



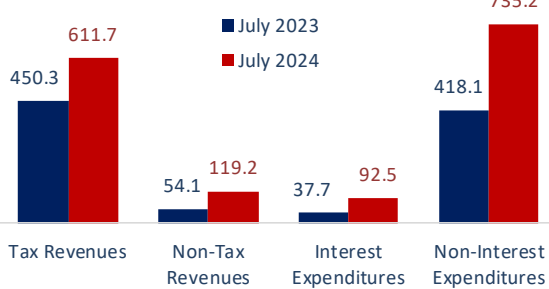
Central government budget posted a deficit of 96.8 billion TRY in July.

Central government budget expenditures increased by 81.6% yoy to 827.8 billion TRY in July, while budget revenues recorded a relatively limited annual rise of 44.9% and became 730.9 billion TRY. Thus, central government budget posted a deficit of 96.8 billion TRY in this period. In July, primary budget deficit was realized as 4.2 billion TRY. In January-July period, central government budget deficit increased by 94.2% yoy and was realized as 844 billion TRY.

Tax revenues increased by 35.8% yoy in July.

In July, tax revenues increased moderately by 35.8% yoy to 611.7 billion TRY. In this period, income tax revenues increased by 114.9% yoy, while banking and insurance transactions tax revenues continued its annual rapid rise by 104.9%. In July, Special Consumption Tax (SCT) revenues rose by 61.3% yoy, led by SCT on petroleum and natural gas products, which more than tripled. In this period, corporation tax revenues decreased by 33.6% yoy due to the differences in the collection period, while domestic Value-Added Tax (VAT) revenues declined by 27.4%, limiting the increase in total tax revenues. In July, non-tax revenues surged by 120.3% yoy to 119.2 billion TRY. This was mainly driven by the 312% increase in grants-aids and special revenues and the 97% rise in interest, shares and fines.

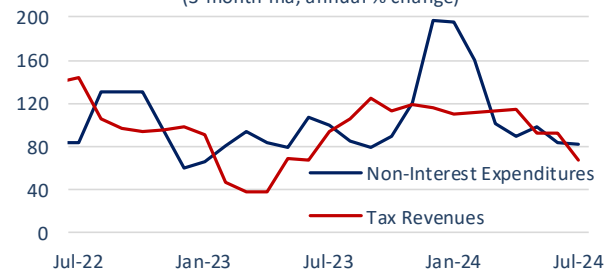
Main Budget Items
(TRY billion)



In July, capital expenditures rose by 195.6% yoy.

In July, interest expenditures reached 92.5 billion TRY continuing its rapid rise by 145.4% yoy. In this period, capital expenditures went up by 195.6% yoy due to the rapid rise in real estate capital production expenditures. In July, when personnel expenditures rose by 75.8% yoy, current transfers continued to increase below the CPI inflation by 54.9% yoy. While 32.2 billion TRY was paid to Electricity Generation Corporation and 52.1 billion TRY to Social Security Institutions from the assignment item in this period, a total of 31.6 billion TRY was paid to TCDD and Turkish Grain Board from the lending item.

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



Expectations...

In July, the widening in budget deficit accelerated due to differences in collection periods and the weakening in economic activity. Nevertheless, the budget deficit in the first seven months of the year constituted only 31.8% of the 2,652 billion TRY target set for the whole year, indicating that the budget outlook is still favorable. In the coming months, the austerity measures regarding public expenditures and the tax package to be introduced gradually will be influential on the performance of the budget balance.

Central Government Budget

	July			January-July			MTP Target	Real./ MTP Target (%)
	2023	2024	% Change	2023	2024	% Change		
Expenditures	455.8	827.7	81.6	2,819.4	5,406.3	91.8	11,089.0	48.8
Interest Expenditures	37.7	92.5	145.4	313.0	667.0	113.1	1,254.0	53.2
Non-Interest Expenditures	418.1	735.2	75.8	2,506.5	4,739.3	89.1	9,835.0	48.2
Revenues	504.4	730.9	44.9	2,384.8	4,562.3	91.3	8,437.1	54.1
Tax Revenues	450.3	611.7	35.8	2,052.6	3,825.1	86.4	7,407.7	51.6
Other Revenues	54.1	119.2	120.3	332.1	737.2	122.0	1,029.4	71.6
Budget Balance	48.6	-96.8	-	-434.7	-844.0	94.2	-2,651.9	31.8
Primary Balance	86.3	-4.2	-	-121.7	-177.0	45.4	-1,397.9	12.7

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

Source: Datastream , Ministry of Treasury and Finance

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