

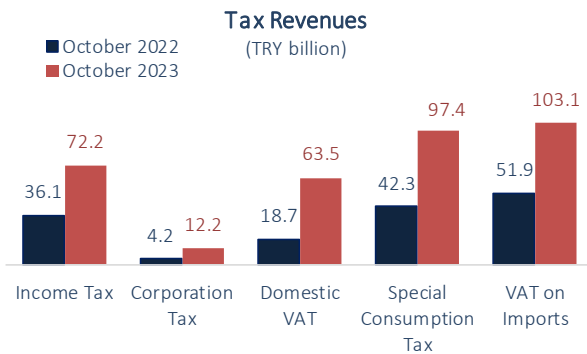


### Central government budget gave a deficit of 95.5 billion TRY in October.

Central government budget deficit was realized as 95.5 billion TRY in October. In this period, budget revenues increased by 111.3% yoy to 473.8 billion TRY, while budget expenditures rose by 85.2% yoy to 569.2 billion TRY. In October, primary budget balance posted a deficit of 28.7 billion TRY, increasing by 29.6% yoy. Thus, budget deficit in the first 10 months of the year widened almost 5 times compared to the same period of the previous year and became 608.1 billion TRY. In this period, primary deficit was realized as 70.4 billion TRY.

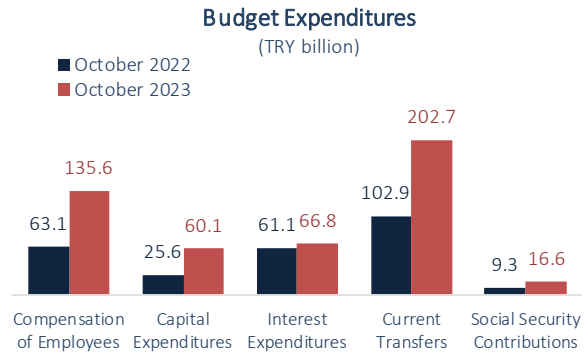
### In October, SCT and VAT on imports supported the budget.

In October, tax revenues rose by 125.2% yoy to 409.4 billion TRY. In this period, VAT on imports and SCT revenues increased by 98.5% yoy and 130.3% yoy, respectively, and accounted for nearly half of the whole tax revenues. The rise in SCT revenues was mainly driven by the favorable course in automotive sales. Income tax revenues, which doubled on an annual basis in October, contributed 36.1 billion TRY to the budget, while corporate tax revenues, which nearly tripled, contributed 8 billion TRY. In this period, interest, shares and penalties increased by 192% yoy to 44.8 billion TRY.



### Current transfers expanded by 97.1% yoy in October.

In October, primary expenditures continued to rise above inflation by 104% yoy. Current transfers, which rose by 97.1% in this period, increased budget expenditures by around 100 billion TRY. In October, under the duty expenses, 16 billion TRY and 10.6 billion TRY were paid to Petroleum Pipeline Corporation (BOTAS) and The Electricity Generation Corporation (EUAS) respectively, while 6.6 billion TRY was paid to Turkish State Railways (TCDD) under the lending item. Compensation of employees rose by 115% yoy in October, and accounted for about 24% of budget expenditures. On the other hand, it was noteworthy that capital transfers increased more than 6-fold and capital expenditures rose by 135.3% in this period. Interest expenditures, on the other hand, recorded a relatively moderate increase of 9.3% yoy.



### Expectations...

Following September, the central government budget balance posted a deficit in October due to high expenditures despite rapid increases in tax revenues. Thus, in the January-October 2023 period, the budget deficit was realized as 608.1 billion TRY, and amounted to 37.2% of the Medium Term Programme's projected level for this year. Accordingly, there is a room for a budget deficit of around 1 trillion TRY in the remaining 2 months of the year. In the upcoming period, we think that the loss of momentum in economic activity may limit the increase in budget revenues to some extent, while current transfers may continue to put pressure on budget expenditures.

### Central Government Budget

							(billion TRY)	
	October 2022	October 2023	% Change	January-October 2022	January-October 2023	% Change	MTP Target	Real./ MTP Target (%)
<b>Expenditures</b>	<b>307.4</b>	<b>569.2</b>	<b>85.2</b>	<b>2,328.2</b>	<b>4,521.8</b>	<b>94.2</b>	<b>6,562.6</b>	<b>68.9</b>
Interest Expenditures	61.1	66.8	9.3	268.3	537.7	100.4	646.1	83.2
Non-Interest Expenditures	246.3	502.4	104.0	2,059.9	3,984.1	93.4	5,916.5	67.3
<b>Revenues</b>	<b>224.2</b>	<b>473.8</b>	<b>111.3</b>	<b>2,199.4</b>	<b>3,913.7</b>	<b>77.9</b>	<b>4,929.7</b>	<b>79.4</b>
Tax Revenues	181.8	409.4	125.2	1,829.8	3,391.5	85.3	4,270.7	79.4
Other Revenues	42.4	64.3	51.9	369.7	522.3	41.3	659.0	79.3
<b>Budget Balance</b>	<b>-83.3</b>	<b>-95.5</b>	<b>14.7</b>	<b>-128.8</b>	<b>-608.1</b>	<b>372.3</b>	<b>-1,633.0</b>	<b>37.2</b>
<b>Primary Balance</b>	<b>-22.1</b>	<b>-28.7</b>	<b>29.6</b>	<b>139.5</b>	<b>-70.4</b>	<b>-</b>	<b>-986.8</b>	<b>-</b>

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

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## Economic Research Division

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Alper Grlr  
Division Head  
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya  
Asst.Manager  
dilek.kaya@isbank.com.tr

H.Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Berkay Arık  
Asst.Economist  
berkay.arik@isbank.com.tr

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