

Turkey-Cash Balance

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November 2021 - Budget performance improves

According to the cash budget data of the Ministry of Treasury and Finance, the budget surplus registered at TRY30.3bn in November, rising significantly yoy. The budgetary performance has improved as the revenue increase exceeded the rise in expenditures. Thus, the 12-month total budget deficit narrowed compared to the previous month to its lowest level since February 2020. Based on estimated GDP, we calculate a 12-month cash budget deficit/GDP ratio of c.1.5% as of November. Even though we expect the budget deficit to widen in the last month of the year, the budget deficit will remain significantly below the targeted 3.5% of GDP.

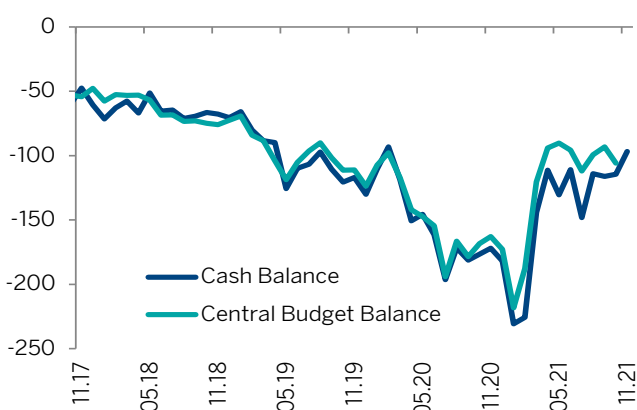
Cash account increases with high cash surplus

- In November, revenues rose by 53%, and expenditures by 43% yoy. The cash budget surplus, at TRY12.5bn in November 2020, registered at TRY30.3bn in November 2021. On a 3-month average basis, revenue growth has slightly decelerated while expenditure growth has accelerated. On a 12-month basis, the cash deficit narrowed from TRY115bn in October to TRY97bn in November.
- The domestic debt rollover ratio was 122% in November, below the Ministry's estimate. The 12-month domestic debt roll-over ratio rose from 87% to 92%. According to the Ministry program, this ratio is estimated at 85% in Dec21-Feb22. The Ministry has lowered its December domestic borrowing estimate by TRY4bn to TRY10bn. The Ministry's domestic debt rollover ratio estimate for 2021 is 92%, significantly below the 121% predicted at the start of the year. The Ministry's estimate is 103% for 2022.
- Despite net debt payment driven by external debt a high cash surplus in November led the cash account to rise. According to CBRT data, the FX deposits of the Ministry rose by TRY31.6bn (c.USD1.0bn fall), and TRY deposits by TRY42.4bn in November. The Treasury's cash account was at TRY317.1bn (FX and TRY in total) as of end-November, of which FX deposits were at c. USD13.0bn.

Both domestic and external debt payments are limited in December

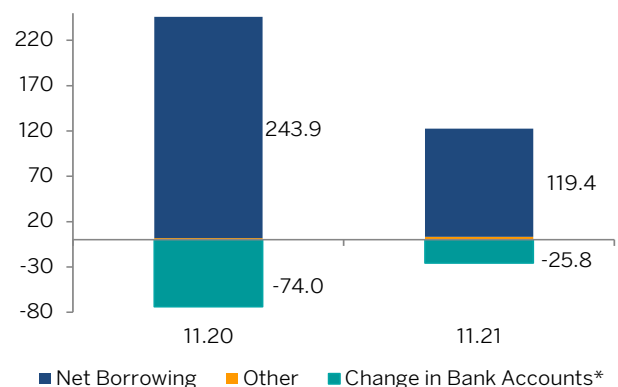
- Domestic debt payment is at c.TRY21.5bn in December, below the average of the next 12 months' monthly redemption. The domestic debt payment schedule will be loaded for January, February, May, August and October in 2022.
- The share of non-TRY domestic debt in total domestic debt was 25% as of October. It has been announced that no domestic FX borrowing would be made in return for FX denominated notes redeemed in Dec.21.
- External debt redemption is low at USD0.4bn in Dec.21. In Feb.22 (USD2.7bn), Mar.22 (USD2.6bn) and Sep.22 (USD3.2bn) external debt payments are high. According to the Ministry's Program external debt borrowing from international markets is targeted at USD11bn in 2022. It is at USD USD10bn in 2021.

Cash & Central Budget Balance (12-month)



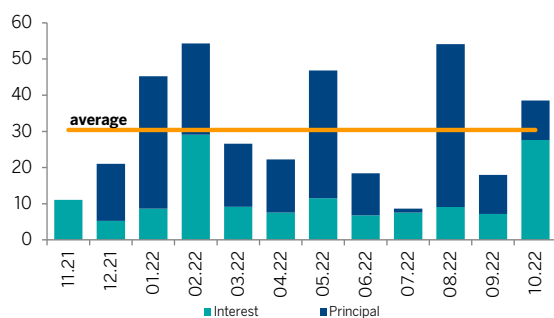
Source: Ministry of Treasury and Finance, Garanti BBVA Securities

Cash Balance Financing Sources (12 month-TRY bn)



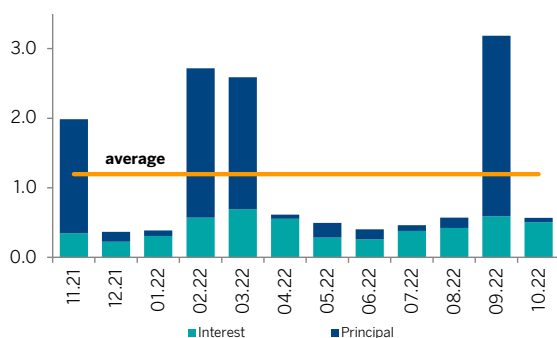
Source: Ministry of Treasury and Finance, Garanti BBVA Securities
*Negative data means the rise

Domestic Debt Payment Projection* (TL bn)



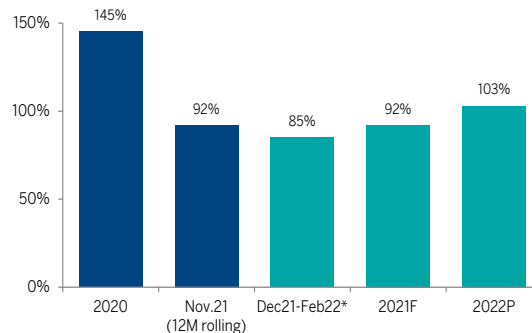
Source: Ministry of Treasury and Finance
Garanti BBVA Securities *Central Government as of 20.10.21

External Debt Payment Projection* (USD bn)



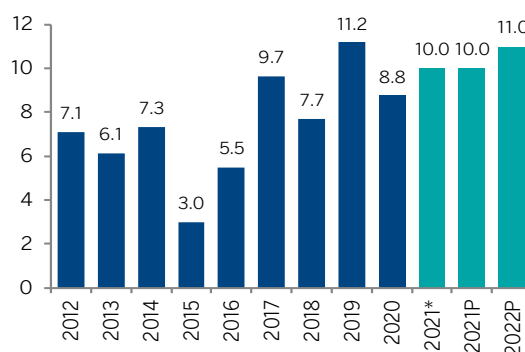
Source: Ministry of Treasury and Finance,
Garanti BBVA Securities *Central Government

Treasury's Domestic Debt Roll-over



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

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		
	Nov.20	Nov.21	Yoy	Nov.20	Nov.21	Yoy
Revenues	110.6	169.0	53%	1013.1	1388.6	37%
Expenditures	98.1	139.9	43%	1190.4	1490.7	25%
Primary Balance	21.2	43.5	105%	-55.6	53.6	-196%
Privatization and Funds Income	0.0	1.2	2564%	5.5	5.3	-2%
Cash Balance	12.5	30.3	141%	-171.9	-96.8	-44%
Financing	-12.5	-30.3	141%	171.9	96.8	-44%
Borrowing (Net)	-14.7	-2.5	-83%	243.9	119.4	-51%
Frgn. Borrow. (Net)	-0.6	-16.0	2419%	6.7	34.5	417%
Borrowing	0.9	0.0		45.2	101.8	125%
Payment	1.6	16.0	922%	38.5	67.2	75%
Dom. Borrow. (Net)	-14.1	13.5	-196%	237.2	84.8	-64%
Borrowing	9.1	13.6	48%	435.8	372.3	-15%
Payment	23.2	0.0	-100%	198.6	287.5	45%
Other	0.2	0.3	28%	1.9	3.3	69%
Chg. in Bank Accounts	1.9	-28.1	-1560%	-74.0	-25.8	-65%
Effect of FX	-5.1	39.2	-875%	25.3	70.7	179%
Net Chg. in Bank Accounts	7.0	-67.3	-1064%	-99.3	-96.5	-3%

Source: Ministry of Treasury and Finance, Garanti Securities

Treasury's Financing Program

TL Bn	Realization		Treasury Financing Program		
	2020	Jan-Nov.21	Dec21-Feb22	2021F	2022P
Total Debt Service	364.0	491.3	157.4	514.6	505.9
Dom. Debt Service	289.2	391.4	122.8	412.4	385.5
Principal	200.0	277.9	79.6	293.1	222.6
Interest	89.3	113.6	43.2	119.3	162.9
Frgn. Debt Service	74.8	99.9	34.6	102.2	120.4
Principal	42.9	61.8	23.6	61.9	70.8
Interest	31.9	38.0	11.0	40.3	49.6
Financing	364.0	491.3	157.4	514.8	506.0
Borrowing	483.6	448.1	104.8	463.7	498.1
Frgn Borrowing	63.0	83.4	0.0	83.4	101.0
Dom. Borrowing	420.6	364.7	104.8	380.3	397.1
Other Sources	-119.6	43.2	52.6	51.1	7.9
Dom. Debt Roll-Over Ratio*	145%	93%	85%	92.2%	103.0%

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

Nihan Ziya Erdem

Chief Economist

Research

Direct Tel :+90 212 384 11 31

Tel :+90 212 384 10 10

nihanz@garantibbva.com.tr

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