



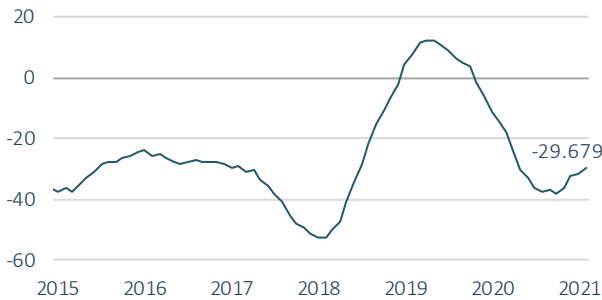
### Foreign trade deficit decreased slightly yoy in June.

According to Turkstat data, exports increased by 46.9% yoy in June to 19.8 billion USD, and imports expanded by 38.7% to 22.6 billion USD. Hence, in this period, foreign trade deficit decreased slightly by 0.2% yoy to 2.9 billion USD. In the first half of the year, the foreign trade deficit decreased by 11.4% compared to the same period of the previous year to 21.2 billion USD, while the import coverage ratio rose from 75.9% to 83.2%.

### Current account deficit is at 1.13 billion USD in June.

In June, current account deficit came in at 1.13 billion USD, in parallel to expectations. The deficit also decreased by 1.95 billion USD compared to June 2020. The fall in the foreign trade deficit by 462 million USD due partly to the fall in net gold imports and the increase in services balance by 1.9 billion USD due to the rise in net transportation and net travel revenues were behind the narrowing of the current account deficit compared to June 2020. While the current account deficit was realized as 13.6 billion USD in the first half of the year, the 12-month cumulative deficit continued to decline and became 29.7 billion USD.

**Current Account Balance**  
(12-month cumulative, USD billion)



### Direct investments reached the highest level of this year.

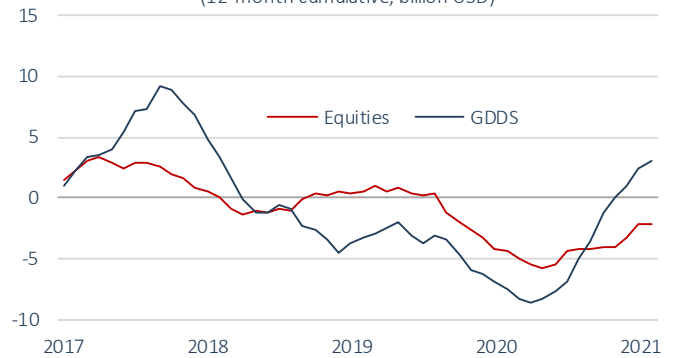
Net direct investments rose to the highest level of 2021 with 796 million USD in June. In this period, capital investments

amounted to 460 million USD and real estate investments became 454 million USD. According to the distribution of direct investments by sectors, investments in the information and communication sector stood out in June. In the first half of 2021, net direct investments reached 2.5 billion USD. 12-month cumulative net direct investments became 4.9 billion USD as of June.

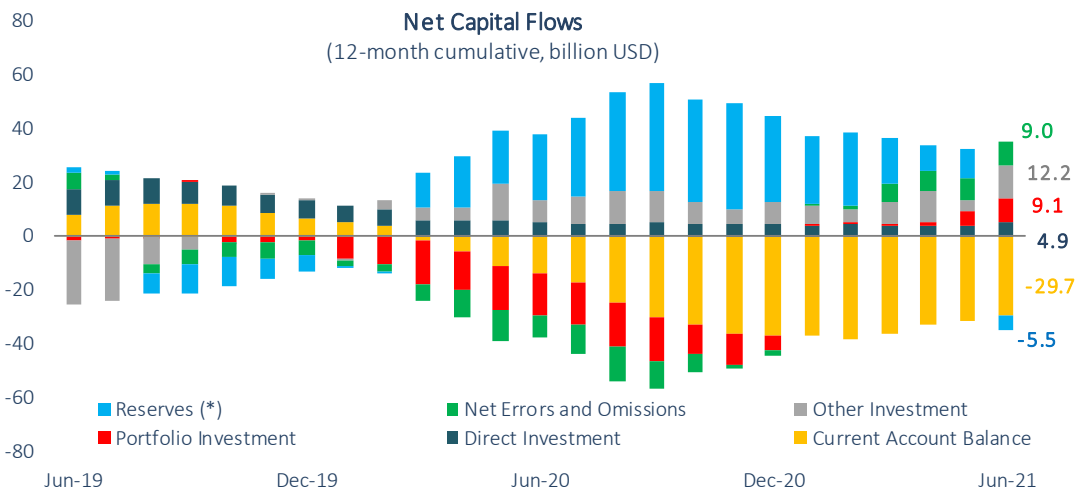
### A rapid inflow was recorded in portfolio investments.

Portfolio investments, which recorded a net capital inflow of 2.8 billion USD in June, posted the fastest monthly inflow since January. During this period, non-residents made a net purchase of 28 million USD in the equity market and 237 million USD in the GDDS market. Through bond issues in international capital markets, banks, general government and other sectors borrowed a net amount of 620 million USD, 1.5 billion USD and 790 million USD, respectively.

**Non-resident Investors' Portfolio Investment**  
(12-month cumulative, billion USD)



In June, net capital inflows in other investments remained strong with 3.4 billion USD. In this period, currency and deposit assets of domestic banks held within their foreign correspondents decreased by 1.25 billion USD. While banks and other sectors made net loan repayments of 400 million USD and 393 million USD, respectively. According to 12-month cumulative data, the long-term debt rollover ratio



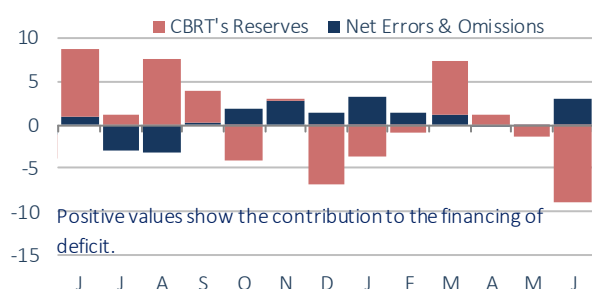
Source: Datastream, Turkstat, CBRT

was realized as 90.4% in the banking sector and 111.3% in other sectors. In addition, the 3.5 billion USD increase in short-term currency and deposit assets held at the CBRT was remarkable. The increase in the short-term debt of the CBRT, which is considered to be due to the swap transactions, was effective in this development

#### Reserve assets increased by 8.8 billion USD in June.

Reserve assets increased rapidly by 8.8 billion USD in June. Thus, according to 12-month cumulative data, reserve assets

**CBRT Reserves and Net Errors and Omissions**  
(monthly, USD billion)



rose by 5.5 billion USD for the first time since February 2020. Net errors and omissions, which recorded a rapid capital inflow of about 3 billion USD, capital inflow in the first half of the year reached 8.7 billion USD.

#### Expectations...

According to the provisional foreign trade data released by the Ministry of Commerce, the export volume increased by 10.2% yoy to 16.4 billion USD in July, the highest July figure of all times, while the import volume increased by 17.0% to 20.7 billion USD. In this period, the foreign trade deficit expanded by 52.4% to 4.3 billion USD. Provisional data indicate that the widening in the foreign trade deficit will keep the current account balance under pressure in July. On the other hand, despite the increase in the number of Covid-19 cases on a global scale due to the delta variant, continuation of the strong upward trend in exports, the course of net gold imports below the historical average and the revival in tourism activities support the expectation that the positive outlook in the current account balance will continue in the coming period.

#### Balance of Payments

	Jun. 2021	Jan. - Jun. 2020	Jan. - Jun. 2021	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-1,127</b>	<b>-21,226</b>	<b>-13,601</b>	<b>-35.9</b>	<b>-29,679</b>
Foreign Trade Balance	-1,599	-18,266	-13,366	-26.8	-32,981
Services Balance	1,511	2,603	5,628	116.2	12,179
Travel (net)	1,026	2,723	4,087	50.1	10,544
Primary Income	-1,021	-5,172	-6,475	25.2	-9,999
Secondary Income	-18	-391	612	-	1,122
<b>Capital Account</b>	<b>-1</b>	<b>-20</b>	<b>-19</b>	<b>-5.0</b>	<b>-38</b>
<b>Financial Account</b>	<b>1,820</b>	<b>-23,124</b>	<b>-4,904</b>	<b>-78.8</b>	<b>-20,732</b>
Direct Investment (net)	-796	-2,240	-2,522	12.6	-4,872
Portfolio Investment (net)	-2,823	12,701	-1,919	-	-9,135
Net Acquisition of Financial Assets	327	-1,117	-139	-87.6	1,227
Net Incurrence of Liabilities	3,150	-13,818	1,780	-	10,362
Equity Securities	28	-3,970	-1,808	-54.5	-2,093
Debt Securities	3,122	-9,848	3,588	-	12,455
Other Investment (net)	-3,401	-3,467	-7,727	122.9	-12,245
Currency and Deposits	-4,533	-10,924	-6,292	-42.4	-14,251
Net Acquisition of Financial Assets	-1,320	1,708	4,634	171.3	1,890
Net Incurrence of Liabilities	3,213	12,632	10,926	-13.5	16,141
Central Bank	3,473	11,213	4,788	-57.3	6,236
Banks	-260	1,419	6,138	332.6	9,905
Foreign Banks	-125	437	4,758	988.8	10,349
Foreign Exchange	214	-2,015	3,705	-	7,585
Turkish Lira	-339	2,452	1,053	-57.1	2,764
Non-residents	-135	982	1,380	40.5	-444
Loans	756	7,165	-1,505	-	-503
Net Acquisition of Financial Assets	47	-160	604	-	-517
Net Incurrence of Liabilities	-709	-7,325	2,109	-	-14
Banking Sector	-400	-3,805	-1,627	-57.2	-2,895
Non-bank Sectors	-393	-3,114	3,999	-	3,151
Trade Credit and Advances	380	299	75	-74.9	2,509
Other Assets and Liabilities	-4	-7	-5	-28.6	0
Reserve Assets (net)	8,840	-30,118	7,264	-	5,520
<b>Net Errors and Omissions</b>	<b>2,948</b>	<b>-1,878</b>	<b>8,716</b>	<b>-</b>	<b>8,985</b>

Source: Datastream, Ministry of Trade, CBRT

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