

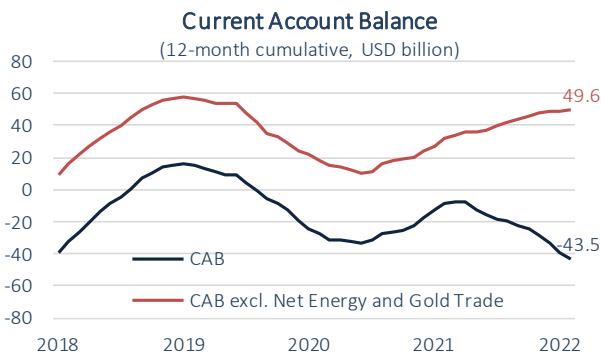


Foreign deficit increased by 421.7% yoy in October.

According to data released by TURKSTAT, exports increased by 3% yoy and became 21.3 billion USD in October, while imports rose by 31.4% to 29.2 billion USD. Thus, the foreign trade deficit widened by 421.7% on an annual basis and reached 7.9 billion USD in October. The import coverage ratio, which was 93.2% in October 2021, decreased to 73% in the same month of 2022.

Current account deficit became 359 million USD in October.

The current account, which had posted a surplus of 4.1 billion USD in October 2021, gave the lowest deficit of the last one-year with 359 million USD in October 2022. According to the Reuters survey, the market expectation was that the current account deficit would be 1.6 billion USD in this period.



In October, net energy imports were at the lowest level of the last 5 months due to the fall in energy prices. With the continued positive course in tourism and transportation revenues, the increase in net services revenues by 1.8 billion USD on an annual basis continued to support the current account outlook. On the other hand, the acceleration in the increase in non-monetary gold imports in October limited the improvement in the current account deficit.

While the current account deficit was 38.1 billion USD in the first 10 months of the year, the 12-month cumulative current account deficit reached its highest level since August 2018 with 43.5 billion USD. In this period, the current account balance,

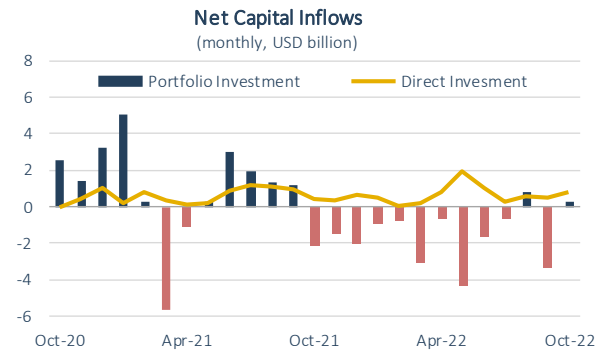
excluding net energy and gold trade, posted a surplus of 49.6 billion USD.

Foreign direct investments...

In October, net foreign direct investments amounted to 743 million USD. In this period, direct investments made by non-residents in Turkey reached the highest level of the last 4 months with 1.02 billion USD. Capital investments pointed to a limited improvement of 432 million USD, while real estate investments, realized at the level of 389 million USD, lost some momentum compared to the previous months.

Net inflows were recorded in portfolio investments in October.

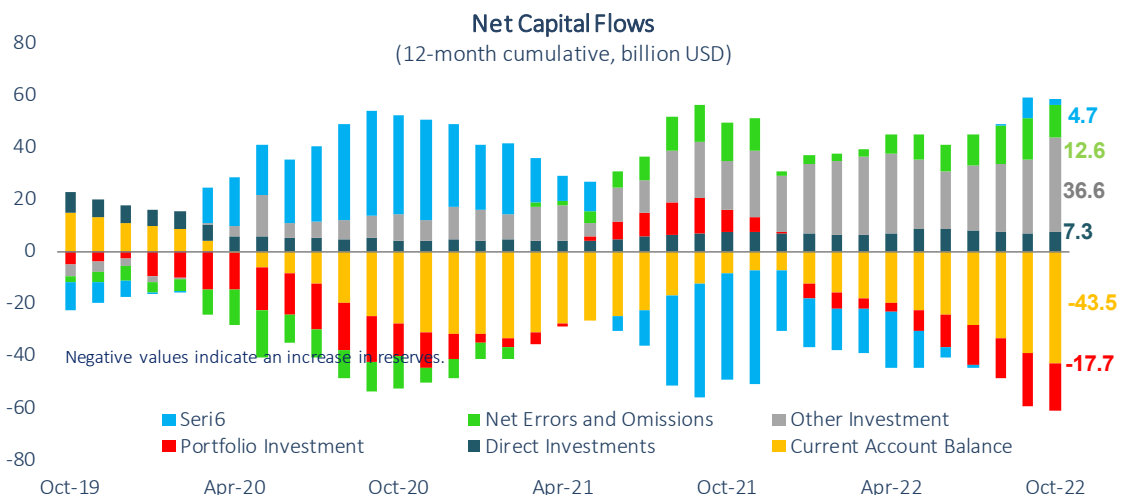
Net portfolio inflows amounted to 302 million USD in October. During this period, non-residents made net sales of 417 million USD and 125 million USD, respectively, in the stock and GDSS markets. In October, banks made repayments of approximately 1.4 billion USD for bonds issued abroad. On the other hand, the General Government's foreign bond issuance of 2.5 billion USD enabled net portfolio investments to register an inflow in October.



In the first 10 months of the year, an outflow of 3.8 billion USD from the stock market and 2.1 billion USD from the GDSS market was realized, while the total outflow in portfolio investments was 14.3 billion USD.

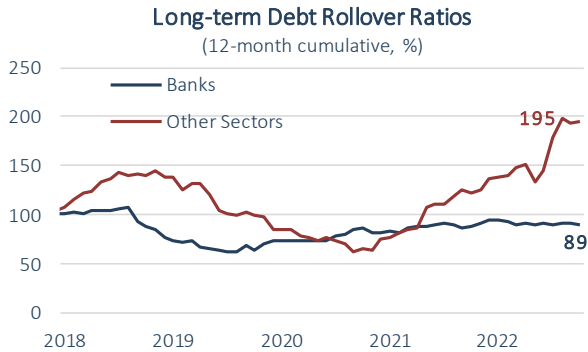
Net capital inflow of 3.7 billion USD in other investments...

The net capital inflow recorded in other investments contributed 3.7 billion USD to the financing of the current



Source: Datastream, Turkstat, CBRT

account deficit in October. In this period, the effective and deposits held by domestic banks at their correspondents abroad decreased by 1.65 billion USD, while the effective and deposits held by foreign banks at their domestic correspondents increased by 1.4 billion USD.



In October, banks repaid 557 million USD in loans taken from abroad. The General Government and other sectors became net loan users of 93 million USD and 133 million USD, respectively. According to the 12-month cumulative data, as of October, the long-term debt rollover ratio was 88.9% in the banking sector and 194.8% in other sectors.

Reserve assets increased by 5.1 billion USD in October.

Reserve assets, which recorded a rapid increase by 5.1 billion USD in October, rose by 6.3 billion USD as of the first 10 months of the year. In the net errors and omissions item, an inflow of 660 million USD was recorded in October and 21 billion USD since the beginning of the year.

Expectations...

Although the annual rate of increase in exports and imports lost momentum in November according to the preliminary data, the foreign trade deficit was realized as 8.8 billion USD. In addition to the relatively high level of the foreign trade deficit, the slowdown in economic activity in the main export markets and the uncertainties regarding commodity prices, especially energy, keep the risks on the current account deficit on the agenda.

Balance of Payments	(USD million)				
	Oct. 2022	Jan. - Oct. 2021	2022	% Change	% 12-month Cumulative
Current Account Balance	-359	-1,953	-38,176	1,854.7	-43,454
Foreign Trade Balance	-6,463	-20,639	-74,416	260.6	-83,090
Services Balance	6,702	26,983	44,467	64.8	49,296
Travel (net)	5,184	21,371	33,809	58.2	37,422
Primary Income	-652	-9,239	-7,679	-16.9	-9,118
Secondary Income	54	942	-548	-	-542
Capital Account	-4	-64	-27	-57.8	-27
Financial Account	297	7,688	-17,233	-	-30,851
Direct Investment (net)	-743	-5,832	-6,321	8.4	-7,266
Portfolio Investment (net)	-302	-4,192	14,298	-	17,739
Net Acquisition of Financial Assets	287	951	3,768	296.2	5,077
Net Incurrence of Liabilities	589	5,143	-10,530	-	-12,662
Equity Securities	-417	-1,371	-3,758	174.1	-3,821
Debt Securities	1,006	6,514	-6,772	-	-8,841
Other Investment (net)	-3,717	-16,568	-31,474	90.0	-36,638
Currency and Deposits	-3,010	-10,574	-20,936	98.0	-19,798
Net Acquisition of Financial Assets	-1,403	2,133	3,938	84.6	7,036
Net Incurrence of Liabilities	1,607	12,707	24,874	95.8	26,834
Central Bank	15	4,755	7,307	53.7	7,300
Banks	1,592	7,952	17,567	120.9	19,534
Foreign Banks	935	5,820	7,418	27.5	9,415
Foreign Exchange	483	1,765	4,066	130.4	3,790
Turkish Lira	174	367	6,083	1,557.5	6,329
Non-residents	1,418	7,585	11,484	51.4	13,205
Loans	183	1,329	-5,230	-	-7,218
Net Acquisition of Financial Assets	-148	2,132	277	-87.0	406
Net Incurrence of Liabilities	-331	803	5,507	585.8	7,624
Banking Sector	-557	-3,031	-3,776	24.6	-4,277
Non-bank Sectors	133	4,093	8,951	118.7	11,547
Trade Credit and Advances	-884	-985	-5,264	434.4	-9,570
Other Assets and Liabilities	-6	0	-44	-	-52
Reserve Assets (net)	5,059	34,280	6,264	-81.7	-4,686
Net Errors and Omissions	660	9,705	20,970	116.1	12,630

Source: Datastream, Ministry of Trade, CBRT

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