

Turkey-Cash Balance

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September 2021 - External borrowing target reached

According to the cash budget data of the Ministry of Treasury and Finance, the budget deficit registered close to last year's print. Considering the tax shift, there was an improvement in the budget performance. There was no major change in the 12-month cumulative budget deficit relative to the previous month. We calculate a 12-month cash deficit/GDP ratio at 1.9% as of 3Q21 according to estimated GDP. We expect the budget deficit to widen over the coming months as the Covid-19 related base effect disappears and consumption-related tax support diminishes. However, considering the current performance, we estimate that the budget deficit/GDP ratio will remain below the year-end target of 3.5%.

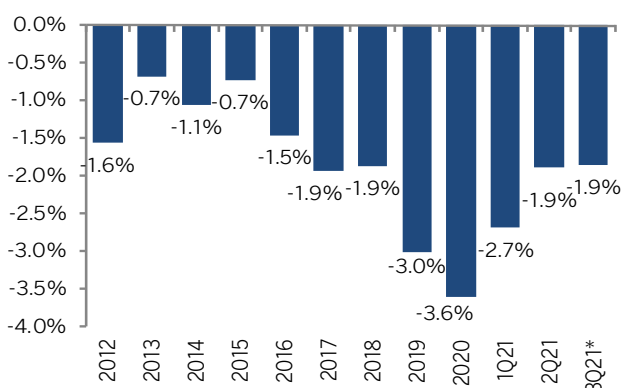
Domestic debt roll-over ratio to be below 100% in 2021 according to Ministry program

- In September, revenues rose by 42% yoy. Approximately TL10bn of taxes accrued in September were registered in the Treasury accounts in October. Omitting the monthly tax shifting impact yoy revenue growth was strong in September at 55%. Yoy expenditure growth was at 32%, similar to its previous trend. The cash budget deficit, at TRY31bn in September 2020, registered at TRY32.9bn in September 2021.
- On a 12-month basis, the cash deficit widened slightly from TRY114bn in August to TRY116bn in September.
- The domestic debt rollover ratio was 93% in September, below the Ministry's estimate. The 12-month domestic debt roll-over ratio rose from 80% to 84%. According to the Ministry program, this ratio is estimated at 108% in 4Q21. The Ministry has lowered its October domestic borrowing estimate by TRY7bn to TRY40bn. If its program is realized in 4Q21, the domestic debt roll-over ratio will be below 100% for full-year 2021.
- As net borrowing was below the financing need in September the cash account was utilized. According to CBRT data, the FX deposits of the Ministry rose by TRY20.4bn (c.USD1.6bn), while TRY deposits fell by TRY16.1bn in September. The Treasury's cash account was at TRY245.6bn (FX and TRY in total) as of end-September, of which FX deposits were at c. USD14.8bn.

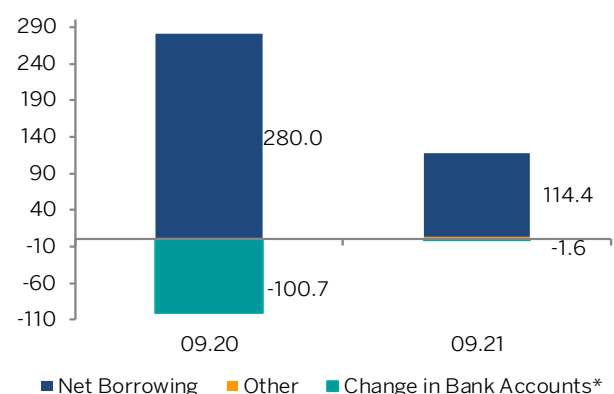
External borrowing target of 2021 achieved

- Domestic debt payment is c.TRY46bn in October, hence above the monthly average of the next 12 months. Domestic debt payment will be low in the remainder of 2021. The domestic debt payment schedule will be loaded for January, February, May and August in 2022.
- The share of non-TRY domestic debt in total domestic debt was 24% as of August. In order to improve the structure of the debt stock, the Ministry is keen to reduce the share by not issuing certain redeemed bonds. It has been announced that no domestic FX borrowing would be made in return for FX denominated notes redeemed in Dec.21.
- Heavy months of external debt redemptions are Nov.21 (USD2.0bn), Feb.22 (USD2.7bn) and Mar.22 (USD2.6bn). With the USD2.25bn borrowing from international markets in September, total foreign borrowing in 2021 has reached USD10.0bn. Thus, the target for 2021 has been achieved.

Cash Budget Balance (12-month, % of GDP)



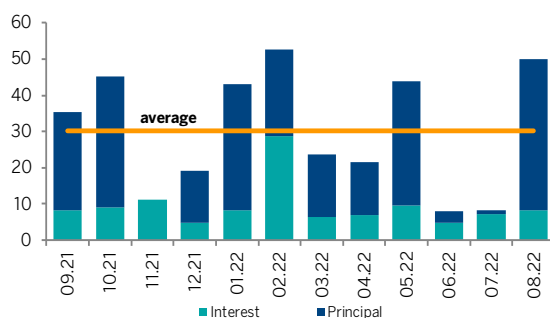
Cash Balance Financing Sources (12 month-TRY bn)



Source: Ministry of Treasury and Finance, Garanti BBVA Securities
* estimated GDP

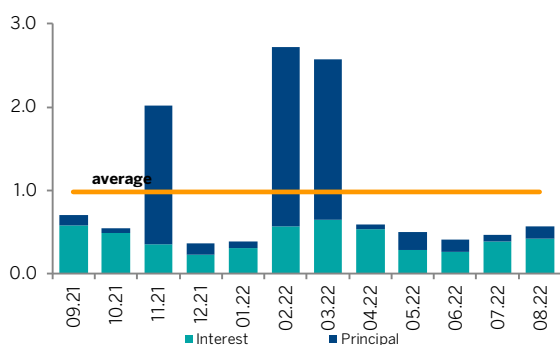
Source: Ministry of Treasury and Finance, Garanti BBVA Securities
*Negative data means the rise

Domestic Debt Payment Projection* (TL bn)



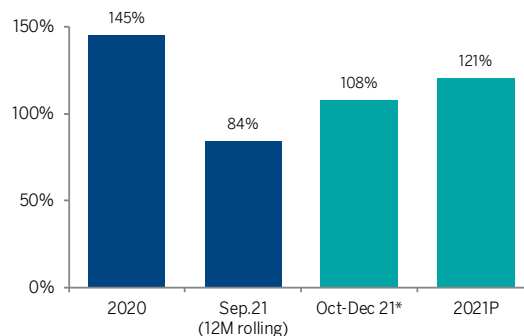
Source: Ministry of Treasury and Finance
Garanti BBVA Securities *Central Government as of 20.09.21

External Debt Payment Projection* (USD bn)



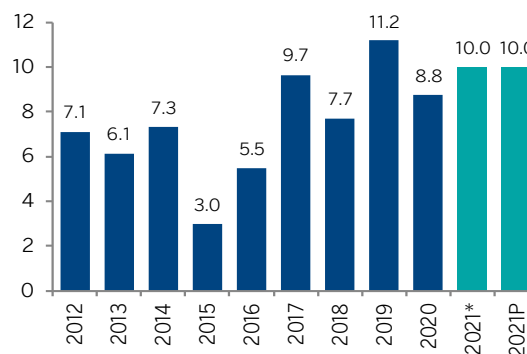
Source: Ministry of Treasury and Finance,
Garanti BBVA Securities *Central Government

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

TL Bn	Monthly			12-Month		
	Sep.20	Sep.21	Yoy	Sep.20	Sep.21	Yoy
Revenues	78.0	111.0	42%	969.7	1296.6	34%
Expenditures	109.4	144.2	32%	1157.0	1416.8	22%
Primary Balance	-16.6	-20.4	23%	-71.5	27.7	-139%
Privatization and Funds Income	0.5	0.4	-19%	6.1	4.1	-33%
Cash Balance	-31.0	-32.9	6%	-181.2	-116.0	-36%
Financing	31.0	32.9	6%	181.2	116.0	-36%
Borrowing (Net)	-7.8	24.0	-409%	280.0	114.4	-59%
Frgn. Borrow. (Net)	-1.0	18.3	-1910%	-7.2	69.1	-1064%
Borrowing	0.0	19.6		38.7	122.5	216%
Payment	1.0	1.3	29%	45.9	53.4	16%
Dom. Borrow. (Net)	-6.8	5.8	-185%	287.1	45.4	-84%
Borrowing	8.7	32.9	277%	445.4	355.7	-20%
Payment	15.5	27.1	75%	158.2	310.4	96%
Other	0.3	0.1	-62%	2.0	3.2	63%
Chg. in Bank Accounts	38.4	8.7	-77%	-100.7	-1.6	-98%
Effect of FX	3.6	8.6	140%	22.7	25.3	11%
Net Chg. in Bank Accounts	34.8	0.1	-100%	-123.4	-26.9	-78%

Source: Ministry of Treasury and Finance, Garanti Securities

Treasury's Financing Program

TL Bn	Realization		Treasury Financing Program	
	2020	Jan-Sep.21	Oct-Dec 21	2021P
Total Debt Service	364.0	410.6	104.0	547.2
Dom. Debt Service	289.2	334.6	77.8	448.9
Principal	200.0	241.0	52.5	327.0
Interest	89.3	93.5	25.3	121.9
Frgn. Debt Service	74.8	76.0	26.2	98.3
Principal	42.9	45.6	16.5	58.0
Interest	31.9	30.4	9.7	40.3
Financing	364.0	410.6	104.0	547.2
Borrowing	483.6	401.5	83.8	618.6
Frgn Borrowing	63.0	83.4	0.0	77.6
Dom. Borrowing	420.6	318.1	83.8	541
Other Sources	-119.6	9.1	20.2	-71.4
Dom. Debt Roll-Over Ratio*	145%	95%	108%	121%

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

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