



In September, foreign trade deficit widened by 0.7% yoy.

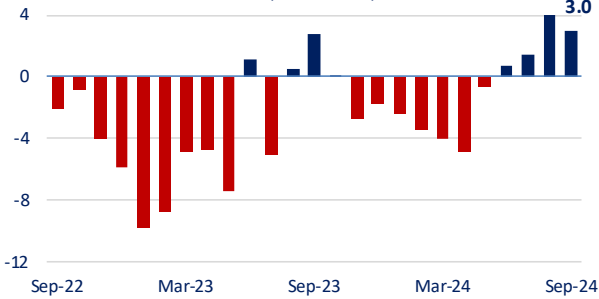
According to foreign trade statistics released by TURKSTAT, exports decreased by 1.9% yoy to 22 billion USD in September, while imports declined by 1.4% yoy to 27.1 billion USD. Thus, foreign trade deficit widened slightly by 0.7% yoy to 5.1 billion USD. In this period, import coverage ratio was realized as 81.1%.

Current account posted a surplus of around 3 billion USD in September.

In September, current account came in parallel to market expectations and posted a surplus for the fourth consecutive month. The positive outlook of services revenues, particularly travel revenues, supported the current account surplus to realize approximately 3 billion USD. Thus, current account deficit narrowed by 85.4% yoy to 5.3 billion USD in the first 3 quarters of the year, while the 12-month cumulative deficit narrowed to 9.7 billion USD, the lowest level since December 2021.

In September, net non-monetary gold imports fell by 25% yoy to 1 billion USD. In this period, net energy imports decreased by 5.2% yoy to 3.7 billion USD. Thus, current account surplus excluding gold and energy was realized as 7.7 billion USD in September and 50.3 billion USD according to 12-month cumulative figures.

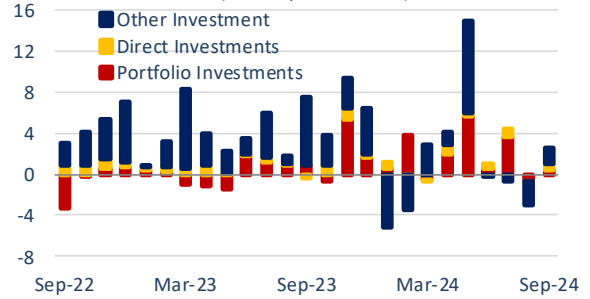
Monthly Current Account Balance
(billion USD)



Net capital inflows in foreign direct investments...

Foreign direct investments posted a net capital inflow of 649 million USD in September. The improvement in foreign direct investments compared to the previous month was mainly driven by the decline in residents' net capital investments abroad and the rapid increase in net incurrence of liabilities led by the net other capital item which is non-residents' loans to their domestic partners. Wholesale and retail trade sector (118 million USD) and manufacture of chemical products and basic pharmaceutical products (101 million USD) stood out in non-residents' direct capital investments in Türkiye. In September, non-residents' net real estate investments were realized at the lowest level of the last 3 months.

Net Capital Inflows
(monthly, billion USD)

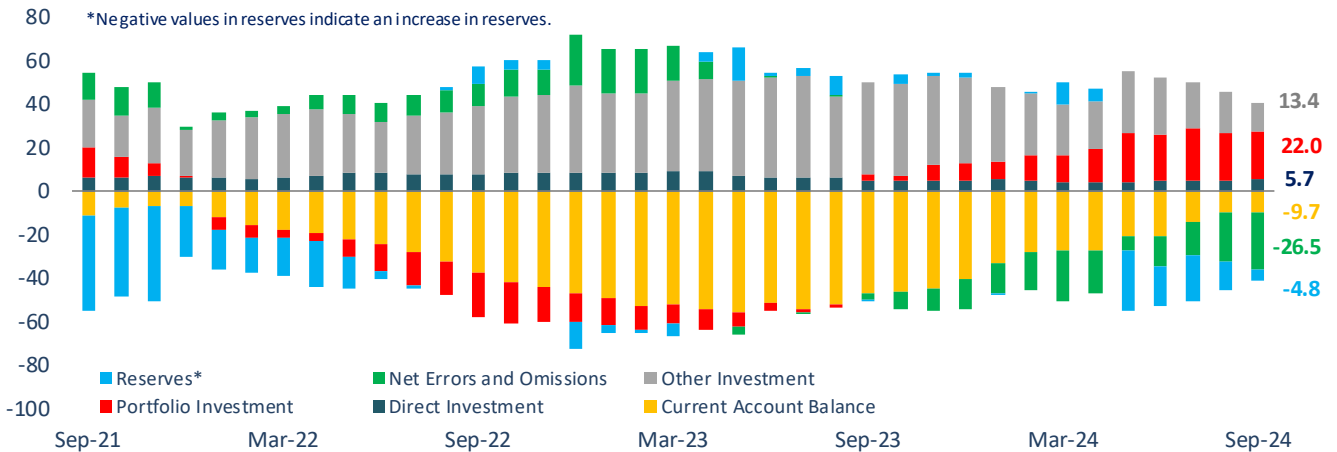


Portfolio investments presented a moderate outlook.

Portfolio investments posted a net capital inflow of 370 million USD in September, following the capital outflow of 693 million USD in August. In this period, the capital inflow of 3 billion USD in debt securities market was noteworthy. On the other hand, the equity market continued to diverge from the debt securities market in September, with net capital outflow. Therefore, in the January-September period, equity market recorded a net capital outflow of 2 billion USD, while GDDS market recorded a capital inflow of 13.7 billion USD.

Net Capital Flows

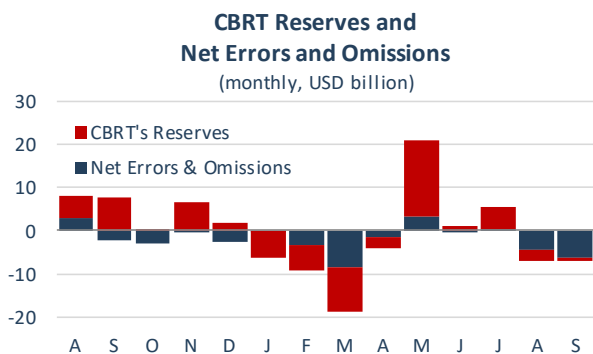
(12-month cumulative, billion USD)



Source: Datastream, Turkstat, CBRT

1.5 billion USD net capital inflow in other investments...

Other investments, which posted capital outflows in June-August period, posted a net capital inflow of 1.5 billion USD in September. In this period, net capital inflow was supported by the 4.8 billion USD net incurrence of liabilities in loans. 3.3 billion USD of this liability was composed of loans utilized by banks and 1.3 billion USD by other sectors. According to 12-month cumulative figures, as of September, long-term debt rollover ratio was 140.6% in the banking sector and 111.8% in other sectors.

**Reserves and net errors and omissions...**

Having started to decline in August, reserve assets decreased by 719 million USD in September. Thus, reserve assets declined by 4.1 billion USD in the first nine months of the year. Net errors and omissions recorded a capital outflow of 6.2 billion USD in September and 20.7 billion USD in the first 9 months of the year.

Expectations...

According to preliminary data released by the Ministry of Trade, foreign trade deficit narrowed by 13% yoy in October, indicating that the favorable outlook in the current account balance continued. In the upcoming period, recovery in economic activity in our main export markets will be important for the continuation of the favorable course in the current account balance. In the longer term, the effects of protectionist trade policy, which is expected to escalate following the US presidential elections, will also be monitored. On the other hand, the policies of major central banks, especially the Fed, will be closely watched in terms of the course of investment appetite, which recovered slightly in September.

Balance of Payments

(USD million)

	Sep. 2024	Jan. - Sep. 2023	2024	% Change	12-month Cumulative
Current Account Balance	2,988	-36,122	-5,271	-85.4	-9,652
Foreign Trade Balance	-3,113	-72,330	-41,470	-42.7	-55,484
Services Balance	7,390	44,558	47,718	7.1	59,863
Travel (net)	5,970	33,338	37,763	13.3	46,019
Primary Income	-1,230	-8,832	-11,521	30.4	-14,108
Secondary Income	-59	482	2	-99.6	77
Capital Account	-6	-167	-111	-33.5	-149
Financial Account	-3,257	-44,602	-26,105	-41.5	-36,273
Direct Investment (net)	-649	-2,772	-3,443	24.2	-5,659
Portfolio Investment (net)	-370	-1,738	-15,568	795.7	-21,969
Net Acquisition of Financial Assets	2,573	1,961	12,454	535.1	13,565
Net Incurrence of Liabilities	2,943	3,699	28,022	657.6	35,534
Equity Securities	-83	-165	-1,981	1,100.6	-429
Debt Securities	3,026	3,864	30,003	676.5	35,963
Other Investment (net)	-1,519	-29,134	-2,956	-89.9	-13,438
Currency and Deposits	260	-17,874	9,419	-	3,803
Net Acquisition of Financial Assets	351	4,805	9,332	94.2	8,696
Net Incurrence of Liabilities	91	22,679	-87	-	4,893
Central Bank	-37	13,488	-8,564	-	-8,540
Banks	128	9,191	8,477	-7.8	13,433
Foreign Banks	363	6,637	5,113	-23.0	8,668
Foreign Exchange	-182	3,992	1,612	-59.6	4,763
Turkish Lira	545	2,645	3,501	32.4	3,905
Non-residents	-235	2,554	3,364	31.7	4,765
Loans	-2,234	-5,521	-15,149	174.4	-20,908
Net Acquisition of Financial Assets	2,540	-1,276	2,968	-	2,584
Net Incurrence of Liabilities	4,774	4,245	18,117	326.8	23,492
Banking Sector	3,348	3,390	15,978	371.3	20,196
Non-bank Sectors	1,256	1,166	1,994	71.0	2,179
Trade Credit and Advances	467	-5,694	2,824	-	3,619
Other Assets and Liabilities	-12	-45	-50	11.1	48
Reserve Assets (net)	-719	-10,958	-4,138	-62.2	4,793
Net Errors and Omissions	-6,239	-8,313	-20,723	149.3	-26,472

Source: Datastream, Ministry of Trade, CBRT

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