

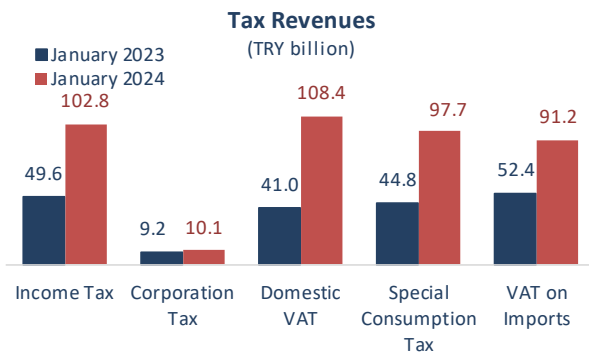


Central government budget deficit was realized as 150.7 billion TRY in January.

In January, central government budget revenues increased by 113.5% yoy to 617.2 billion TRY, while budget expenditures rose by 139% yoy to 768 billion TRY. Thus, in the first month of the year, central government budget deficit increased nearly as fivefold on an annual basis to 150.7 billion TRY. In this period, primary budget deficit rose more than 1.5 times yoy to 29.6 billion TRY.

Special Consumption Tax and domestic VAT revenues increased rapidly.

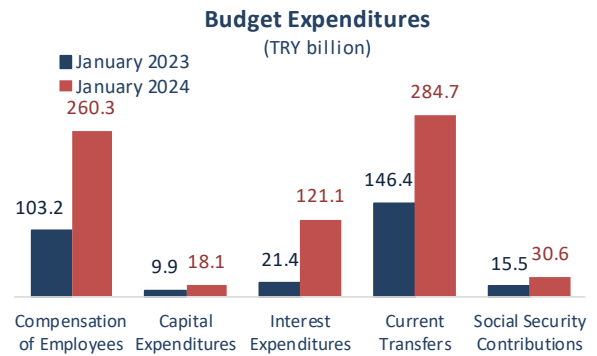
In January, tax revenues increased by 104.6% yoy to 517.2 billion TRY. In this period, special consumption tax (SCT) and domestic value-added tax (VAT) revenues went up above CPI inflation by 118.2% and 164.6% on a yearly basis, respectively. Therefore, SCT and domestic-VAT revenues reached 97.7 billion TRY and 108.4 billion TRY. The rise in SCT revenues was mainly driven by a 292.3% annual increase in revenues from petroleum and natural gas products. In January, interest, shares and fines item tripled compared to the same month of the last year and reached 59.5 billion TRY.



Interest expenditures reached to fivefold on a yearly basis.

In January, interest expenditures surged by 466.9% yoy to 121.1 billion TRY. Thus, the share of interest expenditures in

total budget expenditures rose to 15.8%, the highest level since May 2023. In this period, compensation of employees increased by 152.1% yoy and reached 260.3 billion TRY, while current transfers rose by 94.5% yoy. The 39-fold increase in capital transfers in January was also noteworthy. In this period, 46.1 billion TRY was paid to social security institutions and 18.7 billion TRY to the Electricity Generation Corporation (EÜAŞ) under the duty losses item. From the domestic lending item, 20 billion TRY was paid to the Produce of Soil Office (TMO).



Expectations...

In January, the central government budget posted a deficit due to a more rapid rise in budget expenditures than the increase in tax revenues. Thus, in the first month of the year, the central government budget deficit was realized as 5.7% of the budget deficit set as 2,652 billion TRY for 2024 in the Medium Term Program (MTP). We think that the expected rebalancing in domestic demand in the upcoming period may limit budget revenues to some extent, while the course of budget expenditures within the framework of disinflation targets will also have an impact on the central government budget.

Central Government Budget

	January		% Change	(billion TRY)	
	2023	2024		2024 Budget Target	Real./Budget Target (%)
Expenditures	321.3	768.0	139.0	11,089.0	6.9
Interest Expenditures	21.4	121.1	466.9	1,254.0	9.7
Non-Interest Expenditures	300.0	646.9	115.7	9,835.0	6.6
Revenues	289.1	617.2	113.5	8,437.1	7.3
Tax Revenues	252.8	517.2	104.6	7,407.7	7.0
Other Revenues	36.3	100.0	176.0	1,029.4	9.7
Budget Balance	-32.2	-150.7	367.5	-2,651.9	5.7
Primary Balance	-10.9	-29.6	172.2	-1,397.9	2.1

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

Source: Datastream , Ministry of Treasury and Finance

Economic Research Division

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

Utkan İnam
Asst.Economist
utkan.inam@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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