

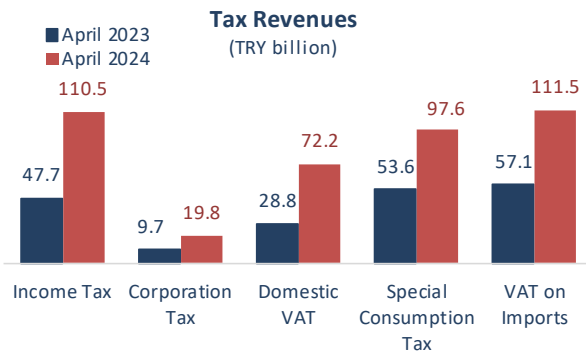


Central government budget deficit became 177.8 billion TRY in April.

In April, central government budget deficit increased by 34.2% yoy to 177.8 billion TRY. In this period, expenditures rose by 93.2% yoy to 773.6 billion TRY, while budget revenues surged by 122.3% yoy to 595.8 billion TRY. In April, primary budget deficit narrowed by 34.9% yoy to 63.8 billion TRY. Hence, in the first 4 months of the year, cumulative budget deficit widened by 80.7% yoy and became 691.3 billion TRY.

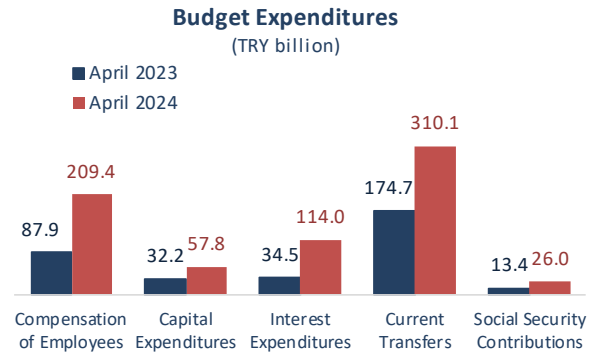
Domestic VAT recorded a rapid increase.

The course of strong annual increases in tax revenues, caused by inflationary environment and tax rate hikes imposed from June 2023 onwards, continued in April. In this period, total tax revenues surged by 109.6% yoy to 487.9 billion TRY. The annual increase in domestic value-added tax (VAT) and income tax by 150.7% and 131.7%, respectively, led the rise in tax revenues. In April, special consumption tax (SCT) revenues increased by 82% yoy, at a relatively moderate pace, while SCT on petroleum and natural gas products went up more than 3-times on an annual basis, and SCT on tobacco products rose by 174.7% yoy. In this period, banking and insurance transaction tax increased by 213% on an annual basis.



Interest expenditures were the main driver of budget expenditures.

In April, central government interest expenditures more than doubled compared to the same period of last year and reached 114 billion TRY, while non-interest expenditures increased by 80.2% to 659.6 billion TRY. In this period, while personnel expenditures remained high with a rise of 138.3%, current transfers increased by a relatively moderate pace with 77.5% to 310.1 billion TRY. On the other hand, it was noteworthy that the Expenses for the Transformation of Areas under Disaster Risk item under current transfers increased to 19.7 billion TRY. In April, capital transfers and lending expenditures fell by 78.6% and 19.7% yoy, respectively. In this period, State Railways (TCDD) was paid 4.8 billion TRY from the lending item, while the Turkish Grain Board (TMO) repaid 2 billion TRY. From the assignment expenses item, 93.3 billion TRY was paid to Social Security Institutions and 20.2 billion TRY to Electricity Generation Corporation (EÜAŞ).



Expectations...

In the first four months of the year, budget deficit constituted 26.1% of the annual target set for 2024 in the Medium Term Program (MTP), presenting a relatively positive outlook. The impact of the public savings measures, announced in May, on budget expenditures will be monitored in the upcoming period. The rise in interest expenditures stands out as a factor that may increase budget expenditures.

Central Government Budget

	April			January-April			MTP Target	Real./ MTP Target (%)
	2023	2024	% Change	2023	2024	% Change		
Expenditures	400.4	773.6	93.2	1,445.2	2,924.3	102.3	11,089.0	26.4
Interest Expenditures	34.5	114.0	230.5	135.2	364.5	169.7	1,254.0	29.1
Non-Interest Expenditures	365.9	659.6	80.2	1,310.0	2,559.8	95.4	9,835.0	26.0
Revenues	268.0	595.8	122.3	1,062.7	2,233.0	110.1	8,437.1	26.5
Tax Revenues	232.7	487.9	109.6	863.7	1,831.8	112.1	7,407.7	24.7
Other Revenues	35.3	108.0	206.1	199.0	401.2	101.6	1,029.4	39.0
Budget Balance	-132.5	-177.8	34.2	-382.5	-691.3	80.7	-2,651.9	26.1
Primary Balance	-98.0	-63.8	-34.9	-247.3	-326.8	32.1	-1,397.9	23.4

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

Source: Datastream , Ministry of Treasury and Finance

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