



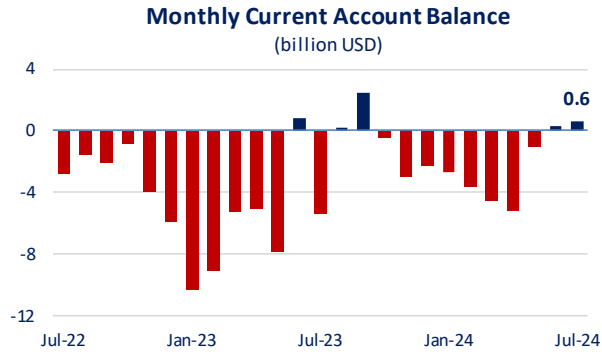
**In July, foreign trade deficit narrowed by 41.8% yoy.**

According to data released by Turkstat, exports increased by 13.8% yoy to 22.5 billion USD in July, while imports contracted by 7.8% yoy to 29.8 billion USD. Thus, foreign trade deficit narrowed by 41.8% on an annual basis and became 7.3 billion USD. Import coverage ratio increased from 61.2% in July 2023 to 75.5% in the same month of this year.

**Current account posted a surplus of 566 million USD in July in line with expectations.**

Current account balance posted a surplus in July as in June. In this period, current account surplus was realized as 566 million USD, in line with market expectations, while 12-month cumulative current account deficit narrowed to 19.1 billion USD, the lowest level since April 2022. In July, the decline in the balance of payments-defined foreign trade deficit (-52.7% yoy) and passenger transportation and travel revenues, which displayed a positive outlook thanks to the tourism season, were the main items supporting the current account balance. In the first 7 months of the year, decreasing by 61.8% yoy current account deficit was recorded as 16 billion USD.

In July, net non-monetary gold imports fell sharply by 89.1% yoy to 267 million USD, the lowest level since December 2021. On the other hand, net energy imports increased by 9.5% yoy to 4 billion USD in the same period. Thus, current account balance excluding gold and energy posted a monthly surplus of 4.9 billion USD and a 12-month cumulative surplus of 43.4 billion USD as of July.

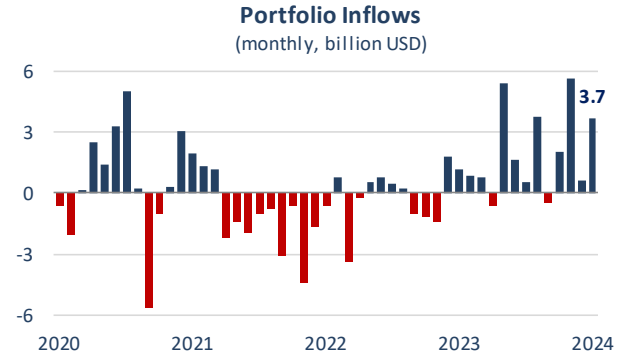


**Capital inflows in foreign direct investments continued in July.**

Capital inflows in net foreign direct investments, which have been continuing since April, increased by 39% yoy to 670 million USD in July. In this period, non-residents' direct investments in Türkiye and residents' direct investments abroad were realized as 1.2 billion USD and 510 million USD, respectively. In July, real estate investments reached 289 million USD, the highest level since April. On the other hand, according to the brand new data released by CBRT, residents' real estate investments abroad were realized as 1.2 billion USD in the first 7 months of the year.

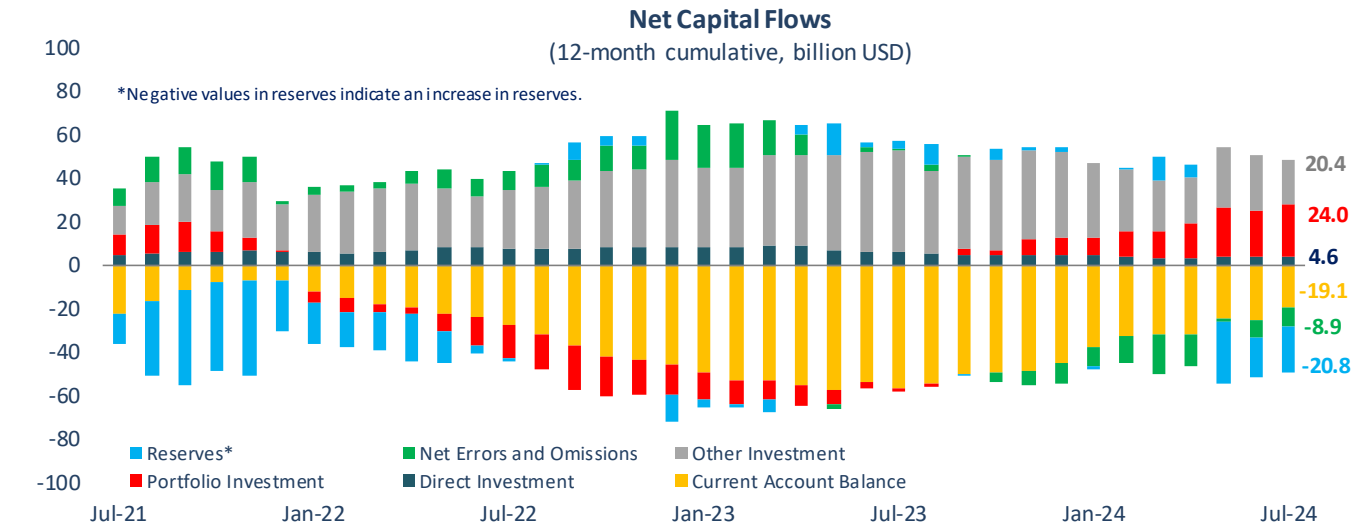
**In the first 7 months of the year, net portfolio inflows reached 15.9 billion USD.**

In July, net portfolio inflows were realized as 3.7 billion USD and gained momentum compared to the previous month. In this period, non-residents' sales in the equity market were realized as 21 million USD, the mildest level of the last 3 months, while their purchases in debt securities market were realized as 6.4 billion USD. Capital inflows in debt securities market were mainly driven by bond issues in domestic (2.5 billion USD) and foreign (1.8 billion USD) markets by the general government. Thus, net portfolio inflows amounted to 15.9 billion USD in the first 7 months of the year.



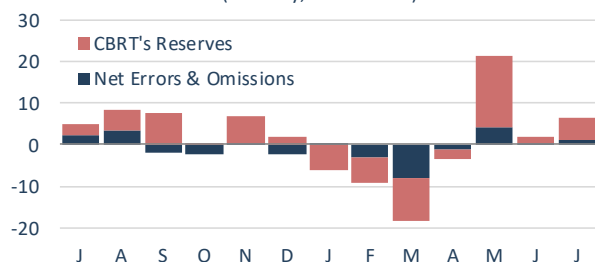
**Capital outflows in other investments continued in July.**

Net capital outflow in other investments continued in July with 705 million USD. In this period, the main factor that deteriorated the positive outlook in other investments was the 2.6 billion USD capital



outflow in currency and deposits item. The CBRT's termination of the deposit purchase transaction with Saudi Arabia played a key role in this development. In July, domestic banks' currency and deposits in foreign correspondent banks decreased by 1.8 billion USD, while foreign banks' deposits in Türkiye increased by 1.3 billion USD. In the same period, loans item recorded a net capital inflow of 1.7 billion USD due to the drawings of domestic banks. According to 12-month cumulative figures, long-term debt rollover ratio was realized as 147.2% in the banking sector and 93.1% in other sectors as of July. In the first 7 months of the year, net capital inflow recorded in other investments decreased by 87.8% yoy to 2.7 billion USD.

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



#### Reserves and net errors & omissions...

Reserve assets, which have been increasing since May, rose by 5.4 billion USD in July. Thus, total reserve assets that decreased by 23.8 billion USD in the first 7 months of 2023, declined by 909 million USD in the same period of this year. Despite the fact that capital inflows in the net errors and omissions item continued with 1.2 billion USD in July, the item recorded a net outflow of 6 billion USD in the first 7 months of the year.

#### Expectations...

Preliminary data released by the Ministry of Trade suggest that the annual decline in foreign trade balance recorded in July accelerated slightly in August. The fact that the contraction in foreign trade deficit was led by the rapid decline in imports indicates that the cooling domestic demand has started to be effective in the improvement of the current account balance outlook. Despite the recent global recession concerns, the ICI export climate index in August provided a positive assessment of external demand conditions and strengthened the possibility that foreign trade and current account balance will follow a favorable course in the upcoming period.

Balance of Payments	(USD million)				
	Jul. 2024	Jan. - Jul. 2023	Jan. - Jul. 2024	% Change	12-month Cumulative
<b>Current Account Balance</b>	<b>566</b>	<b>-41,991</b>	<b>-16,048</b>	<b>-61.8</b>	<b>-19,085</b>
Foreign Trade Balance	-5,102	-61,752	-35,738	-42.1	-60,874
Services Balance	6,873	26,468	28,254	6.7	54,345
Travel (net)	5,601	21,116	23,808	12.7	44,286
Primary Income	-1,271	-6,903	-8,588	24.4	-12,941
Secondary Income	66	196	24	-87.8	385
<b>Capital Account</b>	<b>-77</b>	<b>-110</b>	<b>-105</b>	<b>-4.5</b>	<b>-200</b>
<b>Financial Account</b>	<b>1,675</b>	<b>-48,255</b>	<b>-22,121</b>	<b>-54.2</b>	<b>-28,201</b>
Direct Investment (net)	-670	-2,749	-2,663	-3.1	-4,597
Portfolio Investment (net)	-3,726	-47	-15,891	33,710.6	-23,983
Net Acquisition of Financial Assets	2,681	1,714	9,202	436.9	10,560
Net Incurrence of Liabilities	6,407	1,761	25,093	1,324.9	34,543
Equity Securities	-21	229	-1,271	-	-113
Debt Securities	6,428	1,532	26,364	1,620.9	34,656
Other Investment (net)	705	-21,704	-2,658	-87.8	-20,440
Currency and Deposits	2,616	-14,532	8,357	-	-601
Net Acquisition of Financial Assets	-1,894	7,391	9,074	22.8	5,852
Net Incurrence of Liabilities	-4,510	21,923	717	-96.7	6,453
Central Bank	-6,123	13,667	-7,710	-	-7,865
Banks	1,613	8,256	8,427	2.1	14,318
Foreign Banks	1,260	6,203	5,124	-17.4	9,113
Foreign Exchange	326	3,689	1,008	-72.7	4,462
Turkish Lira	934	2,514	4,116	63.7	4,651
Non-residents	353	2,053	3,303	60.9	5,205
Loans	-1,686	-1,632	-13,170	707.0	-22,691
Net Acquisition of Financial Assets	31	86	334	288.4	-1,412
Net Incurrence of Liabilities	1,717	1,718	13,504	686.0	21,279
Banking Sector	1,693	453	13,251	2,825.2	20,406
Non-bank Sectors	82	1,625	145	-91.1	-256
Trade Credit and Advances	-213	-5,499	2,182	-	2,785
Other Assets and Liabilities	-12	-41	-27	-34.1	67
Reserve Assets (net)	5,366	-23,755	-909	-96.2	20,819
<b>Net Errors and Omissions</b>	<b>1,186</b>	<b>-6,154</b>	<b>-5,968</b>	<b>-3.0</b>	<b>-8,916</b>

Source: Datastream, Ministry of Trade, CBRT

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