



Foreign trade deficit widened by 10.8% yoy in June.

According to foreign trade statistics released by TURKSTAT, exports decreased by 8.3% yoy to 19 billion USD in June, while imports declined by 4.4% yoy to 24.9 billion USD. Thus, foreign trade deficit, which widened by 10.8% yoy to 5.9 billion USD in this period, was realized as 42.6 billion USD in the first half of the year.

Current account balance posted a surplus of 407 million USD.

In June, current account balance recorded the first surplus since September 2023 with 407 million USD, in line with market expectations. In this period, the 7.8% annual increase in the balance of payments-defined foreign trade deficit limited the current account surplus. On the other hand, the rise in services inflows led by net travel revenues, which increased by 11.4% yoy, was the main factor supporting the current account balance outlook. In June, non-monetary net gold imports and net energy imports declined to 928 million USD and 3.2 billion USD, respectively, while the current account surplus excluding gold and energy rose to 4.5 billion USD, the highest level since October 2023. Current account deficit, came in at 16.5 billion USD in the first half of the year. According to 12-month cumulative figures, the deficit recorded a limited increase compared to May and became 24.8 billion USD as of June.

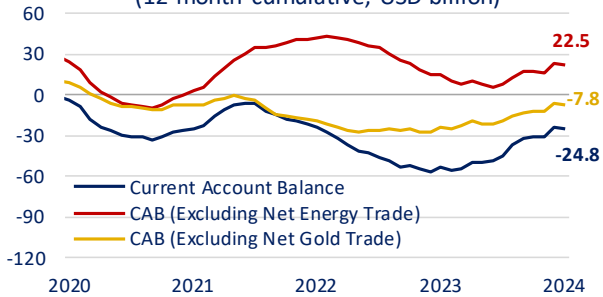
Moderate course in foreign direct investments continued.

In June, foreign direct investments recorded a net capital inflow of 447 million USD. In this period, non-residents' direct investments in Türkiye were realized as 842 million USD, the lowest level of the last 3 months. The decline in residents' direct investments abroad to 395 million USD was the main factor supporting the net capital inflow. In June, real estate investments decreased to 98 million USD, the lowest level of the last 4 years. In the first 6 months of the year, net capital inflow in direct investments declined by 12.6% yoy to 2 billion USD.

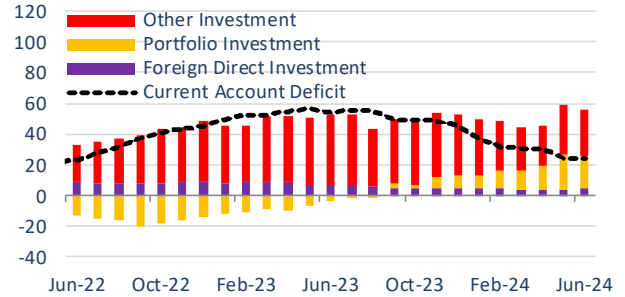
Net capital inflows in portfolio investments slowed down.

In June, net capital inflow in portfolio investments was realized as 591 million USD, the lowest level of the last 3 months. In this period, non-residents' sales in the equity market (1.4 billion USD) accelerated and reached the highest level since May 2022. In the same period, foreign purchases in debt securities market slowed down to 925 million USD. The capital inflows recorded in the debt securities market were mainly driven by the debt securities issued by banks abroad and the general government in Türkiye. In the first six months of the year, portfolio investments recorded a net capital inflow of 12.2 billion USD.

Current Account Balance
(12-month cumulative, USD billion)

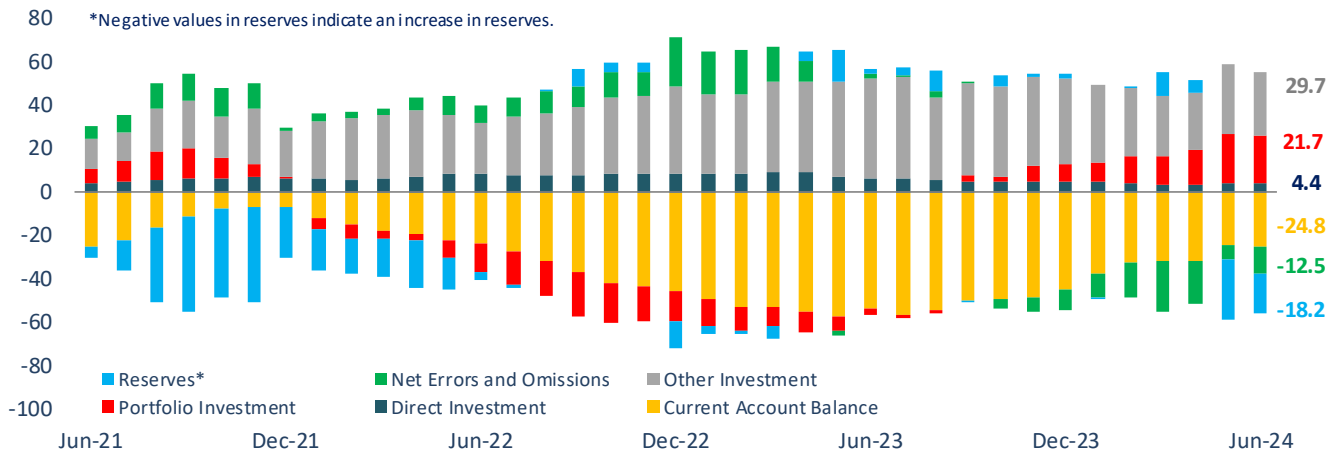


Financing of Current Account Deficit
(12-month cumulative, USD billion)



Net Capital Flows

(12-month cumulative, billion USD)



Source: Datastream, Turkstat, CBRT

Other investments recorded net capital outflows for the first time since February.

In June, other investments posted a net capital outflow of 972 million USD, recording the first net capital outflow since February. In this period, the main factor that deteriorated the positive outlook in other investments was the highest net capital outflow (5.6 billion USD) since August 2018. While foreign banks' currency and deposits with domestic correspondents decreased by 1.5 billion USD, domestic banks' currency and deposits with foreign correspondents increased by 4.4 billion USD.

In June, net capital inflow in loans item was recorded as 4.2 billion USD, the highest level since 2011. In this period, domestic

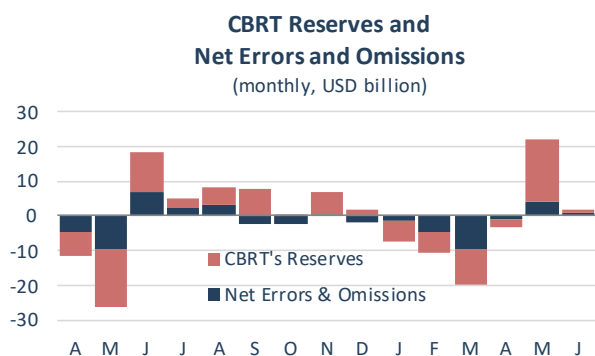
banks borrowed net 4.6 billion USD from abroad, while other sectors realized net 226 million USD loan repayments. General government's net borrowing from abroad was limited to 234 million USD. According to 12-month cumulative figures, long-term debt rollover ratio was realized as 141.3% in the banking sector and 101% in other sectors, as of June. In the first half of 2024, net capital inflow recorded in other investments decreased by 56.6% yoy to 7.5 billion USD.

Moderate increase in reserves...

Having posted a historically high increase of 17.6 billion USD in May, reserve assets rose by 1.2 billion USD in June. Although capital inflows in the net errors and omissions item continued with 775 million USD in June, outflows of 11.5 billion USD were recorded in January-June period due to the high outflows in the first quarter of the year.

Expectations...

In June, current account balance posted a surplus thanks to the favorable course of net travel revenues thanks to the tourism season and the continued downward course in gold and energy imports. Leading figures suggest that the positive impact of tourism revenues continued in July and August. In the upcoming period, the possible effects of geopolitical developments on commodity prices, particularly energy prices, continue to pose risks to the current account balance outlook.

**Balance of Payments**

	(USD million)				
	Jun. 2024	Jan. - Jun. 2023	Jan. - Jun. 2024	% Change	12-month Cumulative
Current Account Balance	407	-36,670	-16,494	-55.0	-24,833
Foreign Trade Balance	-4,139	-50,982	-30,485	-40.2	-66,388
Services Balance	5,603	20,021	21,401	6.9	53,939
Travel (net)	4,790	15,920	18,207	14.4	43,881
Primary Income	-1,055	-5,986	-7,368	23.1	-12,622
Secondary Income	-2	277	-42	-	238
Capital Account	-6	-85	-28	-67.1	-148
Financial Account	1,176	-45,045	-27,994	-37.9	-37,526
Direct Investment (net)	-447	-2,253	-1,968	-12.6	-4,394
Portfolio Investment (net)	-591	1,111	-12,208	-	-21,661
Net Acquisition of Financial Assets	-1,033	1,770	6,514	268.0	7,613
Net Incurrence of Liabilities	-442	659	18,722	2,741.0	29,274
Equity Securities	-1,367	-505	-1,250	147.5	642
Debt Securities	925	1,164	19,972	1,615.8	28,632
Other Investment (net)	972	-17,370	-7,543	-56.6	-29,702
Currency and Deposits	5,609	-12,041	5,740	-	-5,648
Net Acquisition of Financial Assets	4,577	8,062	10,968	36.0	7,136
Net Incurrence of Liabilities	-1,032	20,103	5,228	-74.0	12,784
Central Bank	-169	13,635	-1,587	-	-1,710
Banks	-863	6,468	6,815	5.4	14,494
Foreign Banks	-1,519	5,223	3,865	-26.0	8,834
Foreign Exchange	-459	2,503	683	-72.7	5,323
Turkish Lira	-1,060	2,720	3,182	17.0	3,511
Non-residents	656	1,245	2,950	136.9	5,660
Loans	-4,189	-991	-11,589	1,069.4	-21,799
Net Acquisition of Financial Assets	448	-146	303	-	-1,211
Net Incurrence of Liabilities	4,637	845	11,892	1,307.3	20,588
Banking Sector	4,629	940	11,632	1,137.4	18,299
Non-bank Sectors	-226	242	94	-61.2	1,125
Trade Credit and Advances	-439	-4,316	-1,679	-61.1	-2,315
Other Assets and Liabilities	-9	-22	-15	-31.8	60
Reserve Assets (net)	1,242	-26,533	-6,275	-76.4	18,231
Net Errors and Omissions	775	-8,290	-11,472	38.4	-12,545

Source: Datastream, Ministry of Trade, CBRT

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