

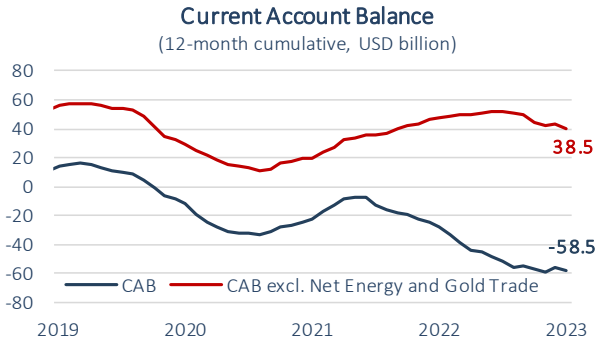


Foreign trade deficit was 12.2 billion USD in July.

According to the released by TURKSTAT, Türkiye's exports increased by 8.3% yoy to 20.1 billion USD in July, while imports rose by 10.5% yoy to 32.3 billion USD. Thereby, foreign trade deficit widened by 14.2% yoy to 12.2 billion USD. In July, the import coverage ratio continued to remain at low levels with 62.2%.

Current account deficit was realized as 5.5 billion USD.

In July, current account deficit increased by 58.1% yoy to 5.5 billion USD. According to the Reuters poll, current account deficit was estimated to be 4.5 billion USD in this period. The rapid rise in the current account deficit was mainly driven by expanding foreign trade deficit due to the 45.8% yoy increase in net gold imports. In July, current account excluding gold and energy posted a surplus of 717 million USD. On the other hand, the favorable course in passenger transportation and tourism revenues limited the widening in the current account deficit as they were in June. In July, net 7 billion USD revenues were recorded from these two items. In the first 7 months of the year, current account deficit increased by 31.4% yoy to 42.3 billion USD, and it reached 58.5 billion USD according to 12-month cumulative figures.

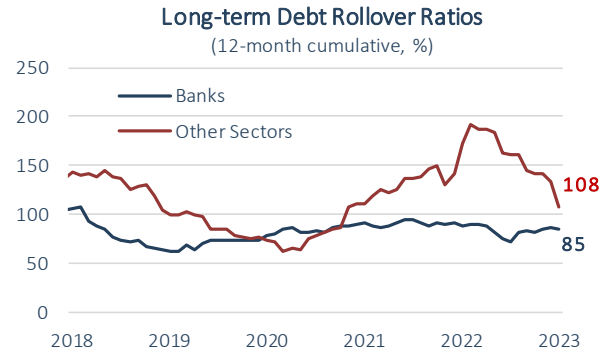


The moderate course in foreign direct investments continued.

In July, net foreign direct investments in Türkiye were realized as 392 million USD, the highest level of the last 3 months. In this period, non-residents' net capital investments in Türkiye increased rapidly compared to June and became 510 million USD, while real estate investments were realized as 206 million USD, the lowest level since May 2021. In January-July period, net foreign direct investments decreased by 47.3% yoy to 2.5 billion USD.

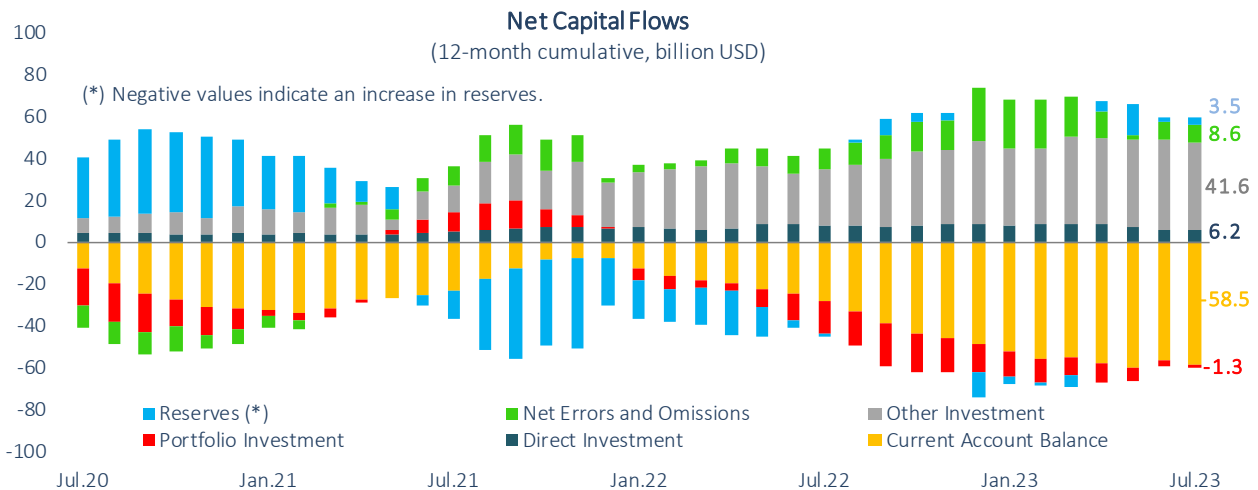
Capital inflows continued in portfolio investments.

Portfolio investments posted a net capital inflow of 1.2 billion USD in July, following the strong capital inflow of 1.8 billion USD in June. In this period, non-residents' net purchases in the equity market continued to increase and became 734 million USD, while debt securities market recorded the highest capital inflow since February with 368 million USD. Thus, portfolio investments recorded a net capital inflow of 49 million USD in the first 7 months of the year. In the same period of the previous year, portfolio investments had posted a net capital outflow of 12.2 billion USD.



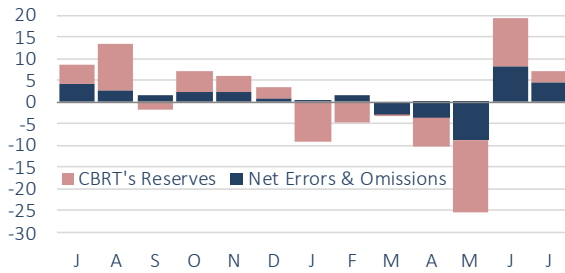
Other investments recorded a capital inflow of 2.3 billion USD.

In July, other investments presented the most favorable outlook of the last 3 months with a net capital inflow of 2.3 billion USD. In this period, foreign banks' effectives and deposits in Türkiye



increased by 980 million USD, while domestic banks' effective and deposits at their correspondents abroad decreased by 942 million USD. In July; banking sector, General Government and other sectors made net loan payments abroad amounting to 483 million USD, 35 million USD and 181 million USD, respectively. According to 12-month cumulative figures, long-term debt rollover ratios in banking and other sectors declined to 85% and 108%, respectively.

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



Reserve assets and net errors and omissions...

In July, reserve assets increased by 2.8 billion USD, while the total decline in reserve assets in the first 7 months of the year was 23.8 billion USD. Net errors and omissions item, which recorded a capital inflow of 8.2 billion USD in June, continued in July with an increase of 4.4 billion USD. In January-July 2023 period, capital outflows from this item amounted to 711 million USD.

Expectations...

According to preliminary data released by the Ministry of Trade, foreign trade deficit remained high with 8.9 billion USD in August. In addition to relatively high oil prices due to the decisions taken for the continuation of production cuts, the fact that the export climate index, which shows the course of economic activity in Türkiye's export markets, fell below the threshold value in August indicates that risks on the foreign trade balance will continue. On the other hand, we consider that the positive outlook in financing side of the current account deficit may continue thanks to the recent evaluations made by international credit rating agencies regarding the Turkish economy.

Balance of Payments

(USD million)

	Jul. 2023	Jan. - Jul. 2022	2023	% Change	12-month Cumulative
Current Account Balance	-5,466	-32,178	-42,286	31.4	-58,517
Foreign Trade Balance	-10,477	-50,165	-61,261	22.1	-100,617
Services Balance	5,999	24,132	25,730	6.6	51,667
Travel (net)	4,795	18,523	20,760	12.1	39,554
Primary Income	-903	-5,498	-6,881	25.2	-9,969
Secondary Income	-85	-647	126	-	402
Capital Account	-25	-30	-110	266.7	-115
Financial Account	-1,078	-16,030	-43,107	168.9	-50,033
Direct Investment (net)	-392	-4,771	-2,514	-47.3	-6,180
Portfolio Investment (net)	-1,160	12,169	-49	-	1,310
Net Acquisition of Financial Assets	-58	4,421	1,712	-61.3	1,786
Net Incurrence of Liabilities	1,102	-7,748	1,761	-	476
Equity Securities	734	-3,580	229	-	-229
Debt Securities	368	-4,168	1,532	-	705
Other Investment (net)	-2,304	-15,503	-16,789	8.3	-41,644
Currency and Deposits	-2,699	-11,571	-12,895	11.4	-37,222
Net Acquisition of Financial Assets	-879	5,249	9,007	71.6	-2,738
Net Incurrence of Liabilities	1,820	16,820	21,902	30.2	34,484
Central Bank	32	4,434	13,667	208.2	16,550
Banks	1,788	12,386	8,235	-33.5	17,934
Foreign Banks	980	8,418	6,182	-26.6	9,516
Foreign Exchange	1,186	5,106	3,689	-27.8	6,212
Turkish Lira	-206	3,312	2,493	-24.7	3,304
Non-residents	808	3,968	2,053	-48.3	8,418
Loans	931	-2,348	141	-	-1,329
Net Acquisition of Financial Assets	232	958	89	-90.7	-1,157
Net Incurrence of Liabilities	-699	3,306	-52	-	172
Banking Sector	-483	-2,845	307	-	-2,601
Non-bank Sectors	-181	5,744	87	-98.5	2,456
Trade Credit and Advances	-520	-1,543	-3,998	159.1	-3,044
Other Assets and Liabilities	-16	-41	-37	-9.8	-49
Reserve Assets (net)	2,778	-7,925	-23,755	199.7	-3,519
Net Errors and Omissions	4,413	16,178	-711	-	8,599

Source: Datastream, Ministry of Trade, CBRT

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