

Turkey-Current Account Balance

14.06.2022
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April 2022 - 12-month CAD continues to widen

In April, the current account deficit printed at USD2.7bn, below the USD3.2bn consensus. Yet, the 12-month current account deficit (CAD), at USD24.5bn in March, continued to widen to USD25.7bn in April. As in past months, despite a continued recovery in service revenues, the yoy rise in the foreign trade deficit led to a rise in 12-month CAD. The mom rise in the 12-month current account surplus, excluding gold and energy, continued in April (from USD34.5bn to USD37.4bn).

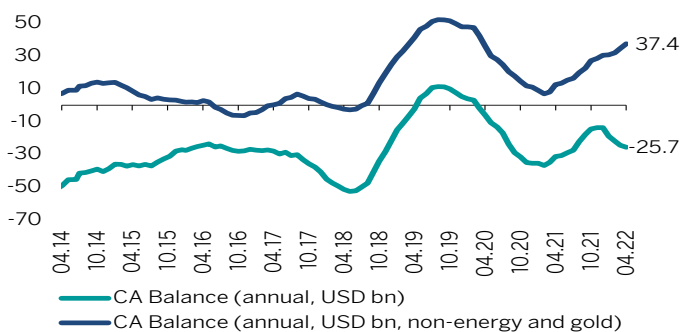
According to 12 month changes, the total decline in CAD narrowed mom. Over the past 12 months, both the USD64bn rise in imports excluding gold&energy and the USD37bn rise in net energy imports have had a widening effect on CAD. On the other hand, the rises in exports excluding gold&energy of USD53bn and net tourism&passenger transportation revenues of USD19bn have led CAD to narrow. While the contractionary effect of net tourism and passenger transportation revenues on the CAD has increased, the contractionary contribution of net gold imports has decreased compared to the previous month to USD17bn.

According to Ministry of Trade data, the foreign trade deficit rose remarkably by 157% yoy in May due to accelerated energy imports. Even though tourism revenues continue to recover, we perceive a continued widening of the 12-month CAD. Considering high commodity prices and geopolitical risk to tourism revenues we forecast a current account deficit of USD45 bn in 2022.

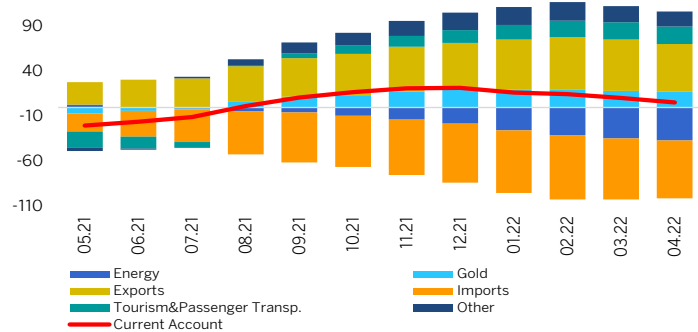
Financing in April 2022;

- The CBRT's FX reserves rose by USD3.2bn due to net capital inflows exceeding CAD.
- Financing items with net inflows; USD4.5bn of net errors and omissions, USDD2.9bn of net deposits (foreign deposits of local banks decreased by USD1.5bn, domestic deposits of foreign banks increased by USD1.1bn), and USD0.3bn of net FDI.
- Financing items with net outflows; a USD1.2bn net debt redemption, and a USD0.6bn net portfolio. The 12-month long-term external debt roll-over ratio rose both for the real sector (147%) and for the banks (92%).

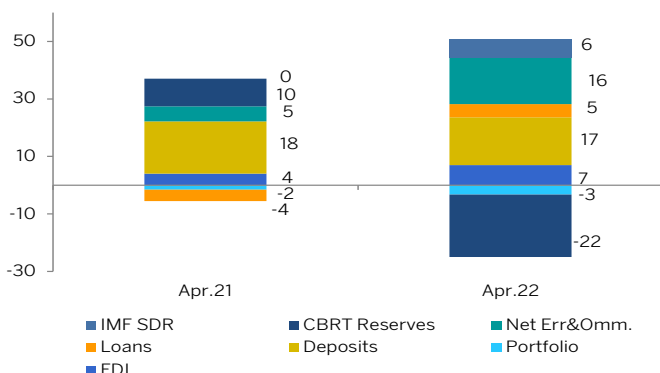
Current Account Balance (USD bn)



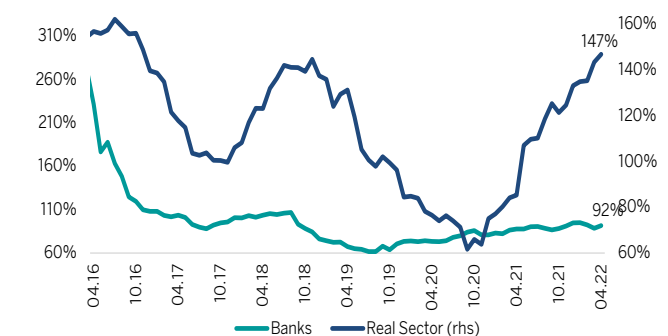
Contributions to CA Balance Change (12 Month, USD bn)



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		
	Apr 21	Apr 22	Change	Apr 21	Apr 22	Change
CURRENT ACCOUNT BALANCE	-1.5	-2.7	81%	-31.4	-25.7	-18%
FOREIGN TRADE BALANCE	-1.7	-4.4	155%	-33.1	-46.1	39%
Total Goods Exports	18.4	23.3	27%	184.4	240.5	30%
Total Goods Imports	20.2	27.7	38%	217.6	286.6	32%
SERVICES BALANCE	1.2	2.7	122%	10.9	31.3	187%
Net Tourism Revenues	0.7	1.6	140%	9.0	22.2	146%
TOTAL INCOME BALANCE	-1.0	-1.0	1%	-9.2	-11.0	19%
FINANCIAL ACCOUNT	-2.6	1.8	-168%	-26.3	-9.6	-64%
Direct Investment (- increase)	-0.1	-0.3	247%	-4.0	-6.9	73%
Net acquisition of financial assets	0.5	0.3	-43%	4.0	6.7	67%
Net incurrence of liabilities	0.6	0.6	0%	8.0	13.6	70%
Real estate (Net)	0.5	0.6	31%	4.3	5.7	34%
Portfolio investment (- increase)	1.0	0.6	-41%	1.5	3.3	111%
Net acquisition of financial assets	0.4	0.3	-29%	-0.3	5.7	-1854%
Net incurrence of liabilities	-0.6	-0.3	-48%	-1.9	2.4	-229%
Equity securities	-0.1	0.1	-213%	-3.3	-0.7	-79%
Debt securities	-0.5	-0.5	-8%	1.4	3.1	123%
Government Eurobond (net)	0.0	0.3	0%	0.4	5.6	1188%
Banks Total Debt Securities (net)	-1.0	-0.6	-39%	0.7	-3.8	-663%
Other investment (- increase)	-2.3	-1.7	-26%	-14.2	-27.6	95%
Currency and deposits	-2.3	-2.9	24%	-18.2	-16.7	-8%
Assets	-2.4	-1.4	-39%	2.8	2.7	-1%
Liabilities	-0.1	1.4	-2331%	20.9	19.4	-7%
Loans	0.6	-0.5	-187%	1.4	-3.1	-328%
Banks	-0.4	0.3	-168%	0.5	-4.2	-942%
Long-Term (Net)	-0.7	0.1	-121%	-3.3	-2.0	-40%
Short-Term (Net)	0.3	0.1	-52%	3.7	-2.2	-159%
Other Sectors	0.0	0.2	-1650%	-2.3	7.2	-415%
Long-Term (Net)	-0.1	0.3	-396%	-2.6	7.1	-378%
Short-Term (Net)	0.1	-0.1	-176%	0.3	0.0	-84%
Trade credit and advances	-0.6	1.7	-365%	2.6	-1.4	-154%
IMF SDR	0.0	0.0		0.0	6.3	
Reserve Assets	-1.2	3.2	-372%	-9.6	21.7	-327%
N.E.O.	-1.1	4.5	-522%	5.2	16.2	211%

Source: CBRT, Garanti BBVA Securities

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