

MONTHLY BRIEF

TURKEY-U.S.
ECONOMIC OUTLOOK



JUNE
2017



Monthly Brief

TURKEY-US ECONOMIC OUTLOOK

ABOUT DEİK

Foreign Economic Relations Board of Turkey (DEİK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities.

ABOUT TAİK

The Turkey-U.S. Business Concil (TAİK), operating under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK) was formed in 1985 as the first council, with the aim to enhance trade and investment relations between the U.S. and Turkey.

TAİK operates with a mission to create platform to facilitate development of economic relations between the U.S. and Turkey through its wide spectrum of activities such as conferences, forums, business summits, lobbying visits, networking luncheons and dinners, educational site visits, etc. With its broad range of activities and worldwide network, TAİK represents a role model for other organizations in pursuit of similar goals.



HIGHLIGHTS ON U.S. ECONOMY

\$19.0 TRILLION

U.S. Real GDP increased at an annual rate of **1.2%** in the **first quarter of 2017**, according to “second” estimate released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 2.1%.

4.3%

U.S. total nonfarm payroll **employment increased by 138,000 in May**, and the **unemployment rate** was little changed at 4.3%. Job gains occurred in health care and mining.

1.9%

U.S. Consumer Price Index decreased **0.1% in May** on a seasonally adjusted basis. **Over the last 12 months**, the all items **index rose 1.9%** before seasonal adjustment. The energy index fell 2.7 percent, led by a decline of 6.4 percent in the gasoline index. The food index rose 0.2 percent, due to increases in four of the six major grocery store food group indexes.

\$126.9 BILLION

U.S. exports of goods in April 2017 declined by 0.4% to **\$126.9 billion** compared to previous month.

\$195.3 BILLION

U.S. imports of goods in April 2017 increased by 0.9% to **\$195.3 billion** compared to previous month.

\$739 MILLION

U.S. exports of goods to Turkey in April 2017 decreased by 11.9% to **\$739 million** compared to previous month. **Total U.S. exports to Turkey** in the first four months of 2017 has reached to **\$2.9 billion** with a **decrease of 9%** compared to the same period of 2016.

\$833 MILLION

U.S. imports of goods from Turkey in April 2017 increased by 4.1% to **\$833 million** compared to previous month. **Total U.S. imports from Turkey** in the first four months of 2017 has reached to **\$3.07 billion** with an **increase of 9.3%** compared to the same period of 2016.

29TH

Turkey is U.S.'s 29th largest export market in the first four months of 2017. **Leading U.S. exporting industries to Turkey in April 2017** are aircrafts (\$148 million), cotton (\$96 million), iron and steel (\$87 million), machinery (\$63 million), and mineral fuels (\$46 million) which in total **comprise 59.5% of overall exports to Turkey** in April.

34TH

Turkey is U.S.'s 34th largest sourcing market in the first four months of 2017. **Leading Turkish exporting industries to U.S. in April 2017** are automotive (\$141 million), iron and steel (\$92 million), machinery (\$75 million), carpets (\$47 million), and natural stones (\$31 million) which in total **comprise 46.3% of overall exports to the U.S.** in April.

\$4.33 BILLION

U.S. foreign direct investments in Turkey is registered as **\$4.33 billion in 2016** according to the latest statistics released by the Central Bank of Turkey. This figure marks a **14.7% decrease from 2015** and constitutes **3.4% of total FDI stock** in Turkey in 2016.

\$1.62 BILLION

Turkish foreign direct investments in the U.S. is registered as **\$1.62 billion in 2016** according to the latest statistics released by the Central Bank of Turkey. This figure marks a **33% increase from 2015** and constitutes **5% of total FDI from Turkey** in 2016.





TURKISH AUTOMOTIVE SECTOR BREAKS EXPORT RECORD WITH \$14.3B IN FIRST HALF OF 2017

The Turkish automotive sector broke a new record with \$14.3 billion in exports in the first half of this year. The sector, which closed the January-June periods with foreign sales of \$10-\$11.8 billion in recent years, left behind \$13.6 billion achieved in the first half of 2008, when the all-time export record was broken with \$24.7 billion.



- According to Turkish Exporters Assembly (TİM) data, the automotive sector increased its exports, which was \$11.7 billion during January-June period of 2016, by 22.4 percent to \$14.3 billion in the same period of this year.
- **Having the largest share in Turkey's total exports with 18.8 percent, the automotive sector completed the first half of the year as a leader in exports by a landslide. The automotive sector was followed by the apparel sector with 10.7 percent, chemical materials and products with 10.4 percent and steel sector with 7.6 percent. The automotive sector exported to 174 countries and autonomous regions as well as 12 free zones in this period.**
- **The automotive sector, which realized \$2.1 billion in exports in June 2016, increased its exports by 16.4 percent to \$2.5 billion in the same period of this year.**
- In the sector exports, the 36.8 percent increase in January was recorded as the highest rate of increase since August 2011 (66 months) on a monthly basis. **Nine of the top 10 countries exported by the Turkish automotive sector once again consisted of European Union (EU) member countries. The United States, Belgium, Poland, Slovenia and the Netherlands were also among Turkey's top export destinations.**

RECORD 1.1 MILLION RUSSIAN TOURISTS VISIT TURKEY IN JUNE

The number of Russian tourists in Antalya, which stood at 25,000 in the first 6 months of 2016, rose to 1.1 million in the same period of 2017. While 7,618 Russian tourists arrived in the city in June last year, this figure rose to 584,000 in the same month this year.

- From January 1 to June 30, 1.9 million tourists arrived at Antalya Airport in 2016, while this figure reached 2.8 million in the same period this year, an increase of 45.1 percent. Compared to 2015, which is the base year taken by the sector, there was a 12 percent decrease in the same period. With these figures, Antalya is getting very close to the 2015 figures, which is considered as one of the best years in tourism.
- As many as 645,000 tourists arrived from Germany, one of the two most important markets for Antalya, from January 1 to June 30. The German market was down 24 percent compared to 2016 and 46 percent compared to 2015. 58,000 tourists came from the Netherlands, a 40 percent decrease, followed by Sweden with 22,600 tourists, a decrease of 56 percent, and Norway with 17,000 tourists, a 53 percent decline. The number of Iranian tourists, on the other hand, experienced a 12 percent decline compared to the previous year, at 42,000.

- Over 1.2 million tourists arrived in Antalya in June. While the rate of increase exceeded 100 percent compared to June 2016, it dropped by 14 percent in comparison to 2015 figures. The number of Russian tourists reached 550,000 in June, exceeding the same period of 2015. This figure was 7,618 in June last year and 470,000 in June 2015.

TURKEY'S EXPORTS INCREASE NEARLY 2 PERCENT IN JUNE

The value of Turkey's exports increased by 1.8 percent to \$12.7 billion in June compared to the same month of the previous year, according to the Turkey's main exporters' association. The Turkish Exporters' Assembly (TİM) said exports in the first half of the year also climbed by 8.2 percent to reach \$76.4 billion.

- Turkey's total exports in the last 12-month increased by 4.5 percent compared to the previous 12 month period to stand at \$147.3 billion.

- The automotive sector played the most important role with \$2.5 billion in exports, showing an increase of 16.4 percent compared to the same month last year. The retail and chemical



sectors closely followed with \$1.4 billion and \$1.3 billion, respectively. The highest increase among industrial products was seen in ship and yacht sector exports with a 178 percent increase, TİM said. Olive and olive oil products were also among sectors which showed a strong growth in June with an increase of 63 percent.

- Among the top 20 destinations for Turkey's exports, Russia saw the sharpest rise, with 89 percent, due to a fivefold increase of fresh fruit and vegetable exports. Moreover, exports to Qatar, which saw an increase of 49.2 percent in June, rose to \$17.6 million. Exports to Turkey's main trading partner, the EU, increased by 2.8 percent month-on-month in June, making its share of the country's total exports 50.5 percent, the association said. Turkey's exports to its second-biggest trading partner, North America, jumped 17.8 percent compared to June 2016.

- Speaking at a press conference, Deputy Prime Minister Mehmet Şimşek said that Turkey can escape from the middle-income trap, in which a country's growth slows after reaching middle-income levels, by following a pattern of growth based on exports. "The solution to the middle-income trap is exports. There is no other formula," he stressed. Şimşek stated that mobilization for exports needs to be maintained and added: "Export is a must for better-balanced growth. Growth based solely on domestic demands has limits. For this reason, we should continue pushing our exports."

- Turkey needs to export for well-balanced, sustainable, and higher growth, Şimşek added. Commenting on the new figures, TİM's head Mehmet Büyükekşi said the limited rise in June exports was due to less working days in the month due to the Muslim Eid al-Fitr holiday compared to the same period last year. Büyükekşi said Turkey saw a strong recovery in exports in the first five months of the year, which has helped the country's growth rate. In the first five months, Turkey's exports rose 9.5 percent to \$64.3 billion compared to the same period last year, according to the Turkish Statistical Institute. "We believe that we will reach higher growth rates with the contribution of exports in the coming periods," Büyükekşi stated.

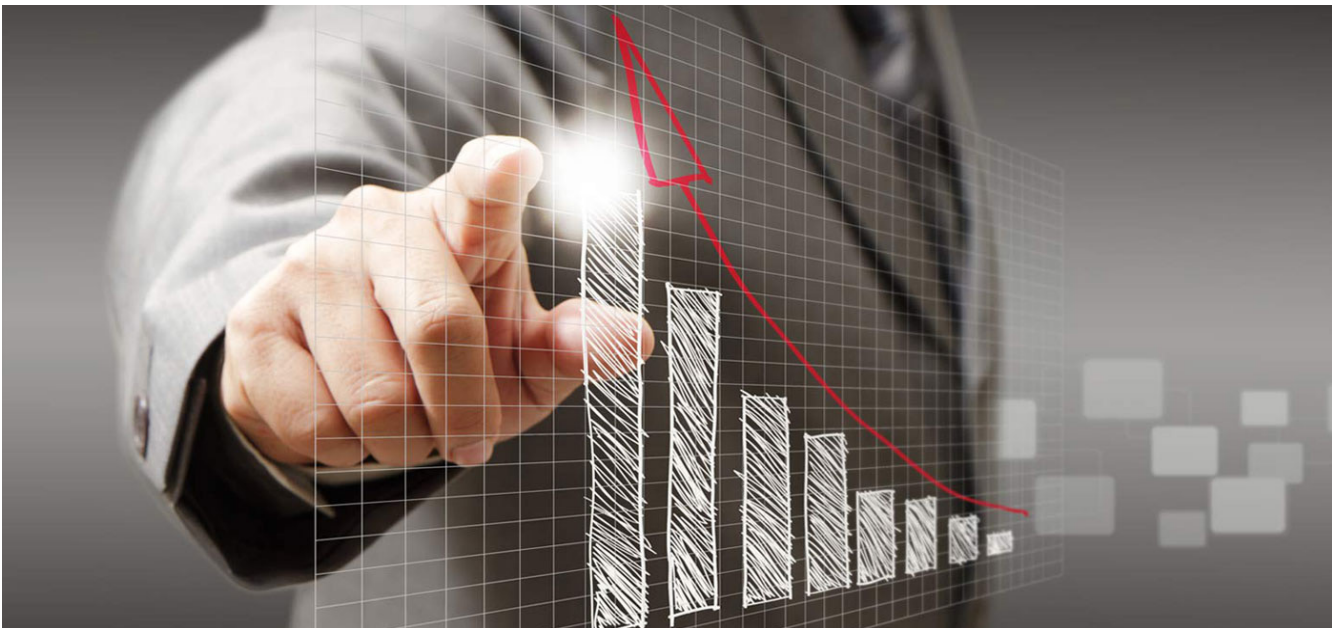
TURKEY: GOVERNMENT, STATE WORKERS SIGN NEW LABOR DEAL

Public sector workers in Turkey will get a retroactive 7.5 percent pay raise in the first half of 2017 and 5 percent in the second half of the year from the government, Prime Minister Binali Yildirim announced.

- Nearly 200,000 employees, including road services staff, will get a 3.5 percent hike in each half of 2018, Yildirim stated at the signing ceremony of a collective bargaining deal.

“The government reached the deal with the public workers’ union confederations Turk-Is, Hak-Is, TUHIS, and Kamu-Is. Public workers whose gross monthly wage is below 3,000 Turkish liras will get a pay raise of 90 liras, Yildirim said. “With this hike, the minimum wage of laborers will not be less than the minimum wage of public officials,” he added.

ENERGY COMPANIES TOP TURKEY’S FORTUNE 500 LIST



Seven energy companies are among the top 10 largest companies in Turkey based on revenue, according to the Fortune 500 list announced at the end of the month.

- Turkey’s top oil refinery, TUPRAS, ranked no. 1 on this year’s list -- which is annually published by the business magazine Fortune -- with a net sales revenue of 34.85 billion Turkish liras (\$9.89 billion) in 2016. According to the list co-compiled by two international credit information companies, CRIF and Dun and Bradstreet, energy exchange company EPIAS came second with 32.97 billion Turkish liras (\$9.36 billion), followed by fuel oil distributor OMV Petrol Ofisi with 30.79 billion Turkish liras (\$8.74 billion).
- Rounding out the top five are last year’s no.1, state-owned pipeline operator BOTAS with 29.68 billion Turkish liras (\$9.36 billion), and national flag carrier Turkish Airlines, with 29.46 billion Turkish

liras (\$8.36 billion). OPET Petrol ranked no. 6 with 20.53 billion Turkish liras (\$5.83 billion), while TETAS came ninth with 16.89 billion Turkish liras (\$4.79 billion), and SHELL&TURCAS Petrol ranked tenth with 16.82 billion Turkish liras (\$4.44 billion).

- **Turkey's top 500 companies increased their net sales by 9.4 percent in 2016 to 930.85 billion Turkish liras (\$264.39 billion), while their exports increased by 6.74 percent to reach 220.8 billion Turkish liras (\$62.7 billion).**

- Meanwhile, net profits for Turkey's leading companies rose 48.5 percent to 42.5 billion Turkish liras (\$12.1 billion). The Fortune 500 list includes publicly and privately held companies for which revenues are publicly available.

MICROSOFT: INVESTMENTS IN TURKEY TO CONTINUE

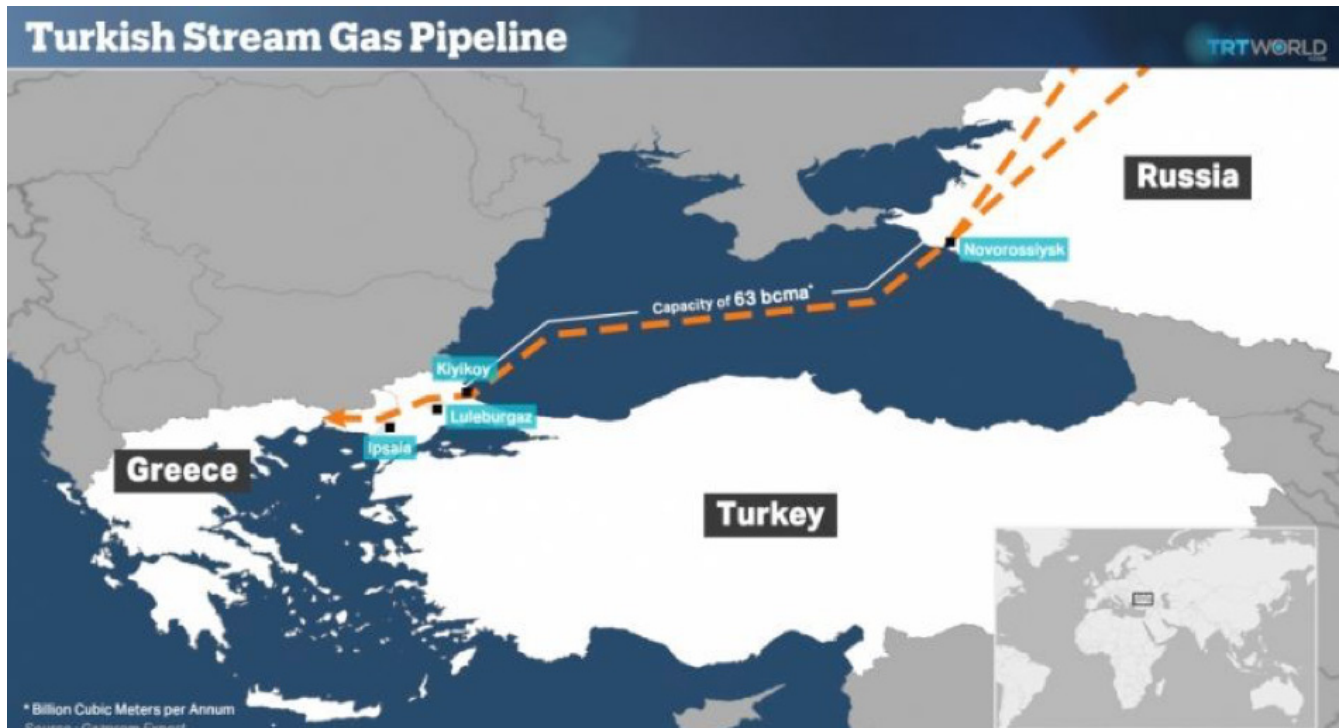
Microsoft will continue to invest in its retail sales operations in Turkey to establish direct contact with more Turkish consumers, according to a Microsoft executive in Turkey.

- **"Microsoft has been very active for many years in Turkey, where the company has great faith in its consumers and will continue its investments," Deputy General Manager of Consumer Channels Group Halil Gökoğlu told Anadolu Agency (AA).**

- The leading software and technology company opened its first store in the capital Ankara three weeks ago with the concept of "store-within-a-store" and started to give direct services to consumers through its retail business partner, Media Markt. Gökoğlu said, thanks to the new store, the company's latest products will now be delivered to the Turkish consumers at the same time as the rest of the world. "The store does not just sell Microsoft products. The newest products produced by our business partners for the Microsoft ecosystem are also being offered to customers," Gökoğlu noted. "The aim is to give our customers the best experience in technological shopping," he said. "We're focusing on solutions to provide maximum benefit for both our customers and business partners with minimum effort."

- Though the company is planning to open more stores in Turkey, Gökoğlu said: "It is too early to give an exact date."

PRESIDENT ERDOĞAN PRAISES TURKSTREAM PROJECT



TurkStream Natural Gas Project is a beautiful symbol of our foreign policy and win-win approach, in which we suggest that energy should not be a cause of conflict in international relations but a unifying instrument for peace, said Turkey's President Erdogan.

- President Erdogan spoke on the phone with Russian President Vladimir Putin, who was reviewing the Pioneering Spirit vessel that will undertake the construction in Russia's Anapa city, on the northern coast of the Black Sea. Construction works for TurkStream's offshore section began in the deep waters of the Black Sea, according to Gazprom's statement.
- **"Russia is an important energy actor in the region with its extensive natural gas resources and strong infrastructure. At the same time, Russia is a reliable and stable partner of our country in the field of energy,"** Erdogan said. With large-scale projects such as Akkuyu Nuclear Power Plant and TurkStream, we hope to develop our friendship, he added. Praising the project, Erdogan said, **"These kinds of large energy projects have an exceptional place in establishing interdependence in terms of our economic and political bilateral relations."**
- Energy projects between Turkey and Russia, especially natural gas projects, have been an important and reliable part of the energy supply security for nearly 30 years, he added. TurkStream will ensure that the Russian natural gas is transmitted directly to Turkey without being dependent on the transmission system of any other country, Erdogan said.
- Russian President Vladimir Putin praised the cooperation of both countries. He pointed out that the business cooperation between Turkey and Russia is above the level of business association conducted with many other countries. **Putin emphasized that "the coordination process with other countries took years, but with Turkey it has quickly resolved within a short period of time."**
- **"The intergovernmental agreement on TurkStream Project was signed 7 months ago. Construction began on the project within a few months,"** he said. **The first line will be completed within the scope of the project next year and the second line will be completed in 2019, Putin added.**

SOUTH KOREA TO BUY AMERICAN GAS, BUILD NEW FACTORIES IN US

South Korean companies say they plan to import more American shale gas and build new factories in the U.S. as the two countries' leaders prepared to hold summit talks in Washington.

- **The Korea Chamber of Commerce and Industry said that major South Korean companies announced a slew of proposed investments and other good news for the American economy ahead of President Moon Jae-in's meetings on June 30th with President Donald Trump. Electronics conglomerate Samsung said it plans to spend \$380 million on a home appliance factory in South Carolina, expand its investment in Texas by \$1.5 billion, and LG will put \$250 million into a plant in Tennessee. Other companies announced plans to buy American crude oil, gas and aircraft.**
- The U.S. trade deficit with South Korea has nearly doubled since a bilateral trade agreement took effect in 2012.

NATO TO INCREASE DEFENSE SPENDING IN 2017

NATO foresees an annual increase of over 4 percent in defense spending in 2017, Secretary General Jens Stoltenberg announced. "After years of decline, in 2015 we saw a real increase in defense spending across European allies and Canada. In 2016, this continued and this year, in 2017, we foresee an even greater annual real increase of 4.3%," the NATO chief told reporters in Brussels ahead of the meeting of NATO Defense Ministers.

- "This means, over the last three years, European Allies and Canada spent almost 46 billion US dollars more on defense. So we have really shifted gears. The trend is up and we intend to keep it up," Stoltenberg said, adding 25 Allies planned to increase defense spending in real terms this year. **"Last year, five Allies met NATO's benchmark of spending 2% of GDP on defense. This year, we expect Romania to join them and in 2018, Latvia and Lithuania will spend 2% of GDP on defense as well,"** he added.
- Turning to NATO's work to fight terrorism, Stoltenberg recalled that the Nato Allies joined last month the global coalition to defeat Daesh. "This not only sends a strong message of unity in the fight against terrorism; it also serves as a platform for practical cooperation. "NATO is now fully integrated into the information-sharing and decision-making structures of the Coalition and we have already stepped up our support with more flight-time and information sharing by our AWACS surveillance aircraft," he said.
- **The NATO chief announced that a new intelligence division "is now up and running" at NATO Headquarters with "a new Hybrid Branch and a Terrorism Intelligence Cell," which he said would "help us better understand and counter the threat of terrorism and foreign fighters"."And I am pleased to announce that I have just appointed Rose Gottemoeller, my Deputy Secretary General, to coordinate the Alliance's efforts. Her appointment demonstrates that fighting terrorism is a top priority at the highest levels of NATO,"** he added.
- The meeting handled such topics as the fight against terrorism, burden sharing in defense expenses for Afghanistan and Iraq, cooperation with the EU and the security situation in the Baltic Sea region. Stoltenberg added the ministerial would close with a meeting on Afghanistan "where our Resolute Support Mission helps ensure the country never again becomes a safe haven for international terrorism."

AMAZON TO BUY WHOLE FOODS GROCERY CHAIN FOR \$13.7B

E-commerce giant Amazon is buying the upper-scale Whole Foods grocery chain for \$13.7 billion, the company announced. Amazon will pay \$42 a share for Whole Foods stocks and the company's net debt.

- The transaction is estimated to be closed in the second half of the year after gaining approval from U.S. regulators and Whole Foods' stockholders. After the announcement, Amazon shares rose 3.7 percent to \$999.5 on Wall Street, while Whole Foods stock price soared 28 percent to \$42.15 a share.

- The deal is expected to provide Amazon a strong introduction into the \$800 billion U.S. grocery market, where retail giant Walmart is increasingly feeling the pressure from Amazon's online retail business. Amazon's market share of the U.S. retail sector last year was estimated at 34 percent, while Walmart came second with 5 percent, according to Needham & Company's research in April. The asset management firm also forecasts Amazon's share of



retail business to reach 50 percent by 2021. For Amazon, the deal also represents an opportunity to extend its business from online retail to physical stores.

- With some 430 Whole Foods stores across the nation, Amazon is expected to make local deliveries faster via its grocery delivery service AmazonFresh. Amazon had more than 300 million users as of February. The deal is expected to benefit Whole Foods as well. The firm announced in February that it was closing nine stores and it scrapped the plan to open some 1,200 stores nationwide, due to weak financial results. The company saw its net income decline by almost 40 percent for the quarter ending January 15, compared to the same period a year ago. Whole Foods, which specializes in natural and organic foods, will continue to operate under its brand name after the deal, according to the statement.

EUROPE IS THE NEW HUNTING GROUND FOR US INVESTORS

After buying big American brands like Apple, Pepsi and Yahoo!, activist shareholders - investors in search of big dividends - now are setting their sights on European companies like Nestle.

- "No company is really immune from activism except perhaps for the very largest companies," says Gregory Taxin, managing director of Spotlight Advisory, a consulting firm for activists. The favored targets of activists, said corporate attorney David Katz, at Wachtell, Lipton, Rosen & Katz, are "companies that have a lot of cash that haven't been returned to shareholders."

- In announcing plans last week to buy \$3.5 billion of Nestle shares, U.S. billionaire Daniel Loeb revealed the European ambitions of these investors with bulging wallets who say they want to restore power to shareholders. In addition to cost-cutting, Loeb is asking Nestle to sell its historic stake in L'Oreal in order to boost the share price and dividends. "L'Oreal has been a fantastic investment," Loeb's spokeswoman Elissa Doyle told AFP. However, it is "a non-core investment for a primarily Food & Beverage and packaged goods business."

- In the wake of Loeb's move, Nestle announced the acquisition of \$21 billion of its own shares, which should boost the stock price. But Katz said, "I do not know if this will be enough to remove the pressure." Loeb is not the first U.S. activist to go after a foreign giant. His compatriot Nelson Peltz, through his investment fund Trian Partners, holds a stake in the French yogurt-maker Danone. And Paul Singer has

s invested, via his Elliott Management fund, in South Korea's Samsung, the Australian-British mining group BHP Billiton and the Bank of East Asia. All want the same thing: quick returns on investment by requiring cost-cutting, asset sales or share buyback programs.

- **And when they do not succeed, these activists usually engage in high profile media campaigns. And they often win. More than 2,900 activist campaigns have been recorded in the United States since 2010, including 645 in 2016 alone, according to FTI Consulting. Most sectors of the economy are affected. But “the U.S. market remains crowded and generally overvalued, activist investors will continue to focus their sights on foreign jurisdictions, including not only Europe, but Australia and Asia as well,” says Andrew Freedman, co-head of the Shareholder Activism group at the Olshan Frome Wolosky law firm.**

“The type of corporate self-reflection occurring in the U.S. is happening to a much lesser degree in Europe, leaving more opportunities at European companies for activist investors to catalyze value creation.” Dan Zacchei, one of the leaders of Sloane & Company, a firm advising activists, said. Europe is attractive because of friendly laws and many companies do not have deterrent measures against potential predators. “European companies have less stringent corporate defenses and may be more shareholder (or in this case activist shareholder) friendly,” he added.

BIG PHARMA TURNS TO AI TO SPEED DRUG DISCOVERY, GSK SIGN DEALS

The world's leading drug companies are turning to artificial intelligence to improve the hit-and-miss business of finding new medicines, with GlaxoSmithKline unveiling a new \$43 million deal in the field.

- Other pharmaceutical giants including Merck & Co, Johnson & Johnson and Sanofi are also exploring the potential of artificial intelligence (AI) to help streamline the drug discovery process. **The aim is to harness modern supercomputers and machine learning systems to predict how molecules will behave and how likely they are to make a useful drug, thereby saving time and money on unnecessary tests. AI systems already play a central role in other high-tech areas such as the development of driverless cars and facial recognition software.**

- “Many large pharma companies are starting to realize the potential of this approach and how it can help improve efficiencies,” said Andrew Hopkins, chief executive of privately owned Exscientia, which announced the new tie-up with GSK. Hopkins, who used to work at Pfizer, said Exscientia's AI system could deliver drug candidates in roughly one-quarter of the time and at one-quarter of the cost of traditional approaches.



- The Scotland-based company, which also signed a deal with Sanofi in May, is one of a growing number of start-ups on both sides of the Atlantic that are applying AI to drug research. Others include U.S. firms Berg, Numerate, twoXAR and Atomwise, as well as Britain's BenevolentAI. “In pharma's eyes these companies are essentially digital biotechs that they can strike partnerships with and which help feed the

pipeline,” said Nooman Haque, head of life sciences at Silicon Valley Bank in London. “If this technology really proves itself, you may start to see M&A with pharma, and closer integration of these AI engines into pharma R&D. “It is not the first time drugmakers have turned to high-tech solutions to boost R&D productivity.

- **The introduction of “high throughout screening”, using robots to rapidly test millions of compounds, generated mountains of leads in the early 2000s but notably failed to solve inefficiencies in the research process. When it comes to AI, big pharma is treading cautiously, in the knowledge that the technology has yet to demonstrate it can successfully bring a new molecule from computer screen to lab to clinic and finally to market.**

- “It’s still to be proven, but we definitely think we should do the experiment,” said John Baldoni, GSK’s head of platform technology and science. Baldoni is also ramping up in-house AI investment at the drugmaker by hiring some unexpected staff with appropriate computing and data handling experience - including astrophysicists.

- His goal is to reduce the time it takes from identifying a target for disease intervention to finding a molecule that acts against it from an average 5.5 years today to just one year in future. “That is a stretch. But as we’ve learnt more about what modern supercomputers can do, we’ve gained more confidence,” Baldoni told Reuters. “We have an obligation to reduce the cost of drugs and reduce the time it takes to get medicines to patients.”

- **Earlier this year GSK also entered a collaboration with the U.S. Department of Energy and National Cancer Institute to accelerate pre-clinical drug development through use of advanced computational technologies. The new deal with Exscientia will allow GSK to search for drug candidates for up to 10 disease-related targets. GSK will provide research funding and make payments of 33 million pounds (\$43 million), if pre-clinical milestones are met.**

OILS STAGES LONGEST RALLY SINCE 2012, OPEC OUTPUT MAY CAP GAINS

Oil prices rose for a steady eight days, their longest rally in over five years after data pointed to moderating U.S. output, but analysts said news of rising OPEC production could temper gains. The eight-day climb is the longest unbroken rally since February 2012.

- Drilling activity for new oil production in the United States fell for the first time since January, dropping by two rigs, while U.S. government data showed crude output fell in April for the first time this year.

- “Sentiment has turned and I think we should be going up (in price). I don’t think it’s going to last, but the momentum at the moment is with the bulls,” PVM Oil Associates strategist Tamas Varga said. The drop in U.S. rig count and U.S. Energy Information Administration figures showing output fell by 24,000 barrels per day (bpd) on a monthly basis “sent out a short-term bullish message,” he said.



- The oil price is still down 14 percent so far this year, as strong global demand has not been enough to absorb rising output from the United States, Nigeria, Libya and other locations, such as the Brazil and the North Sea. Despite the dip in U.S. drilling, the total rig count was still more than double the 341 rigs in the same week a year ago, according to energy services firm Baker Hughes Inc.
- Oil markets remain oversupplied as output from the Organization of the Petroleum Exporting Countries hit a 2017 high. June OPEC production was up by 280,000 bpd at 32.72 million bpd, according to a Reuters survey, despite the group's pledge to hold back output.
- **"To put that in context, that is nearly a quarter of the 1.2 million barrels (per day) OPEC agreed to cut,"** said Greg McKenna, chief market strategist at AxiTrader, adding the rise came from Nigeria and Libya, which are exempted from the cuts. Last week, money managers added to their bets against a sustained rise in the oil price. U.S. data showed investors increased short holdings of crude futures and options to close at their highest in a year.



UPCOMING EVENTS

9TH TURKEY INVESTMENT CONFERENCE, September 2017



9th Turkey Investment Conference, organized by the Turkey-U.S. Business Council (TAİK), will take place in New York in September 2017.

This forum is principally designed to bring highly regarded Turkish opinion leaders, senior government officials, and corporate executives together with institutional investors interested in better understanding the investment landscape in Turkey.



PAST EVENTS

TAİK CALIFORNIA VISIT, 24-26 May 2017



DEİK/Turkey-U.S. Business Council California Committee organized two events in San Francisco and Los Angeles between 24-26 May 2017. The events, which are a first for the newly established California Committee, aimed to institute the first connection with the region and were good opportunities to meet potential counterparts and cooperation partners.

[Please follow this link for the visit report.](#)

36TH ATC-TAİK ANNUAL CONFERENCE ON U.S.-TURKEY RELATIONS, 21-23 May 2017



Convening more than 400 representatives from numerous sectors, government offices, government affiliated organizations and non-governmental organizations, the 36th ATC-TAİK Joint Annual Conference on U.S.-Turkey Relations took place between 21-23 May 2017 at the Trump International Hotel in Washington D.C.

[Please follow this link for the conference report.](#)



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