

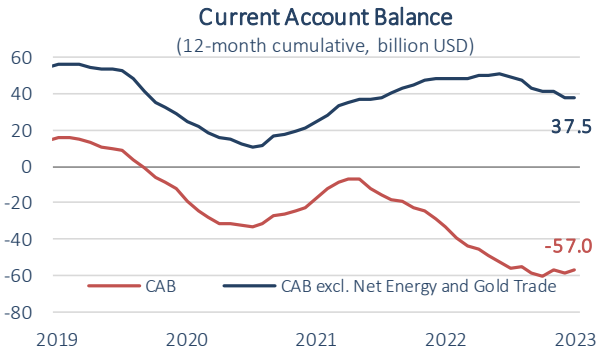


### Imports fell by 6.9% yoy in August.

According to data released by TURKSTAT, exports increased by 1.6% yoy to 21.6 billion USD in August, while imports decreased by 6.9% yoy to 30.3 billion USD. Thus, foreign trade deficit contracted by 23.1% yoy to 8.7 billion USD in August. Import coverage ratio rose to 71.4% in this period.

### Current account deficit became 619 million USD in August.

In August, current account deficit was realized as 619 million USD, in line with market expectations. In this period, net tourism revenues and services revenues were realized as 5.7 billion USD and 11 billion USD, respectively, at historically high levels. In August, non-monetary gold imports increased by 41.8% yoy to 3.3 billion USD and the current account excluding gold posted a surplus of 2.4 billion USD, the highest level since October 2021. 12-month cumulative current account deficit became 57 billion USD as of August.



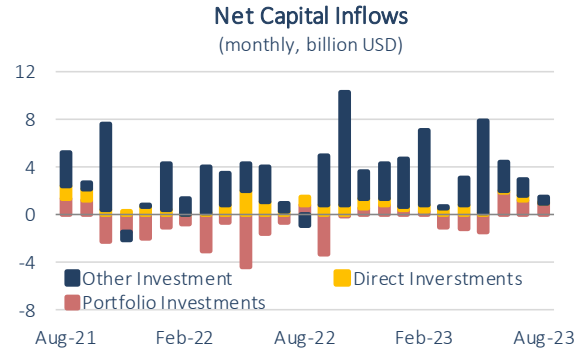
### Limited capital inflows in direct investments...

In August, net foreign direct investments were realized as 106 million USD, the lowest level of the last 3 months. Hence, net foreign direct investments in the first 8 months of the year decreased by 51.6% yoy to 2.6 billion USD. In August, residents' net direct capital investments abroad were realized

as 536 million USD, the highest level since January. In this period, foreigners real estate investments in Türkiye amounted to 255 million USD.

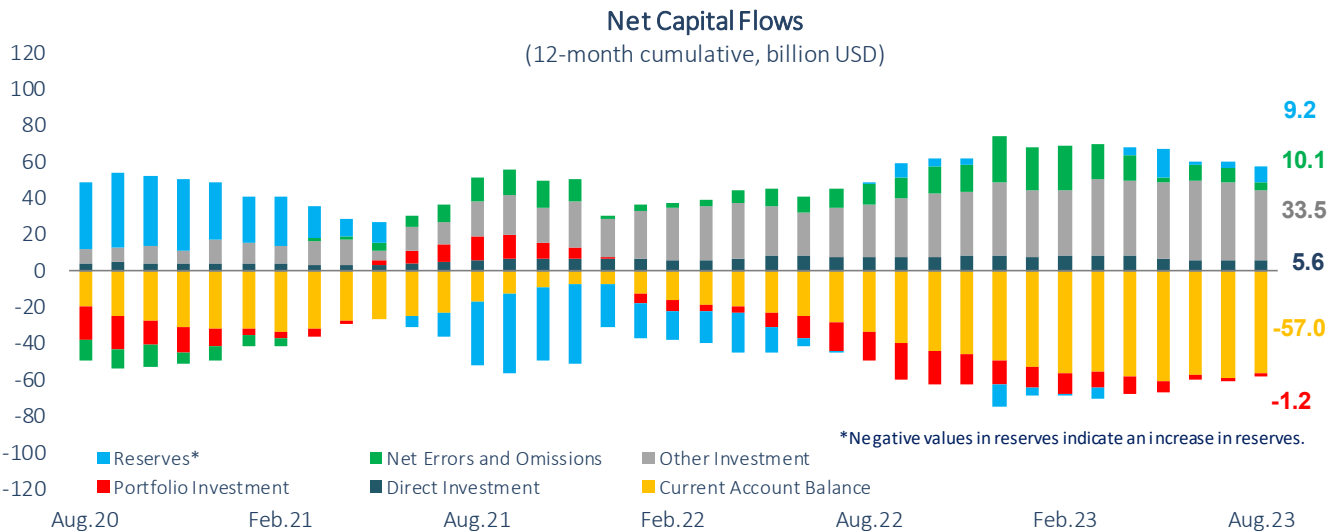
### Stock and bond markets diverged in portfolio investments.

Although net capital inflows in portfolio investments continued to increase in August, total amount of inflows were realized as 880 million USD, the lowest level of the last 3 months. In this period, non-residents made net sales of 131 million USD in the equity market and net purchases of 530 million USD in the debt securities market. Thus, equity markets recorded capital outflows for the first time since May, while net capital inflows in debt securities continued to increase and reached the highest level since February. After all, total portfolio investments recorded a net capital inflow of 929 million USD in January-August period.



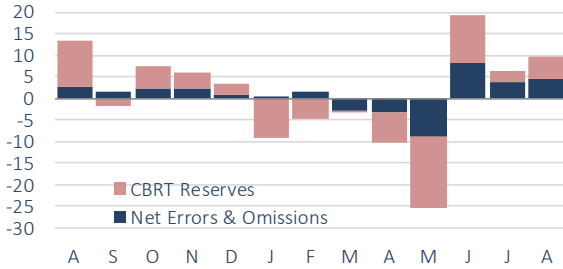
### Net capital inflows in other investments lost momentum.

In August, net capital inflow in other investments was realized as 218 million USD, the lowest level since January. In this period, banking sector borrowed a net amount of 1.3 billion USD from abroad, while general government and other sectors repaid 122 million USD and 679 million USD, respectively. As of August, according to 12-month cumulative data, long-term



debt rollover ratio was 88.5% in the banking sector, while it declined to 99.9% in other sectors, the lowest level since April 2021. In the January-August period, other investments recorded a net capital inflow of 18 billion USD.

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



#### Reserve assets and net errors & omissions...

Reserve assets increased by 5.1 billion USD in August. Thus, the total decline in reserve assets in the first 8 months of the year came down to 18.6 billion USD. Capital inflows in the net errors and omissions item continued in August with 4.6 billion USD.

#### Expectations...

In August, the current account deficit posted a significant decline compared to July thanks to the strong outlook in tourism and other services revenues. According to preliminary data released by the Ministry of Trade, foreign trade deficit narrowed to 5 billion USD in September, the lowest level since October 2021. We forecast that the current account balance and the financing of the deficit will continue to show signs of improvement if the slowdown in imports continues along with the gradual monetary tightening, and capital inflows from abroad accelerate. On the other hand, a decline in tourism revenues due to seasonal effects, the ongoing geopolitical risks in the Middle East and Ukraine, and the weak economic activity in the Euro Area, Türkiye's main export market, stand out as risk factors on the current account balance in the upcoming period.

#### Balance of Payments

|                                     | Aug.         | Jan. - Aug.    |                | (USD million)     |                |
|-------------------------------------|--------------|----------------|----------------|-------------------|----------------|
|                                     | 2023         | 2022           | 2023           | % 12-month        |                |
|                                     |              |                |                | Change Cumulative |                |
| <b>Current Account Balance</b>      | <b>-619</b>  | <b>-35,060</b> | <b>-43,132</b> | <b>23.0</b>       | <b>-56,964</b> |
| Foreign Trade Balance               | -7,104       | -59,861        | -68,675        | 14.7              | -98,414        |
| Services Balance                    | 7,266        | 31,567         | 33,094         | 4.8               | 51,192         |
| Travel (net)                        | 5,749        | 24,046         | 26,509         | 10.2              | 39,780         |
| Primary Income                      | -922         | -6,168         | -7,818         | 26.8              | -10,236        |
| Secondary Income                    | 141          | -598           | 267            | -                 | 494            |
| <b>Capital Account</b>              | <b>-34</b>   | <b>-21</b>     | <b>-144</b>    | <b>585.7</b>      | <b>-158</b>    |
| <b>Financial Account</b>            | <b>3,930</b> | <b>-16,132</b> | <b>-40,182</b> | <b>149.1</b>      | <b>-47,009</b> |
| Direct Investment (net)             | -106         | -5,445         | -2,634         | -51.6             | -5,631         |
| Portfolio Investment (net)          | -880         | 11,356         | -929           | -                 | 1,243          |
| Net Acquisition of Financial Assets | -481         | 4,397          | 1,231          | -72.0             | 1,329          |
| Net Incurrence of Liabilities       | 399          | -6,959         | 2,160          | -                 | 86             |
| Equity Securities                   | -131         | -2,819         | 98             | -                 | -1,121         |
| Debt Securities                     | 530          | -4,140         | 2,062          | -                 | 1,207          |
| Other Investment (net)              | -218         | -24,904        | -17,998        | -27.7             | -33,450        |
| Currency and Deposits               | -279         | -17,404        | -13,173        | -24.3             | -31,667        |
| Net Acquisition of Financial Assets | 128          | 3,502          | 9,136          | 160.9             | -862           |
| Net Incurrence of Liabilities       | 407          | 20,906         | 22,309         | 6.7               | 30,805         |
| Central Bank                        | -126         | 6,494          | 13,541         | 108.5             | 14,364         |
| Banks                               | 533          | 14,412         | 8,768          | -39.2             | 16,441         |
| Foreign Banks                       | 20           | 9,312          | 6,202          | -33.4             | 5,381          |
| Foreign Exchange                    | 141          | 6,078          | 3,830          | -37.0             | 3,261          |
| Turkish Lira                        | -121         | 3,234          | 2,372          | -26.7             | 7,799          |
| Non-residents                       | 513          | 5,100          | 2,566          | -49.7             | 8,642          |
| Loans                               | -807         | -4,524         | -2,526         | -44.2             | -1,818         |
| Net Acquisition of Financial Assets | -314         | 793            | -225           | -                 | -1,306         |
| Net Incurrence of Liabilities       | 493          | 5,317          | 2,301          | -56.7             | 512            |
| Banking Sector                      | 1,294        | -3,122         | 1,601          | -                 | -1,030         |
| Non-bank Sectors                    | -679         | 7,987          | 1,188          | -85.1             | 1,312          |
| Trade Credit and Advances           | 882          | -2,926         | -2,248         | -23.2             | 89             |
| Other Assets and Liabilities        | -14          | -50            | -51            | 2.0               | -54            |
| Reserve Assets (net)                | 5,134        | 2,861          | -18,621        | -                 | -9,171         |
| <b>Net Errors and Omissions</b>     | <b>4,583</b> | <b>18,949</b>  | <b>3,094</b>   | <b>-83.7</b>      | <b>10,113</b>  |

Source: Datastream, Ministry of Trade, CBRT

---

## Economic Research Division

Alper Grler  
Division Head  
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya  
Asst. Manager  
dilek.kaya@isbank.com.tr

H. Erhan Gl  
Unit Manager  
erhan.gul@isbank.com.tr

Utkan İnam  
Asst. Economist  
utkan.inam@isbank.com.tr

---

Our reports are available on our website <https://research.isbank.com.tr>

### **LEGAL NOTICE**

This report has been prepared by Trkiye İř Bankası A.ř. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.ř. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A.ř, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.