



According to In August, foreign trade deficit contracted by 42.7% yoy.

According to data released by Turkstat, exports increased by 2.3% yoy to 22 billion USD in August, while imports declined by 10.7% yoy to 27 billion USD. Thus, foreign trade deficit narrowed by 42.7% yoy to 5 billion USD. The import coverage, which was 71.2% in August 2023, reached 81.5% in the same month of this year, the highest level of 2024.

Services balance-driven revision...

According to the CBRT's announcement, the balance of services data for 2022, 2023 and the first 7 months of 2024 were revised in line with the international trade in services statistics released by Turkstat. Thus, the current account deficit for 2023 was revised down from 45 billion USD to 40.5 billion USD. On the other hand, the current account deficit for the January-July 2024 period was revised down from 16 billion USD to 14 billion USD.

Current account posted a surplus of 4.3 billion USD in August.

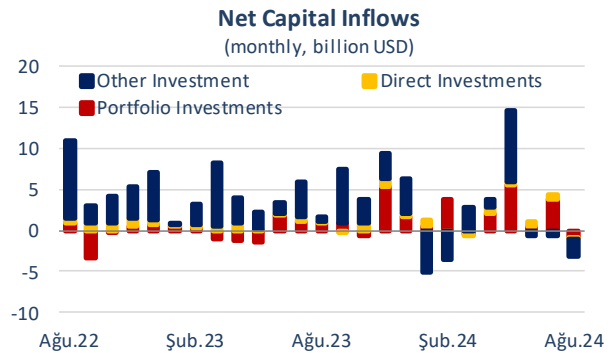
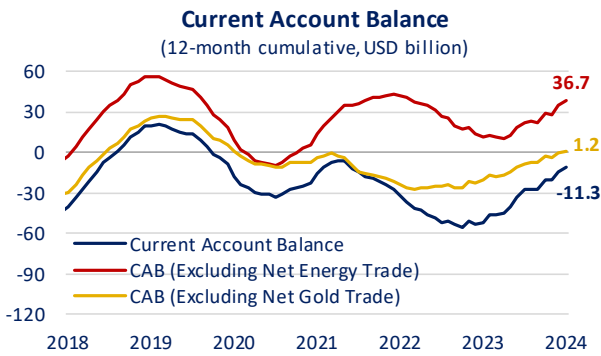
After June and July, current account posted a surplus in August as well. In this period, current account surplus was realized as 4.3 billion USD, in line with market expectations and at the highest level of the last 5 years. The annual decline in foreign trade deficit and passenger transportation revenues, which displayed a positive outlook thanks to the tourism season, were the main items supporting the current account balance outlook in August. In the

first 8 months of the year, current account deficit narrowed by 75.2% yoy to 9.7 billion USD, while the 12-month cumulative deficit narrowed to 11.3 billion USD, the lowest level since December 2021.

In August, net non-monetary gold imports fell sharply by 75.5% yoy to 750 million USD. In this period, net energy imports increased by 6.9% to 3.9 billion USD. Thus, while the current account surplus excluding gold and energy was recorded at a historic high level of 9 billion USD in August, 12-month cumulative data showed the most favorable outlook of the last 1.5 years with 49.2 billion USD.

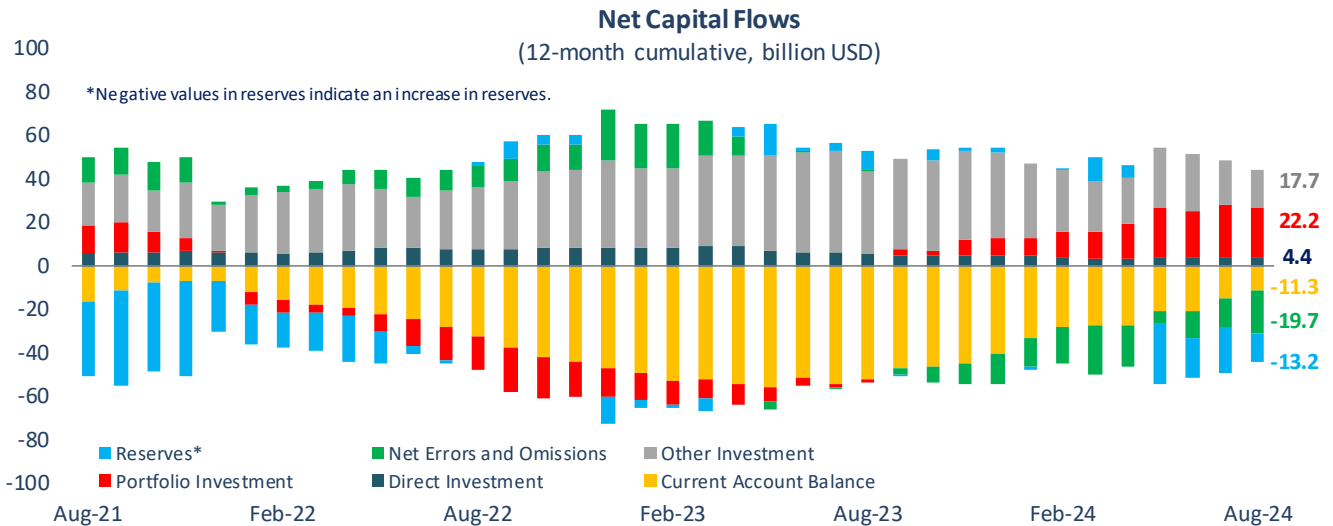
Foreign direct investments recorded net capital outflows for the first time since March.

In August, foreign direct investments recorded a capital outflow for the first time since March by 62 million USD. In this period, residents' net asset acquisition abroad became 559 million USD, while non-residents' net capital investments in Türkiye were realized as 261 million USD, the lowest level of the last 5 months. In August, non-residents' net real estate purchases also slowed down slightly compared to July and were realized as 201 million USD.



Portfolio investments recorded the fastest net capital outflow in the last 15 months.

In August, net capital outflow in portfolio investments were realized as 881 million USD, the highest level since May 2023. In line with the volatility in global markets in early August, non-residents sold net



627 million USD worth of equities. In August, net capital inflow recorded in debt securities was 413 million USD, the lowest level of this year. In this period, the general government's net repayment of 2.3 billion USD abroad limited the net capital inflow in the debt securities item.

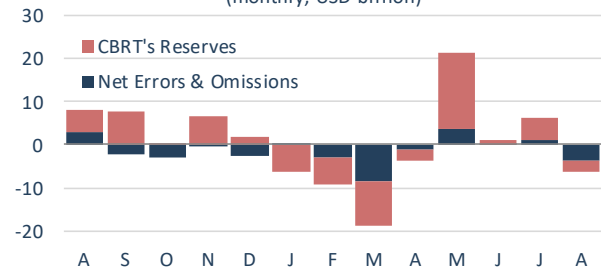
Net capital outflow accelerated in other investments.

Net capital outflow in other investments since June, accelerated in August and was realized as 2.2 billion USD. In this period, currency and deposits item decreased by 1.8 billion USD. Net capital outflow in loans item was realized as 292 million USD, the highest level since January 2023. In August, the banking sector and the general government repaid net amounts of 626 million USD and 133 million USD respectively, and other sectors borrowed a net amount of 561 million USD from abroad. According to 12-month cumulative figures, long-term debt rollover ratio became 144.7% in the banking sector and 105.4% in other sectors.

Reserves and net errors & omissions...

Having increased since May, reserve assets decreased by 2.5 billion USD in August in line with the capital outflows in financing items. Thus, reserve assets declined by 3.4 billion USD in January-August period due to the outflows in the first months of the year. Net errors and omissions recorded a capital outflow of 3.7 billion USD in August and 11.8 billion USD in the first 8 months of the year.

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



Expectations...

According to preliminary data released by the Ministry of Trade, in September, exports and imports contracted by 1.8% and 1.4% yoy, respectively. Thus, foreign trade deficit, that has been on a narrowing trend since the beginning of the year, increased slightly by 0.5% yoy to 5.1 billion USD in September. With the tourism season coming to an end, we expect services revenues to decline in the following months and the current account balance to start posting a deficit again. According to CBRT's Survey of Market Participants, analysts expect the current account deficit to be 20.2 billion USD at the end of the year.

Balance of Payments	(USD million)				
	Aug. 2024	Jan. - Aug. 2023	Jan. - Aug. 2024	% Change	12-month Cumulative
Current Account Balance	4,324	-38,925	-9,665	-75.2	-11,250
Foreign Trade Balance	-2,911	-68,629	-38,550	-43.8	-56,265
Services Balance	8,696	37,387	39,205	4.9	58,521
Travel (net)	6,793	27,859	30,601	9.8	44,336
Primary Income	-1,475	-7,968	-10,365	30.1	-13,823
Secondary Income	14	285	45	-84.2	317
Capital Account	-15	-144	-120	-16.7	-181
Financial Account	645	-44,842	-21,552	-51.9	-31,169
Direct Investment (net)	62	-2,869	-2,617	-8.8	-4,436
Portfolio Investment (net)	881	-927	-15,010	1,519.2	-22,222
Net Acquisition of Financial Assets	667	1,115	9,869	785.1	11,826
Net Incurrence of Liabilities	-214	2,042	24,879	1,118.4	34,048
Equity Securities	-627	98	-1,898	-	-609
Debt Securities	413	1,944	26,777	1,277.4	34,657
Other Investment (net)	2,212	-22,425	-506	-97.7	-17,686
Currency and Deposits	1,786	-14,582	10,143	-	1,235
Net Acquisition of Financial Assets	891	7,748	9,965	28.6	6,386
Net Incurrence of Liabilities	-895	22,330	-178	-	5,151
Central Bank	-817	13,541	-8,527	-	-8,556
Banks	-78	8,789	8,349	-5.0	13,707
Foreign Banks	-374	6,223	4,750	-23.7	8,719
Foreign Exchange	786	3,830	1,794	-53.2	5,107
Turkish Lira	-1,160	2,393	2,956	23.5	3,612
Non-residents	296	2,566	3,599	40.3	4,988
Loans	292	-2,379	-12,977	445.5	-21,867
Net Acquisition of Financial Assets	94	-233	428	-	-999
Net Incurrence of Liabilities	-198	2,146	13,405	524.7	20,868
Banking Sector	-626	1,795	12,641	604.2	18,454
Non-bank Sectors	561	814	789	-3.1	1,315
Trade Credit and Advances	144	-5,410	2,365	-	2,876
Other Assets and Liabilities	-10	-54	-37	-31.5	70
Reserve Assets (net)	-2,510	-18,621	-3,419	-81.6	13,175
Net Errors and Omissions	-3,664	-5,773	-11,767	103.8	-19,738

Source: Datastream, Ministry of Trade, CBRT

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