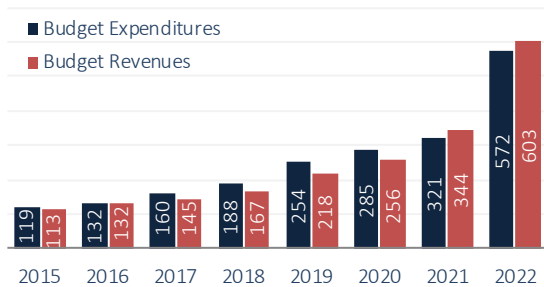




Central government budget posted a deficit of 69 billion TRY in March.

According to the data announced by the Ministry of Treasury and Finance, central government budget posted a deficit of 69 billion TRY in March. In this period, the budget outlook was deteriorated by 102.3% annual rise in budget expenditures. In March, budget revenues increased slightly by 15.6%. Due to the positive performance recorded in the first two months of the year, the budget posted a surplus of 30.8 billion TRY in the first quarter of 2022. In this period, the primary balance was 115.6 billion TRY.

Budget Figures
(January-March, TRY billion)



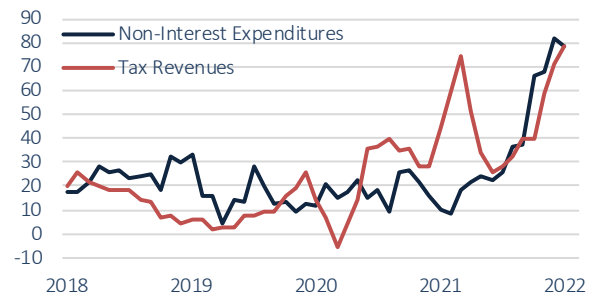
Slowdown in revenue growth in March...

Because CBRT's operating income were transferred to the budget in February instead of March this year, the budget revenues, which had increased rapidly in the first two months of the year, lost momentum in March. Hence, treasury portfolio and subsidiary revenues decreased by 30.8 billion TRY on an annual basis in March, limiting the expansion in budget revenues by 22.8 pts. Tax revenues, on the other hand, increased by 64.5%, pointing rise in revenues in real terms in this period. In March, expansion in foreign trade volume supported tax revenues, while SCT revenues contributed 5.1 pts to the rise in budget revenues, backed by the rise in tax revenues on fuel, petroleum and durable consumption goods.

In the first quarter of the year, budget revenues expanded by 75.1% compared to the same period of 2021, reaching

41% of budget revenue target for end of 2022. In this period, VAT on imports and corporate tax revenues came to the fore, supported by the increase in import volume as well as the increase in exchange rates.

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



Transfers to public enterprises continue.

In March, interest expenditures increased by 89% while non-interest expenditures by 104% yoy. In this period, the rapid increase in budget expenditures continued due to transfers to public enterprises. A total of 39.5 billion TRY of resource transfer to BOTAŞ pushed the annual expansion in budget expenditures by 35.5 pts. Besides, expenditures for the FX-protection of deposit and participation accounts were amounted to 11.7 billion TRY.

In the first quarter of the year, transfers to public enterprises, especially to BOTAŞ, played an important role in the increase in budget expenditures. In this period, 57.5 billion TRY of the 66.3 billion TRY resource transfer was made to PE's was made to BOTAŞ.

Expectations...

Transfers from the central government budget to PE's exceeded the year-end budget target in the first quarter of 2022 due to the increase in natural gas prices in global markets. Tax cuts made in some product groups to limit the inflation also negatively affect the expectations regarding budget revenues.

Central Government Budget

	March		%	January-March		%	2022 Budget	
	2021	2022		2021	2022		Target	Real./ Budget Target (%)
Expenditures	111.2	224.9	102.3	321.3	571.7	77.9	1,751.0	32.7
Interest Expenditures	14.2	26.9	89.3	48.9	84.8	73.4	240.4	35.3
Non-Interest Expenditures	96.9	198.0	104.3	272.4	486.9	78.7	1,510.6	32.2
Revenues	134.9	156.0	15.6	344.1	602.5	75.1	1,472.6	40.9
Tax Revenues	77.4	127.4	64.5	255.1	455.2	78.4	1,258.3	36.2
Other Revenues	57.5	28.6	-50.3	89.0	147.4	65.5	214.3	68.8
Budget Balance	23.8	-69.0	-	22.8	30.8	35.2	-278.4	-
Primary Balance	38.0	-42.0	-	71.7	115.6	61.3	-38.0	-

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

Source: Datastream, Ministry of Treasury and Finance

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