

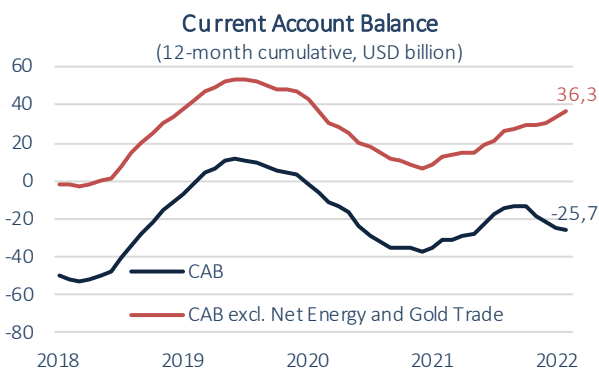


### Foreign trade deficit nearly doubled in April on an annual basis.

According to TURKSTAT data, exports increased by 24.6% yoy to 23.4 billion USD in April, while imports went up by 35% to 29.5 billion USD. In this period, the foreign trade deficit widened by 98.5% and became 6.1 billion USD. Energy and commodity prices, which kept increasing due to geopolitical developments, continued to play a role in the widening of the foreign trade deficit. The import coverage ratio, which was 85.9% in April 2021, decreased to 79.3% in the same month of 2022.

### Current account deficit was 2.7 billion USD in April.

The current account deficit expanded by 80.7% yoy in April and became 2.7 billion USD. Net energy imports, which were 2.7 billion USD in April 2021, reached 6.3 billion USD in the same month of this year and played a decisive role in deterioration of the current account balance. Despite decreasing compared to March, annual expansion in non-monetary gold imports in April also led current account deficit to widen in this period. On the other hand, the continuation of the recovery in transportation and travel revenues kept up to limit the deterioration in the current account balance.



The 12-month cumulative current account deficit also reached its highest level since July 2021 with 25.7 billion USD. The 12-month cumulative current account surplus, excluding net energy imports, approached its highest level since February 2020 with 35.2 billion USD.

### Real estate investments came to the fore in direct investments.

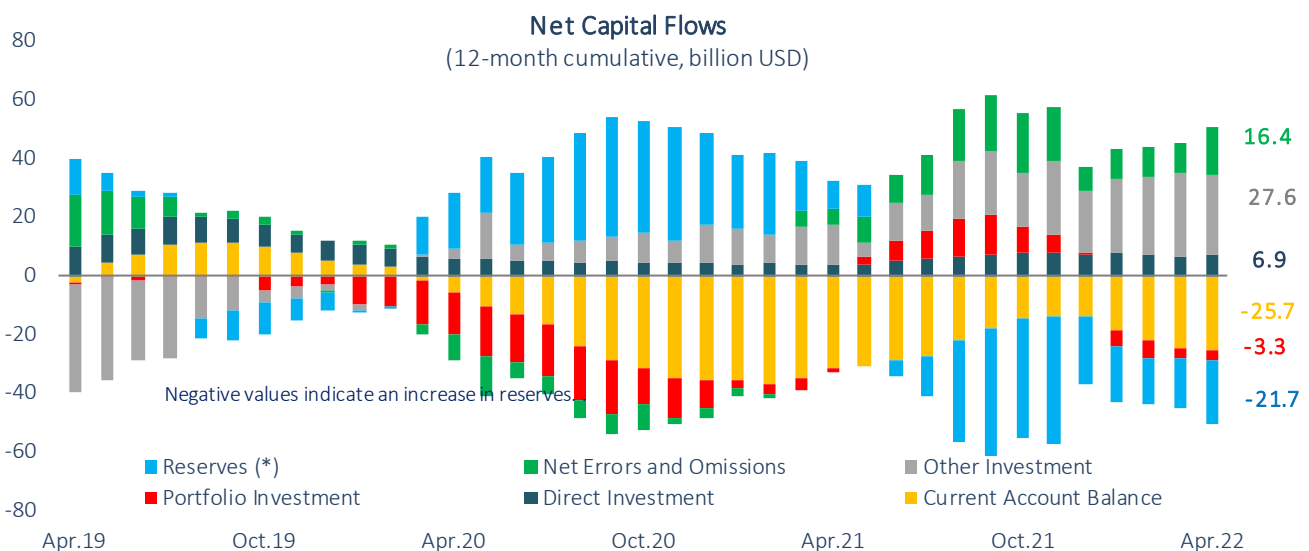
Direct investments posted an inflow of 323 million USD in April. In this period, it was noteworthy that non-residents went into liquidation with a net worth of 124 million USD in their capital investments. The majority of non-residents' direct investments in the country were real estate investments.

### Outflow in portfolio investments continues.

The capital outflow in portfolio investments since October 2021 continued with an amount of 606 million USD in April. In this period, non-residents bought 139 million USD worth of equities in the stock market and sold 136 million USD in the GDDS market. The repayment of 606 million USD by banks for bonds issued abroad played an important role in the outflow of portfolio investments.

In April, there was a capital inflow of 1.7 billion USD via other investments. In this period, the effective and deposits held by domestic banks at their foreign correspondents decreased by 1.5 billion USD, while the effective and deposits held by foreign banks at their domestic correspondents increased by 1.1 billion USD in total.

In April, banks and other sectors used foreign loans of 280 and 248 million USD, respectively. Thus, as of April, 12-month cumulative long-term debt rollover ratio was 92% in the banking sector and 147% in other sectors.

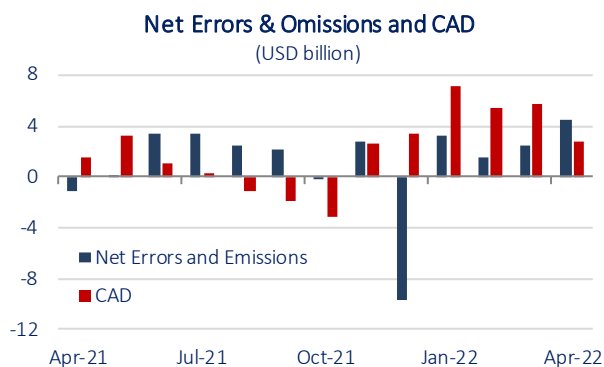


(\*) Negative values indicate an increase in reserves.

Source: Datastream, Turkstat, CBRT

**Reserve assets increased after 4 months.**

Reserve assets, which have been declining since December 2021, increased by 3.2 billion USD in April. Thus, the total decrease in reserve assets in the first 4 months of the year was realized as 4.4 billion USD. Net errors and omissions, on the other hand, played an important role in financing of the current account deficit with a capital inflow of 4.5 billion USD in April. In the said item, a capital inflow of 11.8 billion USD was recorded in the January-April 2022 period.

**Expectations...**

According to the preliminary foreign trade figures released by the Ministry of Commerce, the widening in the foreign trade deficit gained momentum in May. In this period, the export volume expanded by 15.2% yoy and reached 19 billion USD, while the import volume increased by 43.8% to 29.7 billion USD. In May, the foreign trade deficit widened by 157% on an annual basis to 10.7 billion USD. Thus, the foreign trade deficit in the January-May period rose by 136.1% compared to the same period of the previous year and reached 43.2 billion USD.

The pressure on current account balance, stemming from rapid expansion of the foreign trade deficit prevails. The effects of commodity prices and the expected deceleration in global economic activity on foreign trade balance in coming months will be closely monitored. In the case that tourism revenues, which were not adversely affected by geopolitical developments in the first four months of the year by contraries, continue this course, the pressures on the current outlook may ease somewhat.

**Balance of Payments**

(USD million)

	Apr. 2022	Jan. - Apr. 2021	Jan. - Apr. 2022	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>-2,737</b>	<b>-9,059</b>	<b>-21,073</b>	<b>132.6</b>	<b>-25,710</b>
Foreign Trade Balance	-4,433	-8,733	-25,505	192.1	-46,053
Services Balance	2,699	3,479	8,236	136.7	31,308
Travel (net)	1,599	2,509	5,484	118.6	22,152
Primary Income	-970	-4,309	-3,568	-17.2	-11,291
Secondary Income	-33	504	-236	-	326
<b>Capital Account</b>	<b>-3</b>	<b>-22</b>	<b>-6</b>	<b>-72.7</b>	<b>-48</b>
<b>Financial Account</b>	<b>1,768</b>	<b>-5,478</b>	<b>-9,328</b>	<b>70.3</b>	<b>-9,531</b>
Direct Investment (net)	-323	-1,474	-1,010	-31.5	-6,948
Portfolio Investment (net)	606	1,372	5,442	296.6	3,274
Net Acquisition of Financial Assets	278	-453	2,969	-	5,682
Net Incurrence of Liabilities	-328	-1,825	-2,473	35.5	2,408
Equity Securities	139	-1,935	-1,185	-38.8	-684
Debt Securities	-467	110	-1,288	-	3,092
Other Investment (net)	-1,732	-2,519	-9,311	269.6	-27,595
Currency and Deposits	-2,876	-1,293	-8,538	560.3	-16,680
Net Acquisition of Financial Assets	-1,448	4,833	2,336	-51.7	2,735
Net Incurrence of Liabilities	1,428	6,126	10,874	77.5	19,415
Central Bank	-4	1,377	3,848	179.4	7,219
Banks	1,432	4,749	7,026	47.9	12,196
Foreign Banks	1,125	3,950	5,963	51.0	11,319
Foreign Exchange	958	2,651	3,025	14.1	8,191
Turkish Lira	167	1,299	2,938	126.2	3,128
Non-residents	307	799	1,063	33.0	877
Loans	-547	1,221	-1,952	-	-3,148
Net Acquisition of Financial Assets	15	1,255	-539	-	467
Net Incurrence of Liabilities	562	34	1,413	4,055.9	3,615
Banking Sector	280	-214	-843	293.9	-4,161
Non-bank Sectors	248	576	1,726	199.7	7,153
Trade Credit and Advances	1,697	-2,450	1,196	-	-1,401
Other Assets and Liabilities	-6	3	-17	-	-28
Reserve Assets (net)	3,217	-2,857	-4,449	55.7	21,738
<b>Net Errors and Omissions</b>	<b>4,508</b>	<b>3,603</b>	<b>11,751</b>	<b>226.1</b>	<b>16,227</b>

Source: Datastream, Ministry of Trade, CBRT

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