



Foreign trade deficit widened by 75.1% yoy in March.

According to TURKSTAT data, exports increased by 19.8% yoy in March to 22.7 billion USD, while imports rose by 30.7% yoy to 30.9 billion USD. Thus, the foreign trade deficit widened by 75.1% yoy in March and amounted to 8.2 billion USD. Energy and commodity prices, which continued to rise backing by geopolitical developments in this period, continued to play an important role in the widening of the foreign trade deficit. The import coverage ratio, which was 80.2% in March 2021, decreased to 73.5% in the same month of 2022.

Current account deficit was 5.6 billion USD in March.

In March, the current account deficit widened by 67% yoy and became 5.6 billion USD. Net energy imports, which were 2.7 billion USD in March 2021, reached 7.1 billion USD in the same month of this year, and became the leading factor in the widening of the current account deficit. The rise in non-monetary gold imports in this period also played a role in the expansion of the current account deficit. On the other hand, the 1.5 billion USD increase in net inflows stemming from the services balance thanks to the recovery in transportation and travel revenues limited the widening in the current account deficit.

In the first quarter of 2022, the current account deficit became 18.1 billion USD due to the net energy imports, which were 22.1 billion USD in the same period. In March, the 12-month cumulative current account deficit reached 24.2 billion USD, the highest level of the last 8 months. In this period, net energy imports were at a historically high level of 57.2 billion USD.

Weakness in net direct investments persists.

Net direct investments decreased by 23.3% yoy in March to 296 million USD. In this period, real estate investments of non-residents amounted to 392 million USD. The rapid increase of 101.8% in direct investments abroad by residents drew attention. Investments in food production abroad continued in March following February.

Net Capital Inflows
(monthly, USD billion)

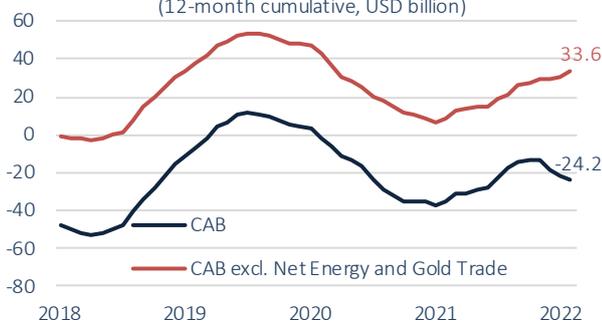


The exit from portfolio investments continues.

The capital outflow in portfolio investments since the beginning of the year gained momentum in March and reached 3.1 billion USD. Thus, the total portfolio outflow in the first quarter realized as 4.8 billion USD. In March, non-residents sold 744 million USD in the stock market and 201 million USD in the government domestic debt securities market. The General Government, which made a repayment of 1.78 billion USD for the bond issuances

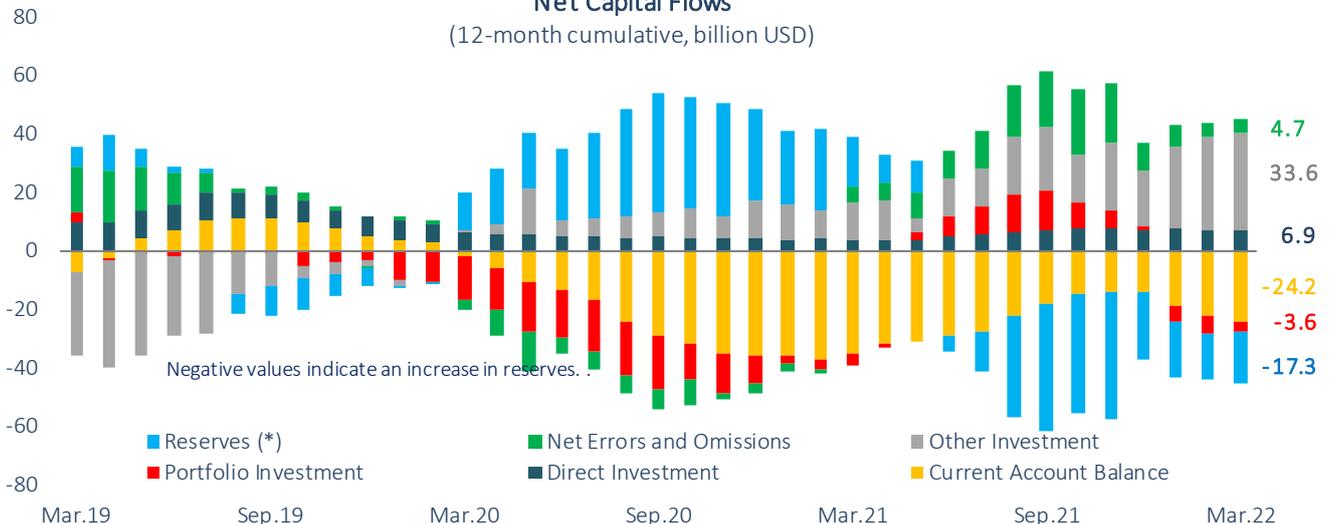
Current Account Balance

(12-month cumulative, USD billion)



Net Capital Flows

(12-month cumulative, billion USD)



(*) Negative values indicate an increase in reserves.

Source: Datastream, Turkstat, CBRT

abroad in March, realized a new bond issuance of 2 billion USD in this period, thus providing a net capital inflow of 219 million USD. In this period, banks repaid 758 million USD for their bond issuances abroad. On the other hand, portfolio investments of residents abroad recorded the highest amount in the last 2 years with 1.6 billion USD in March.

In March, there was a capital inflow of 2.2 billion USD through other investments. In this period, the effective and deposits held by foreign banks at their domestic correspondents increased by 1.3 billion USD, while the effective and deposits held by domestic banks abroad rose by 2.3 billion USD. In March, banks made a net repayment of 54 million USD in loans obtained from abroad, while the General Government and other sectors realized a net use of 718 million USD and 943 million USD, respectively.

Reserve assets decreased by 7.7 billion USD in the first quarter.

The decline in reserve assets accelerated in March, reaching 4.5 billion USD. Thus, reserve assets decreased by 7.7 billion USD in the first quarter of the year. Net errors and omissions figure, which posted a capital

outflow of 1.5 billion USD in the first two months of the year, recorded a capital inflow of 1.58 billion USD in March.

Expectations...

According to the preliminary foreign trade figures released by the Ministry of Commerce, the export volume expanded by 24.6% yoy in April, reaching the highest monthly level with 23.4 billion USD. In the same period, import volume reached 29.5 billion USD with an increase of 34.9% yoy in parallel with the rise in global commodity prices. Thus, the foreign trade deficit almost doubled on an annual basis and became 6.1 billion USD. The widening in the foreign trade deficit in parallel with the increasing energy imports indicates that widening of the current account deficit continued in April as well. In the coming months, the course of tourism revenues as well as global commodity prices will determine the current account balance.

Balance of Payments	(USD million)				
	Mar. 2022	Jan. - 2021	Mar. 2022	% 12-month Change	% 12-month Cumulative
Current Account Balance	-5,554	-7,544	-18,074	139.6	-24,223
Foreign Trade Balance	-6,342	-6,992	-21,042	200.9	-43,328
Services Balance	2,329	2,262	5,751	154.2	30,040
Travel (net)	1,450	1,843	3,885	110.8	21,219
Primary Income	-1,397	-3,011	-2,589	-14.0	-11,610
Secondary Income	-144	197	-194	-	675
Capital Account	-2	-21	-3	-85.7	-46
Financial Account	-3,977	-2,889	-17,994	522.8	-19,549
Direct Investment (net)	-296	-1,380	-781	-43.4	-6,948
Portfolio Investment (net)	3,051	352	4,782	1,258.5	3,634
Net Acquisition of Financial Assets	1,565	-843	2,691	-	5,794
Net Incurrence of Liabilities	-1,486	-1,195	-2,091	75.0	2,160
Equity Securities	-744	-1,812	-1,324	-26.9	-946
Debt Securities	-742	617	-767	-	3,106
Other Investment (net)	-2,226	-187	-14,329	7,562.6	-33,573
Currency and Deposits	343	1,024	-5,662	-	-16,121
Net Acquisition of Financial Assets	2,168	7,214	3,784	-47.5	1,802
Net Incurrence of Liabilities	1,825	6,190	9,446	52.6	17,923
Central Bank	-1	1,378	3,852	179.5	7,222
Banks	1,826	4,812	5,594	16.3	10,701
Foreign Banks	1,315	3,889	4,838	24.4	10,255
Foreign Exchange	1,493	2,976	2,067	-30.5	6,908
Turkish Lira	-178	913	2,771	203.5	3,347
Non-residents	511	923	756	-18.1	446
Loans	-1,691	594	-1,375	-	-1,844
Net Acquisition of Financial Assets	-84	1,089	-554	-	618
Net Incurrence of Liabilities	1,607	495	821	65.9	2,462
Banking Sector	-54	190	-1,122	-	-4,857
Non-bank Sectors	943	592	1,441	143.4	6,765
Trade Credit and Advances	-872	-1,810	-7,281	302.3	-9,246
Other Assets and Liabilities	-6	5	-11	-	-24
Reserve Assets (net)	-4,506	-1,674	-7,666	357.9	17,338
Net Errors and Omissions	1,579	4,676	83	-98.2	4,720

Source: Datastream, Ministry of Trade, CBRT

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