



Budget Balance - April 2013

Economic Research Division

TÜRKİYE BANKASI

In April central government budget posted a surplus.

In April, budget expenditures increased by 7.8% compared to the same month of the previous year while revenues rose by 4.7%. Central government budget surplus decreased by 57.9% to 595 million TL compared to April 2012.

In the first four months of the year, the budget deficit declined significantly to 302 million TL compared to the same period of the previous year. During the same period, primary surplus increased by 5.7% to 17.9 billion TL and reached 94.1% of the year-end target.

Tax revenues increased by 20.9% yoy in April.

In April, tax revenues increased by 20.9% compared to the same month of the previous year. Rapid increase in tax revenues was mainly stemmed from the rises in Petroleum and Natural Gas Special Consumption Tax (SCT), Value Added Tax (VAT) on Imports, Income Tax and Domestic VAT revenues. Analyzing the sub items by increase rates, the rises in SCT, Domestic VAT and VAT on imports were realized as 23.7%, 19.1% and 21.3%, respectively.

In the first four months of the year, tax revenues followed a course parallel to year-end budget targets in general. However, SCT revenues seem to undershoot the budget target in case of a similar trend in the rest of the year. Weak performances in tobacco and alcoholic beverages SCT was effective in this trend.

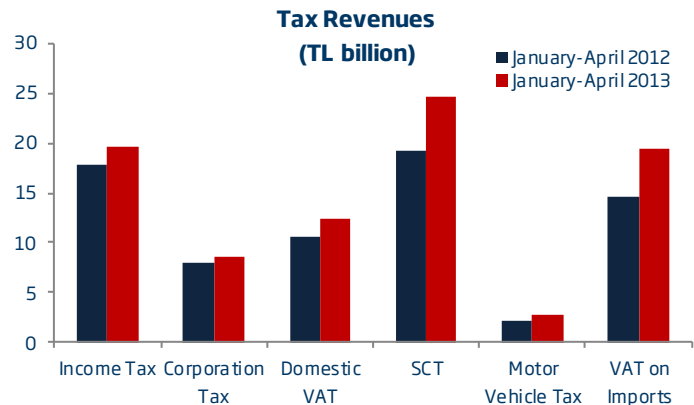
Fall in other budget revenues...

Non-tax revenues decreased by 30.6% to 6.4 billion TL in April compared to the same month of previous year. Mentioned decrease was mainly due to strong basis created by CBRT's high dividend payments to central government budget observed in April 2012.

During January-April period, on the other hand, other revenues increased by 4.7% as the decline in portfolio revenues of Treasury in April was balanced by 4.2 billion TL rise in privatization revenues in January.

Interest expenditures decreased by 33.8%.

In April, non-interest expenditures increased by 16.2% to 26.8 billion TL compared to the same month of previous



year. In this period, current transfers which is the most significant expenditure item of central government budget increased by 19.5%, while goods and services purchases decreased by 6.2%. On the other hand, significant decrease in interest expenditures was noteworthy. During this period, interest expenditures decreased by 33.8% to 3.1 billion TL.

In January-April period, non interest expenditures increased by 19.1% while interest expenditures declined by 17%. In general, sub items of budget expenditures perform parallel to year-end targets.

Expectations ...

Central government budget displays a positive performance in an environment that data regarding the first four months of the year pointed out a slower than expected recovery in economic activity. Assuming that the ongoing supportive stance of the CBRT will continue to promote the upward trend in tax revenues, we think there would not be any problem in reaching the year-end budget targets.

Central Government Budget

	April			January-April			(TL billion)	
	2012	2013	% Change	2012	2013	% Change	Budget Target	Real./ Target (%)
Expenditures	27.7	29.9	7.8	111.6	124.9	12.0	404.0	30.9
Interest Expenditures	4.6	3.1	-33.8	22.0	18.2	-17.0	53.0	34.4
Non-interest Expenditures	23.1	26.8	16.2	89.6	106.7	19.1	351.0	30.4
Revenues	29.1	30.5	4.7	106.5	124.6	17.0	370.1	33.7
Tax Revenues	20.0	24.1	20.9	84.4	101.5	20.2	317.9	31.9
Other Revenues	9.2	6.4	-30.6	22.1	23.2	4.7	52.1	44.4
Budget Balance	1.4	0.6	-57.9	-5.0	-0.3	-94.0	-34.0	0.9
Primary Balance	6.1	3.7	-39.4	16.9	17.9	5.7	19.0	94.1

Numbers may not add up to total due to rounding

Source: Ministry of Finance

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