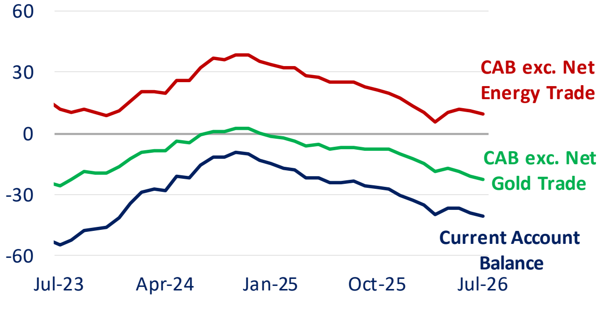
The current account posted a limited surplus in July.

The current account recorded a surplus of 36 million USD in July, marking the first surplus since October 2025, supported by the seasonal increase in services revenues. Nevertheless, the rapid widening in the foreign trade deficit kept the current account surplus at its lowest July level in the past three years. In July 2025, the current account had posted a surplus of 1.8 billion USD.

In the January–July period, the current account deficit increased by 43.6% yoy to 34.8 billion USD, while the 12-month cumulative current account deficit rose from 39.0 billion USD in June to 40.7 billion USD. Thus, the cumulative current account deficit exceeded the 40 billion USD level for the first time since the end of 2023.

Current Account Balance
(12-month cumulative, billion USD)



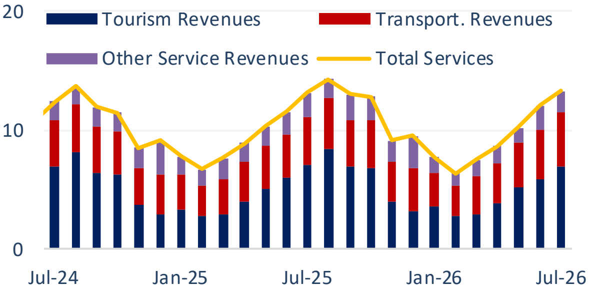
The foreign trade deficit stood at 5.6 billion USD in July.

In July, when imports increased by 5.4% yoy and exports rose by 2.3%, the balance of payments defined foreign trade deficit widened by 22.3% yoy to 5.6 billion USD. During this period, net non-monetary gold imports declined to 462 million USD, their lowest level since July 2024, while net energy imports increased by 19.0% yoy to 4.5 billion USD. In the first seven months of the year, the foreign trade deficit increased by 19.4% yoy to 49.4 billion USD, while the combined deficit in the primary and secondary income balances rose by 21.6% yoy to 17.3 billion USD.

Net services revenues rose to 8.2 billion USD in July.

Continuing to increase on the back of the summer season, net services revenues supported the current account balance by reaching 8.2 billion USD in July. During this period, net transportation revenues hit a historical high of 2.9 billion USD, supported by an 11.7% yoy increase in passenger transportation revenues as well as the strong contribution from freight revenues. Meanwhile, tourism revenues declined slightly on an annual basis in July, while tourism expenditures increased by 21.6%.Accordingly, net tourism revenues declined by 3.8% yoy to 6.0 billion USD. In the first seven months of the year, net tourism revenues remained broadly flat at 25.1 billion USD, while net services revenues increased by 1.7% yoy to 31.8 billion USD.

Hizmet Gelirleri
(milyar USD)



Net capital inflow of 514 million USD in direct investments…

In July, direct investments by non-residents amounted to 1.2 billion USD, while net acquisition of financial assets abroad by residents stood at 640 million USD. Accordingly, the direct investment account recorded a net capital inflow of 514 million USD following two consecutive months of net outflows. Regarding direct investments in Türkiye, an inflow of 865 million USD was recorded under the equity capital component, while net real estate purchases amounted to 322 million USD. Direct investments, which generally displayed a weak performance in the first seven months of the year, posted a cumulative net outflow of 166 million USD during this period.

Net portfolio investments recorded the highest capital inflow since January…

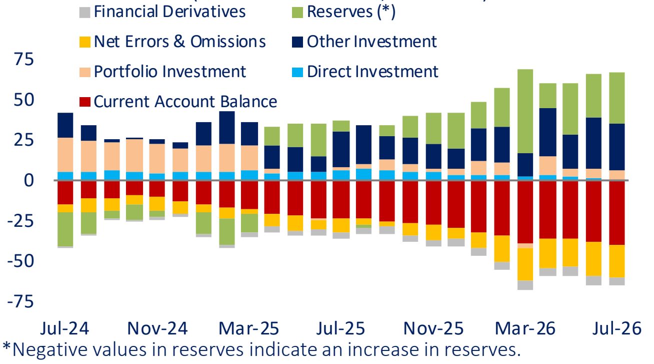
Portfolio investments posted a net capital inflow of 5.8 billion USD in July, the highest level since January. This development was driven by non-residents' net investments of 8.6 billion USD in Türkiye, despite residents' net acquisition of 2.8 billion USD in assets abroad. Out of non resident's investments, approximately 6.6 billion USD was recorded in debt securities, while 2.0 billion USD was invested in equities and investment fund shares. Thus, the net capital inflow from portfolio investments reached 4.7 billion USD in the first seven months of the year.

Net capital inflows under other investments continued.

In July, net capital inflows under other investments continued at 7.6 billion USD. During this period, deposits held abroad by domestic banks declined by 3.4 billion USD, while deposits of foreign banks in Türkiye increased by 1.7 billion USD. Accordingly, the currency and deposits item recorded an inflow of 5.5 billion USD in July. Meanwhile, the loans item posted a net inflow of 3.0 billion USD.

Source: Datastream, Turkstat, CBRT

Net Capital Flows
(12-month cumulative, billion USD)



*Negative values in reserves indicate an increase in reserves.

According to 12-month cumulative data, long-term external debt rollover ratios stood at 147.9% for the banking sector and 228.2% for other sectors. In the first seven months of the year, net capital inflows under other investments totaled 29.8 billion USD, up 119.0% yoy.

Reserves and net errors & omissions…

Reserve assets increased by 14.3 billion USD in July, marking the largest monthly rise in the past year. Thus, the cumulative decline in reserve assets in the January–July period narrowed to 18.1 billion USD. Net errors and omissions recorded a capital inflow of 620 million USD in July, while the cumulative outflow from this item reached 14.4 billion USD in the first seven months of the year.

Expectations…

According to preliminary data released by the Ministry of Trade, the foreign trade deficit continued to widen in August, increasing by 22.3% yoy to 5.2 billion USD. Although the ongoing tourism season is expected to support the current account balance in August, we expect the rapid increase in the foreign trade deficit to limit this positive contribution. In the Medium-Term Program announced on September 6, the current account deficit for 2026 was projected at 47.5 billion USD, corresponding to 2.6% of GDP. Looking ahead, the impact of geopolitical developments on energy prices and the course of domestic demand conditions are expected to remain key determinants of the balance of payments outlook.

Balance of Payments (million USD)

	Jul. 2026	Jan. - Jul. 2025	Jan. - Jul. 2026	% Change	12-month Cumulative
Current Account Balance	**36**	**-24,254**	**-34,830**	**43.6**	**-40,706**
Foreign Trade Balance	-5,579	-41,342	-49,365	19.4	-77,166
Services Balance	8,228	31,278	31,797	1.7	63,515
Travel (net)	5,968	25,050	25,132	0.3	51,153
Primary Income	-2,557	-13,671	-15,418	12.8	-25,186
Secondary Income	-56	-519	-1,844	255.3	-1,869
Capital Account	**-107**	**-125**	**-210**	**68.0**	**-226**
Financial Account	**549**	**-24,999**	**-49,390**	**97.6**	**-60,900**
Direct Investment (net)	-514	-3,335	166	-	325
Portfolio Investment (net)	-5,841	-2,233	-4,713	111.1	-5,960
Net Acquisition of Financial Assets	2,770	5,314	14,868	179.8	23,602
Net Incurrence of Liabilities	8,611	7,547	19,581	159.5	29,562
Equity Securities and Investment Funds	1,969	4,410	5,572	26.3	8,462
Debt Securities	6,642	3,137	14,009	346.6	21,100
Other Investment (net)	-7,648	-13,616	-29,815	119.0	-28,817
Currency and Deposits	-5,456	3,638	3,952	8.6	22,475
Net Acquisition of Financial Assets	-3,299	6,254	7,520	20.2	20,983
Net Incurrence of Liabilities	2,157	2,616	3,568	36.4	-1,492
Central Bank	3	-6,878	-1,639	-76.2	-6,569
Banks	2,154	9,494	5,207	-45.2	5,077
Foreign Banks	1,679	8,888	2,625	-70.5	2,923
Foreign Exchange	1,605	3,377	331	-90.2	350
Turkish Lira	74	5,511	2,294	-58.4	2,573
Non-residents	475	606	2,582	326.1	2,154
Loans	-2,990	-17,329	-31,048	79.2	-50,863
Net Acquisition of Financial Assets	591	1,980	-6,355	-	-5,612
Net Incurrence of Liabilities	3,581	19,309	24,693	27.9	45,251
Banking Sector	1,713	9,219	11,966	29.8	17,349
Non-bank Sectors	1,998	9,613	12,551	30.6	26,188
Trade Credit and Advances	805	89	-2,694	-	-386
Other Assets and Liabilities	-7	-14	-25	78.6	-43
Reserve Assets (net)	14,252	-8,570	-18,056	110.7	-31,513
Net Errors and Omissions	**620**	**-620**	**-14,350**	**2,215**	**-19,968**

Source: Datastream, Ministry of Trade, CBRT

Economic Research Division

Alper Gürler
Division Head
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

H. Erhan Gül
Unit Manager
erhan.gul@isbank.com.tr

Onuray Günaydın
Asst. Economist
onuray.gunaydin@isbank.com.tr

Our reports are available on our website https://ekonomi.isbank.com.tr