



In February, foreign trade deficit widened by 14.8% yoy.

According to Turkstat data, exports contracted by 1.6% yoy to 20.8 billion USD in February, while imports rose by 2.4% yoy to 28.5 billion USD. Thus, foreign trade deficit widened by 14.8% yoy to 7.8 billion USD. Imports coverage ratio, which was 75.7% in February 2024, declined to 72.8% in the same month of this year.

Current account deficit became 4.4 billion USD in February.

In February, current account posted a deficit of 4.4 billion USD, close to market expectations. In this period, balance of payments-defined foreign trade deficit widened by around 22% yoy while services revenues increased by 4.2% yoy. Thus, 12-month cumulative current account deficit widened for the fourth consecutive month and became 12.8 billion USD in February.

In February, net non-monetary gold imports reached the highest level since August 2023 with 1.9 billion USD. Net energy imports remained high with 4.7 billion USD in this period and the current account surplus excluding gold and energy was realized as 2.2 billion USD.

Limited capital inflows in net foreign direct investments...

In February, net foreign direct investments recorded the lowest net capital inflow of the last 4 months with 11 million USD. In this period, net incurrence of liabilities and net acquisition of financial assets were realized as 561 million USD and 550 million USD, respectively. Wholesale and retail trade sectors stood out in foreign direct capital investments towards Türkiye. On the other hand, net capital inflows from real estate purchases decreased by 11.8% yoy in February and accounted for 24% of net liability formation.

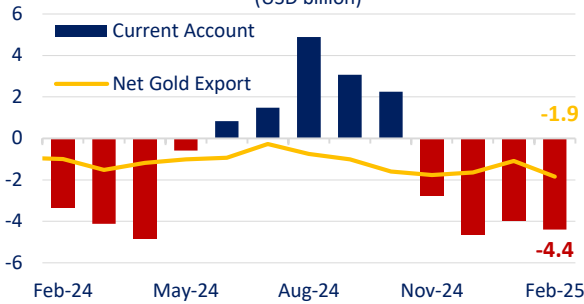
Capital inflows in portfolio investments continued.

In February, portfolio investments recorded the highest capital inflow since May 2024 with 2.6 billion USD. The positive outlook in portfolio investments was driven by the capital inflow of 2.1 billion USD in general government debt securities with the contribution of eurobond issuance, while non-residents continued to make net purchases in the equity market, albeit limited by 25 million USD. The decline in banks' and non-banking sectors' net asset acquisition abroad supported the favorable outlook in net portfolio investments as well.

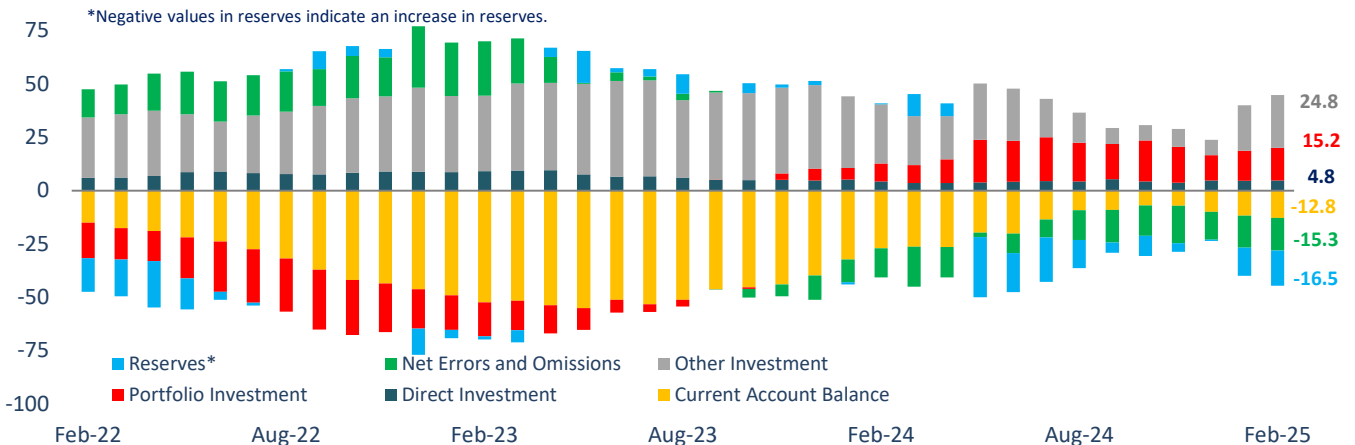
Other investments declined significantly compared to January.

Net capital inflow in other investments, which was 8.9 billion USD in January, declined sharply to 34 million USD in February. In this period, currency and deposits recorded a capital outflow of 2.2 billion USD. Domestic banks' currency and deposits in foreign correspondents increased by 1.2 billion USD, while foreign banks' currency and deposits in domestic correspondents decreased by 808 million USD. In this period, the banking sector and the general government

Monthly Current Account Balance
(USD billion)



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

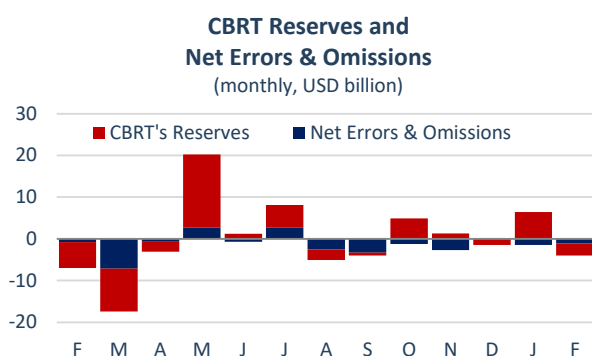


Source: Datastream, Turkstat, CBRT

realized net loan repayments of 900 million USD and 120 million USD, respectively, while other sectors borrowed 969 million USD net loans from abroad. As of February, 12-month cumulative long-term debt rollover ratio was 152% in the banking sector and 130% in other sectors.

Reserves and net errors & omissions...

Having increased by 6.4 billion USD in January, reserve assets recorded the fastest decline since March 2024 with 2.9 billion USD in February. Capital outflows, which were 1.5 billion USD in January, were realized as 1.1 billion USD in February.



Expectations...

According to preliminary data released by the Ministry of Trade, foreign trade deficit remained high at 7.3 billion USD in March. The recent decline in oil prices due to the global recession concerns stemming from the announced US tariffs is expected to contribute positively to the current account balance in the short term. On the other hand, there is a risk that the tariffs may put pressure on exports due to the difficult competition conditions and the pressure on economic activity in our target markets. Foreigners' sales in equity and government securities markets in recent weeks point to a weak outlook for the financing of the current account deficit in March.

Balance of Payments (USD million)

	Feb. 2025	Jan. - Feb. 2024	Jan. - Feb. 2025	% Change	12-month Cumulative
Current Account Balance	-4,405	-5,608	-8,407	49.9	-12,837
Foreign Trade Balance	-5,730	-9,052	-11,444	26.4	-58,758
Services Balance	2,453	5,482	5,521	0.7	62,031
Travel (net)	2,006	4,278	4,387	2.5	49,062
Primary Income	-1,160	-1,758	-2,378	35.3	-16,356
Secondary Income	32	-280	-106	-62.1	246
Capital Account	-33	14	15	7.1	-125
Financial Account	-5,510	-5,903	-10,941	85.3	-28,219
Direct Investment (net)	-11	-410	-536	30.7	-4,778
Portfolio Investment (net)	-2,566	-1,765	-4,997	183.1	-15,209
Net Acquisition of Financial Assets	210	1,329	383	-71.2	8,586
Net Incurrence of Liabilities	2,776	3,094	5,380	73.9	23,795
Equity Securities	25	50	37	-26.0	-2,494
Debt Securities	2,751	3,044	5,343	75.5	26,289
Other Investment (net)	-34	8,709	-8,939	-	-24,758
Currency and Deposits	2,229	4,380	3,775	-13.8	13,373
Net Acquisition of Financial Assets	1,271	6,640	1,778	-73.2	7,585
Net Incurrence of Liabilities	-958	2,260	-1,997	-	-5,788
Central Bank	12	105	-3,460	-	-15,431
Banks	-970	2,155	1,463	-32.1	9,643
Foreign Banks	-808	1,639	1,456	-11.2	6,542
Foreign Exchange	775	214	704	229.0	3,055
Turkish Lira	-1,583	1,425	752	-47.2	3,487
Non-residents	-162	516	7	-98.6	3,101
Loans	-921	110	-11,330	-	-37,699
Net Acquisition of Financial Assets	-972	399	-637	-	1,225
Net Incurrence of Liabilities	-51	289	10,693	3,600.0	38,924
Banking Sector	-900	1,332	8,768	558.3	32,485
Non-bank Sectors	969	-922	1,898	-	5,612
Trade Credit and Advances	-1,339	4,221	-1,378	-	-362
Other Assets and Liabilities	-3	-2	-6	200.0	-70
Reserve Assets (net)	-2,899	-12,437	3,531	-	16,526
Net Errors and Omissions	-1,072	-309	-2,549	724.9	-15,257

Source: Datastream, Ministry of Trade, CBRT

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