



Foreign trade deficit increased by 42% yoy in December.

According to data released by TURKSTAT, exports increased by 3% yoy and became 22.9 billion USD in December, while imports rose by 12.2% and reached 32.6 billion USD. Thus, the foreign trade deficit widened by 42% yoy and amounted to 9.7 billion USD. In 2022, exports and imports expanded by 12.9% yoy and 34% yoy, respectively, while the foreign trade deficit surged by 137% yoy and reached 109.5 billion USD. The import coverage ratio, which was 83% in 2021, declined to 69.9% in 2022.

Balance of payments data was revised.

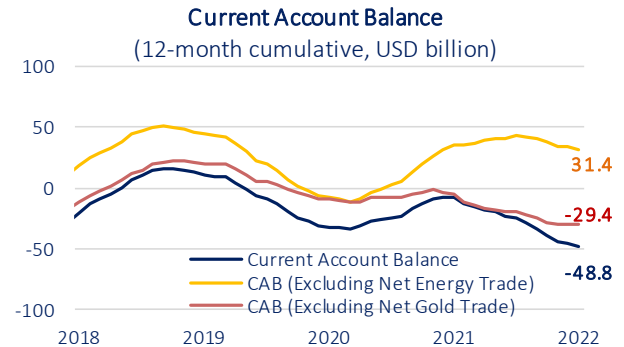
The CBRT announced that various revisions have been made in the balance of payments statistics starting from 2018, mainly in the primary income, direct investments and other investments items. As a result of aforementioned revisions, the net errors and omissions item was revised upwards totally by 585 million USD in 2018-2021 period, and by 1.4 billion USD in the January-November period of 2022.

Current account deficit was 48.8 billion USD in 2022.

The current account deficit rose by 86.2% yoy to 5.9 billion USD in December, above market expectations and the highest level of the last 11 months. The widening of foreign trade deficit defined by the balance of payments by 60.3% yoy to 8.1 billion USD was behind the said expansion, while net service revenues declined to its lowest level since April 2022 with 2.5 billion USD.

In 2022, the current account deficit increased 7 times on an annual basis and reached 48.8 billion USD. In this period, net energy imports nearly doubled to 80.2 billion USD, while the 21.5 billion USD rise in net services revenues, which displayed a positive performance with the impact of the recovery in transportation and travel

sectors, limited the widening in the current account deficit.

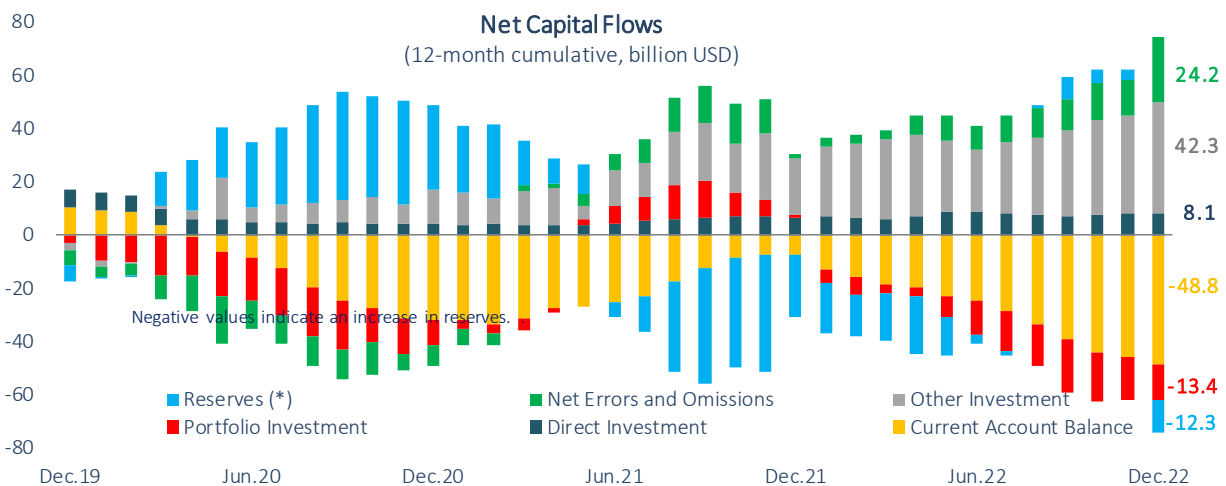


Moderate course of direct investments continued.

In the direct investments, a net inflow of 374 million USD was recorded in December. In this period, net real estate investments reached 605 million USD, the highest level of the last 6 months. In 2022, net direct investments went up by 17.1% yoy to a total of 8.1 billion USD. In this period, direct investments made by non-residents in Türkiye declined by 14.2% yoy to 5.9 billion USD. According to the sectors, the highest direct capital investment of non-residents was 1.8 billion USD in the financial and insurance activities sector in 2022, followed by the wholesale and retail trade sector with 1.6 billion USD.

Net capital inflows continued in portfolio investments.

In the portfolio investments, after the inflow in November, 828 million USD inflow was recorded in December. In this period, while the General Government issued 2 billion USD of bonds in international markets, banks made a net repayment of 694 million USD. In December, non-residents made net sales of 580 million USD in the stock market and net purchases of 16 million USD in the GDDS market. Thus, a net capital outflow of 13.4 billion USD was realized in the portfolio investments



Source: Datastream, Turkstat, CBRT

in 2022, when net sales of 4 billion USD and 2.2 billion USD were realized in the stock and government securities markets, respectively.

6.7 billion USD net capital inflow in other investments...

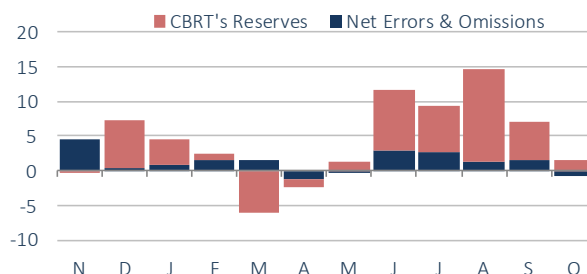
The positive trend followed in the other investments throughout 2022 continued in December as well. In this period, net capital inflows rose by 5 times on an annual basis and amounted to 6.7 billion USD. Turkish banks' currency and deposits within their foreign correspondent bank accounts decreased by 4.1 billion USD, and non-resident banks' deposit accounts held within domestic banks recorded a net decline of by 320 million USD. In December, the banking sector repaid 3 billion USD in loans provided from abroad, while other sectors realized a net use of 2 billion USD. Thus, net capital inflows in other investments doubled on an annual basis and reached 42.3 billion USD in 2022. In this period, the long-term debt rollover ratio was 75% in the banking sector and 163% in other sectors.

Reserve assets increased by 2.4 billion USD.

The rise in official reserves, which increased by 2.4 billion USD in December, became 12.3 billion USD in 2022. In the net errors and omissions item, a capital inflow of 428

million USD in December and 24.2 billion USD in 2022 was recorded.

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



Expectations...

According to preliminary data the foreign trade deficit remained high at 14.4 billion USD due to the high energy and gold imports, despite the downward trend in global energy prices in January. Aforementioned data showed that the pressure on the current account deficit continued in January as well.

Balance of Payments

	Dec. 2022	Jan. - Dec. 2021	2022	% Change
Current Account Balance	-5,910	-7,232	-48,769	574.4
Foreign Trade Balance	-8,089	-29,313	-89,719	206.1
Services Balance	2,498	31,812	49,804	56.6
Travel (net)	1,468	24,984	37,123	48.6
Primary Income	-533	-10,679	-8,497	-20.4
Secondary Income	214	948	-357	-
Capital Account	-7	-64	-35	-45.3
Financial Account	-5,489	-5,652	-24,604	335.3
Direct Investment (net)	-374	-6,874	-8,052	17.1
Portfolio Investment (net)	-828	-751	13,425	-
Net Acquisition of Financial Assets	-102	2,260	4,495	98.9
Net Incurrence of Liabilities	726	3,011	-8,930	-
Equity Securities	-580	-1,434	-4,038	181.6
Debt Securities	1,306	4,445	-4,892	-
Other Investment (net)	-6,721	-21,357	-42,288	98.0
Currency and Deposits	-5,394	-9,436	-33,092	250.7
Net Acquisition of Financial Assets	-4,174	5,231	-5,014	-
Net Incurrence of Liabilities	1,220	14,667	28,078	91.4
Central Bank	-5	4,748	7,317	54.1
Banks	1,225	9,919	20,761	109.3
Foreign Banks	-351	7,817	7,629	-2.4
Foreign Exchange	31	1,489	4,123	176.9
Turkish Lira	1,545	613	9,009	1,369.7
Non-residents	-320	9,306	11,752	26.3
Loans	-736	-238	-3,799	1,496.2
Net Acquisition of Financial Assets	-542	2,261	-288	-
Net Incurrence of Liabilities	194	2,499	3,511	40.5
Banking Sector	-250	-3,734	-5,567	49.1
Non-bank Sectors	-301	6,470	8,104	25.3
Trade Credit and Advances	-587	-5,337	-5,344	0.1
Other Assets and Liabilities	-4	-8	-53	562.5
Reserve Assets (net)	2,434	23,330	12,311	-47.2
Net Errors and Omissions	428	1,644	24,200	1,372.0

Source: Datastream, Ministry of Trade, CBRT

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