

him. Kemal Kilicdaroglu, leader of the opposition Republican People's Party, told CNN-Turk television that Erdogan has formed a "war cabinet" with the appointment of his undersecretary Efsan Ala as Interior Minister.

"Things are only going to go downhill from here," Aleksei Belkin, who helps manage about \$4.5 billion in assets as chief investment officer at Kapital Asset Management LLC in Moscow, said by phone. "The Turkish market now combines investors' worst fears: political uncertainty and the current-account deficit."

The government projects the current-account deficit will widen to 7.1 percent of gross domestic product for 2013 from 6.1 percent a year earlier. When the gap jumped to a record 10 percent in 2011, the lira tumbled 18 percent.

#### Greater Volatility

Erdogan said the probe is backed by international forces uncomfortable with the speed of Turkey's economic development. He replaced 10 ministers in his 26-member cabinet earlier this week, parting ways with those implicated in the probe. He appointed his deputy minister Bekir Bozdag as justice minister to lead the legal battle as tension increases between the government and followers of a U.S.-based imam, Fethullah Gulen, who fell out with Erdogan lately and who are influential in the judiciary and police forces.

"People like to have stability and they have to like predictability in what's going to happen," Pablo Cisilino, a money manager at Stone Harbor Investment Partners LP which oversees \$55 billion in emerging-market debt including Turkey bonds, said in a telephone interview from New York. "So all of this volatility, accusations and stuff like that going on are obviously not a very helpful environment."

#### For Related News and Information:

Turkey Stocks Slump With Lira as Minister Urges Erdogan to Quit  
NSN MYDDBE6TTDS0 <GO>

Turkey Ruling Party in Decline Amid Probe, Former Member Says  
NSN MYDDRP6JIJUR <GO>

Sahin Resigns From Erdogan's Party Citing Rule of Law Concerns  
NSN MYDG8K6TTDS8 <GO>

Top news on Turkey: TOP TR <GO>

Stories on Turkish stocks: TNI TURKEY STK <GO>

--With assistance from Ben Bain in Mexico City and Ye Xie in New York. Editors: David Papadopoulos, Daliah Merzaban

#### To contact the reporters on this story:

Selcuk Gokoluk in Istanbul at [REDACTED] or [REDACTED];

Ksenia Galouchko in New York at [REDACTED] or [REDACTED]

#### To contact the editors responsible for this story:

Claudia Maedler at [REDACTED] or [REDACTED];

Wojciech Moskwa at [REDACTED] or [REDACTED]

----- Forwarded by Tazia Smith [REDACTED] on 12/27/2013 01:42 PM -----

From: Tazia Smith/[REDACTED]

To: jeevacation@gmail.com,

Cc: Paul Morris, [REDACTED], Vahe Stepanian, [REDACTED]

Date: 12/24/2013 10:59 AM