

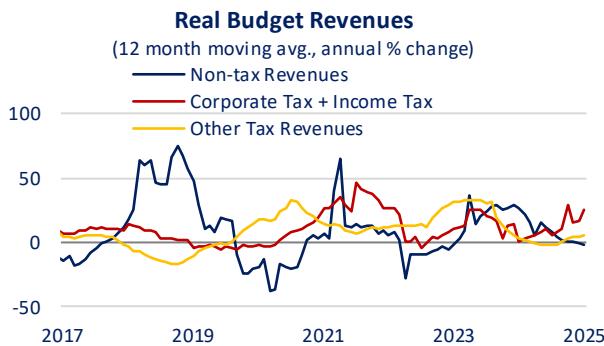
**The central government budget posted a surplus of 169.5 billion TRY in November.**

In November, central government budget revenues increased by 51.1% yoy to 1.4 trillion TRY, while budget expenditures rose by 30.7% to 1.3 trillion TRY. Thus, the central government budget recorded a surplus of 169.5 billion TRY in November, while the primary budget surplus was 287.4 billion TRY.

The central government budget deficit for the January-November period decreased by 0.5% yoy to 1.3 trillion TRY. The primary budget balance, which recorded a deficit of 81.7 billion TRY in the same period last year, recorded a surplus of 666.7 billion TRY.

#### Tax revenues rose by 55.3% yoy in November.

Tax revenues rose by 55.3% yoy in November, reaching 1.3 trillion TRY. Corporate tax revenues had the largest share in tax revenues during this period with 25.8%, while income tax revenues, which constituted 22% of total tax revenues, recorded a 66.7% increase compared to the same period of the previous year. The annual increase in special consumption tax revenues gained momentum compared to the previous two months and became 47%. VAT revenues collected on imports increased by 32.5% yoy, contributing 154.1 billion TRY to budget revenues. In line with the loss of momentum in inflation, the pace of increase in domestic VAT revenues, which accounted for 11.7% of tax revenues during this period, continued to slow down recording an annual rise of 42.5% in November.



Based on the main components of tax revenues, the fastest annual increases in the January-November period were recorded in income tax revenues at 88.3% and domestic VAT revenues at 56.5%, while the weakest increase was observed in VAT collected on imports at 27.5%.

#### Non-tax revenues increased by 31.2% yoy in the January-November period.

Non-tax revenues increased by 22.6% in November and 31.2% in the January-November period on an annual basis. Interest, shares, and fines, which accounted for nearly 60% of non-tax revenues in the January-November period, recorded an annual increase of 35.8% during this

period. Sales of other capital revenues, tracked under the capital revenues item, increased fivefold during this period. Thus, the capital revenues increased by 145.8% to reach 42.5 billion TRY in January-November period.

#### Non-interest expenditures increased by 39.8% in November.

Non-interest budget expenditures recorded a 39.8% increase on an annual basis in November. Current transfers, which constitute 40% of non-interest expenditures, increased by 31.6%. Compensation of employees, which constitute 29% of non-interest expenditures, increased by 34.1% on an annual basis. During this period, capital expenditures increased by 28.9% yoy, while purchases of goods and services increased by 32%.

#### Real Non-interest Expenditures (12 month moving avg., annual % change)



Although the main items of non-interest expenditures recorded similar rates of increases in the January-November period, the fastest annual increase was in purchases of goods and services with a 45.1% increase, while the lowest increase was recorded in compensation of employees, with a 36.4% increase.

Interest expenditures fell by 19.4% yoy in November, declining for the first time since February 2023. In the January-November period, interest expenditures increased by 62.1%, constituting 15.1% of total expenditures. In the same period last year, interest expenditures accounted for 13.2% of total budget expenditures.

#### Expectations...

In November, tax revenues continued to grow faster than non-interest expenditures on an annual basis. While the real change in non-interest expenditures was close to zero on a 12-month cumulative basis while the rise in real tax revenues supported the budget outlook. As the December budget deficit data, which was 829.2 billion TRY last year, is expected to be recorded at a high level along with the seasonality, we estimate that year-end budget realizations will be in line with the targets. In this context, we expect the budget deficit-to-GDP ratio to be in line with the Medium-Term Program forecast by the end of 2025. In the MTP, the next year's budget deficit to GDP ratio was also projected at 3.5%.

#### Central Government Budget

	November			% Change	January-November			% Change	2025 Budget Target	MTP Target	Real./ MTP Target (%)
	2024	2025	2025		2024	2025	2025				
<b>Expenditures</b>	<b>956.1</b>	<b>1,250.1</b>	<b>30.7</b>		<b>9,070.2</b>	<b>12,842.6</b>	<b>41.6</b>		<b>14,731.0</b>	<b>14,674.1</b>	<b>87.5</b>
Interest Expenditures	146.3	117.9	-19.4		1,195.2	1,937.7	62.1		1,950.0	2,052.7	94.4
Non-Interest Expenditures	809.8	1,132.2	39.8		7,875.0	10,904.9	38.5		12,781.0	12,621.4	86.4
<b>Revenues</b>	<b>939.5</b>	<b>1,419.6</b>	<b>51.1</b>		<b>7,793.3</b>	<b>11,571.6</b>	<b>48.5</b>		<b>12,800.3</b>	<b>12,465.9</b>	<b>92.8</b>
Tax Revenues	819.4	1,272.5	55.3		6,597.1	10,002.0	51.6		11,138.8	10,733.6	93.2
Other Revenues	120.0	147.1	22.6		1,196.2	1,569.6	31.2		1,661.6	1,732.3	90.6
<b>Budget Balance</b>	<b>-16.6</b>	<b>169.5</b>	-		<b>-1,276.9</b>	<b>-1,271.0</b>	<b>-0.5</b>		<b>-1,930.7</b>	<b>-2,208.3</b>	<b>57.6</b>
<b>Primary Balance</b>	<b>129.7</b>	<b>287.4</b>	<b>121.7</b>		<b>-81.7</b>	<b>666.7</b>	-		<b>19.3</b>	<b>-155.6</b>	-

Numbers may not add up to total value due to rounding.

Source: Datastream, Ministry of Treasury and Finance

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