

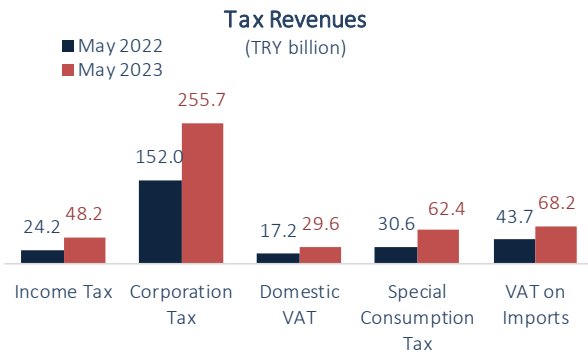


Central government budget posted a surplus of 118.9 billion TRY in May.

In May, central government budget revenues rose by 72.9% yoy to 549.4 billion TRY thanks to the rapid rise in corporate tax revenues. In this period, budget expenditures went up by 147.7% yoy to 430.5 billion TRY due to the increase in interest expenditures and current transfers. Thus, the central government budget posted a surplus for the first time since November 2022. In May, primary surplus was realized as 221.6 billion TRY. In January-May period, budget revenues and expenditures increased by 48.7% and 95.4% yoy, respectively. Thus, in the first five months of the year budget deficit became 263.6 billion TRY.

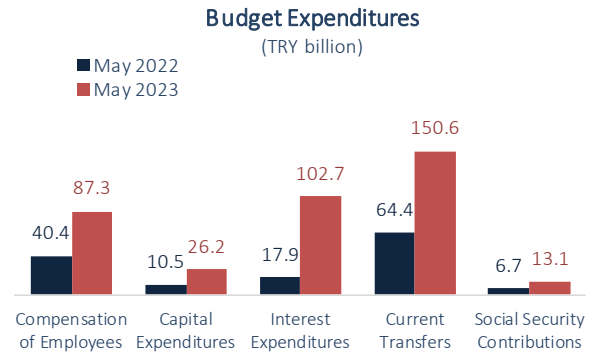
The rise in corporate tax supported budget revenues.

In May, tax revenues rose by 75.1% yoy to 507.4 billion TRY. In this period, corporate tax revenues increased by 86.3% yoy to 255.7 billion TRY. Due to the favorable course of the automotive sales, special consumption tax revenues doubled on an annual basis to 62.4 billion TRY in May. In this period, value added tax (VAT) on imports and domestic VAT contributed to annual increase in budget revenues by 36.8 billion TRY in total.



Interest expenditures rose sharply in May.

In May, interest expenditures expanded by 473.4% yoy to 102.7 billion TRY. Current transfers rose by 133.8% yoy and accounted for 35% of budget expenditures, driven by the transfers to Elektrik Üretim A.Ş. (12.2 billion TRY). In this period, no payment was made to BOTAŞ, while expenditures related to FX protected deposit accounts were realized as 1.6 billion TRY.



Expectations...

In May, central government budget posted a surplus thanks to the rapid rise in corporate tax revenues. Thus, the budget deficit, which reached 58% of the year-end target in the January-April period, declined to 40% of the target in the first five months of the year. In the upcoming period, exchange rate developments as well as the course of global energy prices will continue to be determinant on the budget outlook. Besides, the policies of the new economic administration will be closely monitored.

Central Government Budget

	May			January-May			(billion TRY)	
	2022	2023	% Change	2022	2023	% Change	2023 Budget Target	Real./ Budget Target (%)
Expenditures	173.8	430.5	147.7	959.8	1,875.7	95.4	4,469.6	42.0
Interest Expenditures	17.9	102.7	473.4	121.9	237.9	95.2	565.6	42.1
Non-Interest Expenditures	155.9	327.8	110.3	837.9	1,637.8	95.5	3,904.0	42.0
Revenues	317.8	549.4	72.9	1,084.4	1,612.1	48.7	3,810.1	42.3
Tax Revenues	289.7	507.4	75.1	881.2	1,371.2	55.6	3,199.5	42.9
Other Revenues	28.0	42.0	49.8	203.2	241.0	18.6	610.6	39.5
Budget Balance	144.0	118.9	-17.4	124.6	-263.6	-	-659.4	40.0
Primary Balance	161.9	221.6	36.9	246.5	-25.7	-	-93.8	-

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

Source: Datastream , Ministry of Treasury and Finance

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