



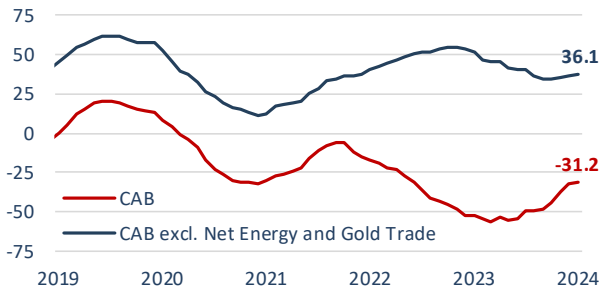
Foreign trade deficit became 7.3 billion USD in March.

According to Turkstat figures, exports decreased by 4.1% yoy to 22.6 billion USD, while imports declined by 6.3% yoy to 29.9 billion USD in March. Thus, foreign trade deficit narrowed by 12.4% yoy to 7.3 billion USD. The import coverage ratio rose from 73.8% in March 2023 to 75.5% in the same month of this year.

Current account deficit was 4.5 billion USD in March.

In March, current account deficit decreased by 13.4% yoy to 4.5 billion USD. The annual decline in current account deficit was mainly driven by the 18.5% contraction in balance of payments-defined foreign trade deficit compared to the same month of last year. However, in the same period, net inflows from services balance declined by 6.5% yoy despite the rise in travel revenues (10%) and limited the improvement in the current account deficit. Net energy imports, which were 4.6 billion USD in March 2023, were realized as 3.8 billion USD in the same month of this year, the lowest level of the last 4 months. On the other hand, net gold imports, which declined continuously between September 2023-February 2024, increased by 20.4% yoy to 1.5 billion USD in March. Thus, the current account deficit became 10.9 billion USD in the first quarter of 2024. According to 12-month cumulative data, current account deficit declined to 31.2 billion USD, the lowest level since July 2022.

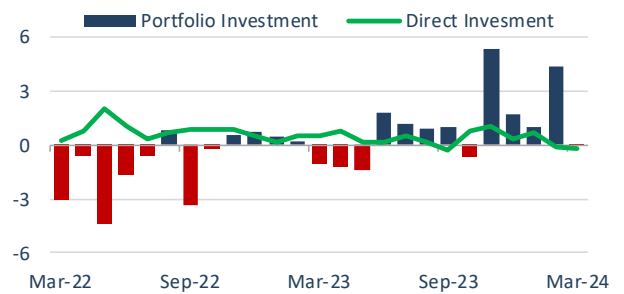
Current Account Balance
(12-month cumulative, USD billion)



Foreign direct investments recorded a net outflow of 224 million USD.

Following the net outflow of 143 million USD in February, foreign direct investments recorded a net capital outflow of 224 million USD in March. In this period, residents' net acquisition of financial assets abroad was 560 million USD, while non-residents' net incurrence of liabilities was 336 million USD, 70% of which was composed of real estate investments. Thus, in the first quarter of the year, net capital inflow in foreign direct investments displayed a weak outlook with 287 million USD.

Net Capital Inflows
(monthly, USD billion)

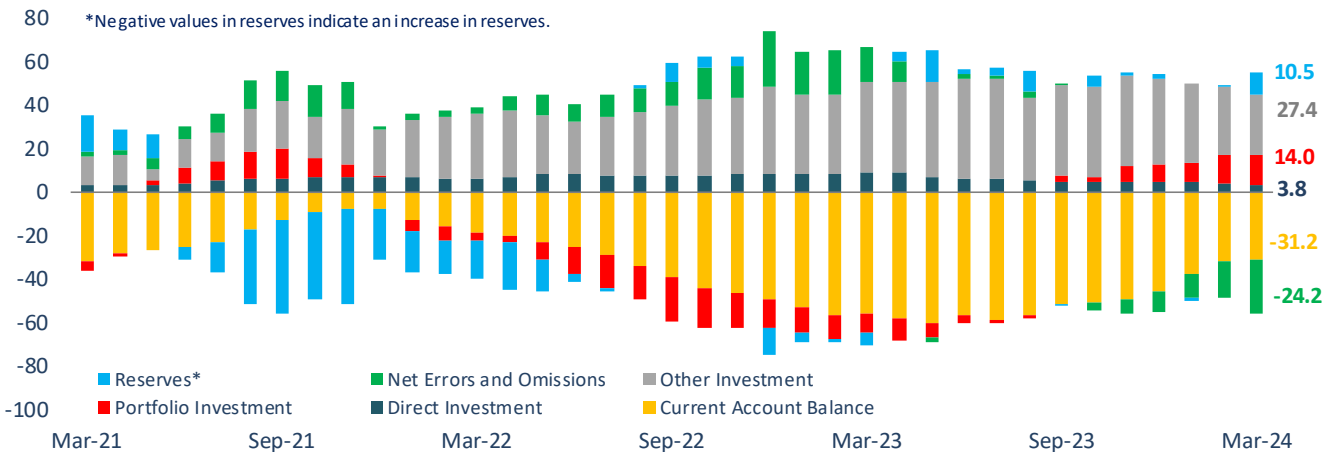


Portfolio investments posted a net outflow of 96 million USD.

In March, portfolio investments suggested the first net capital outflow since October 2023 with 96 million USD. In this period, non-residents made 236 million USD net purchases in the equity market and 361 million USD net sales in the government debt securities market in Türkiye. In March, banks borrowed net 1.9 billion USD through bond issues, while general government and other sectors made net debt payments of 675 million USD and 70 million USD, respectively. In the first quarter of the year, portfolio investments recorded a net capital inflow of 5.3 billion USD.

Net Capital Flows

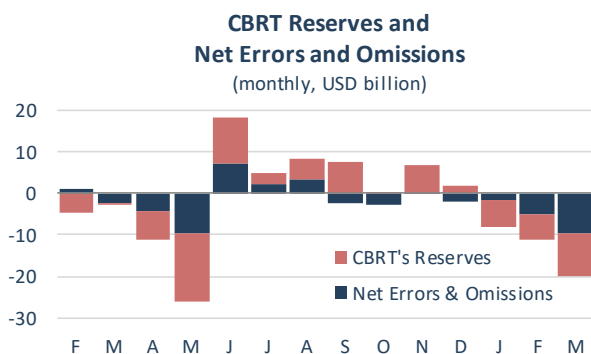
(12-month cumulative, billion USD)



Source: Datastream, Turkstat, CBRT

First capital inflow in other investments since the beginning of the year...

In March, other investments recorded the first capital inflow since December 2023 with 4.2 billion USD. 2 billion USD of this inflow stemmed from currency and deposits, which posted the strongest net capital inflow in the last 5 months. In this period, banking sector, other sectors and general government utilized net credits of 1.1 billion USD, 385 million USD and 27 million USD from abroad, respectively. As of March, 12-month cumulative long-term debt rollover ratio was 122.6% in the banking sector and 96.5% in other sectors.

**Reserve assets decreased by 10.3 billion USD in March.**

The decline in reserve assets which started in January, accelerated in March and continued with 10.3 billion USD. In this period, net errors and omissions item recorded the highest capital outflow since May 2023 with 9.5 billion USD. Thus, in the first quarter of 2024, reserve assets contributed 22.7 billion USD to the financing of the current account deficit. In the same period, capital outflows in net errors and omissions item amounted to 16.1 billion USD.

Expectations...

According to preliminary data released by Ministry of Trade, exports remained flat in April on a yearly basis with an increase of 0.1%, while imports rose by 4.2% yoy in the same period. Thus, foreign trade deficit that contracted for eight months in a row until March, widened by 13.3% yoy in April to almost 10 billion USD; and indicated that the current account deficit may realize relatively high in this period. In the following months, recent monetary tightening steps are expected to support the current account balance outlook by limiting domestic demand and imports; anticipated increase in tourism revenues with the start of summer season would support the current account as well. In a case that data on inflation and economic activity in advanced economies enable monetary easing, possible interest rate cuts by major central banks may support portfolio inflows to Türkiye and contribute to the financing of the current account deficit.

Balance of Payments

	(USD million)				
	Mar. 2024	Jan. - Mar. 2023	2024	% Change	12-month Cumulative
Current Account Balance	-4,544	-24,584	-10,855	-55.8	-31,232
Foreign Trade Balance	-5,193	-29,527	-14,428	-51.1	-71,790
Services Balance	2,241	7,509	7,123	-5.1	52,189
Travel (net)	2,104	5,955	6,197	4.1	41,836
Primary Income	-1,604	-2,572	-3,314	28.8	-11,961
Secondary Income	12	6	-236	-	330
Capital Account	-13	-48	11	-	-146
Financial Account	-14,114	-25,691	-26,961	4.9	-55,563
Direct Investment (net)	224	-1,186	-287	-75.8	-3,763
Portfolio Investment (net)	96	331	-5,277	-	-13,950
Net Acquisition of Financial Assets	1,518	1,406	4,252	202.4	5,833
Net Incurrence of Liabilities	1,422	1,075	9,529	786.4	19,783
Equity Securities	236	-927	286	-	2,600
Debt Securities	1,186	2,002	9,243	361.7	17,183
Other Investment (net)	-4,153	-10,554	1,321	-	-27,387
Currency and Deposits	-2,033	-7,056	1,449	-	-14,882
Net Acquisition of Financial Assets	307	3,659	6,049	65.3	6,662
Net Incurrence of Liabilities	2,340	10,715	4,600	-57.1	21,544
Central Bank	-42	6,376	63	-99.0	7,199
Banks	2,382	4,339	4,537	4.6	14,345
Foreign Banks	1,402	2,675	3,041	13.7	10,558
Foreign Exchange	938	489	1,152	135.6	7,806
Turkish Lira	464	2,186	1,889	-13.6	2,752
Non-residents	980	1,664	1,496	-10.1	3,787
Loans	-1,683	-814	-1,924	136.4	-12,119
Net Acquisition of Financial Assets	-217	-187	182	-	-1,291
Net Incurrence of Liabilities	1,466	627	2,106	235.9	10,828
Banking Sector	1,054	309	2,429	686.1	9,514
Non-bank Sectors	385	562	-229	-	503
Trade Credit and Advances	-432	-2,667	1,805	-	-447
Other Assets and Liabilities	-5	-17	-9	-47.1	61
Reserve Assets (net)	-10,281	-14,282	-22,718	59.1	-10,463
Net Errors and Omissions	-9,557	-1,059	-16,117	1,421.9	-24,185

Source: Datastream, Ministry of Trade, CBRT

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