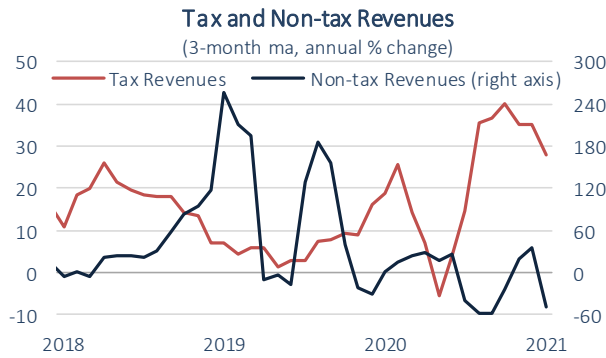




The central government budget gave a deficit of 24.2 billion TRY in January.

In January 2021, budget revenues decreased by 26.7% yoy to 89.6 billion TRY, while budget expenditures expanded by 13% to 113.8 billion TRY. Thus budget balance, which posted a surplus of 21.5 billion TRY in January 2020, gave a deficit of 24.2 billion TRY in the same period of 2021. The primary balance, which posted a surplus of 34.2 billion TRY in January 2020, gave a deficit of 2.2 billion TRY in the same period of 2021.

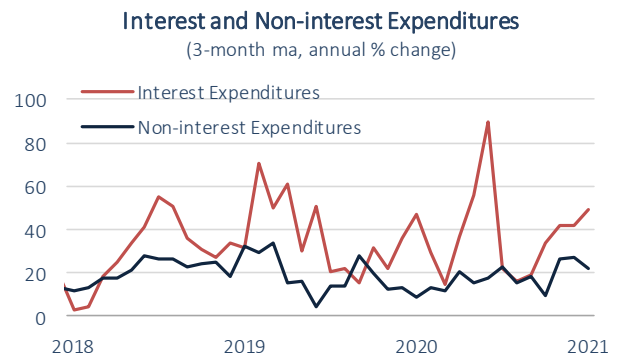


Sharp decline in enterprise and ownership revenues...

Enterprise and ownership revenues, which were 42.5 billion TRY due to the transfer of the CBRT profit to the budget in January 2020, decreased to 1.6 billion TRY in the same period of 2021 and this development was decisive in the decline of budget revenues. In January, tax revenues increased by 17.5% yoy and reached 79.2 billion TRY. Special Consumption Tax (SCT) received from motor vehicles rose by 285% yoy in the first month of the year thanks to the 60% annual increase in the automotive sales in January, as well as the increase in SCT rate on motor vehicles in 2020, and positively affected the budget revenues. In the first month of the year due to the annual rise in exchange rates value-added tax (VAT) revenues on imports went up by 43.1% compared to the same month of 2020. The 35.6% increase in domestic VAT revenues also supported the budget balance.

Interest expenditures rose by 72.2% yoy in January.

In January, interest expenditures and non-interest expenditures increased by 72.2% and 4.4% yoy, respectively. In this period, domestic debt interest payments nearly doubled annually and reached 19.7 billion TRY, while foreign debt interest payments declined by 38.8% to 1.5 billion TRY. Steps taken against the pandemic have risen the treasury aids item of current transfers and thus, the current transfers stood out in the increase of non-interest expenditures. On the other hand, 71.8% annual decrease in real property capital and production expenses limited the deterioration in the budget outlook.



Expectations...

The limiting effects of the measures taken against pandemic on budget indicators continued in the first month of 2021. The ongoing measures against the pandemic and the prolonged tax delays until the middle of the year indicate that the budget outlook may remain under pressure throughout the first half of the year.

Central Government Budget

(billion TRY)

	January		%	2021 Budget	Real./ Budget
	2020	2021	Change	Target	Target (%)
Expenditures	100.7	113.8	13.0	1,346.1	8.5
Interest Expenditures	12.7	21.9	72.2	179.5	12.2
Non-Interest Expenditures	87.9	91.8	4.4	1,166.6	7.9
Revenues	122.2	89.6	-26.7	1,101.1	8.1
Tax Revenues	67.4	79.2	17.5	922.7	8.6
Other Revenues	54.8	10.4	-81.0	178.4	5.8
Budget Balance	21.5	-24.2	-	-245.0	9.9
Primary Balance	34.2	-2.2	-	-65.5	3.4

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

Source: Datastream , Ministry of Treasury and Finance

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