

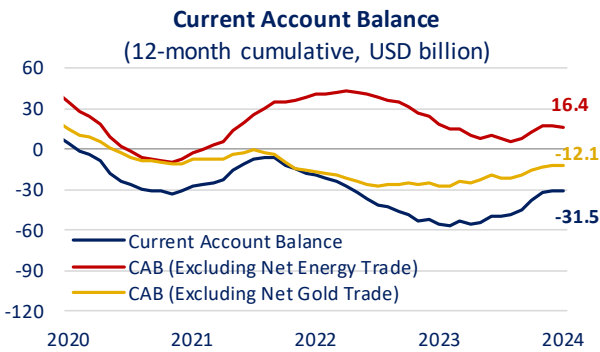


Foreign trade deficit became 9.9 billion USD in April.

According to foreign trade data released by Turkstat, exports increased by 0.1% yoy to 19.3 billion USD, while imports rose by 4% yoy to 29.1 billion USD in April. Thus, foreign trade deficit widened by 12.9% yoy to 9.9 billion USD in April. In this period, exports coverage ratio was realized as 66.1%.

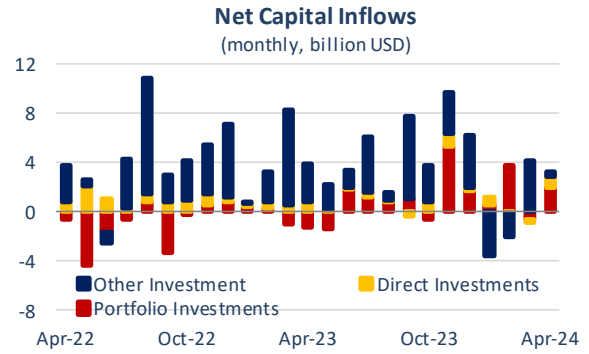
Current account deficit came in at 5.3 billion USD in April.

In April, current account posted a deficit of 5.3 billion USD, below the market expectations of 6.1 billion USD. The balance of payments-defined foreign trade deficit was realized as 7.6 billion USD, the highest level since July 2023, causing the monthly current account deficit to hit the highest level of the same period. In this period, services account surplus was realized as 3.1 billion USD, the highest level in the last 6 months, thanks to the favorable course of transportation and travel items. In April, non-monetary net gold imports increased by 7.7% yoy to 1.2 billion USD, while current account excluding gold and energy posted a deficit of 497 million USD for the first time since May 2023. 12-month cumulative current account deficit increased slightly for the first time in 8 months to 31.5 billion USD in April.



Recovery in net foreign direct investments...

In April, net foreign direct investments recorded the highest capital inflow of the last 5 months with 856 million USD. In this period, net real estate investments were realized as 452 million USD, the highest level since January 2023, while non-residents' direct capital investments in Türkiye presented a relatively positive outlook with 473 million USD.

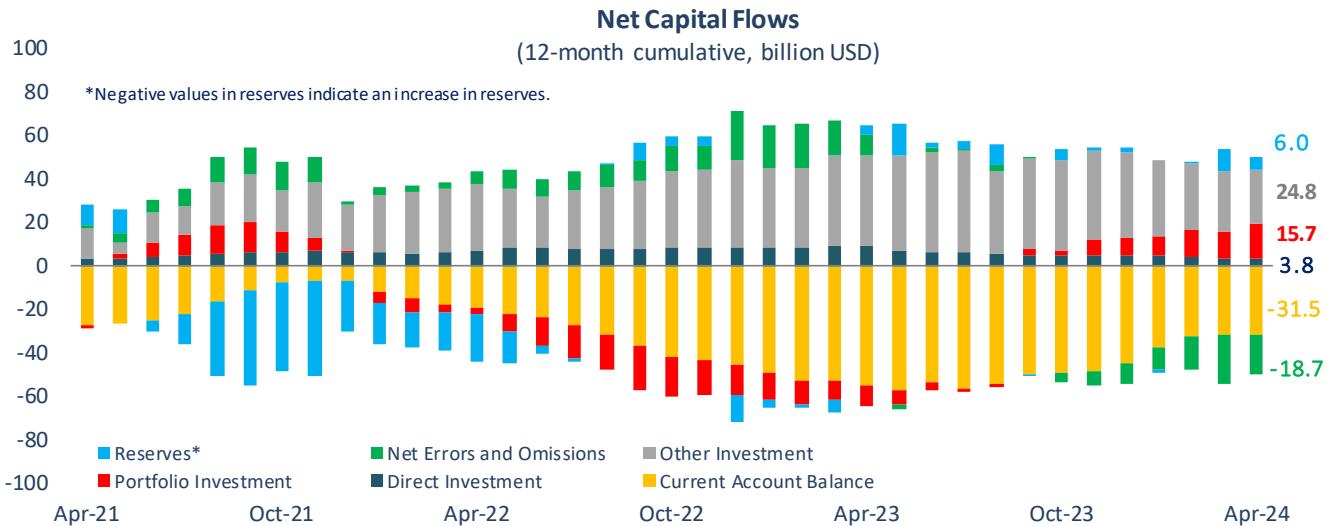


Net capital inflow of 2 billion USD in portfolio investments...

Portfolio investments, which posted capital outflows in March, recorded a net capital inflow of 2 billion USD in April. In this period, residents' net acquisition of financial assets abroad was realized as 1 billion USD. In April, non-residents made net purchases of 360 million USD in the equity market and 2.7 billion USD in the debt securities market. In this period, general government's domestic bond issues were the most important factor supporting portfolio inflows.

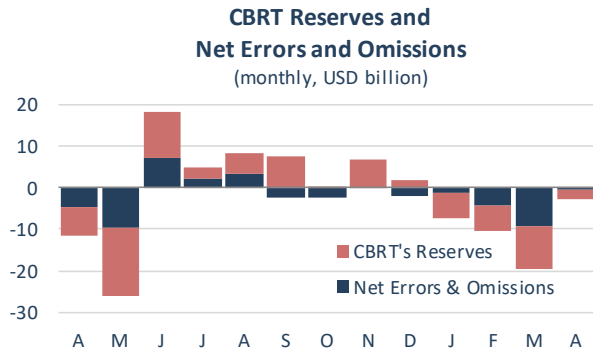
Moderate course in other investments...

In April, other investments recorded a limited capital inflow of 351 million USD. In this period, residents' currency and



Source: Datastream, Turkstat, CBRT

deposits abroad increased rapidly by 3.3 billion USD, leading to a net capital outflow in currency and deposits. On the contrary, banks and other sectors' net borrowings of 892 million USD and 140 million USD from abroad in April supported the limited capital inflow in other investments. According to 12-month cumulative figures, long-term debt rollover ratios for the banking sector and other sectors were realized as 125% and 96.5%, respectively.



The decline in reserves assets lost momentum.

Reserve assets, which decreased by 22.7 billion USD in the first quarter of the year, recorded a relatively limited decline of 2.4 billion USD in April. In this period, net errors and omissions recorded the lowest capital outflow of the last 5 months with 327 million USD. Thus, the said item decreased by approximately 15 billion USD in the first four months of the year.

Expectations...

According to the preliminary data released by the Ministry of Trade, foreign trade deficit narrowed by 47.8% yoy to 6.5 billion USD in May, indicating that the current account deficit, which was higher in April compared to previous months, will start to decline again. In addition, we think that tourism revenues in the short term and the course of the European economy in the medium term, where the ECB has started to cut interest rates, will be decisive on the current account balance outlook. In line with the recent improvement in risk perception towards Türkiye, the positive trend in the financing of the current account deficit is expected to continue.

Balance of Payments	(USD million)				
	Apr. 2024	Jan. - Apr. 2023	Jan. - Apr. 2024	% Change	12-month Cumulative
Current Account Balance	-5,285	-29,671	-16,125	-45.7	-31,462
Foreign Trade Balance	-7,649	-36,649	-22,102	-39.7	-72,358
Services Balance	3,110	10,790	10,310	-4.4	52,079
Travel (net)	2,548	8,376	8,745	4.4	41,963
Primary Income	-1,355	-3,878	-4,669	20.4	-12,010
Secondary Income	609	66	336	409.1	827
Capital Account	-10	-56	1	-	-148
Financial Account	-5,622	-35,273	-31,109	-11.8	-50,261
Direct Investment (net)	-856	-1,999	-1,141	-42.9	-3,786
Portfolio Investment (net)	-2,023	1,535	-5,780	-	-15,657
Net Acquisition of Financial Assets	1,032	1,741	6,799	290.5	8,045
Net Incurrence of Liabilities	3,055	206	12,579	6,006.3	23,702
Equity Securities	360	-964	646	-	2,997
Debt Securities	2,695	1,170	11,933	919.9	20,705
Other Investment (net)	-351	-13,654	922	-	-24,836
Currency and Deposits	1,918	-9,517	3,360	-	-10,510
Net Acquisition of Financial Assets	3,326	3,342	9,368	180.3	10,298
Net Incurrence of Liabilities	1,408	12,859	6,008	-53.3	20,808
Central Bank	-339	8,609	-276	-	4,627
Banks	1,747	4,250	6,284	47.9	16,181
Foreign Banks	1,604	2,817	4,645	64.9	12,020
Foreign Exchange	358	791	1,510	90.9	7,862
Turkish Lira	1,246	2,026	3,135	54.7	4,158
Non-residents	143	1,433	1,639	14.4	4,161
Loans	-1,232	-867	-3,188	267.7	-13,480
Net Acquisition of Financial Assets	-148	-112	-1	-99.1	-1,549
Net Incurrence of Liabilities	1,084	755	3,187	322.1	11,931
Banking Sector	892	593	3,321	460.0	10,255
Non-bank Sectors	140	427	-92	-	792
Trade Credit and Advances	-1,051	-3,270	745	-	-904
Other Assets and Liabilities	14	0	5	-	58
Reserve Assets (net)	-2,392	-21,155	-25,110	18.7	-5,982
Net Errors and Omissions	-327	-5,546	-14,985	170.2	-18,651

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.