



Budget Balance - November 2015

Economic Research Division



Central government budget registered a surplus of 798 million TRY in November.

Budget expenditures rose by 20.8% yoy in November while the expansion in budget revenues became 11.7% yoy. Having registered a deficit of 3.6 billion TRY in November 2014, budget posted a surplus of 798 million TRY in November 2015.

During January-November period, budget expenditures and budget revenues surged by 12.3% yoy and 14.2% yoy, respectively. Thus, budget deficit, which was 11.3 billion TRY in the first 11 months of the previous year, recovered to 5.4 billion TRY in the same period of this year.

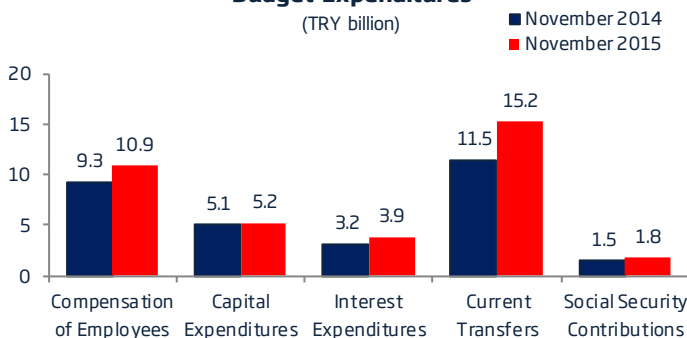
Even though the primary surplus remained below the last year's level in November, the primary balance displayed a favorable performance according to the year-to-date figures. The primary surplus increased by 23.5% yoy to 45.8 billion TRY in this period.

A sharp increase in current transfers....

The surge in current transfers was largely responsible for the fast increase in budget expenditures in November. Having a share of nearly 40% in total non-interest budget expenditures, current transfers rose by 32.9% yoy in this period and reached above 15.2 billion TRY. The escalation in health, retirement and social aid expenditures played a significant role in this rise. Aside from the rise in current transfers, 16.9% increase in personnel expenditures was also significant for the total budget spending.

Budget Expenditures

(TRY billion)



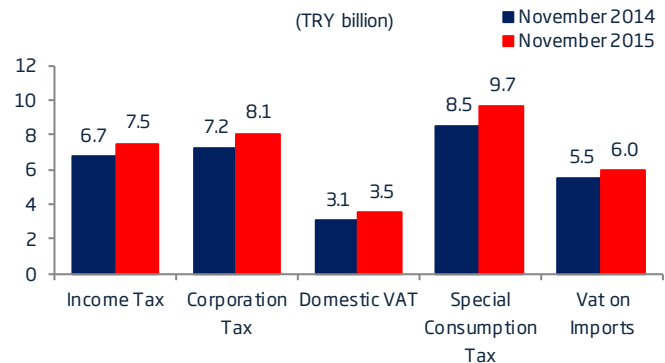
Interest expenditures rose by 21.4% yoy to 3.9 billion TRY in November due to the rapid increase in external debt repayments. Interest expenditures became 51.3 billion TRY in the first 11 months of the year reaching almost 95% of the year-end target.

Moderate rise in tax revenues...

The upturn in tax revenues lost some steam in November following the acceleration recorded in October. Representing 90% of the total budget revenues in November, tax revenues posted an annual growth rate of 12.3% and were realized as 39.4 billion TRY. Special consumption tax revenues performed stronger than the other tax revenue accounts during this period.

Tax Revenues

(TRY billion)



Expectations

Budget indicators have suggested a better outlook so far this year compared to the year-end targets. A comparison of the budget deficit of 5.4 billion TRY registered in January-November period with the Medium Term Program estimate of 24.5 billion TRY reveals that there remains a large room for budget expenditures in December.

Central Government Budget

(TRY billion)

	November			January-November			2015 Budget Target	MTP Target	Real/MTP Target (%)
	2014	2015	% Change	2014	2015	% Change			
Expenditures	35.6	43.0	20.8	398.2	447.2	12.3	472.9	503.0	88.9
Interest Expenditures	3.2	3.9	21.4	48.5	51.3	5.8	54.0	54.0	94.9
Non-Interest Expenditures	32.4	39.1	20.7	349.8	396.0	13.2	418.9	449.0	88.2
Revenues	39.2	43.8	11.7	386.9	441.8	14.2	452.0	478.5	92.3
Tax Revenues	35.1	39.4	12.3	321.7	372.7	15.9	389.5	405.8	91.9
Other Revenues	4.1	4.4	6.4	65.2	69.0	5.8	62.5	72.8	94.8
Budget Balance	3.6	0.8	-77.8	-11.3	-5.4	-52.1	-21.0	-24.5	22.2
Primary Balance	6.8	4.7	-31.2	37.1	45.8	23.5	33.0	29.5	155.4

Numbers may not add up to total value due to rounding.

Source: Ministry of Finance, Datastream



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