

Turkey-Current Account Balance

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June 2021 - 12 month CAD/GDP at 3.9%

In June the current account deficit (CAD) printed at USD1.1bn, in line with the consensus. The 12-month CAD, at USD31.6bn in May, narrowed to USD29.7bn in June. In addition to the yoy fall in the foreign trade deficit, recovery in service revenues led the fall in the current account deficit. The mom rise in the 12-month current account surplus, excluding gold and energy, continued in June (from USD12.7bn to USD14.7bn). According to the GDP forecast, we calculate 12-month CAD/GDP at 3.9% as of June (4.9% as of March).

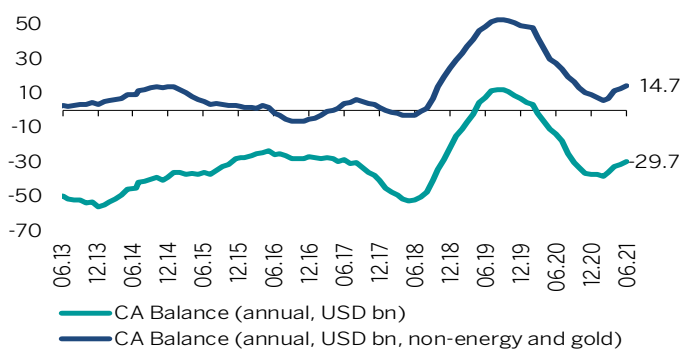
Major items in the mom changes in the 12-month cumulative current account deficit are; a greater narrowing impact of exports excluding gold and energy, the widening impact of tourism&passenger transportation and net gold imports decelerating and, net energy imports and imports excluding gold and energy rising. During the past 12 months, the USD29bn rise in imports excluding gold&energy, the USD13bn fall in net tourism&passenger transportation revenues and, the USD4bn rise in net gold imports caused the widening of the current account deficit. Yet the rise in exports excluding gold&energy by USD30bn and the fall in net energy imports of USD1bn contained the widening.

According to Ministry of Trade data, the foreign trade deficit rose by 52% yoy in July. Despite a widening foreign trade deficit with the contribution of vaccination, which has accelerated in Turkey, we expect the mitigating effect of tourism and other services revenues on the current account deficit to continue over the coming months. Our 2021 CAD forecast is USD22bn.

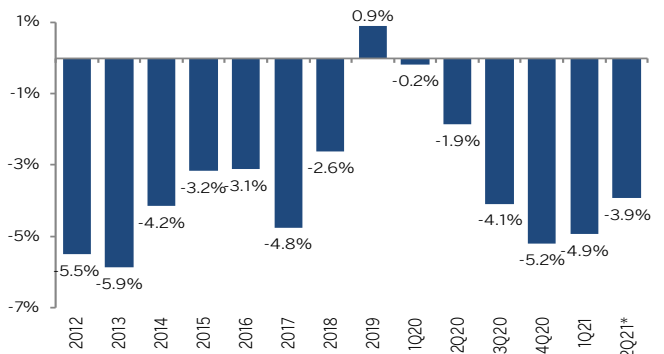
Financing in June 2021;

- The CBRT's FX reserves rose by USD8.8bn in June when net capital inflows were significantly above the current account deficit.
- The main inflows were; USD4.5bn in net deposits (USD3.4bn China swap agreement), USD2.9bn net errors and omissions, USD2.8bn in net portfolio (USD1.5bn net borrowing from abroad of Ministry) and, USD0.8bn net FDI.
- Capital outflow was a USD1.1bn net loan payment. The 12-month long-term external debt roll-over ratio rose to 111% from 108% for the real sector, and to 90% from 88% for the banks.

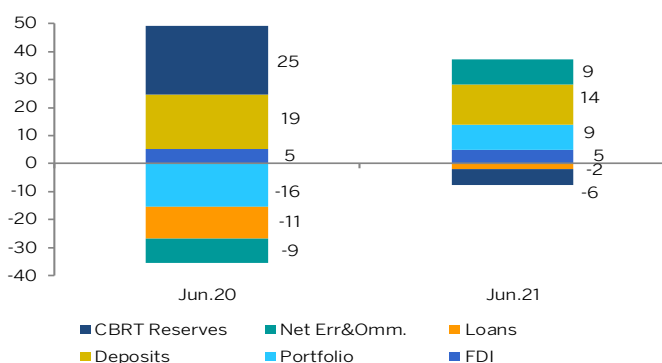
Current Account Balance (USD bn)



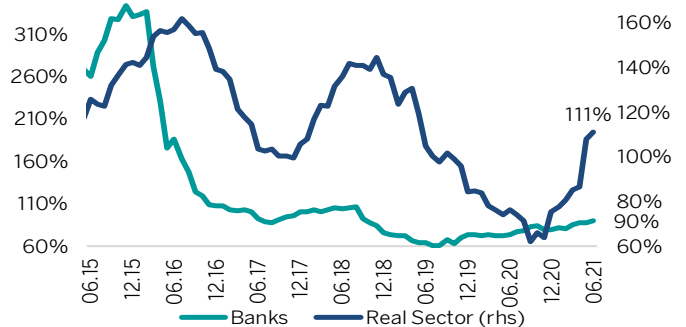
Current Account Balance/GDP (12 Month)



CAB Financing Components (12 Month, USD bn)



LT External Debt Roll-Over Ratio (12 Months)



Source: CBRT, Garanti BBVA Securities *estimated GDP

Current Account Balance Details

<i>bn USD</i>	Monthly			12 Month Cumulative		
	Jun 20	Jun 21	Change	Jun 20	Jun 21	Change
CURRENT ACCOUNT BALANCE	-3.1	-1.1	-63%	-13.8	-29.7	116%
FOREIGN TRADE BALANCE	-2.1	-1.6	-22%	-28.0	-33.0	18%
Total Goods Exports	13.2	19.6	49%	167.6	197.7	18%
Total Goods Imports	15.3	21.2	39%	195.6	230.6	18%
SERVICES BALANCE	-0.3	1.5	-537%	25.6	12.2	-52%
Net Tourism Revenues	0.0	1.0	3438%	19.6	10.5	-46%
TOTAL INCOME BALANCE	-0.7	-1.0	56%	-11.3	-8.9	-22%
FINANCIAL ACCOUNT	-2.0	1.8	-190%	-22.4	-20.8	-7%
Direct Investment (- increase)	0.0	-0.8	-16020%	-5.1	-4.9	-5%
Net acquisition of financial assets	0.2	0.2	-2%	2.4	4.2	74%
Net incurrence of liabilities	0.2	1.0	361%	7.5	9.0	20%
Real estate (Net)	0.2	0.5	164%	4.5	5.1	12%
Portfolio investment (- increase)	1.4	-2.8	-301%	15.6	-9.1	-159%
Net acquisition of financial assets	-1.1	0.3	-129%	1.5	1.2	-20%
Net incurrence of liabilities	-2.5	3.2	-224%	-14.0	10.4	-174%
Equity securities	0.0	0.0	-190%	-4.4	-2.1	-53%
Debt securities	-2.5	3.1	-224%	-9.6	12.5	-230%
Government Eurobond (net)	-2.0	1.5	-175%	3.1	6.1	98%
Banks Total Debt Securities (net)	-0.1	0.6	-933%	-4.3	0.7	-116%
Other investment (- increase)	4.3	-3.4	-180%	-8.2	-12.2	49%
Currency and deposits	2.8	-4.5	-264%	-19.5	-14.3	-27%
Assets	1.8	-1.3	-175%	1.5	1.9	27%
Liabilities	-1.0	3.2	-423%	20.9	16.1	-23%
Loans	1.5	0.8	-48%	17.2	-0.5	-103%
Banks	-0.3	-0.4	23%	-9.4	-2.9	-69%
Long-Term (Net)	-0.9	-0.5	-48%	-7.1	-2.5	-65%
Short-Term (Net)	0.6	0.1	-86%	-2.2	-0.4	-83%
Other Sectors	-0.8	-0.4	-51%	-6.7	3.2	-147%
Long-Term (Net)	-1.0	-0.5	-53%	-5.3	2.2	-142%
Short-Term (Net)	0.2	0.1	-63%	-1.3	0.9	-168%
Trade credit and advances	0.0	0.4	827%	-6.0	2.5	-142%
Reserve Assets	-7.7	8.8	-215%	-24.6	5.5	-122%
N.E.O.	1.0	2.9	183%	-8.7	9.0	-204%

Source: CBRT, Garanti BBVA Securities

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