

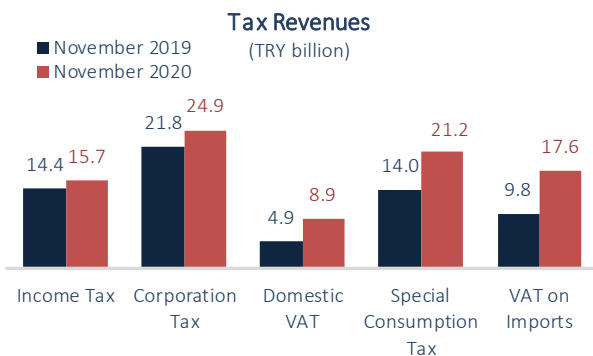
The central government budget posted a surplus of 13.4 billion TRY in November.

The central government budget, which gave a deficit of 4.9 billion TRY in October, posted a surplus of 13.4 billion TRY in November. The budget had a surplus of 7.8 billion TRY in November 2019. The primary balance rose by 50.4% yoy posting a surplus of 22.9 billion TRY in November 2020.

In November, budget revenues increased by 31.8% yoy to 109.7 billion TRY, while budget expenditures grew by 27.5% to 96.3 billion TRY. In January-November period, annual increases in budget revenues and budget expenditures were realized as 16.1% and 18.8%, respectively. In this period, the budget deficit expanded by 42.1% on an annual basis to 132.1 billion TRY. The primary balance, which gave a surplus of 2.8 billion TRY in January-November 2019, posted a deficit of 3 billion TRY in the same period of this year.

Tax revenues increased by 35.3% yoy in November.

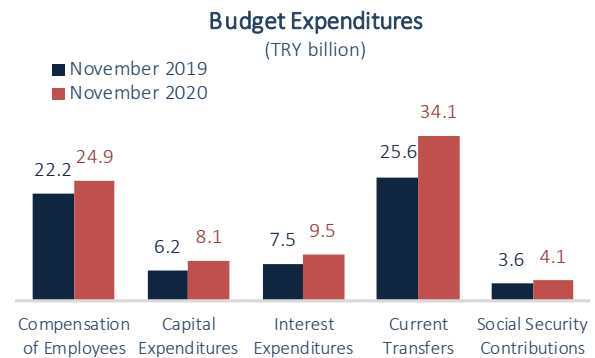
Tax revenues, which were 73.4 billion TRY in November 2019, rose by 35.3% yoy and reached 99.3 billion TRY in November 2020. Positive outlook in domestic demand was behind the rise in tax revenues. Special consumption tax (SCT) revenues increased by 51.3% yoy to 21.2 billion TRY in November 2020. SCT from motor vehicles item, that has a prominent share in SCT revenues, increased by 3.5 times compared to last year and was realized as 6.6 billion TRY, while SCT from petroleum and natural gas products rose by 15.3% yoy. With the impact of the rapid annual rise in imports as well as the increase in foreign exchange rates,



the value added tax (VAT) on imports went up by 80.4% yoy to 7.9 billion TRY in November 2020. The 81.6% increase in domestic VAT revenues also supported tax revenues.

Interest expenditures rose by 27.2% yoy in November.

The 8.5 billion TRY rise in the current transfers which stemmed from Treasury supports aiming to limit the effects of the pandemic on the economic activity drove the rise in budget expenditures in November. In this period, the annual increase of 52.3% in the purchase of goods and services item had also an upward pressure on expenditures. Real estate capital and production expenditures was another item that recorded a high annual rise in November. Interest expenditures went up by 27.2% yoy and reached 9.5 billion TRY in November 2020. Domestic and foreign debt interest expenditures accounted for 53% and 29% of this amount, respectively.



Expectations...

The budget, which deteriorated during the majority of the year because of the measures taken against the coronavirus outbreak and had a moderate outlook in October, displayed a positive performance in November thanks to the strong rise in tax revenues. In December, a new support package worth of 5 billion TRY was announced while the period for tax deductions was extended until 1 June. Taken the recently tightened restrictive measures against the pandemic and the new supportive measures into account, the budget performance is expected to continue to remain under the impact of the pandemic for a while longer.

Central Government Budget

	November		%	January-November		%	2020 Budget	NEP	Real./ NEP
	2019	2020	Change	2019	2020	Change	Target	Target	Target (%)
Expenditures	75.5	96.3	27.5	895.4	1,064.0	18.8	1,095.5	1,212.3	87.8
Interest Expenditures	7.5	9.5	27.2	95.8	129.1	34.8	138.9	137.4	93.9
Non-Interest Expenditures	68.0	86.8	27.6	799.6	934.9	16.9	956.5	1,074.9	87.0
Revenues	83.3	109.7	31.8	802.5	931.9	16.1	956.6	973.1	95.8
Tax Revenues	73.4	99.2	35.3	613.2	754.6	23.0	784.6	790.7	95.4
Other Revenues	9.9	10.5	5.8	189.2	177.3	-6.3	172.0	182.4	97.2
Budget Balance	7.8	13.4	72.7	-92.9	-132.1	42.1	-138.9	-239.2	55.2
Primary Balance	15.2	22.9	50.4	2.8	-3.0	-	0.1	-101.8	2.9

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

Source: Datastream , Ministry of Treasury and Finance

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