



Central government budget posted a deficit of 16.9 billion TRY.

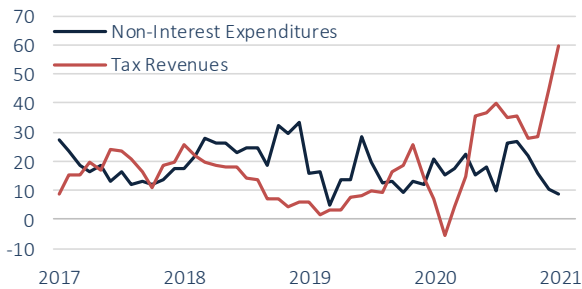
The central government budget balance, which gave a surplus of 23.8 billion TRY in March, posted a deficit of 16.9 billion TRY in April. In this period, budget revenues rose by 43.8% yoy, while budget expenditures recorded a limited increase of 2.1%. In April 2020, when the impact of the pandemic was heavily felt, the central government budget deficit had become 43.2 billion TRY. The primary balance, which gave a deficit of 26.2 billion TRY in April 2020, gave a surplus of 1.7 billion TRY in the same period of this year.

As of the first four months of 2021, budget revenues and expenditures increased by 36.4% and 9.7%, respectively. During this period, budget surplus became 5.9 billion TRY and primary surplus reached 73.4 billion TRY.

Tax revenues increased by 55.4% yoy in April.

Tax revenues rose by 55.4% yoy to 76.3 billion TRY in April. In this period, the increases in value added tax (VAT) revenues on imports and income tax revenues stood out. Along with the depreciation of TRY, VAT revenues on imports increased by 11.4 billion TRY on an annual basis and became 19 billion TRY in April. Special consumption tax (SCT) revenues also surged by 25.4% yoy, making a significant contribution to the rise in budget revenues. In this period, SCT revenues from motor vehicles, which constitute 30% of total SCT revenues, rose by 275% yoy. Corporate tax revenues remained strong in April as well, increasing by more than 200% yoy. Thus, total tax revenues collected in the first four months of the year reached 36% of the target level for this year.

Non-interest Expenditures and Tax Revenues
(3-month ma, annual % change)



Non-tax revenues increased by 8.4% to 17.5 billion TRY in April, while it increased by 11.2% in the January-April period compared to the same period of the previous year and became 106.5 billion TRY.

Current transfers declined in April.

In April, capital expenditures and the compensation of employees had pushed up the budget expenditures. In this period, capital expenditures rose by 128% yoy due largely to the rapid increase in immovable capital produce expenses, while compensation of employees rose by 19.2% yoy.

Current transfers item decreased in April both on a monthly and an annual basis. Current transfers decreased by 49.1% compared to the same period of the previous year due to the decrease in health, retirement and social aid expenditures. On the other hand, agricultural subsidies and transfers to households, two of the other sub-items of current transfers, increased yoy reaching a total amount of 4.3 billion TRY.

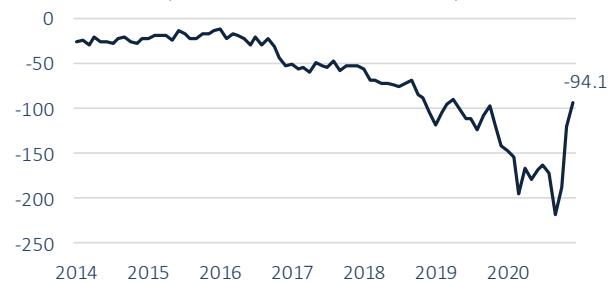
In April, the annual increase in interest expenditures was 9%. In this period, interest payments on domestic debt decreased on an annual basis, while interest payments on external debt increased by 46.1% yoy.

Expectations ...

The budget balance, which posted a deficit in April, has maintained a relatively benign outlook for the first four months of the year. According to 12-month cumulative data, the budget deficit fell to 94.1 billion TRY in April, the lowest level since August 2019. The central government budget deficit target for the end of 2021 stands at 245 billion TRY. In addition to the downward pressure on economic activity by the recent restrictive measures against the pandemic, we believe that the course of the pandemic together with the domestic demand conditions will continue to be the main determinant of the budget outlook also during the rest of the year.

Budget Balance

(12-month cumulative, billion TRY)



Central Government Budget

(billion TRY)

	April		%	January-April		%	2021 Budget Act./Budget Target	
	2020	2021		Change	2020		2021	Change
Expenditures	108.4	110.7	2.1	393.8	432.0	9.7	1,346.1	32.1
Interest Expenditures	17.0	18.6	9.0	55.3	67.5	22.1	179.5	37.6
Non-Interest Expenditures	91.4	92.1	0.8	338.5	364.5	7.7	1,166.6	31.2
Revenues	65.2	93.8	43.8	321.0	437.9	36.4	1,101.1	39.8
Tax Revenues	49.1	76.3	55.4	225.2	331.4	47.2	922.7	35.9
Other Revenues	16.1	17.5	8.4	95.8	106.5	11.2	178.4	59.7
Budget Balance	-43.2	-16.9	-60.8	-72.8	5.9	-	-245.0	-
Primary Balance	-26.2	1.7	-	-17.5	73.4	-	-65.5	-

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

Source: Datastream , Ministry of Treasury and Finance

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