



Foreign trade deficit narrowed by 22.7% in 2024.

According to Turkstat, exports increased by 2.1% yoy to 23.4 billion USD in December and rose by 2.4% yoy to 261.9 billion USD in calendar year 2024. On the other hand, imports, which rose by 10.9% yoy to 32.2 billion USD in December, narrowed by 5% yoy to 344 billion USD in 2024 due to the decline in energy prices and gold imports. Thus, foreign trade deficit narrowed by 22.7% yoy to 82.2 billion USD in 2024. The imports coverage ratio increased from 70.6% in 2023 to 76.1% in 2024.

Current account deficit was 10 billion USD in 2024.

In December, current account posted a deficit of 4.7 billion USD, above the market expectations of 4.0 billion USD due to the foreign trade deficit reaching the highest level of the last 8 months in line with the rapid increase in imports. Moreover, the decline in travel revenues to its lowest level since February, due to seasonal factors, limited the contribution of services revenues to the current account balance as well. Although non-monetary net gold imports declined slightly in December, net energy imports reached 5.5 billion USD, the highest level since February 2023. Thus, current account surplus excluding gold and energy declined to 2.5 billion USD.

In 2024, in line with the contraction in foreign trade deficit and the favorable outlook in tourism revenues, the current account deficit decreased by 75% compared to 2023 and came down to 10 billion USD. In this period, gold and energy excluded current account surplus became 52.7 billion USD.

Net direct investments in December were realized at the highest level of the last 2.5 years.

In December, net direct investments in Türkiye were realized

as 1.1 billion USD, the highest level since June 2022. In this period, non-residents' capital investments in Türkiye amounted to 1.2 billion USD, while wholesale and retail trade and manufacturing of food, beverage and tobacco products stood out with 565 million USD and 139 million USD, respectively. On the other hand, net direct investments decreased slightly by 0.7% yoy to 4.7 billion USD in 2024.

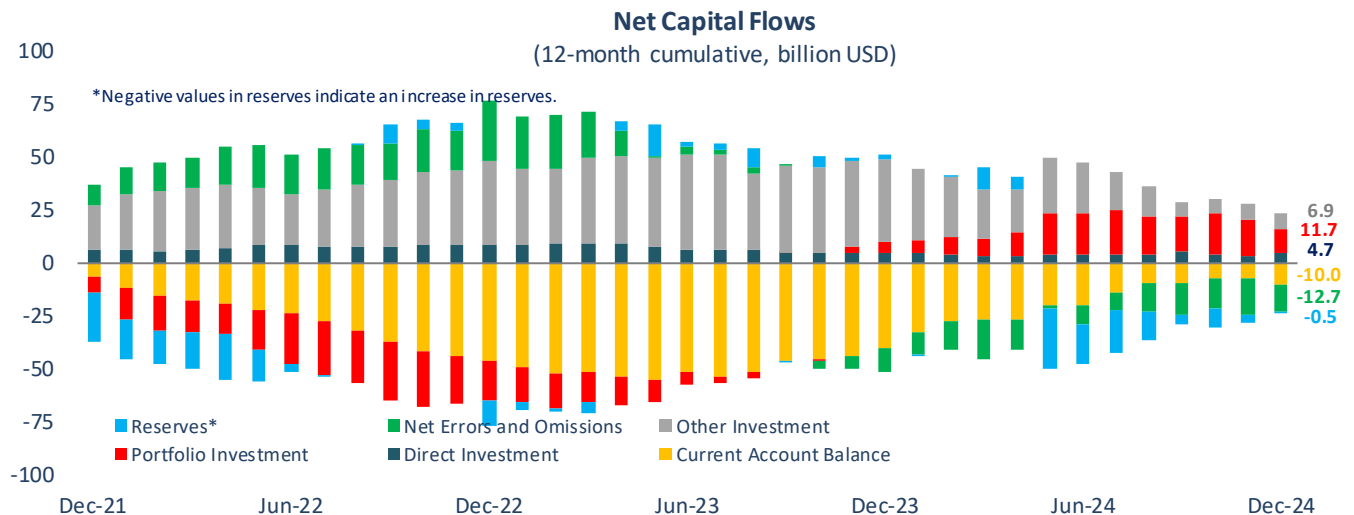
Net capital outflow in portfolio investments in December...

CBRT revised the portfolio investments item by changing the content and presentation of debt securities issued abroad by residents. According to the revised data, portfolio investments posted a capital outflow of 1.5 billion USD in December. In this period, while residents' net asset acquisition abroad increased slightly, the main factor triggering capital outflows was the 627 million USD decline in net liability formation due to the sales in debt securities. In December, debt securities of the general government and non-banking sectors decreased by 639 million USD and 113 million USD, respectively, while net capital inflows in the equity market were limited to 77 million USD.

On the other hand, with the favorable course throughout the year, net capital inflows in portfolio investments were 2.1 times higher than its level in 2023 reaching 11.7 billion USD in 2024. In this period, the approximately quadrupling of net capital inflows to the debt securities market was the main factor supporting portfolio investments.

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

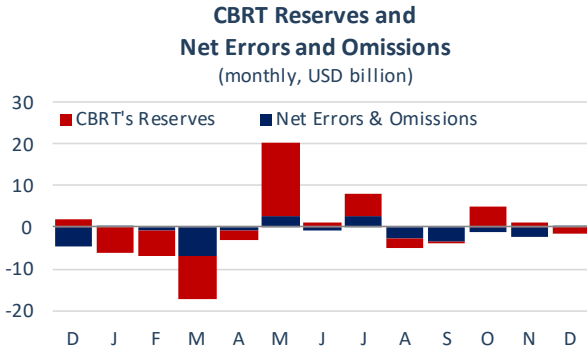
In December, other investments recorded a net capital inflow of 3.4 billion USD. In this period, net capital outflow of 1.6 billion USD in currency and deposits item was noteworthy. This development was mainly driven by the rapid increase in net acquisition of financial assets amid a surge in domestic



Source: Datastream, Turkstat, CBRT

banks' FX-denominated currency and deposits in their foreign correspondents and the 1.4 billion USD decrease in short-term deposits at the CBRT. On the loans side, net capital inflows continued with 4.1 billion USD in December.

On the other hand, net capital inflows in other investments decreased by 82.2% yoy to 6.9 billion USD in 2024. In the same period, while the net capital inflow in the loans item increased approximately 2.5 times, the long-term debt rollover ratio was 140.9% in the banking sector and 117.2% in other sectors.



Reserves and net errors and omissions...

Reserve assets, which decreased by 1.6 billion USD in December, increased by 493 million USD in 2024. Net errors and omissions item, which recorded a capital inflow of 57 million USD in the last month of the year, recorded an outflow of 12.7 billion USD throughout the year.

Expectations

In 2024, when the current account balance outlook improved significantly compared to the previous year, the current account deficit/GDP ratio decreased to 0.8%, considering the GDP forecast announced in the MTP. The economic policies that came to the agenda after Trump was sworn in as the new US president in January 2025 cause uncertainties in terms of the course of global trade as well as commodity prices in the upcoming period. These developments will be closely monitored for the course of imports and the outlook in Türkiye's main export markets.

Balance of Payments

(million USD)

	Dec. 2024	Jan. - Dec. 2023	Jan. - Dec. 2024	% Change
Current Account Balance	-4,650	-39,877	-9,973	-75.0
Foreign Trade Balance	-6,243	-86,280	-56,258	-34.8
Services Balance	3,148	57,266	61,992	8.3
Travel (net)	2,142	42,157	48,953	16.1
Primary Income	-1,668	-11,420	-15,779	38.2
Secondary Income	113	557	72	-87.1
Capital Account	-9	-204	-126	-38.2
Financial Account	-4,602	-51,406	-22,795	-55.7
Direct Investment (net)	-1,138	-4,694	-4,661	-0.7
Portfolio Investment (net)	1,479	-5,652	-11,680	106.7
Net Acquisition of Financial Assets	852	1,881	9,532	406.8
Net Incurrence of Liabilities	-627	7,533	21,212	181.6
Equity Securities	77	1,387	-2,507	-
Debt Securities	-704	6,146	23,719	285.9
Other Investment (net)	-3,386	-39,033	-6,947	-82.2
Currency and Deposits	1,623	-23,492	13,971	-
Net Acquisition of Financial Assets	1,151	4,167	12,440	198.5
Net Incurrence of Liabilities	-472	27,659	-1,531	-
Central Bank	-1,375	13,512	-11,866	-
Banks	903	14,147	10,335	-26.9
Foreign Banks	244	10,192	6,725	-34.0
Foreign Exchange	512	7,143	2,565	-64.1
Turkish Lira	-268	3,049	4,160	36.4
Non-residents	659	3,955	3,610	-8.7
Loans	-4,138	-10,696	-26,243	145.4
Net Acquisition of Financial Assets	204	-1,660	2,261	-
Net Incurrence of Liabilities	4,342	9,036	28,504	215.4
Banking Sector	2,816	7,465	24,956	234.3
Non-bank Sectors	1,211	910	2,869	215.3
Trade Credit and Advances	-866	-4,898	5,391	-
Other Assets and Liabilities	-5	53	-66	-
Reserve Assets (net)	-1,557	-2,027	493	-
Net Errors and Omissions	57	-11,325	-12,696	12.1

Source: Datastream, Ministry of Trade, CBRT

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