



Budget Balance - April 2015

Economic Research Division

TÜRKİYE İŞ BANKASI

In April, budget posted a surplus of 1.4 billion TRY.

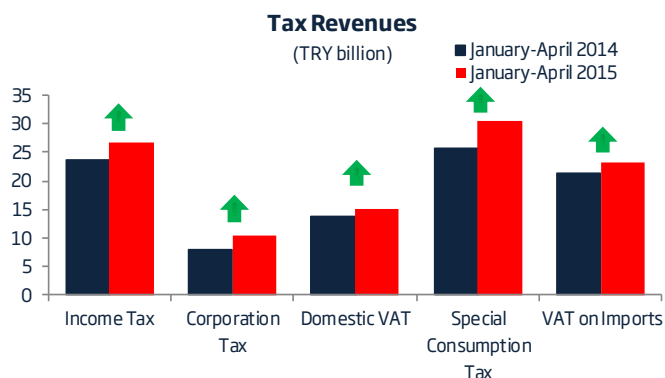
According to data announced by the Ministry of Finance, budget expenditures increased by 13.1% compared to the same period of the previous year while the rise in budget revenues was realized as 26.1% yoy. Hence, central government budget, having posted a deficit of 2.7 billion TRY in April 2014, registered a surplus of 1.4 billion TRY in same month of 2015.

In the first 4 months of the year, on the other hand, budget deficit decreased slightly and was realized as 4.1 billion TRY. Furthermore, the primary surplus displayed a strong performance and increased by 48.2% yoy to 20.1 billion TRY, reaching 60.9% of the year-end target.

The annual rise in tax revenues gained momentum.

In April, the favorable outlook in budget balance was mainly driven by the the increase in the tax revenues. In this period, 40.6% surge in VAT on imports made the highest contribution to the rise in revenues. The strong performance in tax revenues also confirmed the recent improvement in leading indicators regarding the economic activity. Besides, in April "Property Income", which includes the revenues from SEE's and public banks surged by 61.4% yoy.

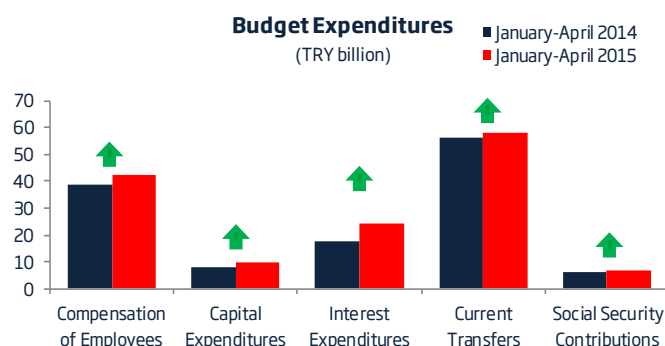
The trend in budget revenues has been compatible with the year-end targets in the first four months of the year. During this period, tax revenues and other revenues increased by 15.5% yoy and 2.0% yoy, respectively.



58.6% rise in interest expenditures

The annual rise of 58.6% registered in interest expenditures limited the improvement in budget indicators in April. Together with the low base year effect, the upward movement in domestic yields since the beginning of 2014 and the high level of debt repayment made by the Treasury were influential in this development. In the same period, non-interest expenditures increased by 7.8%. The decline in treasury aids and lending to SEE's played a significant role in this limited rise of non-interest expenditures.

Year-to date figures revealed that non-interest expenditures rose by 9.0% yoy while interest expenditures surged by 35.8% yoy. Analyzing the sub-items of budget expenditures, it is seen that figures were in line with year-end targets.



Expectations

Parallel to the upturn in economic activity, the positive outlook in tax revenues is expected to persist in the coming period. Against this backdrop, we anticipate that there would be no problem in reaching year-end budget targets in 2015.

Central Government Budget

	(TRY billion)							
	April			January-April			2015 Budget	Real/
	2014	2015	% Change	2014	2015	% Change	Target	Target (%)
Expenditures	36.8	41.6	13.1	142.6	160.2	12.3	472.9	33.9
Interest Expenditures	3.8	6.1	58.6	17.8	24.2	35.8	54.0	44.8
Non-Interest Expenditures	33.0	35.5	7.8	124.8	136.0	9.0	418.9	32.5
Revenues	34.1	43.0	26.1	138.4	156.2	12.9	452.0	34.5
Tax Revenues	25.9	31.9	23.4	111.0	128.2	15.5	389.5	32.9
Other Revenues	8.2	11.1	34.7	27.4	28.0	2.0	62.5	44.7
Budget Balance	-2.7	1.4	-	-4.2	-4.1	-4.2	-21.0	19.4
Primary Balance	1.1	7.5	567.3	13.6	20.1	48.2	33.0	60.9

Numbers may not add up to total value due to rounding.

Source: Ministry of Finance, Datastream



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