



Foreign trade deficit narrowed to 7.2 billion USD in March.

According to Turkstat data, exports increased by 3.4% yoy to 23.4 billion USD in March, while imports rose by 2.2% yoy to 30.6 billion USD. Thus, foreign trade deficit narrowed by 1.5% yoy to 7.2 billion USD, the lowest level of the last 5 months. In this period, the import coverage ratio rose to 76.5%.

In March, imports of consumption goods recorded a rapid increase (12.4% yoy) led by the rise in imports of automobiles (36.5%). Thus, the share of consumption goods in total imports increased from 15.5% in March 2024 to 17% in the same month of this year.

Current account posted 4.1 billion USD deficit in March.

In March, current account deficit came in at 4.1 billion USD, close to market expectations. Thus, current account posted a deficit for the fifth consecutive month. As of March, 12-month cumulative current account deficit became 12.6 billion USD.

In March, balance of payments-defined foreign trade deficit narrowed slightly on an annual basis, while the main items in the services balance presented a weak outlook. In this period, net revenues on passenger transportation and travel declined by 5.1% yoy and 1.1% yoy, respectively. In the same period,

net non-monetary gold imports (1.1 billion USD) declined by 24.5%, while net energy imports (4.4 billion USD) increased by 16.9% yoy. Thus, current account excluding energy and gold continued to post a surplus, with 1.5 billion USD in March.

Foreign direct investments recorded a net capital inflow of 338 million USD in March.

Foreign direct investments account, which posted a net capital outflow in February, recorded a net capital inflow of 338 million USD in March. In this period, net incurrence of liabilities reached 1 billion USD, led by other capital investments. On the other hand, the rise in residents' equity capital and real estate investments abroad limited the positive outlook in direct investments in this period.

Portfolio investments recorded the fastest net capital outflow since May 2022.

In March, net portfolio investments recorded the fastest monthly capital outflow in almost 3 years with 3.6 billion USD. In this period, net capital outflow in the equity market reached 399 million USD, the highest level of the last 5 months. In the debt securities market, where total net capital outflows amounted to 2.3 billion USD, securities issued by the general government posted the fastest net capital outflow since March 2021 with 2.7 billion USD (1.5 billion USD GDDS, 1.2 billion USD Eurobond). Moreover, debt securities issued abroad by other sectors recorded a net capital outflow (428 million USD), the highest level of the last 17 months.

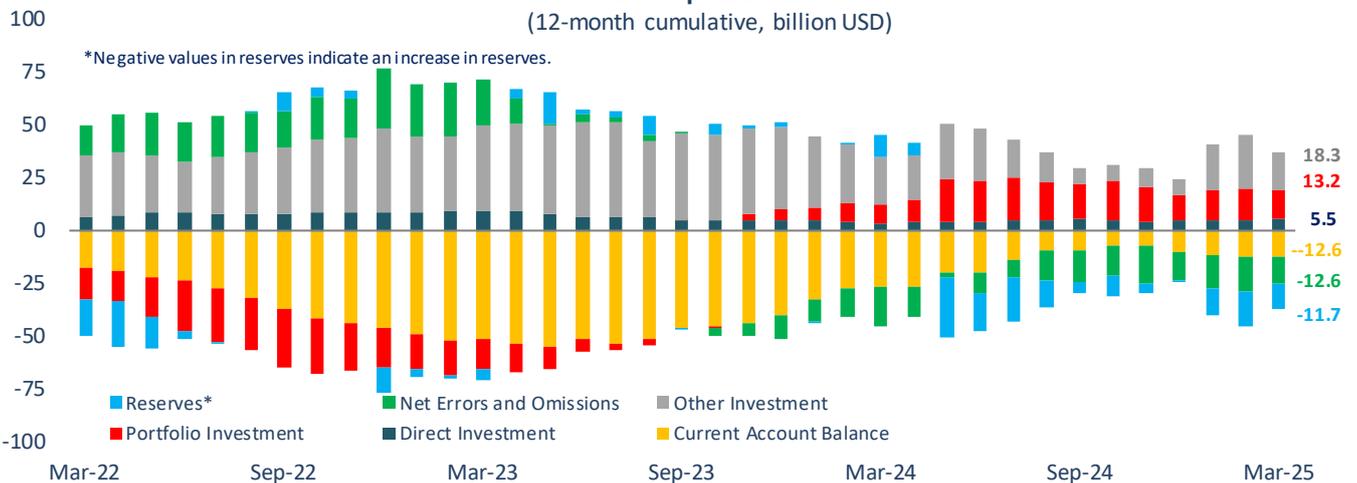
Net capital outflow in other investments was 3.9 billion USD.

In March, net capital outflow in other investments was realized as 3.9 billion USD, the highest level since January 2024. In this period, net capital outflow in the currency and deposits item was 6.7 billion USD, the highest level since August 2018. The rapid increase in foreign exchange currency

Monthly Current Account Balance
(USD billion)



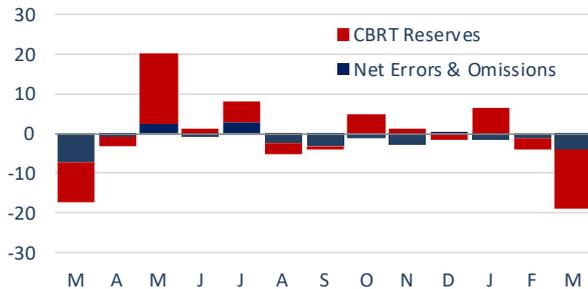
Net Capital Flows
(12-month cumulative, billion USD)



Source: Datastream, Turkstat, CBRT

and deposits of resident banks abroad was the main reason behind the outflow in this item. On the other hand, net capital inflows in loans (2.1 billion USD) and trade credits & advances (745 million USD) somewhat limited the negative outlook in other investments in March. In this period, banks' and other sectors' long-term drawings from abroad were recorded at the highest levels of this year with 4.3 billion USD and 2.2 billion USD, respectively. Thus, according to 12-month cumulative figures, long-term debt rollover ratio rose to 160.1% in the banking sector and 130.4% in other sectors.

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



Reserve assets declined by 15.1 billion USD in March.

In March, reserve assets recorded the fastest decline since May 2023 with 15.1 billion USD. In this period, the outflow in net errors and omissions item reached 3.9 billion USD.

Expectations...

According to preliminary data released by the Ministry of Trade, foreign trade deficit widened by 21.7% yoy in April (12 billion USD) in line with the rapid increase in imports, indicating that the pressures on the current account balance continued in this period. Although the easing of trade war concerns due to the recent negotiations between the US and China has somewhat postponed the risk of uncertainty regarding the course of foreign trade, developments regarding global trade will continue to be closely monitored in the upcoming period. Moreover, with the start of the season, tourism revenues are expected to support the current account balance outlook.

Balance of Payments (USD million)

	Mar. 2025	Jan. - Mar. 2024	Jan. - Mar. 2025	% Change	12-month Cumulative
Current Account Balance	-4,087	-9,731	-12,279	26.2	-12,610
Foreign Trade Balance	-4,840	-14,090	-15,865	12.6	-58,141
Services Balance	2,672	8,231	8,022	-2.5	61,783
Travel (net)	2,177	6,479	6,435	-0.7	48,909
Primary Income	-1,900	-3,386	-4,276	26.3	-16,650
Secondary Income	-19	-486	-160	-67.1	398
Capital Account	5	1	20	1,900.0	-107
Financial Account	-8,019	-17,470	-18,947	8.5	-25,335
Direct Investment (net)	-338	-379	-829	118.7	-5,545
Portfolio Investment (net)	3,551	-215	-1,446	572.6	-13,208
Net Acquisition of Financial Assets	829	2,905	1,212	-58.3	7,839
Net Incurrence of Liabilities	-2,722	3,120	2,658	-14.8	21,047
Equity Securities	-399	286	-362	-	-3,129
Debt Securities	-2,323	2,834	3,020	6.6	24,176
Other Investment (net)	3,894	5,842	-5,077	-	-18,263
Currency and Deposits	6,728	2,647	10,187	284.9	21,441
Net Acquisition of Financial Assets	7,934	7,247	9,396	29.7	14,519
Net Incurrence of Liabilities	1,206	4,600	-791	-	-6,922
Central Bank	-1,643	63	-5,103	-	-17,032
Banks	2,849	4,537	4,312	-5.0	10,110
Foreign Banks	2,668	3,041	4,124	35.6	7,808
Foreign Exchange	1,829	1,152	2,533	119.9	3,946
Turkish Lira	839	1,889	1,591	-15.8	3,862
Non-residents	181	1,496	188	-87.4	2,302
Loans	-2,082	-1,628	-13,132	706.6	-37,916
Net Acquisition of Financial Assets	1,271	147	634	331.3	2,748
Net Incurrence of Liabilities	3,353	1,775	13,766	675.5	40,664
Banking Sector	2,830	2,424	11,618	379.3	34,243
Non-bank Sectors	581	-555	2,179	-	5,679
Trade Credit and Advances	-745	4,827	-2,119	-	-1,713
Other Assets and Liabilities	-7	-4	-13	225.0	-75
Reserve Assets (net)	-15,126	-22,718	-11,595	-49.0	11,681
Net Errors and Omissions	-3,937	-7,740	-6,688	-13.6	-12,618

Source: Datastream, Ministry of Trade, CBRT

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