



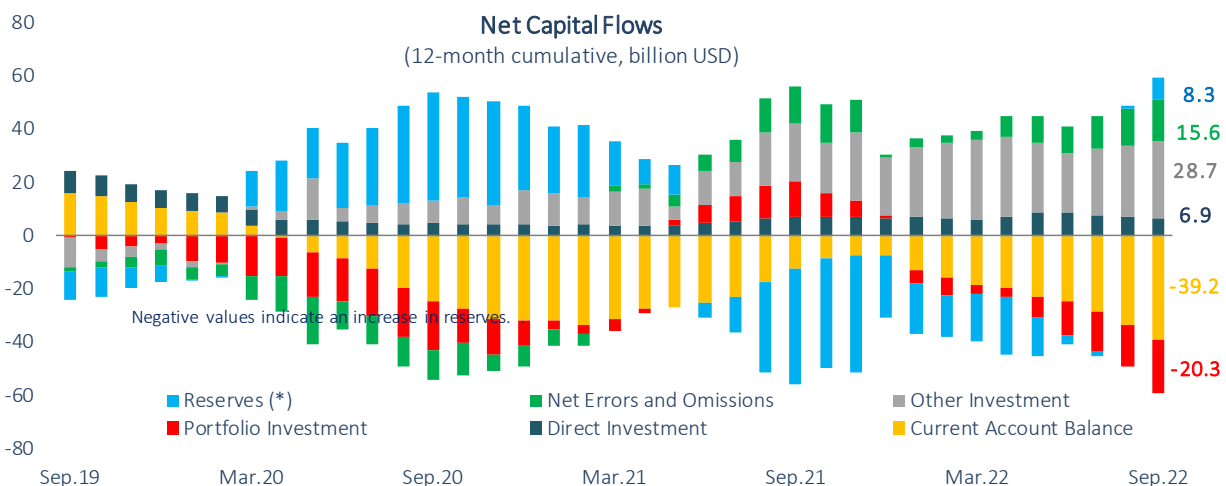
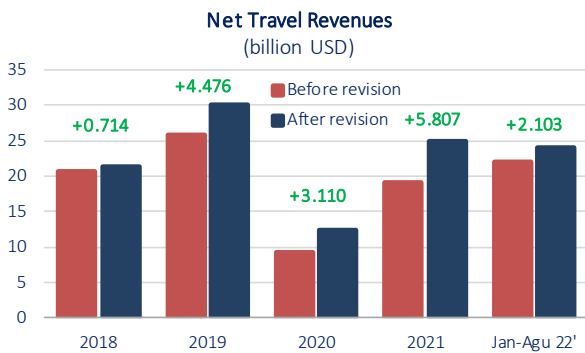
Foreign trade deficit widened by 268.1% yoy in September.

In September, the high level of energy prices continued to be influential on the foreign trade deficit. According to data released by TURKSTAT, exports expanded by 9.2% on an annual basis to 22.6 billion USD, while imports increased by 38.1% to 32.2 billion USD in this period. Thus, the foreign trade deficit nearly quadrupled on an annual basis in September and amounted to 9.6 billion USD. The import coverage ratio, which was 88.8% in September, decreased to 70.2% in the same month of 2022.

Current account deficit became 3 billion USD in September.

The current account, which had posted a surplus of 2.7 billion USD in September last year, gave a deficit of 3 billion USD in the same period of this year. In this period, net energy imports doubled on an annual basis with the effect of rising energy prices, and became the determining factor in the widening of the current account deficit, as it was the case throughout the year. On the other hand, the annual rise in net services revenues by 1.3 billion USD thanks to the positive course in tourism and transportation revenues limited the widening in the current account deficit.

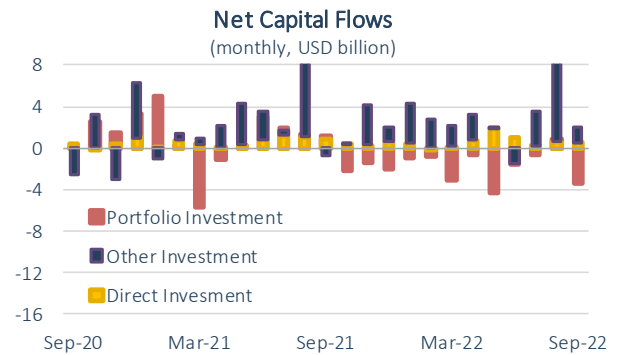
In the first 9 months of the year, the current account deficit was 38 billion USD. Excluding net energy imports, the current account balance posted a surplus of 22.9 billion USD in this period. In September, the 12-month cumulative current account deficit reached 39.2 billion USD, the highest level of the last 4 years.



Net travel revenues for 2021 increased by 5.8 billion USD in line with TURKSTAT's revision of the tourism revenues in October. In the same period, the current account deficit for 2021 was revised down from 13.9 billion USD to 7.3 billion USD. Net travel revenues were revised upwards by 4.5 billion USD in the first 8 months of 2022.

Moderate outlook in direct investments...

In September, net direct investments indicated a moderate outlook with an inflow of 488 million USD. Non-residents' direct investments to Turkey reached 964 million USD in September, the highest level of the last 3 months. In this period, 471 million USD of direct investments were made for real estate investments, while capital investments amounted to 393 million USD.



Portfolio investments recorded outflow in September.

Net portfolio investments, which had posted capital inflow in August for the first time this year, recorded an outflow of 3.4 billion USD in September. A total of 3.6 billion USD repayments made by the General Government and banks for bonds issued abroad played a role in this capital outflow. In September, non-residents realized net sales of 522 million USD in the stock market and 115 million USD in the GDDS markets. In the first nine months of the year, an outflow of 3.3 billion USD from the stock market and 2 billion USD from the GDDS market was recorded, while the total outflow in portfolio investments reached 14.6 billion USD.

Source: Datastream, Turkstat, CBRT

Capital inflows continued in the other investments.

Net capital inflow in other investments continued in September, albeit at a slower pace compared to the previous month. In this period, other investments contributed 1.6 billion USD to the financing of the current account deficit. In September, the 2.3 billion USD rise in effective and deposits held by non-residents in domestic banks stood out. 729 million USD of the said deposit increase was provided by non-resident banks, and 1.6 billion USD by non-resident individuals. Thus, the effective and deposit provided by non-resident individuals reached the highest level of the last 12 years. In September, banks made a net-repayment of 250 million USD and the General Government

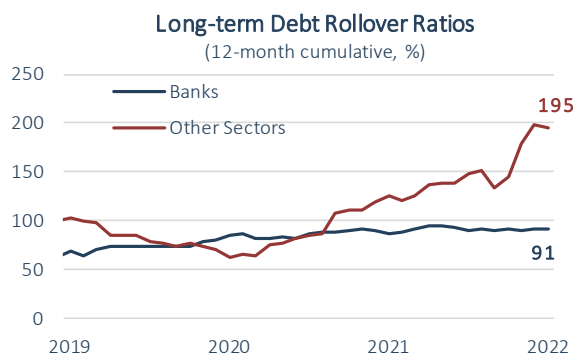
107 million USD in loans taken from abroad. On the other hand, other sectors made 336 million USD net loan use in September. According to the 12-month cumulative figures, as of September, the long-term debt rollover ratio was 91.1% in the banking sector and 194.7% in other sectors.

Reserve assets decreased by 1.7 billion USD in September.

Reserve assets, which increased rapidly in August, decreased by 1.7 billion USD in September. Thus, the rise in reserve assets since the beginning of the year declined to 1.2 billion USD. Net errors and omissions inflows were recorded as 2.6 billion USD in September and 24.9 billion USD in the first nine months of the year.

Expectations...

According to the preliminary figures, the loss of momentum in the export volume became evident in October, while the foreign trade deficit continued to widen rapidly by 430% on an annual basis. Due to the high energy prices, the foreign trade deficit reached 91.1 billion USD in the January-October period. We think that the risks regarding the current account deficit will remain on the agenda in the upcoming period, in line with the deceleration in global economic activity, especially in the Euro Area, our main export market.

**Balance of Payments**

	Sep. 2022	Jan. - Sep. 2021	2022	% Change
Current Account Balance	-2,966	-6,068	-37,977	525.9
Foreign Trade Balance	-8,097	-20,589	-68,057	230.6
Services Balance	6,083	22,040	37,710	71.1
Travel (net)	4,558	17,470	28,625	63.9
Primary Income	-947	-8,334	-7,027	-15.7
Secondary Income	-5	815	-603	-
Capital Account	-2	-63	-23	-63.5
Financial Account	-355	4,529	-13,061	-
Direct Investment (net)	-488	-5,562	-5,579	0.3
Portfolio Investment (net)	3,373	-6,392	14,626	-
Net Acquisition of Financial Assets	-890	462	3,507	659.1
Net Incurrence of Liabilities	-4,263	6,854	-11,119	-
Equity Securities	-522	-1,316	-3,341	153.9
Debt Securities	-3,741	8,170	-7,778	-
Other Investment (net)	-1,584	-16,317	-23,313	42.9
Currency and Deposits	-1,217	-10,434	-17,924	71.8
Net Acquisition of Financial Assets	1,914	2,116	5,343	152.5
Net Incurrence of Liabilities	3,131	12,550	23,267	85.4
Central Bank	798	4,761	7,292	53.2
Banks	2,333	7,789	15,975	105.1
Foreign Banks	729	6,186	10,066	62.7
Foreign Exchange	380	5,112	6,483	26.8
Turkish Lira	349	1,074	3,583	233.6
Non-residents	1,604	1,603	5,909	268.6
Loans	-347	419	-5,425	-
Net Acquisition of Financial Assets	-368	2,109	425	-79.8
Net Incurrence of Liabilities	-21	1,690	5,850	246.2
Banking Sector	-250	-2,456	-3,219	31.1
Non-bank Sectors	336	4,349	8,795	102.2
Trade Credit and Advances	-32	33	63	90.9
Other Assets and Liabilities	12	3	-27	-
Reserve Assets (net)	-1,656	32,800	1,205	-96.3
Net Errors and Omissions	2,613	10,660	24,939	133.9

Source: Datastream, Ministry of Trade, CBRT

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