

Türkiye- Current Account Balance

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May 2025 - CBRT reserves increase USD13.5bn in May

In May, the current account deficit printed at USD0.7bn, below the consensus. The 12-month current account deficit (CAD) widened slightly USD0.1bn to USD16.0bn in May. The 15% yoy increase in foreign trade deficit has almost balanced with yoy rise in service revenues (4%) and yoy fall in income balance (16%). The 12-month gold and energy excluding current account surplus rose by USD0.2bn to USD49.5bn in May.

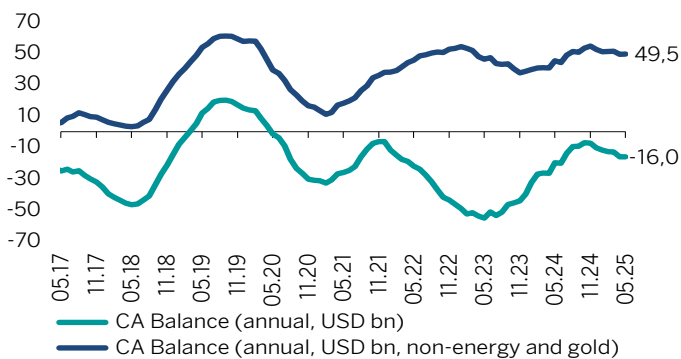
According to 12-month changes, the CAD has continued to narrow, yet losing pace significantly. Rising exports excluding energy&gold (USD11bn) and net tourism&passenger transportation revenues (USD7bn) plus falling net gold imports (USD2bn) have contributed to the contraction of 12-month CAD. Increasing imports excluding energy&gold (USD6bn) and net energy imports (USD2bn) limited the contraction in CAD. Relative to the previous month, the narrowing impact of net gold imports decelerated by USD2bn, for exports excluding energy&gold by USD1bn and for tourism&passenger transportation revenues by USD1bn. The widening impact of imports excluding gold and energy widened by USD4bn relative to previous month.

According to Ministry of Trade data, the foreign trade deficit rose 39% yoy to USD8.2bn in June. We calculate 12-month CAD to widen significantly due to rising foreign trade deficit. Our 2025 CAD forecast is USD20bn (1.3% of GDP). Foreign trade and tourism indicators point to an upside risk to our forecast.

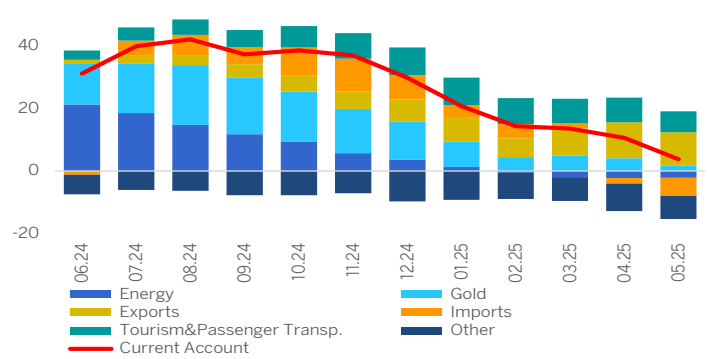
Financing in May 2025;

- Capital inflows remarkably above CAD led the CBRT's FX reserves to rise by USD13.5bn.
- All main financing items pointed to net capital inflows. USD7.3bn of net deposits (USD4.8bn decrease in foreign deposits of domestic banks and USD2.5bn increase in domestic deposits of foreign banks), USD2.5bn net portfolio (non-residents' USD2.6bn net purchase of Treasury TRY-denominated bonds), USD2.3bn of net borrowing, USD1.3bn of net errors and omissions, USD0.7bn net FDI. The 12-month long-term external debt rollover ratio fell from 171% to 168% for banks and rise from 146% to 147% for the real sector.

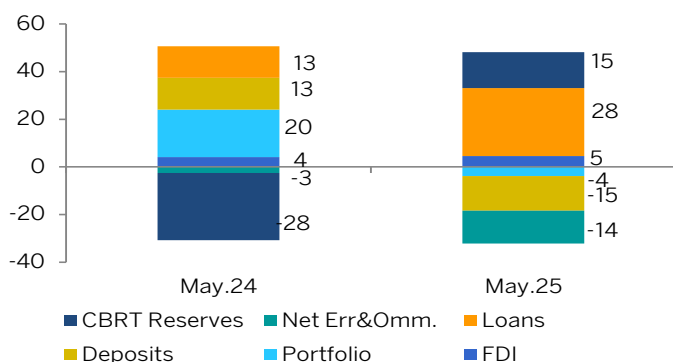
Current Account Balance (USD bn)



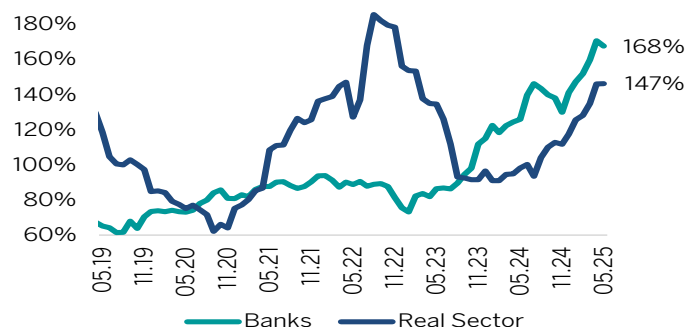
Contributions to the change in 12 month CAB



CAB Financing Components (12 Month, USD bn)



LT External Debt Roll-Over Ratio (12 Months)



Source: CBRT, Garanti BBVA Securities

Current Account Balance Details

| bn USD | Monthly | | | 12 Month Cumulative | | |
|--|---------|--------|--------|---------------------|--------|--------|
| | May 24 | May 25 | Change | May 24 | May 25 | Change |
| CURRENT ACCOUNT BALANCE | -0,6 | -0,7 | 18% | -19,7 | -16,0 | -19% |
| FOREIGN TRADE BALANCE | -4,2 | -4,8 | 15% | -65,3 | -61,0 | -7% |
| Total Goods Exports | 23,4 | 24,3 | 4% | 254,7 | 263,2 | 3% |
| Total Goods Imports | 27,6 | 29,1 | 5% | 320,0 | 324,2 | 1% |
| SERVICES BALANCE | 5,4 | 5,6 | 4% | 57,8 | 62,2 | 8% |
| Net Tourism Revenues | 4,3 | 4,4 | 1% | 44,0 | 49,2 | 12% |
| TOTAL INCOME BALANCE | -1,8 | -1,5 | -16% | -12,2 | -17,2 | 41% |
| FINANCIAL ACCOUNT | 2,0 | 0,6 | -69% | -22,6 | -29,9 | 33% |
| Direct Investment (- increase) | -0,4 | -0,7 | 71% | -4,1 | -4,6 | 12% |
| Net acquisition of financial assets | 0,7 | 0,7 | -5% | 5,9 | 7,8 | 32% |
| Net incurrence of liabilities | 1,1 | 1,4 | 23% | 10,0 | 12,4 | 24% |
| Real estate (Net) | 0,2 | 0,2 | -10% | 3,0 | 2,1 | -31% |
| Portfolio investment (- increase) | -6,9 | -2,5 | -64% | -20,0 | 3,8 | -119% |
| Net acquisition of financial assets | 0,6 | 1,1 | 93% | 4,1 | 9,2 | 121% |
| Net incurrence of liabilities | 7,5 | 3,6 | -52% | 24,1 | 5,3 | -78% |
| Equity securities | -0,5 | 0,4 | -175% | 3,1 | -2,7 | -188% |
| Debt securities | 8,0 | 3,2 | -60% | 21,0 | 8,0 | -62% |
| Government Eurobond (net) | 0,8 | 0,9 | 11% | 4,3 | -1,5 | -135% |
| Banks Total Debt Securities (net) | 0,4 | -0,2 | -165% | 5,3 | 0,2 | -96% |
| Other investment (- increase) | -8,2 | -9,6 | 17% | -26,5 | -14,0 | -47% |
| Currency and deposits | -4,7 | -7,3 | 55% | -13,3 | 14,5 | -209% |
| Assets | -4,4 | -4,8 | 8% | 3,1 | 8,2 | 164% |
| Liabilities | 0,3 | 2,5 | 888% | 16,4 | -6,3 | -139% |
| Loans | -3,8 | -3,2 | -16% | -17,0 | -25,3 | 48% |
| Banks | 3,3 | 0,8 | -75% | 12,9 | 19,9 | 54% |
| Long-Term (Net) | 0,8 | 2,0 | 150% | 5,6 | 17,9 | 220% |
| Short-Term (Net) | 2,5 | -1,2 | -149% | 7,3 | 2,0 | -73% |
| Other Sectors | 0,4 | 1,3 | 233% | 0,8 | 8,5 | 947% |
| Long-Term (Net) | 0,3 | 0,5 | 107% | -0,3 | 7,0 | -2837% |
| Short-Term (Net) | 0,1 | 0,7 | 508% | 1,1 | 1,4 | 33% |
| Trade credit and advances | 0,3 | 0,9 | 176% | 3,7 | -3,2 | -187% |
| Reserve Assets | 17,6 | 13,5 | -23% | 28,2 | -15,0 | -153% |
| N.E.O. | 2,6 | 1,3 | -49% | -2,5 | -13,8 | 442% |

Source: CBRT, Garanti BBVA Securities

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