



Balance of Payments–April 2016

Economic Research Division

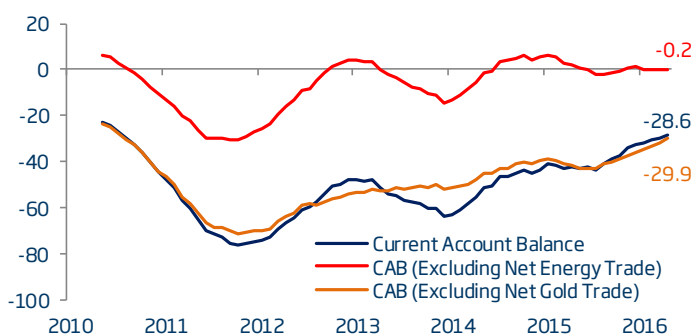


Current account deficit came in below expectations.

In April, current account deficit decreased by 900 million USD yoy to 2,956 million USD. In the first four months of the year, having contracted by 25.1% yoy, the deficit came in at 10.8 billion USD. Despite the recent loss of momentum, narrowing foreign trade deficit continued to have positive impact on current account balance.

According to the 12-month cumulative figures, current account deficit declined to 28.6 billion USD. In this period current account balance excluding net energy trade and excluding gold trade posted a deficit of 0.2 billion USD and 29.9 billion USD, respectively.

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



Fall in foreign trade deficit slowed down.

According to the balance of payments figures, exports, which recorded only marginal annual growth in both February and March, declined by 10.0% in April. Import volume also decreased by 11.6% yoy in the same period. Thus, 71.4% of fall registered in current account deficit stemmed from the recovery in foreign trade balance. On the other hand, gold trade, which made a big contribution to the current account balance by 1.2 billion USD in April 2015, affected the balance negatively in the same month of this year. Furthermore, annual drop in net tourism revenues remained above 30%.

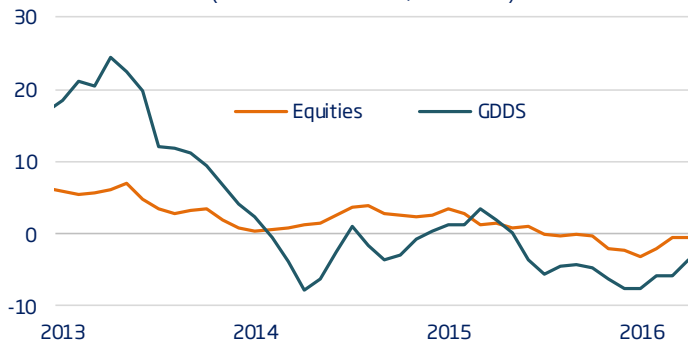
Regarding the first four months of the year, the contraction

in foreign trade deficit supported the current account balance while gold trade and tourism revenues limited this improvement.

Portfolio investments accelerated.

Portfolio flows gained strength in April thanks to the positive mood in global markets. In this period, capital inflows towards Turkey surged. After registering a total of 3.7 billion USD inflows in February and March, portfolio inflows recorded an inflow of 3.6 billion USD in April. The non-resident investors' appetite for the equity markets continued, albeit diminishing, and their appetite for the debt securities remained strong. According to the 12-month cumulative figures, on the other hand, capital outflows were recorded under both items.

Non-resident Investors' Portfolio Investment
(12-month cumulative, billion USD)



Ongoing weakness in foreign direct investments...

Foreign direct investments kept their sluggish performance starting from the beginning of 2016. During January-April period, net foreign direct investments halved compared to the same period of the previous year.

Non-bank sectors became a net borrower.

Other investments posted an inflow of 0.8 billion USD in April. Banking sector realized a net disbursement of 372 million USD in this month, most of this amount stemmed from repayment of long-term credits. Non-bank sectors, on the other hand, were net borrowers both in short-term and

Breakdown of Net Capital Inflows

(12-month cumulative, USD million)

			Breakdown of Net Capital Inflows (%)	
	Dec. 2015	Apr. 2016	Dec. 2015	Apr. 2016
Current Account Balance	-32,199	-28,580	-	-
Total Net Foreign Capital Inflows	20,368	20,999	100.0	100.0
-Direct Investments	11,731	9,715	57.6	46.3
-Portfolio Investments	-15,498	-8,647	-	-
-Other Investments	14,755	17,678	72.4	84.2
-Net Errors and Omissions	9,401	2,258	46.2	10.8
-Other	-21	-5	-0.1	0.0
Reserves⁽¹⁾	11,831	7,581	-	-

Note: The numbers may not add up to total due to rounding.

(1) (-) sign indicates an increase in reserves while (+) sign indicates a decrease.

Source: CBRT, Datastream.

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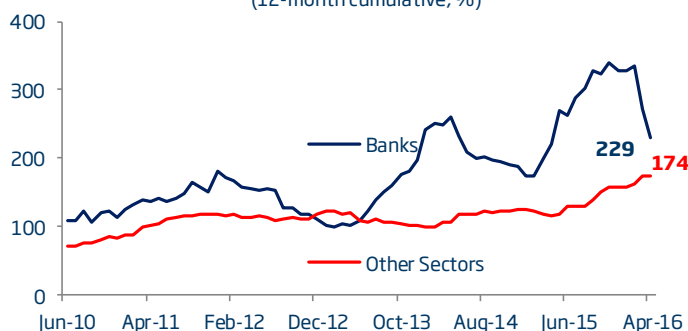
long-term. According to 12-month cumulative figures, banking sectors' long-term debt rollover ratio came in at 229%, despite displaying a declining trend. The ratio for non-bank sectors kept its moderate upward trend and became 174%.

The upsurge in reserves has prevailed in April. Net errors and omissions item posted an outflow of 1.4 billion USD in the same period. The rise in reserves exceeded 2.5 billion USD in the first four months of the year while net errors and omissions item recorded an inflow of 0.9 billion USD in the same period.

Expectations...

Foreign trade developments have been the main driving force behind the favorable performance of the current account balance. On the other hand, as the summer season approaches, the contraction in tourism revenues is anticipated to exert additional pressure on the current account balance.

Long-term Debt Rollover Ratios
(12-month cumulative, %)



Balance of Payments

	April 2016	Jan. - Apr. 2015	Jan. - Apr. 2016	% Change	12-Month Cumulative
Current Account Balance	-2,956	-14,397	-10,778	-25.1	-28,580
Foreign Trade Balance	-2,929	-15,032	-11,168	-25.7	-44,261
Services Balance	847	4,225	2,633	-37.7	22,527
Travel (net)	748	3,976	2,665	-33.0	19,937
Primary Income	-1,185	-4,005	-3,078	-23.1	-8,588
Secondary Income	311	415	835	101.2	1,742
Capital Account	0	-1	15	-	-5
Financial Account	-4,317	-6,334	-9,842	55.4	-26,327
Direct Investments (net)	-299	-3,724	-1,708	-54.1	-9,715
Portfolio Investments (net)	-3,628	657	-6,194	-	8,647
Net Acquisition of Financial Assets	-278	1,113	463	-58.4	5,479
Net Incurrence of Liabilities	3,350	456	6,657	1,359.9	-3,168
Equity Securities	495	-142	1,677	-	-576
Debt Securities	2,855	598	4,980	732.8	-2,592
Other Investments (net)	-807	-1,541	-4,464	189.7	-17,678
Currency and Deposits	426	-1,482	-2,033	37.2	1,526
Net Acquisition of Financial Assets	259	6,884	3,211	-53.4	11,291
Net Incurrence of Liabilities	-167	8,366	5,244	-37.3	9,765
Central Bank	-37	-162	-103	-36.4	-857
Banks	-130	8,528	5,347	-37.3	10,622
Foreign Banks	-211	7,930	4,782	-39.7	6,794
Foreign Exchange	-156	6,813	947	-86.1	-1,158
Turkish Lira	-55	1,117	3,835	243.3	7,952
Non-residents	81	598	565	-5.5	3,828
Loans	-199	-1,940	-1,840	-5.2	-13,525
Net Acquisition of Financial Assets	120	264	675	155.7	1,203
Net Incurrence of Liabilities	319	2,204	2,515	14.1	14,728
Banking Sector	-372	1,767	-1,521	-	1,653
Non-bank Sectors	853	893	4,794	436.8	14,593
Trade Credit and Advances	-1,029	1,962	-682	-	-5,589
Other Assets and Liabilities	-5	-81	91	-	-90
Reserve Assets (net)	417	-1,726	2,524	-	-7,581
Net Errors and Omissions	-1,361	8,064	921	-88.6	2,258

The figures used in the table are according to the Sixth Edition of the Balance of Payments Manual. You can find the details [here](#).

Source: CBRT, Datastream

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