

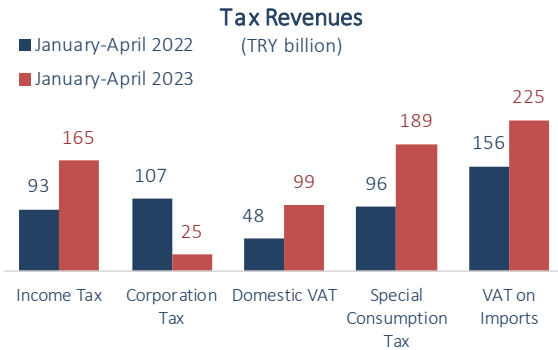


### Central government budget gave a deficit of 132.5 billion TRY in April.

In April, budget revenues rose by 63.3% yoy to 268 billion TRY, while budget expenditures went up by 86.9% yoy to 400.4 billion TRY due to the rapid increases in current transfers and personnel expenditures. Thus, central government budget deficit widened by 164.1% yoy to 132.5 billion TRY in April. In this period, interest expenditures increased by 80.3% yoy to 34.5 billion TRY, while primary budget deficit more than doubled on an annual basis to 98 billion TRY. In January-April period, budget deficit and primary deficit were realized as 382.5 billion TRY and 247.3 billion TRY, respectively.

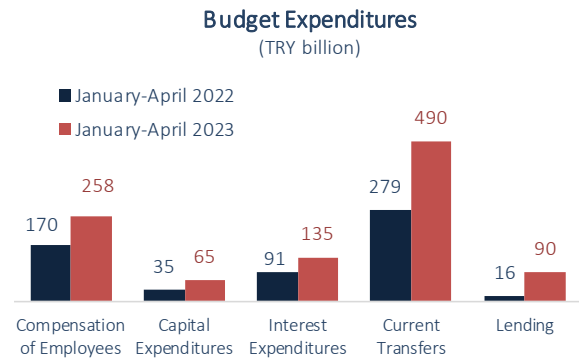
### The rise in tax revenues continued to support the budget.

In April, tax revenues, which constituted 86% of budget revenues, rose by 70.8% yoy to 232.7 billion TRY. The rise in tax revenues was mainly driven by the special consumption tax revenues, which increased due to high inflation as well as the favorable course of the automotive market, and domestic VAT revenues, which increased to its 2.5 fold in line with the favorable outlook in domestic demand. Nevertheless, the decline in interest and capital revenues limited the expansion in budget revenues in April. In this period, interest revenues contracted by 57% yoy, while capital revenues fell by 49.8% yoy.



### Current transfers were the main driver of budget expenditures in April.

The rise in budget expenditures gained momentum in April. In this period, current transfers expanded by 84% yoy due to the rapid rises in treasury aids (110% yoy) and assignment expenditures (167% yoy). Personnel expenditures continued to increase rapidly by 95% yoy and goods & services expenditures nearly doubled in April. In this period, the rise in capital transfers by 16.8 billion TRY was led by the 13.5 billion TRY increase in other items. Interest expenditures rose by 80.3% due to the repayments of government securities. On the other hand, 43% yoy decline in domestic debt transfers to PEs limited the expansion of the budget expenditures. In this period, parallel to the relatively flat course of exchange rates, expenditures on FX-protected deposits accounts were realized as 650 million TRY.



### Expectations...

While tax revenues supported the central government budget in April, the rapid increase in budget expenditures led to deterioration in budget indicators. The fact that the budget deficit reached 58% of the year-end target in the first four months of the year, indicates that additional budget may be needed in the following months.

### Central Government Budget

	April		%	January-April			2023 Budget Target	Real./ Budget Target (%)
	2022	2023		Change	2022	2023		
<b>Expenditures</b>	<b>214.3</b>	<b>400.4</b>	<b>86.9</b>	<b>786.0</b>	<b>1,445.2</b>	<b>83.9</b>	<b>4,469.6</b>	<b>32.3</b>
Interest Expenditures	19.1	34.5	80.3	104.0	135.2	30.0	565.6	23.9
Non-Interest Expenditures	195.1	365.9	87.5	682.0	1,310.0	92.1	3,904.0	33.6
<b>Revenues</b>	<b>164.1</b>	<b>268.0</b>	<b>63.3</b>	<b>766.6</b>	<b>1,062.7</b>	<b>38.6</b>	<b>3,810.1</b>	<b>27.9</b>
Tax Revenues	136.3	232.7	70.8	591.4	863.7	46.0	3,199.5	27.0
Other Revenues	27.8	35.3	26.7	175.2	199.0	13.6	610.6	32.6
<b>Budget Balance</b>	<b>-50.2</b>	<b>-132.5</b>	<b>164.1</b>	<b>-19.4</b>	<b>-382.5</b>	<b>1,875.9</b>	<b>-659.4</b>	<b>58.0</b>
<b>Primary Balance</b>	<b>-31.0</b>	<b>-98.0</b>	<b>215.7</b>	<b>84.6</b>	<b>-247.3</b>	<b>-</b>	<b>-93.8</b>	<b>-</b>

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

Source: Datastream , Ministry of Treasury and Finance

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