



Trade deficit reached its historical high in January.

In January, exports increased by 10.3% compared to the same month of the previous year and became 19.4 billion USD, while imports went up by 20.7% on an annual basis to 33.6 billion USD, according to the data announced by TURKSTAT. Thus, the trade deficit expanded by 38.4% yoy in January, reaching its historical high of 14.2 billion USD. The ratio of exports to imports decreased to 57.6%.

Monthly current account deficit was also at its peak with 9.8 billion USD...

In January, the current account deficit expanded by 43% yoy, reaching a historically high level of 9.8 billion USD on a monthly basis. The record high level of foreign trade deficit due to high energy and gold imports was behind this development. In this period, non-monetary gold imports increased by more than 7 times on an annual basis to 4.9 billion USD, while net energy imports amounted to 7.7 billion USD, the highest of the last 12 months. The services balance, which had a surplus of 3.2 billion USD in January, limited the widening in the current account deficit, while 1.2 and 2.5 billion USD net income was recorded in transportation and travel sectors, respectively. Excluding gold and energy, the current

account posted a surplus of 2.6 billion USD in January. The 12-month cumulative current account deficit rose to 51.7 billion USD.

The weakest performance of the last 10 months in foreign direct investments...

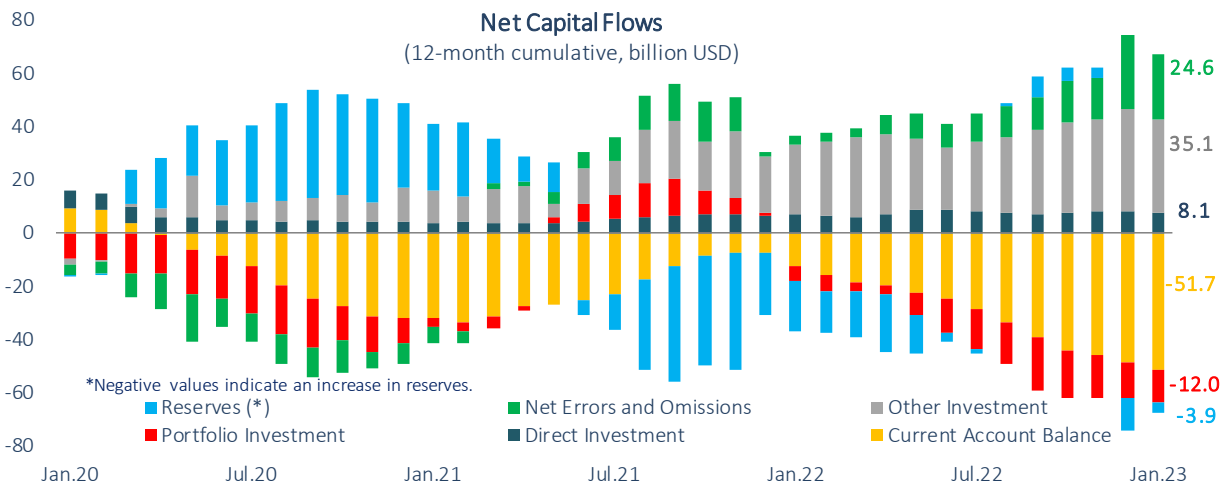
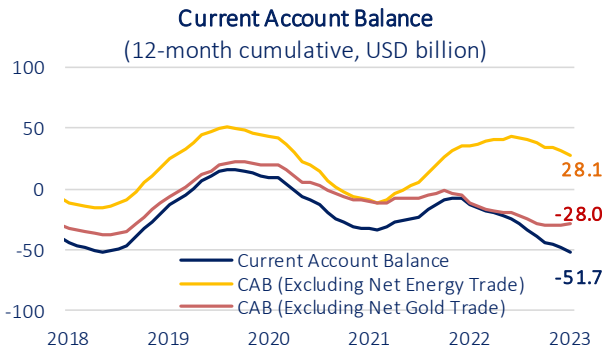
In January, net foreign direct investments to Turkey displayed the weakest performance of the last 10 months with 223 million USD. In this period, net real estate investments of 514 million USD constituted 63% of the direct investments made by non-residents in Turkey. Direct capital investments made by non-residents in Turkey, on the other hand, decreased by 46.5% yoy to 253 million USD.

Portfolio investments posted a net capital inflow of 490 million USD.

The capital inflows that started in November 2022 in portfolio investments, which displayed a negative outlook throughout 2022, continued with 490 million USD in January. In this period, the general government's issuance of 2.75 billion USD of bonds in international markets supported portfolio inflows. Banks and other sectors made net repayments of 690 million USD and 469 million USD, respectively. According to the 12-month cumulative figures, non-residents made net sales of 4.2 billion USD and 2.1 billion USD in the stock and GDDS markets, respectively, while a net capital outflow of 12 billion USD was realized from the portfolio investments.

The first capital outflow of the last 7 months in other investments...

In January 2023, there was a capital outflow for the first time since July 2022, with 71 million USD from other investments. Turkish banks' currency and deposits within their foreign correspondent bank accounts rose by 4.1



Source: Datastream, Turkstat, CBRT

billion USD, and non-resident banks' deposit accounts held within domestic banks increased by 1.6 billion USD. In January, the banking sector repaid 1.3 billion USD in loans provided from abroad, while other sectors realized a net use of 548 million USD. In this period, the long-term debt rollover ratio was 73% in the banking sector and 162% in other sectors.

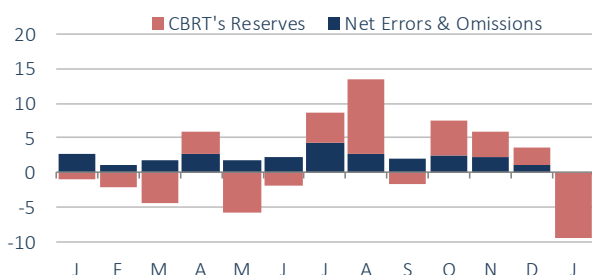
Reserve assets declined by 9.3 billion USD.

Reserve assets, which rose by 11.1 billion USD in the last quarter of 2022, declined by 9.3 billion USD in January. In the net errors and omissions item, which has increased continuously for the last one year, a capital outflow of 119 million USD was recorded in January.

Expectations...

According to the preliminary data, exports decreased by 6.4% yoy and became 18.6 billion USD in February due to the effect of the earthquake disaster, while imports rose by 10.6% yoy to 30.8 billion USD. Despite the decline in global energy prices, the impact of the earthquake on exports in this period, where high energy and gold imports continued, was 1.5 billion USD. Thus, the foreign trade deficit expanded by 52.8% yoy in February and maintained its historically high level of 14.4 billion USD, pointing out that the pressure on the current account deficit continued.

CBRT Reserves and Net Errors and Omissions
(monthly, USD billion)



Balance of Payments

	2022	January 2023	% Change	12-month Cumulative
Current Account Balance	-6,889	-9,849	43.0	-51,686
Foreign Trade Balance	-8,547	-12,431	45.4	-93,565
Services Balance	2,105	3,164	50.3	50,909
Travel (net)	1,821	2,454	-	37,756
Primary Income	-290	-381	31.4	-8,612
Secondary Income	-157	-201	28.0	-418
Capital Account	0	-15	-	-50
Financial Account	-4,203	-9,983	137.5	-27,115
Direct Investments (net)	-442	-223	-49.5	-7,860
Portfolio Investments (net)	965	-490	-	11,970
Net Acquisition of Financial Assets	714	637	-10.8	4,418
Net Incurrence of Liabilities	-251	1,127	-	-7,552
Equity Securities	-352	-486	38.1	-4,172
Debt Securities	101	1,613	1,497.0	-3,380
Other Investments (net)	-3,784	71	-	-35,137
Currency and Deposits	-2,949	826	-	-29,314
Net Acquisition of Financial Assets	-516	4,003	-	-492
Net Incurrence of Liabilities	2,433	3,177	30.6	28,822
Central Bank	1,129	558	-50.6	6,746
Banks	1,304	2,619	100.8	22,076
Foreign Banks	79	-2	-	7,548
Foreign Exchange	968	1,637	69.1	4,792
Turkish Lira	257	984	282.9	9,736
Non-residents	1,047	1,635	56.2	12,340
Loans	-292	493	-	-3,024
Net Acquisition of Financial Assets	-212	-9	-95.8	-85
Net Incurrence of Liabilities	80	-502	-	2,939
Banking Sector	-158	-947	499.4	-6,358
Non-bank Sectors	275	548	99.3	8,389
Trade Credit and Advances	-541	-1,244	129.9	-2,744
Other Assets and Liabilities	-2	-4	-	-55
Reserve Assets (net)	-942	-9,341	891.6	3,912
Net Errors and Omissions	2,686	-119	-	24,621

Source: Datastream, Ministry of Trade, CBRT

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