

Turkey-Cash Balance

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July 2021 - High cash deficit due to tax collection shift

According to the cash budget data of the Ministry of Treasury and Finance, the budget deficit registered as record high in July due to the monthly shift in tax revenue collection. Accordingly, 12-month cumulative budget deficit widened significantly. We expect the budget deficit to widen in the second half of the year, and to converge to the year-end target (3.5% as a % of GDP) as the Covid-19 related base effect disappears and consumption-related tax support diminishes.

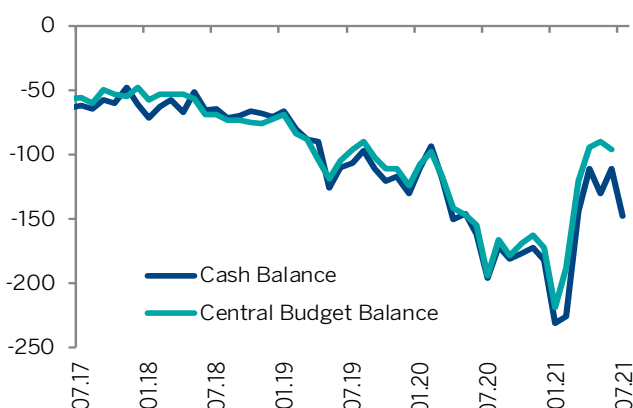
Domestic debt roll-over ratio was at 85% over the past 12 months

- In July, revenues fell by 14% yoy, mainly due to TRY27bn of tax revenue collection shifting to August. Omitting the monthly tax shifting impact yoy revenue growth was at 17% in July, weaker compared to previous months. Yoy expenditure growth was at 20% in July, gaining momentum. The cash budget deficit, at TRY31bn in July 2020, registered at TRY68bn in July 2021. Omitting the tax shifting effect there was also a yoy rise in the budget deficit.
- On a 12-month basis, the cash deficit widened from TRY111bn in June to TRY148bn in July.
- The domestic debt rollover ratio was 105% in July, above the Ministry's estimate. The 12-month domestic debt roll-over ratio fell from 95% to 85%. According to the Ministry program, every month in the Aug-Oct 2021 period domestic borrowing will be above the domestic debt payment. During this period the domestic debt roll-over ratio is estimated at 124%. The Ministry kept its August domestic borrowing estimate at TRY16bn.
- Even though both domestic and external borrowing were high in July the cash account fell as net borrowing fell short of the deficit. According to CBRT data, the FX deposits of the Ministry rose by TRY1.0bn (c.USD0.4bn), while TRY deposits fell by TRY33.8bn in July. The Treasury's cash account was at TRY159.0bn (FX and TRY in total) as of end-July, of which FX deposits were at c. USD13.9bn.

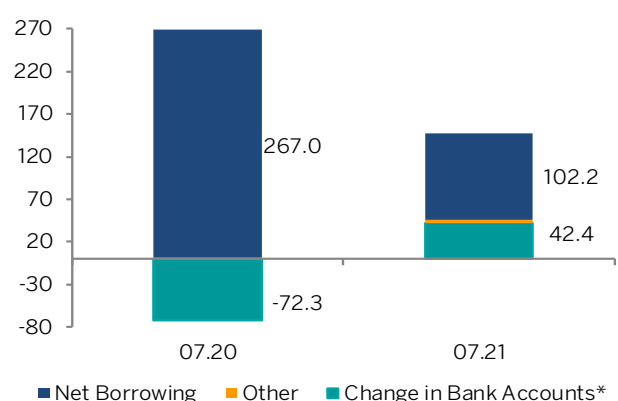
Both domestic and external debt payments are low in August

- Domestic debt payment is c. TRY11bn in August, one of the lowest monthly prints of 2021. The domestic debt payment schedule will be loaded for September and October in 2021 and January, February, and May in 2022.
- The share of non-TRY domestic debt in total domestic debt was 26% as of June. In order to improve the structure of the debt stock, the Ministry is keen to reduce the share by not issuing certain redeemed bonds, taking into account market conditions.
- Heavy months of external debt redemptions are November 2021 (USD2.0bn), February 2022 (USD2.7bn) and March 2022 (USD2.6bn). The Ministry increased its external borrowing from international markets to c. USD7.8bn following the issuances of lease certificate and Eurobond in June and July. It has achieved 78% of its 2021 target of USD10bn.

Cash & Central Budget Balance (12-month-TRY bn)



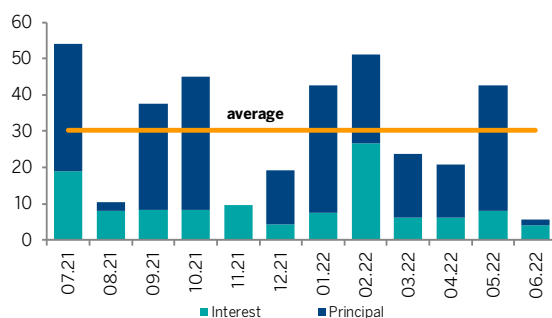
Cash Balance Financing Sources (12 month-TRY bn)



Source: Ministry of Treasury and Finance, Garanti BBVA Securities

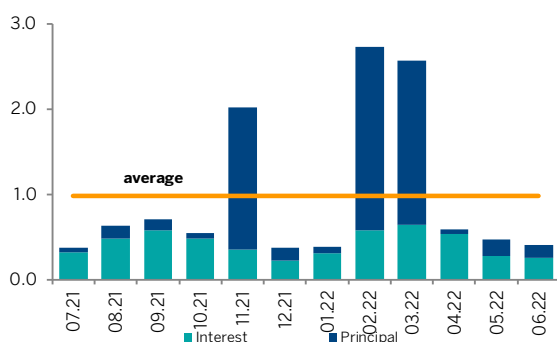
Source: Ministry of Treasury and Finance, Garanti BBVA Securities
*Negative data means the rise

Domestic Debt Payment Projection* (TL bn)



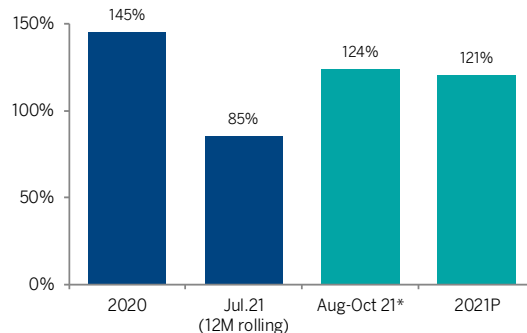
Source: Ministry of Treasury and Finance
Garanti BBVA Securities *Central Government as of 20.07.21

External Debt Payment Projection* (USD bn)



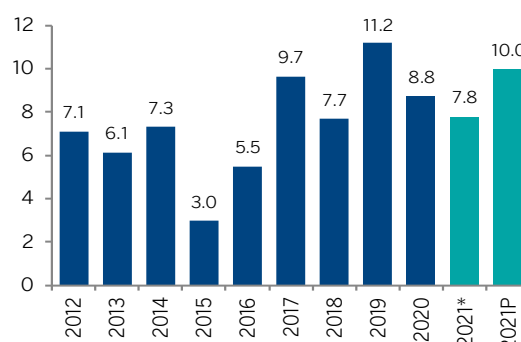
Source: Ministry of Treasury and Finance,
Garanti BBVA Securities *Central Government

Treasury's Domestic Debt Roll-over



Source: Ministry of Treasury and Finance, * Treasury Program
Garanti BBVA Securities P:Program

Eurobond&Lease Certif. Issuance (USD bn)



Source: Ministry of Treasury and Finance
Garanti BBVA Securities *ytd P: Ministry Projection

Treasury's Cash Balance and Its Financing

	Monthly			12-Month		
	Jul.20	Jul.21	Yoy	Jul.20	Jul.21	Yoy
TL Bn						
Revenues	86.8	74.3	-14%	940.0	1201.1	28%
Expenditures	118.2	142.2	20%	1142.0	1352.9	18%
Primary Balance	-23.3	-46.2	98%	-90.1	-3.3	-96%
Privatization and Funds Income	0.5	0.0	-100%	5.6	3.9	-31%
Cash Balance	-30.9	-67.9	120%	-196.4	-147.9	-25%
Financing	30.9	67.9	120%	196.4	147.9	-25%
Borrowing (Net)	48.9	37.3	-24%	267.0	102.2	-62%
Frqn. Borrow. (Net)	-0.4	15.5	-4192%	-8.4	51.5	-714%
Borrowing	0.0	15.9		38.7	104.2	169%
Payment	0.4	0.4	8%	47.1	52.7	12%
Dom. Borrow. (Net)	49.3	21.8	-56%	275.4	50.7	-82%
Borrowing	64.2	56.8	-11%	400.9	366.6	-9%
Payment	14.9	35.0	135%	125.4	315.9	152%
Other	0.1	0.1	-29%	1.7	3.3	99%
Chg. in Bank Accounts	-18.2	30.5	-268%	-72.3	42.4	-159%
Effect of FX	3.0	-1.8	-160%	15.3	27.7	81%
Net Chg. in Bank Accounts	-21.2	32.3	-252%	-87.6	14.7	-117%

Treasury's Financing Program

TL Bn	Realization		Treasury Financing Program	
	2020	Jan-Jul.21	Aug-Oct 21	2021P
Total Debt Service	364.0	353.1	109.1	547.2
Dom. Debt Service	289.2	288.4	92.2	448.9
Principal	200.0	211.5	67.2	327.0
Interest	89.3	76.9	25.0	121.9
Frqn. Debt Service	74.8	64.7	16.9	98.3
Principal	42.9	43.0	3.0	58.0
Interest	31.9	21.7	13.9	40.3
Financing	364.0	353.1	109.1	547.2
Borrowing	483.6	327.5	114.4	618.6
Frqn Borrowing	63.0	65.1	0.0	77.6
Dom. Borrowing	420.6	262.4	114.4	541
Other Sources	-119.6	25.6	-5.3	-71.4
Dom. Debt Roll-Over Ratio*	145%	91%	124%	121%

* According to Ministry of Treasury and Finance data,
Garanti BBVA Securities' calculation P: Program

Source: Ministry of Treasury and Finance, Garanti Securities

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