



Budget Balance - September 2013

Economic Research Division



Central government budget posted a deficit of 4.7 billion TL in September.

According to the data released by the Ministry of Finance, in September budget expenditures increased to 34.8 billion TL due to the sharp rise in the interest expenditures. In the same period, budget revenues increased by 29.8% to 30.1 billion TL. Thus, budget deficit decreased by 19% compared to the same month of the previous year and was realized as 4.7 billion TL.

In the first nine months of 2013, compare to the same period of the previous year budget revenues and expenditures increased by 19% and 14.1%, respectively. During the same period, budget deficit decreased by 68.7% to 4.5 billion TL.

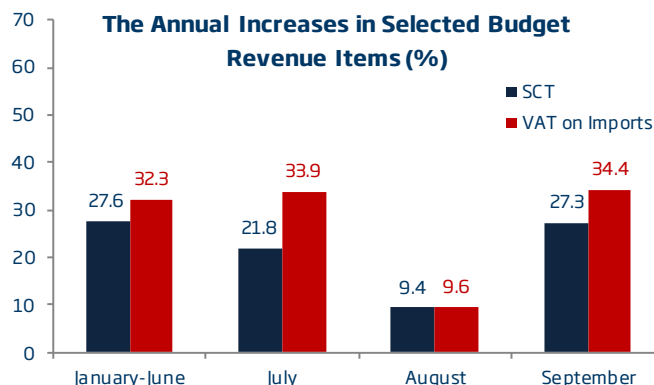
Acceleration in the tax revenues...

Tax revenues, which were weak in August due to the seasonal factors, recorded an increase of 22.5% in September and indicated strong domestic demand conditions. In fact, in this period the Special Consumption Tax made the highest contribution to the increase in tax revenues with an annual increase of 27.3%. Besides, Value Added Tax (VAT) on Imports increased by 34.4% in September compared to the same month of previous year, supporting the strong budget figures. Other revenues, on the other hand, followed a relatively stable course, while the 2.1 billion TL annual increase in Portfolio Revenue of Treasury account was noteworthy.

As of for the first nine months of the year, central budget revenues displayed a strong performance. Hence, the budget revenues rose to 290 billion TL satisfying 78.4% of the year-end budget target.

Interest expenditures...

Interest expenditures increased by 86.6% compared to the same month of the previous year and reached 6.1 billion TL in September. During the same period, non-interest expenditures, on the other hand, increased by 11.6% to 28.7 billion TL. This stemmed from compensations of employees together with the health, retirement and social aid expenditures which are monitored under current



transfers.

Analyzing the 9 month cumulative figures, it was seen that annual increases in non-interest and interest expenditures were realized as 14.7% and 10.9%, respectively. Recent figures indicated that the budget expenditures performed better than the year-end targets. In fact, budget expenditures reached 294.5 billion TL or 72.9% of the year-end budget target.

Expectations...

The performance of the central government budget in the first nine months of the year indicated that the year-end budget targets of 2013 are well achievable. Besides, the downward revisions in budget deficit/GDP forecasts for the following years in Medium Term Program announced in October also showed that budget discipline in the next years would be maintained despite the local and general elections.

Budget Deficit/GDP Estimations (%)

	Budget Deficit/GDP Estimations (%)	
	Prev. MTP	New MTP
2013	2.2	1.2
2014	2.0	1.9
2015	1.8	1.6
2016	-	1.1

Central Government Budget

	September			January-September			Budget Target	Real./ Target (%)	MTP Real. Estimates
	2012	2013	% Change	2012	2013	% Change			
Expenditures	29.0	34.8	20.0	258.0	294.5	14.1	404.0	72.9	406.6
Interest Expenditures	3.3	6.1	86.6	39.5	43.8	10.9	53.0	82.7	50.5
Non-interest Expenditures	25.8	28.7	11.6	218.5	250.7	14.7	351.0	71.4	356.1
Revenues	23.2	30.1	29.8	243.7	290.0	19.0	370.1	78.4	387.2
Tax Revenues	19.8	24.2	22.5	201.9	240.3	19.0	317.9	75.6	325.1
Other Revenues	3.4	5.9	71.4	41.8	49.8	19.2	52.1	95.5	62.0
Budget Balance	-5.8	-4.7	-19.0	-14.4	-4.5	-68.7	-34.0	13.2	-19.4
Primary Balance	-2.6	1.4	-	25.2	39.3	56.2	19.0	206.5	31.1

Numbers may not add up to total due to rounding

Source: Ministry of Finance

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