



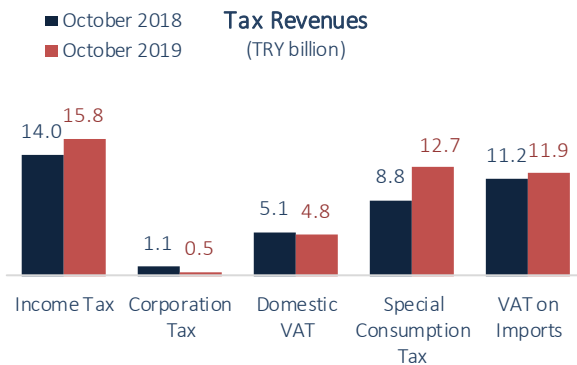
### Budget posted a deficit of 14.9 billion TRY in October.

Central government budget deficit expanded by 177% yoy and was realized as 14.9 billion TRY in October. Primary budget balance also posted a deficit of 8.1 billion TRY by increasing %597. In this period, budget revenues increased by 5.2%, while budget expenditures surged up by 18.9%.

Central government budget deficit was realized as 100.7 billion TRY in the first ten months of the year by expanding 62% yoy. Primary budget balance, which gave a surplus of 2.5 billion TRY in the first ten months of the last year, posted a deficit of 12.4 billion TRY in the same period of this year.

### Tax revenues increased by 12.5%.

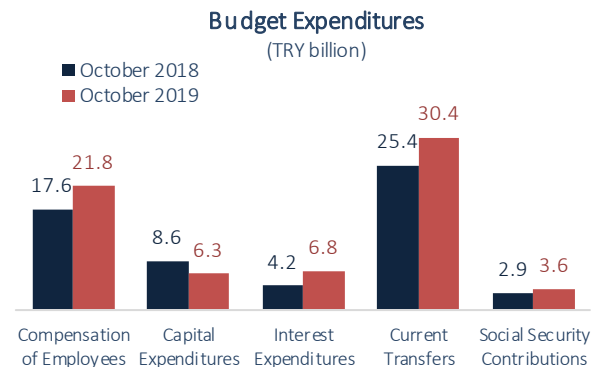
Tax revenues, which have been following a weak course since last year, rose by 12.5% yoy in October. Thus, tax revenues increased in real terms annually for the first time since September 2018. Rise in the SCT revenues on sale of motor vehicles thanks to the rapid increase in automotive sales and the increase in SCT on petroleum and natural gas products were main drivers of this development. In October, SCT on motor vehicles expanded by 176%, while SCT on petroleum and natural gas products increased by 88.3%. On the other hand, the decrease in domestic VAT in this period compared to the same month of the previous year was remarkable.



The contribution of the interest, share and fines item on budget expenditures, which had played an important role in the budget performance last year, has decreased significantly this year. In this period, the annual decrease of 5.6 billion TRY especially in other miscellaneous revenue items drew attention.

### Budget expenditures...

In October, 101% annual increase in defence and security spending came to the fore. The increase in current transfers by 19.8% due to the increase in health, retirement and social aid expenditures, was also noteworthy in October. On the other hand, capital expenditures, capital transfers and lending transactions limited the increase in budget expenditures in October.



### Expectations...

Deterioration in budget figures continued in October. In addition, budget deficit, which has exceeded 100 billion TRY in the first 10 months of the year, is in line with the New Economy Program target in general. In the last two months of the year, we think that the decline in borrowing costs and the expected recovery in economic activity might support budget performance.

### Central Government Budget

	October			January-October			2019 Budget		Real./ Target (%)
	2018	2019	% Change	2018	2019	% Change	Target		
<b>Expenditures</b>	<b>67.5</b>	<b>80.3</b>	<b>18.9</b>	<b>671.1</b>	<b>819.9</b>	<b>22.2</b>	<b>961.0</b>	<b>85.3</b>	
Interest Expenditures	4.2	6.8	61.5	64.6	88.3	36.6	117.3	75.3	
Non-Interest Expenditures	63.3	73.5	16.0	606.4	731.6	20.6	843.7	86.7	
<b>Revenues</b>	<b>62.1</b>	<b>65.4</b>	<b>5.2</b>	<b>609.0</b>	<b>719.2</b>	<b>18.1</b>	<b>880.4</b>	<b>81.7</b>	
Tax Revenues	48.5	54.6	12.5	507.9	539.9	6.3	756.5	71.4	
Other Revenues	13.6	10.8	-20.8	101.1	179.3	77.4	123.9	144.8	
<b>Budget Balance</b>	<b>-5.4</b>	<b>-14.9</b>	<b>176.7</b>	<b>-62.1</b>	<b>-100.7</b>	<b>62.2</b>	<b>-80.6</b>	<b>124.9</b>	
<b>Primary Balance</b>	<b>-1.2</b>	<b>-8.1</b>	<b>596.9</b>	<b>2.5</b>	<b>-12.4</b>	<b>-</b>	<b>36.7</b>	<b>-</b>	

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

Source: Datastream , Ministry of Treasury and Finance

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