

Turkey-Current Account Balance

14.12.2021
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October 2021 - 12 month CAD continues to narrow

In October the current account surplus printed at USD3.2bn, above the USD2.5bn consensus. The 12-month current account deficit (CAD), at USD18.7bn in September, narrowed to USD15.4bn in October. Similar to the previous month the yoy fall in the foreign trade deficit and accelerated recovery in service revenues led the fall. The mom rise in the 12-month current account surplus, excluding gold and energy, continued in October (from USD21.8bn to USD26.4bn).

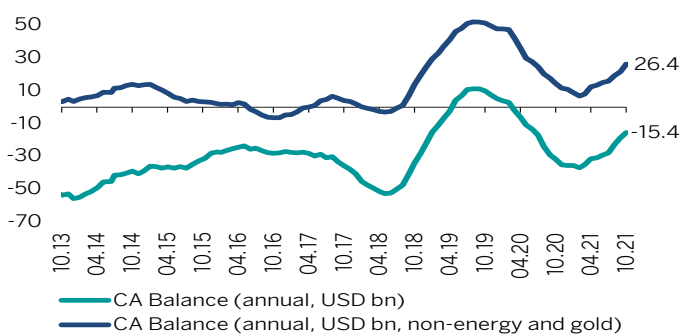
Major items in the mom changes in the 12-month cumulative current account deficit are; a greater narrowing impact of exports excluding gold and energy, tourism&passenger transportation revenues, and net gold imports, and rising net energy imports and imports excluding gold and energy. Over the past 12 months, the narrowing impact of net tourism&passenger transportation revenues has risen to USD10bn. Net gold imports falling by USD14bn and the rise in exports excluding gold&energy by USD46bn led CAD to narrow. On the other hand, both the USD57bn rise in imports excluding gold&energy and the USD9bn rise in net energy imports have had a widening effect on CAD.

According to Ministry of Trade data, after contracting in the previous 3 months the foreign trade deficit rose by 5% yoy in November. Assuming a recovery in service revenues we expect the 12-month CAD to remain almost stable.

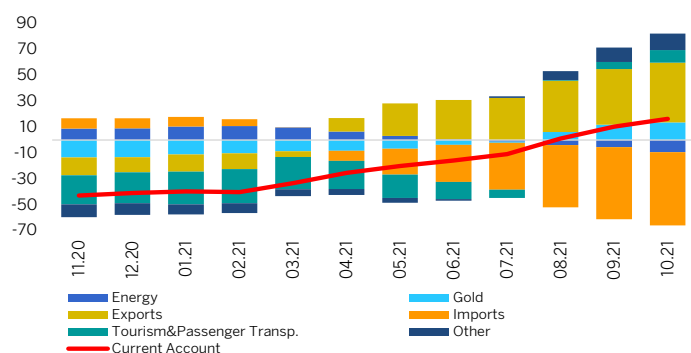
Financing in October 2021;

- The CBRT's FX reserves rose by USD1.5bn in October thanks to a high current account surplus, despite net capital outflow.
- Capital outflows are; a USD3.3bn net loan payment, USD2.2bn net portfolio (USD1.2bn bank Eurobond payments). The 12-month long-term external debt roll-over ratio fell to 123% from 127% for the real sector, while rising slightly to 88% from 87% for the banks.
- Capital inflows are; USD2.7bn net errors and omissions, USD0.8bn in net deposits, USD0.3bn of net FDI .

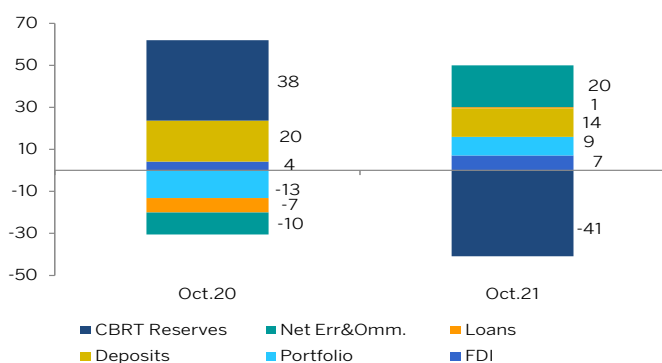
Current Account Balance (USD bn)



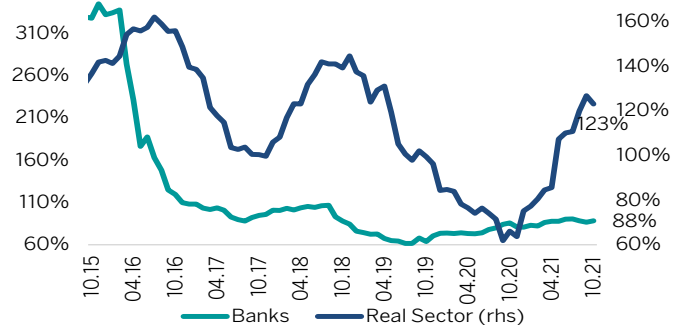
Contributions to CA Balance Change (12 Month, USD bn)



CAB Financing Components (12 Month, USD bn)



LT External Debt Roll-Over Ratio (12 Months)



Source: CBRT, Garanti BBVA Securities

Current Account Balance Details

<i>bn USD</i>	Monthly			12 Month Cumulative		
	Oct 20	Oct 21	Change	Oct 20	Oct 21	Change
CURRENT ACCOUNT BALANCE	-0.1	3.2	-3494%	-31.4	-15.4	-51%
FOREIGN TRADE BALANCE	-1.3	0.1	-111%	-35.3	-27.6	-22%
Total Goods Exports	17.2	20.9	21%	166.3	214.4	29%
Total Goods Imports	18.5	20.7	12%	201.5	242.0	20%
SERVICES BALANCE	2.0	3.9	91%	13.6	22.9	68%
Net Tourism Revenues	1.7	3.0	79%	10.4	17.8	71%
TOTAL INCOME BALANCE	-0.8	-0.9	4%	-9.7	-10.7	10%
FINANCIAL ACCOUNT	-1.6	5.8	-464%	-41.9	4.3	-110%
Direct investment (- increase)	0.1	-0.3	-748%	-4.2	-7.1	68%
Net acquisition of financial assets	0.3	0.6	62%	2.9	5.7	94%
Net incurrence of liabilities	0.3	0.9	205%	7.1	12.7	78%
Real estate (Net)	0.4	0.5	20%	4.2	5.5	30%
Portfolio investment (- increase)	-2.5	2.2	-187%	13.2	-8.9	-167%
Net acquisition of financial assets	0.4	0.5	15%	3.1	1.8	-43%
Net incurrence of liabilities	3.0	-1.7	-157%	-10.1	10.7	-205%
Equity securities	-0.1	-0.1	-62%	-5.5	0.2	-103%
Debt securities	3.1	-1.7	-153%	-4.7	10.5	-325%
Government Eurobond (net)	2.5	0.0		3.3	7.6	129%
Banks Total Debt Securities (net)	0.0	-1.2	-4352%	-0.3	-1.9	453%
Other investment (- increase)	-3.3	2.4	-174%	-12.6	-20.5	63%
Currency and deposits	-3.1	-0.8	-73%	-19.5	-13.5	-31%
Assets	-2.9	-0.7	-76%	0.6	0.2	-58%
Liabilities	0.1	0.1	19%	20.1	13.8	-32%
Loans	-0.7	1.0	-247%	9.1	-0.9	-110%
Banks	-1.9	-0.6	-70%	-3.5	-1.4	-60%
Long-Term (Net)	-0.8	-0.2	-69%	-3.5	-3.1	-11%
Short-Term (Net)	-1.2	-0.3	-70%	-0.1	1.7	-2356%
Other Sectors	0.5	-0.3	-160%	-7.8	5.0	-164%
Long-Term (Net)	0.5	-0.3	-153%	-6.8	4.3	-163%
Short-Term (Net)	0.1	-0.1	-215%	-1.0	0.7	-168%
Trade credit and advances	0.4	2.3	422%	-2.3	0.3	-111%
Reserve Assets	4.2	1.5	-65%	-38.2	40.9	-207%
N.E.O.	-1.5	2.7	-277%	-10.4	19.9	-291%

Source: CBRT, Garanti BBVA Securities

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