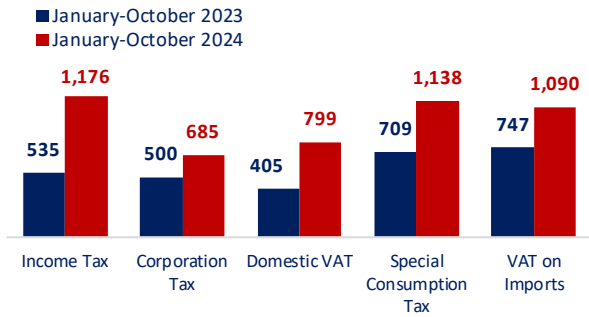




Central government budget posted a deficit of 186.3 billion TRY in October.

Central government budget deficit increased by 95.1% yoy in October and was realized as 186.3 billion TRY. In this period, budget revenues increased by 62.4% yoy to 769.2 billion TRY, while budget expenditures rose by 67.9% yoy to 955.5 billion TRY. In October, primary budget balance rose by 74.7% yoy and recorded a deficit of 50.1 billion TRY. Thus, in the first 10 months of the year, budget deficit expanded by 107.3% yoy to 1.3 trillion TRY, while primary deficit nearly tripled to 211.4 billion TRY.

Tax Revenues
(billion TRY)



Tax revenues increased by 57.2% yoy in October.

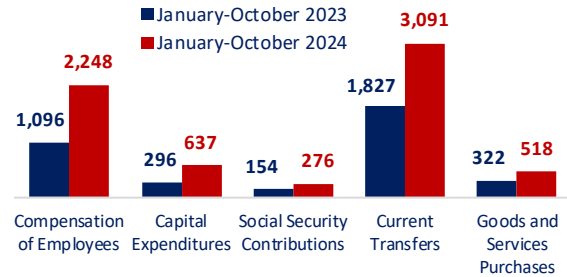
In October, tax revenues increased by 57.2% yoy to 643.6 billion TRY. Income taxes, which rose by 121.2% yoy to 159.7 billion TRY, were the main driver of this increase, while domestic value added tax and special consumption tax contributed 105.4 billion TRY and 139 billion TRY to the budget, respectively. It was noteworthy that the annual increases in SCT revenues from durable goods and motor vehicles remained below the annual CPI inflation in this period, at 15.4% and 28.3%, respectively. In addition, the weak course in VAT revenues on imports continued in this period.

Interest expenditures rose by 103.9% yoy in October.

In October, interest expenditures increased by 103.9% yoy to 136.2 billion TRY. During this period, the rapid increase in

immovable capital produce expenditures led to a 72.8% year-over-year increase in capital expenditures to 103.9 billion TRY. Personnel expenditures, which increased by 78.2% yoy in October, accounted for 25.3% of budget expenditures. In October, the annual increase in current transfers reached 72.7%, surpassing the annual CPI inflation. This was mainly driven by the increases in social assistance expenditures and revenue allocations. On the other hand, the lending expenditures, which had declined on an annual basis last month, increased by 123.1% year-over-year in October, resulting in a total increase in budget expenditures of 22.3 billion TRY. In the same period, the 68.3% decline in capital transfers compared to the same month of the previous year limited the increase in budget expenditures by 3.5 point. During this period, the assignment item paid 18.7 billion TRY to Electricity Generation Corporation and 62.7 billion TRY to Social Security Institutions, while the lending item paid a total of 15.6 billion TRY to TCDD and Turkish Sugar Factories Inc.

Budget Expenditures
(billion TRY)



Expectations

Although the budget deficit continued to widen in October, budget indicators remained in line with the targets throughout the year. The cumulative budget deficit, which reached 1.3 trillion TRY in the January–October period, was only 58.7% of the 2,149 billion TRY target set for the whole year in the medium-term program. The fact that there is ample room in the budget for the rest of the year supports the view that the budget deficit will remain below the targeted level at the end of the year.

Central Government Budget

	October			January-October			(billion TRY)	
	2023	2024	% Change	2023	2024	% Change	MTP Target	Real./ MTP Target (%)
Expenditures	569.2	955.5	67.9	4,521.8	8,114.1	79.4	11,213.1	72.4
Interest Expenditures	66.8	136.2	103.9	537.7	1,048.9	95.1	1,297.8	80.8
Non-Interest Expenditures	502.4	819.3	63.1	3,984.1	7,065.2	77.3	9,915.4	71.3
Revenues	473.8	769.2	62.4	3,913.7	6,853.8	75.1	9,064.7	75.6
Tax Revenues	409.4	643.6	57.2	3,391.5	5,777.7	70.4	7,605.5	76.0
Other Revenues	64.3	125.6	95.3	522.3	1,076.2	106.1	1,459.2	73.8
Budget Balance	-95.5	-186.3	95.1	-608.1	-1,260.3	107.3	-2,148.5	58.7
Primary Balance	-28.7	-50.1	74.7	-70.4	-211.4	200.3	-850.7	24.8

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

Source: Datastream , Ministry of Treasury and Finance

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