

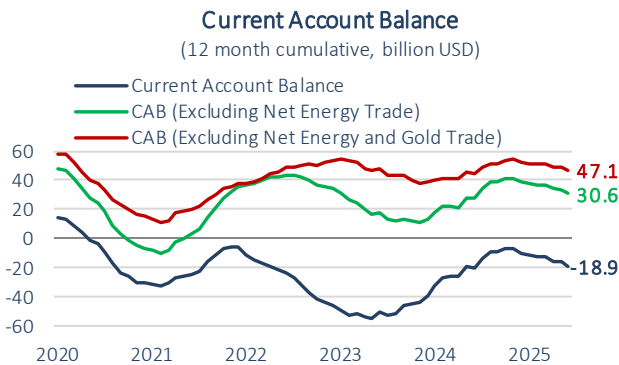


The current account deficit was 2 billion USD in June.

The current account balance posted a deficit of 2 billion USD in June, exceeding market expectations. Market expectations were around 1.38 billion USD. In the January-June period, the current deficit increased by 60.8% yoy to 23 billion USD, while the 12-month cumulative current account deficit reached 19 billion USD, the highest level in one year.

The foreign trade deficit increased by 23.1% yoy in the first half of the year.

The foreign trade deficit, as defined by the balance of payments methodology, increased by 56.6% yoy in June to 6.5 billion USD. During this period, the general merchandise trade balance increased by 57.4%, while net non-monetary gold imports increased by 53.1%. The current account deficit excluding net gold trade was 582 million in June. During this period, net energy imports decreased by 1.3% yoy to 3.2 billion USD, while the current account balance excluding net energy and gold trade recorded a surplus of 2.58 billion USD.



In the first half of the year, the current account deficit defined by the balance of payments methodology increased by 23.1% yoy, while net gold imports rose by 44.1% and net energy imports increased by 2% during this period.

Net tourism revenues reached a historic high level in June.

Net services revenues decreased by 1.3% yoy in June, reaching USD 6.0 billion. While services revenues increased by 5.7%, services expenses showed a rapid increase of 15.2%.

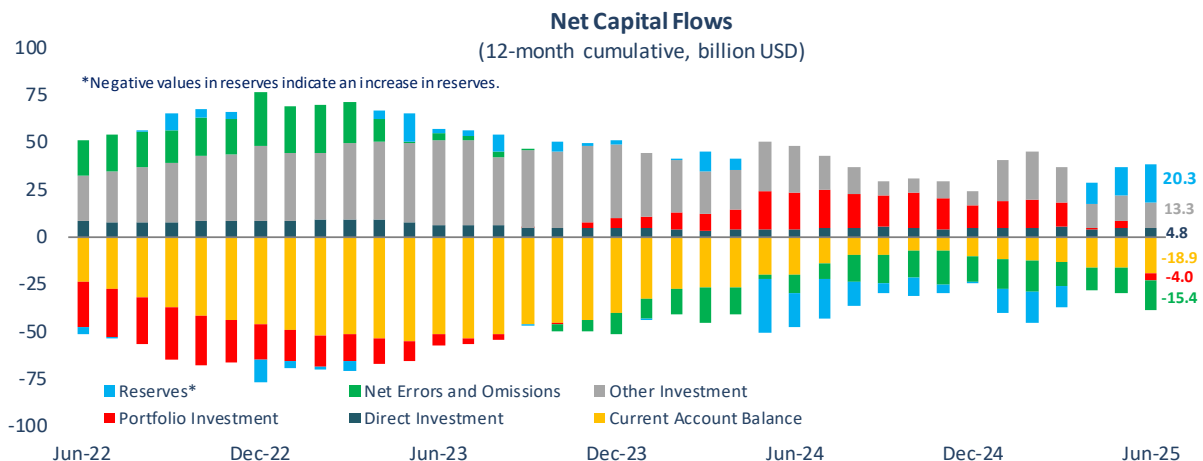
Tourism revenues, which accounted for 53% of service revenues during this period, increased by 7.7% yoy, reaching 6 billion USD. Tourism expenses increased by 36% yoy to 938 million USD. As a result, net tourism revenues rose by 3.6% to 5 billion USD. This level was the highest recorded for June. During the same period, transportation revenues, which accounted for 31% of services revenues, increased by 2.3%, while the increase in related expenses was 1.3%.

Reserve assets and portfolio investments played a major role in the financing the current account deficit in June.

Reserve assets contributed 4.1 billion USD to the financing of the current account deficit in June. Reserve assets had seen a record increase of 13.5 billion USD in May. Another significant support to the financing of the current account deficit came from portfolio investments, with a net capital inflow of 1.0 billion USD recorded in this category. During the same period, net foreign capital inflows into the bond market amounted to 928 million USD, while the stock market saw the highest net foreign capital inflow since December 2023, at 641 million USD.

Equity capital investments saw the highest monthly inflow since May 2022.

In June, non-residents' net direct investments in Turkey reached 1.6 billion USD, the highest level since the beginning of the year. Looking at the sub-items of foreign direct investments, that are equity capital, other capital and real estate capital investments, we see that equity capital inflows reached their highest level since May 2022 at 1.2 billion USD during this period. Other capital investments



Source: Datastream, Turkstat, CBRT

showed a net inflow of 262 million USD, while net real estate investments amounted to 133 million USD. In the January-June period, net real estate investments was 859 million USD, the lowest level for the same periods since 2009.

In June, net asset acquisitions abroad by residents amounted to 950 million USD. Thus, net direct investment inflows became 616 million USD.

A capital outflow of 3.7 billion USD was recorded in the net errors and omissions item in the first half of the year.

While the net errors and omissions item recorded a net capital inflow of 628 million USD in June, contributing to the financing of the current account deficit, recorded an outflow of 3.7 billion USD in the first half of the year.

Net capital outflow in other investments...

In June, net capital outflow in other investments was 4.3 billion USD, the highest level in June since 2020. Net capital outflow of 5.7 billion USD in the currency and deposits items was behind this outflow. Banks and the real sector continued to show a strong performance in terms of obtaining loans from abroad. In June, banks borrowed 10

billion USD abroad against a repayment of 7.1 billion USD in long-term loans, while other sectors borrowed 2.5 billion USD abroad against a repayment of 2.2 billion USD in long-term loans. According to 12-month cumulative data, the long-term debt rollover ratios of banks and other sectors continued to exceed their long-term averages at 161% and 141%, respectively.

Expectations...

According to the preliminary data published by the Ministry of Trade, the foreign trade deficit narrowed by 12.1% on an annual basis in July, reaching 6.4 billion USD. In addition to the yearly increase recorded in the EUR/USD parity, a lower level of oil prices compared to last year's average supports the foreign trade balance. In the third quarter of the year, economic activity in our main export markets, particularly in Europe, and the course of tourism revenues with the ongoing summer season will be significant for the current account balance outlook. Although concerns over the uncertainties regarding global trade policies largely eased as of the first weeks of August, the impact of the rise in the US effective tariff rates on global trade will be closely monitored.

Balance of Payments (USD million)

	Jun. 2025	Jan. - Jun. 2024	Jan. - Jun. 2025	% Change	12-month Cumulative
Current Account Balance	-2.006	-14.359	-23.092	26,2	-18.926
Foreign Trade Balance	-6.476	-30.110	-37.058	12,6	-63.330
Services Balance	5.989	23.438	23.548	-2,5	62.102
Travel (net)	5.015	18.513	18.848	-0,7	49.288
Primary Income	-1.454	-7.572	-9.281	26,3	-17.584
Secondary Income	-65	-115	-301	-67,1	-114
Capital Account	-6	-28	-5	1.900,0	-103
Financial Account	-1.384	-20.714	-26.797	8,5	-34.451
Direct Investment (net)	-616	-2.251	-1.874	118,7	-4.754
Portfolio Investment (net)	-1.049	-10.067	5.887	572,6	3.977
Net Acquisition of Financial Assets	520	4.291	4.223	-58,3	9.464
Net Incurrence of Liabilities	1.569	14.358	-1.664	-14,8	5.487
Equity Securities	641	-1.250	528	-	-703
Debt Securities	928	15.608	-2.192	6,6	6.190
Other Investment (net)	4.331	-2.121	-3.643	-	-13.340
Currency and Deposits	5.715	4.800	3.231	284,9	12.329
Net Acquisition of Financial Assets	6.022	10.027	4.980	29,7	7.320
Net Incurrence of Liabilities	307	5.227	1.749	-	-5.009
Central Bank	-250	-1.587	-6.375	-	-16.654
Banks	557	6.814	8.124	-5,0	11.645
Foreign Banks	494	3.864	7.714	35,6	10.575
Foreign Exchange	675	682	4.326	119,9	6.209
Turkish Lira	-181	3.182	3.388	-15,8	4.366
Non-residents	63	2.950	410	-87,4	1.070
Loans	-748	-10.883	-5.904	706,6	-21.124
Net Acquisition of Financial Assets	1.759	303	3.152	331,3	5.110
Net Incurrence of Liabilities	2.507	11.186	9.056	675,5	26.234
Banking Sector	2.098	11.521	3.839	379,3	17.384
Non-bank Sectors	445	-501	5.279	-	8.399
Trade Credit and Advances	-630	3.965	-965	-	-4.477
Other Assets and Liabilities	-6	-3	-5	225,0	-68
Reserve Assets (net)	-4.050	-6.275	-27.167	-49,0	-20.334
Net Errors and Omissions	628	-6.327	-3.700	-13,6	-15.422

Source: Datastream, Ministry of Trade, CBRT

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