

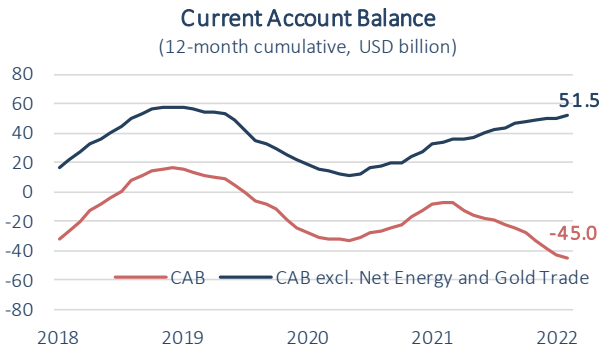


Foreign trade deficit widened by 60.7% yoy in November.

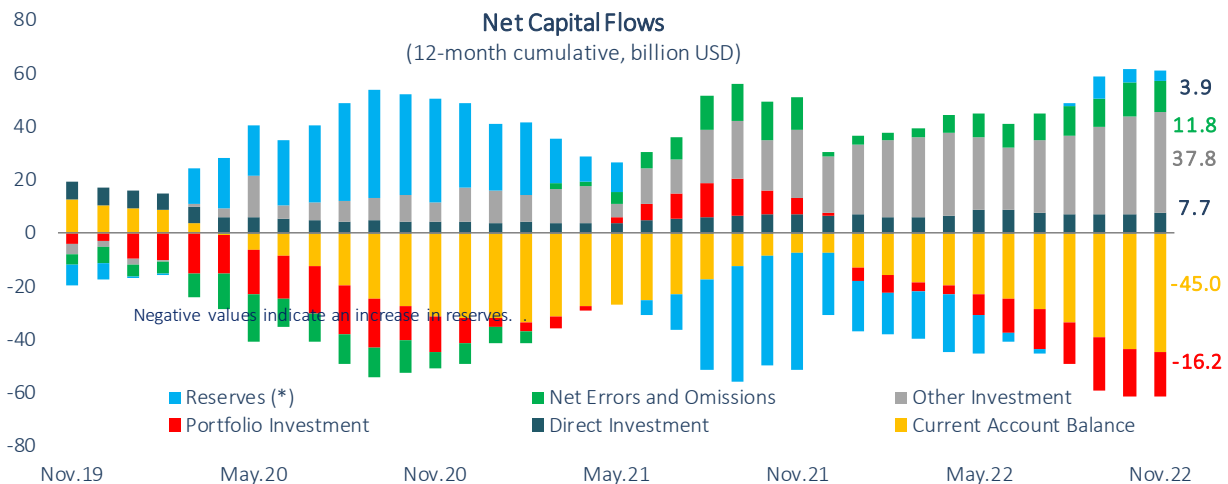
According to data released by TURKSTAT, exports rose by 2.1% yoy and became 21.9 billion USD, while imports went up by 14.0% yoy to 30.7 billion USD in November. Thus, the foreign trade deficit widened by 60.7% yoy in November and reached 8.8 billion USD. The import coverage ratio, which was 79.8% in November 2021, declined to 71.4% in the same month of 2022.

In November, the current account deficit became 3.7 billion USD.

The rapid expansion in the foreign trade deficit continues to play an important role on the current account deficit. In November, the current account deficit rose by 74.2% yoy and reached 3.7 billion USD, its highest level since May. In this period, net energy imports remained high, while net gold imports became 2.4 billion USD. Due to the decline in travel revenues, net services revenues decreased to the lowest level since April with 3.7 billion USD in November.



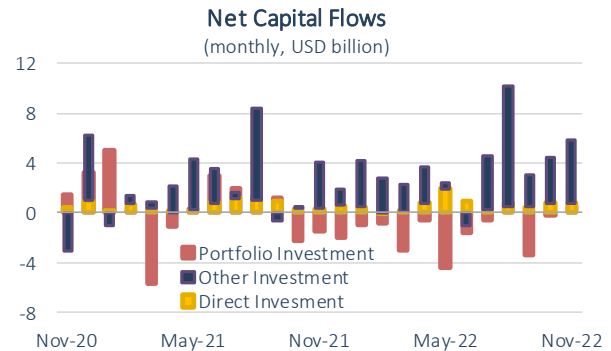
In the January-November 2022 period, the current account deficit expanded more than 10 times compared to the same period of 2021, reaching 41.8 billion USD. In this period, the increase in average oil prices by 42.8% on an annual basis was behind the widening of the foreign trade deficit, while the rise in net travel and transportation revenues by 17.9 billion USD on an annual basis limited the widening of the current account deficit. In November, the 12-month cumulative current account deficit reached 45 billion USD, the highest level since August 2018.



Source: Datastream, Turkstat, CBRT

The moderate course of direct investments continued.

Net direct investments continued their moderate course with 775 million USD in November. Direct investments made by non-residents in Türkiye reached 1.2 billion USD in November, the highest level of the last 5 months. In this period, net real estate investments amounted to 487 million USD, while capital investments reached the highest level of the last six months with 949 million USD. According to the sectors, the highest direct capital investment of non-residents was 429 million USD in the wholesale and retail trade sector and in the manufacturing of computers, electrical-electronics and optical products with 121 million USD.



Portfolio investments recorded inflow in November.

Portfolio investments, which recorded outflows throughout 2022, posted the second net capital inflow of the year other than August with 538 million USD in November. In this period, the General Government issued bonds in international markets at the amount of 1.5 billion USD, while banks and other sectors made net repayments of 679 million USD and 180 million USD, respectively. On the other hand, in November, non-residents made a net purchase of 300 million USD in the stock market and a net sale of 65 million USD in the GDDS market. Thus, while the total outflow in portfolio investments reached 14.3 billion USD in the January-November period, 3.5 billion USD of this outflow was from the stock market and 2.2 billion USD from the GDDS market.

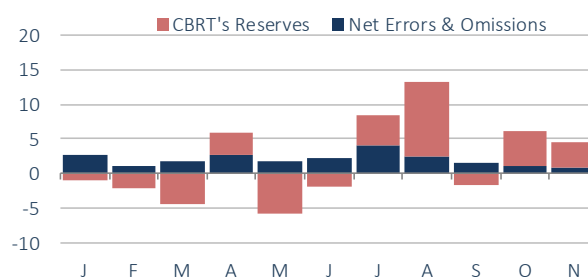
5.1 billion USD capital inflow in other investments...

Other investments, which recorded high capital inflows since July, posted another high inflow with 5.1 billion USD in November. In this period, deposits of domestic banks at their foreign correspondents decreased by 4.8 billion USD, while deposits of foreign banks in Türkiye showed an increase of 595 million USD. In addition, by increasing 1.5 billion USD non-resident individuals' deposits in Türkiye posted one of the fastest increases in the last 12 years in November. In this period, the banking sector made a net repayment of 1.5 billion USD and the General Government 103 million USD in their loans taken from abroad. In this period, other sectors made a net use of 82 million USD. Thus, as of November, the long-term debt roll-over ratio on a 12-month cumulative basis was 82.3% in the banking sector and 189.4% in other sectors.

Reserve assets increased by 3.6 billion USD.

Despite the decrease in reserve assets in the first half of 2022, the increase in the second half of the year continued with 3.6 billion USD in November. Thus, official reserves went up by 9.9 billion USD in the January-November period. Net errors and omissions recorded a capital inflow of 899 million USD in November. In the first 11 months of the year capital inflows stemming from said item reached 22.3 billion USD.

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



Expectations...

Although the annual rate of increase in exports and imports lost momentum in recent months, the foreign trade deficit was realized as 10.4 billion USD December according to the preliminary data. Thus, the foreign trade deficit, which was 46.2 billion USD in 2021, expanded by 138.4% in 2022 to 110.2 billion USD. On the other hand, the slowdown in economic activity in the main export markets as well as the fluctuating course in commodity prices, especially in energy, keeps the risks on the current account deficit to remain high on the agenda. The continuation of tightening steps in monetary policies by the major central banks points to a picture where uncertainties regarding the financing side of the balance of payments will prevail.

Balance of Payments

	Nov. 2022	Jan. - Nov. 2021	2022	% Change
Current Account Balance	-3,666	-4,057	-41,814	930.7
Foreign Trade Balance	-7,122	-24,267	-81,537	236.0
Services Balance	3,683	29,502	48,183	63.3
Travel (net)	2,648	23,313	36,457	56.4
Primary Income	-240	-10,128	-7,925	-21.8
Secondary Income	13	836	-535	-
Capital Account	-1	-66	-28	-57.6
Financial Account	-2,768	7,870	-19,501	-
Direct Investment (net)	-775	-6,185	-7,122	15.1
Portfolio Investment (net)	-538	-2,746	14,253	-
Net Acquisition of Financial Assets	336	1,416	4,597	224.6
Net Incurrence of Liabilities	874	4,162	-9,656	-
Equity Securities	300	-433	-3,458	698.6
Debt Securities	574	4,595	-6,198	-
Other Investment (net)	-5,068	-20,310	-36,509	79.8
Currency and Deposits	-7,108	-12,744	-28,044	120.1
Net Acquisition of Financial Assets	-5,007	1,227	-1,069	-
Net Incurrence of Liabilities	2,101	13,971	26,975	93.1
Central Bank	15	4,751	7,322	54.1
Banks	2,086	9,220	19,653	113.2
Foreign Banks	569	6,453	7,987	23.8
Foreign Exchange	26	2,015	4,092	103.1
Turkish Lira	1,491	752	7,574	907.2
Non-residents	595	8,468	12,079	42.6
Loans	1,529	1,009	-3,668	-
Net Acquisition of Financial Assets	-23	1,658	254	-84.7
Net Incurrence of Liabilities	-1,552	649	3,922	504.3
Banking Sector	-1,531	-3,303	-5,307	60.7
Non-bank Sectors	82	4,347	9,000	107.0
Trade Credit and Advances	516	-2,232	-4,748	112.7
Other Assets and Liabilities	-5	-5	-49	880.0
Reserve Assets (net)	3,613	37,111	9,877	-73.4
Net Errors and Omissions	899	11,993	22,341	86.3

Source: Datastream, Ministry of Trade, CBRT

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