

# Turkey-Current Account Balance

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## April 2021 - Current account deficit continues to narrow

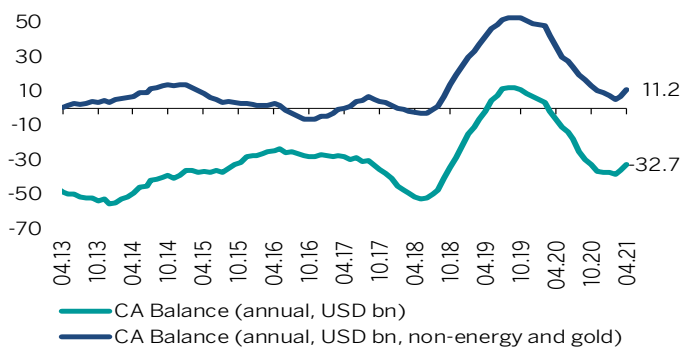
In April the current account deficit (CAD) printed at USD1.7bn, thus below the consensus of USD2.2bn. The 12-month CAD, at USD36.3bn in March, narrowed remarkably to USD32.7bn in April. The sharp yoy fall in the foreign trade deficit and recovery in service revenues, albeit slow, led to a decrease in the 12-month CAD. As in March, the 12-month current account surplus, excluding gold and energy, rose mom in April (from USD6.7bn to USD11.2bn).

Major items in the mom changes in the 12-month cumulative current account deficit are; the impact of exports excluding gold and energy turned to a narrowing from a widening, the widening impact of tourism&passenger transportation decelerated and, net energy imports and imports excluding gold and energy rose. During the past 12 months, the USD22bn fall in net tourism&passenger transportation revenues, USD8.3bn rise in net gold imports and USD7.7bn rise in imports excluding gold&energy caused the widening of the current account deficit. Yet the fall in net energy imports of USD6bn and the rise in exports excluding gold&energy by USD11bn contained the widening. According to Ministry of Trade data, the foreign trade deficit rose by 21% yoy in May. Our current account deficit estimate for 2021 is USD27bn. The stronger domestic demand relative to our forecast, the limited recovery in tourism and travel revenues in 2Q21, and the impact of high commodity prices on the foreign trade deficit pose upside risks to our forecast.

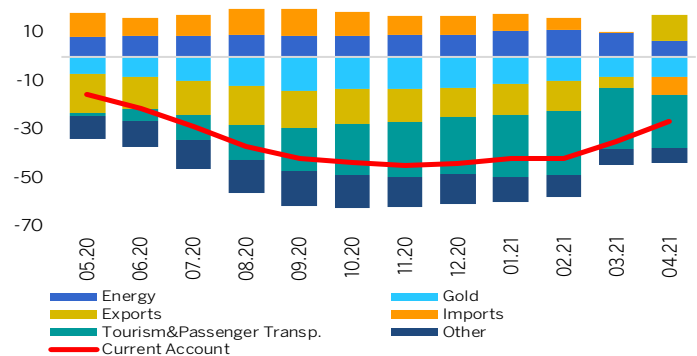
### Financing in April 2021;

- The CBRT's FX reserves fell by USD1.2bn in April when net capital inflows were below the current account deficit.
- The main inflows were; USD2.1bn in net deposits, USD0.2bn net errors and omissions, USD0.1bn net FDI.
- The main capital outflows were; USD1.5bn in portfolio (USD1.0bn banks Eurobond payment) and USD0.3bn net loan payment. The 12-month long-term external debt roll-over ratio increased to 86% from 84% for the real sector and to 88% from 86% for the banks.

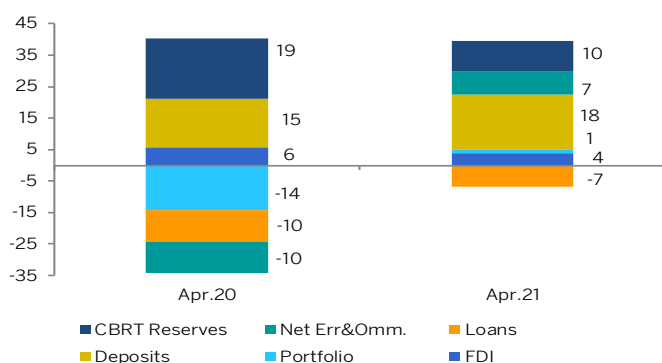
Current Account Balance (USD bn)



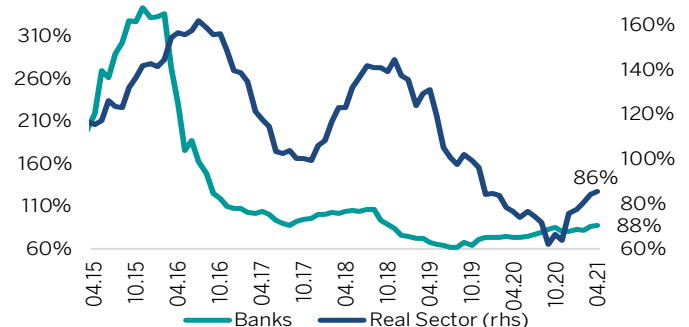
Contributions to CA Balance Change (12 Month, USD bn)



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		
	Apr 20	Apr 21	Change	Apr 20	Apr 21	Change
<b>CURRENT ACCOUNT BALANCE</b>	-5.3	-1.7	-68%	-6.0	-32.7	444%
<b>FOREIGN TRADE BALANCE</b>	-3.8	-1.5	-61%	-25.9	-32.9	27%
Total Goods Exports	8.9	18.6	110%	173.8	184.7	6%
Total Goods Imports	12.7	20.2	58%	199.7	217.6	9%
<b>SERVICES BALANCE</b>	-0.3	0.8	-339%	32.2	8.7	-73%
Net Tourism Revenues	0.0	0.6	0%	24.1	8.9	-63%
<b>TOTAL INCOME BALANCE</b>	-1.1	-1.0	-9%	-12.3	-8.5	-31%
<b>FINANCIAL ACCOUNT</b>	-5.6	-1.5	-73%	-15.8	-25.4	60%
<b>Direct Investment (- increase)</b>	0.0	-0.1	100%	-5.8	-3.9	-32%
Net acquisition of financial assets	0.0	0.5	3507%	3.1	4.0	31%
Net incurrence of liabilities	0.0	0.6	1288%	8.8	7.9	-11%
Real estate (Net)	0.1	0.5	401%	4.8	4.8	-1%
<b>Portfolio investment (- increase)</b>	2.3	1.5	-34%	14.2	-1.1	-108%
Net acquisition of financial assets	-1.3	0.5	-135%	4.6	-2.0	-143%
Net incurrence of liabilities	-3.6	-1.1	-70%	-9.6	-0.9	-91%
Equity securities	-0.8	-0.1	-85%	-3.3	-3.3	-2%
Debt securities	-2.8	-1.0	-66%	-6.3	2.4	-138%
Government Eurobond (net)	0.0	0.0		7.3	0.4	-94%
Banks Total Debt Securities (net)	-1.0	-1.0	-3%	-5.6	0.7	-112%
<b>Other investment (- increase)</b>	0.7	-1.8	-355%	-5.2	-10.8	108%
Currency and deposits	-0.1	-2.1	1518%	-15.4	-17.5	14%
Assets	1.7	-2.2	-228%	-4.1	3.4	-184%
Liabilities	1.8	-0.1	-103%	11.3	20.9	85%
Loans	1.3	0.5	-65%	18.1	4.3	-76%
Banks	-0.8	-0.3	-59%	-10.5	-2.5	-76%
Long-Term (Net)	-1.1	-0.6	-47%	-7.8	-3.3	-58%
Short-Term (Net)	0.3	0.3	-9%	-2.7	0.7	-127%
Other Sectors	-0.5	0.0	-108%	-6.6	-1.9	-71%
Long-Term (Net)	-0.5	-0.1	-85%	-5.5	-2.4	-56%
Short-Term (Net)	0.0	0.1	-879%	-1.1	0.5	-149%
Trade credit and advances	-0.5	-0.1	-68%	-8.0	2.4	-130%
<b>Reserve Assets</b>	-8.6	-1.2	-86%	-19.1	-9.6	-50%
<b>N.E.O.</b>	-0.3	0.2	-167%	-9.8	7.4	-175%

Source: CBRT, Garanti BBVA Securities

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