



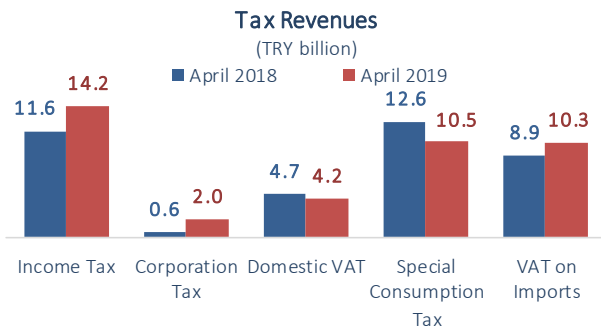
Budget deficit was realized as 18.3 billion TRY in April.

Central government budget deficit surged up by 15.6 billion TRY to 18.3 billion TRY in April. In this period, budget revenues declined by 10.7% yoy to 57.7 billion TRY while budget expenditures increased by 12.8% and reached 76 billion TRY. Primary budget balance, which gave a surplus of 356 million TRY in April 2018, posted a deficit of 13.2 billion TRY in the same month of this year.

Central government budget deficit, which was 23.2 billion TRY in January-April 2018, was realized as 54.5 billion TRY in the same period of this year. Primary budget deficit became 16 billion TRY.

Portfolio revenues of Treasury was influential on budget revenues.

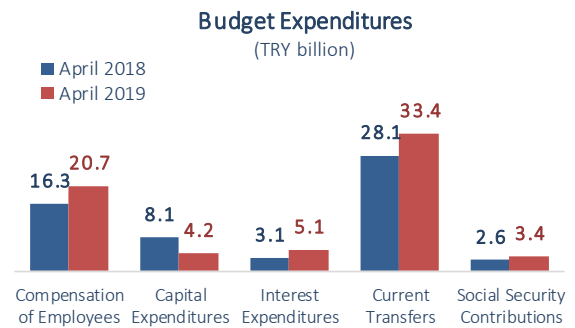
Annual decline in budget revenues in April stemmed from the fall in portfolio revenues of Treasury which was driven by transfer of the CBRT's profit to the budget in advance. Having displayed a negative outlook in the first quarter of 2019, tax revenues increased by 8.3% yoy in April. During this period, income and corporation taxes made the highest contribution to the rise in tax revenues. On the other hand, domestic VAT and SCT decreased by 10.4% and 16.1% on annual basis.



In the January-April period, non-tax revenues stood out in the rise in budget revenues. While the 203% annual rise in portfolio revenues of Treasury increased budget revenues during this period, the weak course in tax revenues limited the rise in total incomes.

Budget expenditures...

Due to the increase in health, retirement and social aid expenditures in April, current transfers made the largest contribution to the rise in budget expenditures. Higher borrowing costs led interest expenditures increase by 63.6% yoy. On the other hand, the decrease in capital expenditures and capital transfers limited the rise in budget expenditures in this period.



In January-April period, expansion in current transfers and compensation of employees came to the forefront in the rise in budget expenditures.

Expectations...

In January-April period, budget performance deteriorated distinctly due to weak course of budget revenues compared to the same period of last year. In the upcoming period, considering the pressure of borrowing costs on budget, we think that the course of expenditures and the effects of the income-generating measures would be decisive in budget performance.

Central Government Budget

	April			January-April			(billion TRY)	
	2018	2019	% Change	2018	2019	% Change	2019 Budget Target	Real./Target (%)
Expenditures	67.4	76.0	12.8	255.2	330.4	29.5	961.0	34.4
Interest Expenditures	3.1	5.1	63.6	25.4	38.4	51.5	117.3	32.8
Non-Interest Expenditures	64.3	70.9	10.3	229.8	292.0	27.0	843.7	34.6
Revenues	64.6	57.7	-10.7	232.0	276.0	18.9	880.4	31.3
Tax Revenues	45.0	48.8	8.3	190.9	203.0	6.4	756.5	26.8
Other Revenues	19.6	8.9	-54.5	41.2	72.9	77.0	123.9	58.9
Budget Balance	-2.8	-18.3	565.7	-23.2	-54.5	135.1	-80.6	67.6
Primary Balance	0.4	-13.2	-	2.2	-16.0	-	36.7	-

Source: Datastream , Ministry of Treasury and Finance

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