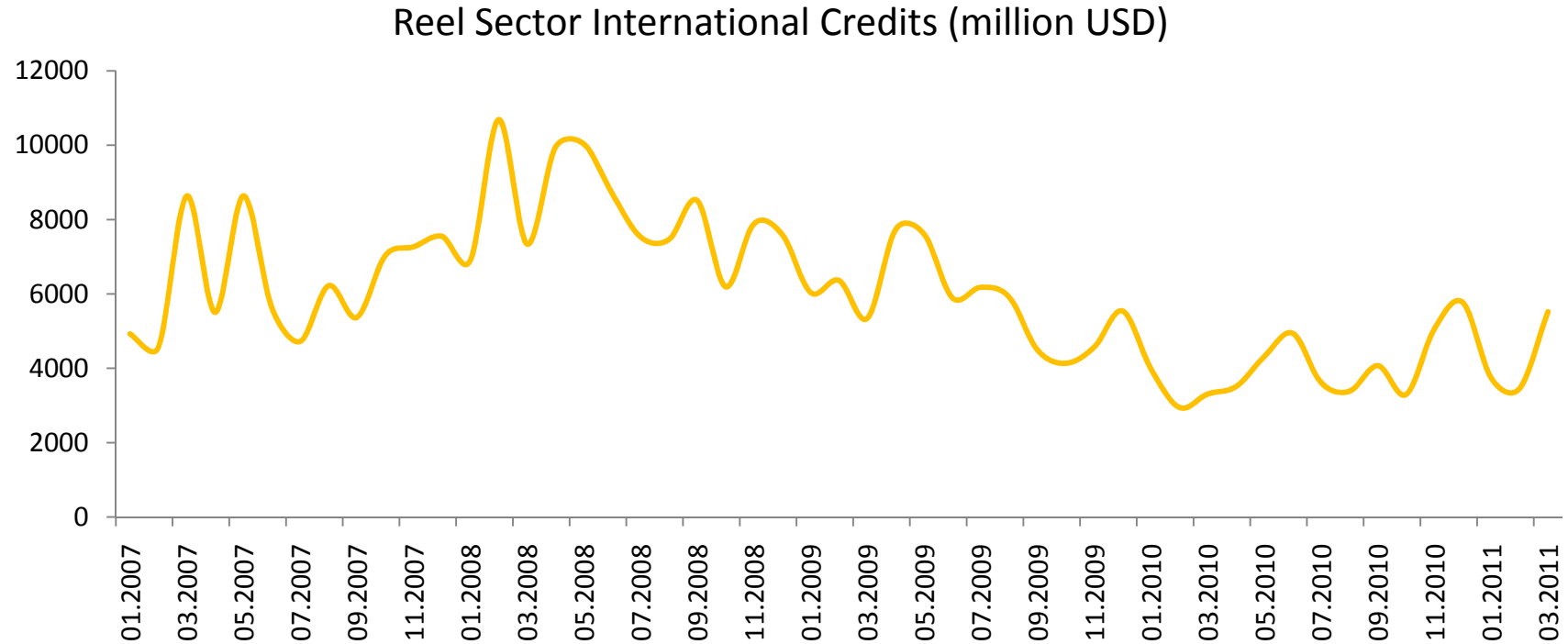
Financial Stability and Real Sector?



T. Vakıflar Bankası T.A.O

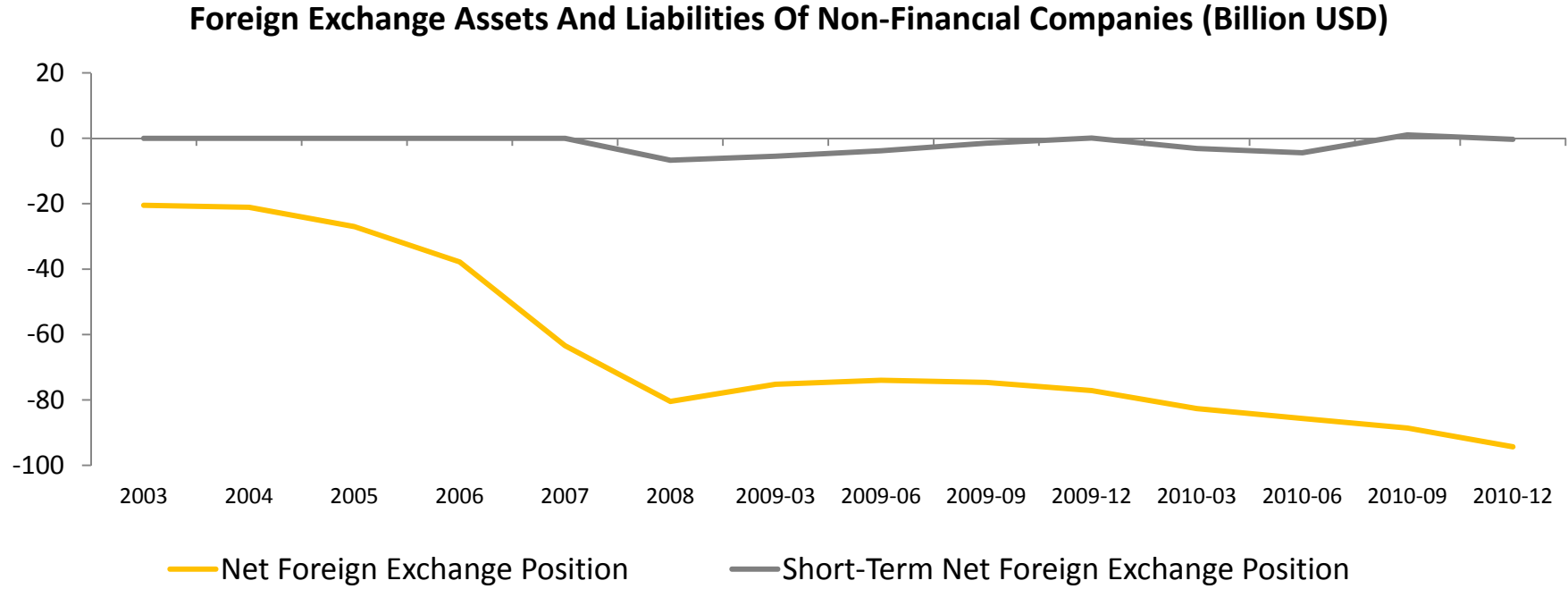


Private sector's external borrowing has gained stability...



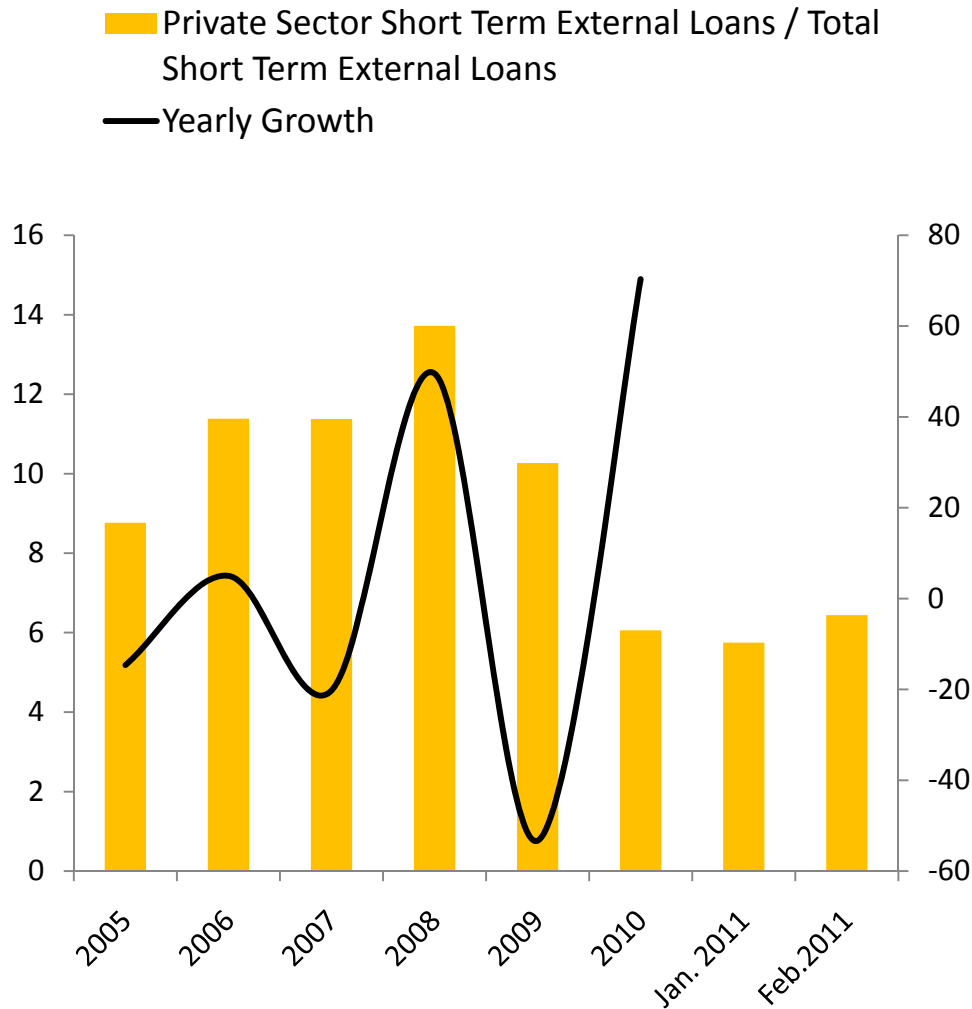
- ✔ The foreign credit haven't returned to its pre-crisis level yet. With the improvement in the global markets the declining trend of credits has gained stability.
- ✔ The increase in the foreign credits have enhanced the liabilities of reel sector and managing the currency risk is getting more important for these corporates.

Private sector net foreign exchange position has reached \$94.3 billions in 2010...



- Non-Financial companies net foreign exchange position show firms currency risks.
- Private sector net foreign exchange position which increased since 2005 has reached \$94.3 billions in 2010.
- Contrary to net foreign exchange position, the short term net foreign exchange position of the corporate sector indicate less risk.

Private sector external loans has gained stability ...

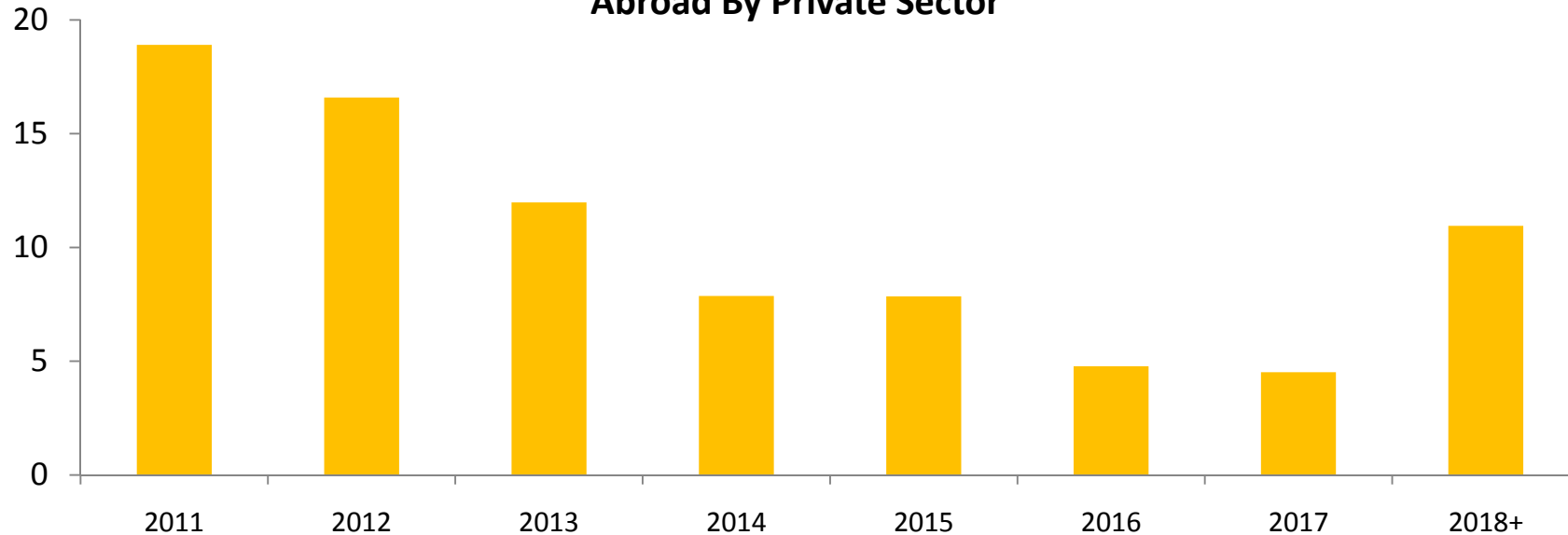


- In Turkey the increase in the share of private sector external loans in total external debt was much evident due to the strong domestic demand.
- Due to the contraction in international credit markets, the private sector short term external credit has rapidly decreased in the 2008.
- In line with recovery in international credit markets in the 2010 private sector external loans has gained stability
- The share of private sector short term external loans in total short term external loans started to increase in February 2011.
- Due to monetary policy measures recently taken by the CBRT which aim increase credit cost, private sector would borrow abroad much more.

Private sector is going to pay \$47.5 billions in 2011-2013...



Repayment Projections Of Outstanding Long Term Loans Received From Abroad By Private Sector



- Addition to the amount of the external debt, repayment schedule of the private sector's long term external loans has important effect on financial fragility.
- Repayment of long term loans received from abroad by private sector is going to amount \$47.5 billions in 2011-2013 period.

Corporate sectors has important role on financial stability...



- ✔ The foreign credit haven't returned to its pre-crisis level yet. With the improvement in the global markets the declining trend of credits has gained stability.
- ✔ The increase in the foreign credits have enhanced the liabilities of reel sector and managing the currency risk is getting more important for these corporate.
- ✔ The deterioration of the international financial markets has two possible risk for real sector;
 - Currency risk for the corporate loans
 - Possible difficulty in finding short term loans.
- ✔ Reel sector's ability to access to international credit markets, makes the economy more fragile in the face of disruptions in international markets.
- ✔ If CBTR's unconventional monetary policy can decrease domestic demand, it might indirectly reduce real sector's international loan requirements.

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