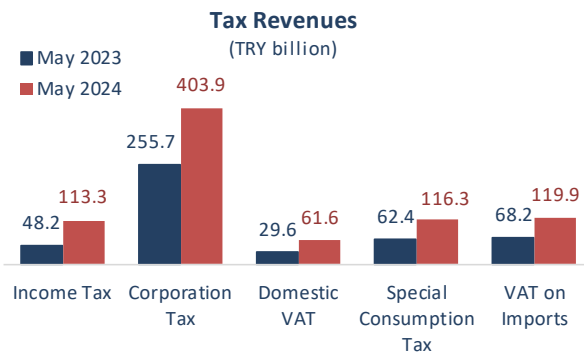


Central government budget posted a surplus of 219.4 billion TRY in May.

In May, central government budget revenues increased by 83.3% yoy to 1 trillion TRY, while budget expenditures rose by 83% yoy to 787.7 billion TRY. Thus, central government budget posted a surplus of 219.4 billion TRY. In this period, primary budget surplus increased by 48.9% yoy to 330.1 billion TRY. In the first five months of the year, budget deficit was realized as 471.9 billion TRY.

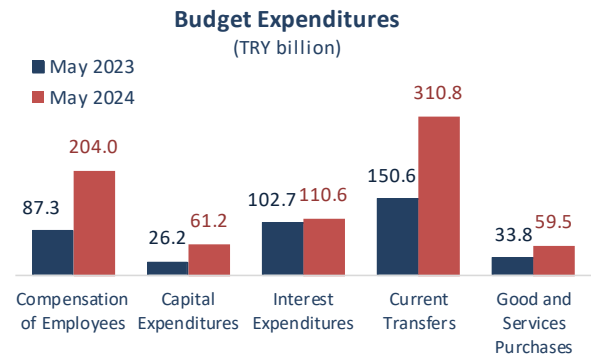
Tax revenues reached 898.4 billion TRY in May.

In May, posting a more moderate increase compared to previous months with 77.1%, tax revenues reached 898.4 billion TRY. In this period, income tax and domestic value-added tax (VAT) surged by 135.0% yoy and 108.3% yoy, respectively, reaching a total amount of 175 billion TRY. While special consumption tax (SCT) revenues rose by 86.3% yoy to 116.3 billion TRY in May, it was noteworthy that the SCT revenues from oil and natural gas products almost tripled. In the same period, corporation tax income rose by 58% yoy to 403.9 billion TRY. Banking and insurance transactions tax continued its rapid rise in May, increasing by 231.2% yoy. Moreover, it was noteworthy that "grants, aids and special revenues" and "interest, shares and fines" went up by 445.2% yoy and 188.2% yoy, respectively. These two items contributed to budget revenues by 81.3 billion TRY in total.



Personnel and capital expenditures increased rapidly in May.

In May, interest expenditures increased moderately by 7.7% yoy to 110.6 billion TRY, while non-interest expenditures rose by 106.6% yoy to 677.1 billion TRY. In this period, personnel expenditures, which went up by 133.6% yoy, accounted for 26% of budget expenditures. Current transfers increased by 106.3% yoy to 310.8 billion TRY and constituted 39% of budget expenditures in May. It was noteworthy that the expenditures for "Transformation of Areas under Disaster Risk" item under current transfers surged rapidly in May following April and were realized as 32 billion TRY. On the other hand, lending expenditures recorded a relatively moderate increase of 24.5% in May. In this period, 56.8 billion TRY was paid to Special Security Agencies and 11.2 billion TRY to The Electricity Generation Corporation (EGC) through the duty losses item. It was noteworthy that capital transfers decreased by 47.9% yoy in May.



Expectations...

The budget deficit narrowed to 471.9 billion TRY in the first five months of the year and constituted 17.8% of the annual target set for 2024, thus maintained its favorable outlook. This performance indicates that the budget deficit to GDP ratio in 2024 may be realized well below the Medium Term Program forecast. In this context, the effects of the regulations to increase tax revenues, that are planned to be submitted to the National Parliament in the coming days, and the public austerity measures announced in May on budget performance will be monitored.

Central Government Budget

| | | | | | | | (billion TRY) | |
|---------------------------|--------------|----------------|-------------|------------------|------------------|--------------|-----------------|-----------------------|
| | May 2023 | May 2024 | % Change | January-May 2023 | January-May 2024 | % Change | MTP Target | Real./ MTP Target (%) |
| Expenditures | 430.5 | 787.7 | 83.0 | 1,875.7 | 3,712.1 | 97.9 | 11,089.0 | 33.5 |
| Interest Expenditures | 102.7 | 110.6 | 7.7 | 237.9 | 475.1 | 99.8 | 1,254.0 | 37.9 |
| Non-Interest Expenditures | 327.8 | 677.1 | 106.6 | 1,637.8 | 3,236.9 | 97.6 | 9,835.0 | 32.9 |
| Revenues | 549.4 | 1,007.1 | 83.3 | 1,612.1 | 3,240.1 | 101.0 | 8,437.1 | 38.4 |
| Tax Revenues | 507.4 | 898.4 | 77.1 | 1,371.2 | 2,730.2 | 99.1 | 7,407.7 | 36.9 |
| Other Revenues | 42.0 | 108.7 | 158.8 | 241.0 | 509.9 | 111.6 | 1,029.4 | 49.5 |
| Budget Balance | 118.9 | 219.4 | 84.5 | -263.6 | -471.9 | 79.0 | -2,651.9 | 17.8 |
| Primary Balance | 221.6 | 330.1 | 48.9 | -25.7 | 3.2 | - | -1,397.9 | - |

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

Source: Datastream , Ministry of Treasury and Finance

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