



In February, the foreign trade deficit remained high.

According to TURKSTAT figures, exports declined by 6.4% yoy and became 18.6 billion USD in February due to the earthquake disaster, while imports rose by 10.1% yoy to 30.7 billion USD. Thus, the foreign trade deficit reached 12.1 billion USD with a rapid increase of 51.4% yoy. The import coverage ratio, which was 71.4% in February 2022 declined to 60.7%.

Current account deficit was 8.8 billion USD.

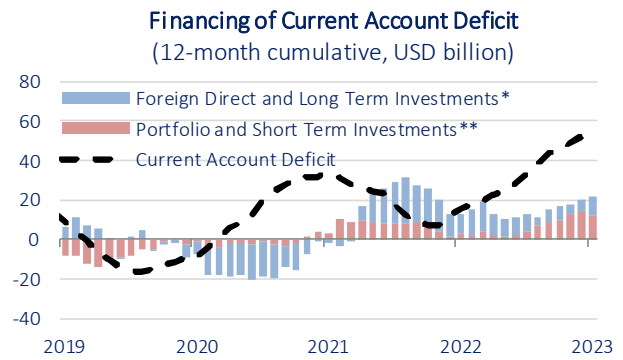
In February, the current account deficit widened by 65.5% yoy and became 8.8 billion USD. The widening in the foreign trade deficit continued to put pressure on the balance of payments, while the annual increase of the transportation and travel revenues limited the widening in the current account deficit. Net energy imports declined to the lowest level of the 9 months with 5.8 billion USD in February, in line with the decline in energy prices on an annual basis. Excluding gold and energy, the current account surplus decreased to the lowest level of the last 21 months with 834 million USD. The 12-month cumulative current account deficit reached 55.4 billion USD as of February, the highest level since August 2012.

The weak course in direct investments continued.

In February, net foreign direct investments remained weak at 505 million USD. During this period, real estate investments accounted for 80% of direct investments. Non-residents' direct capital investments in Türkiye climbed by 36.2% yoy to 256 million USD.

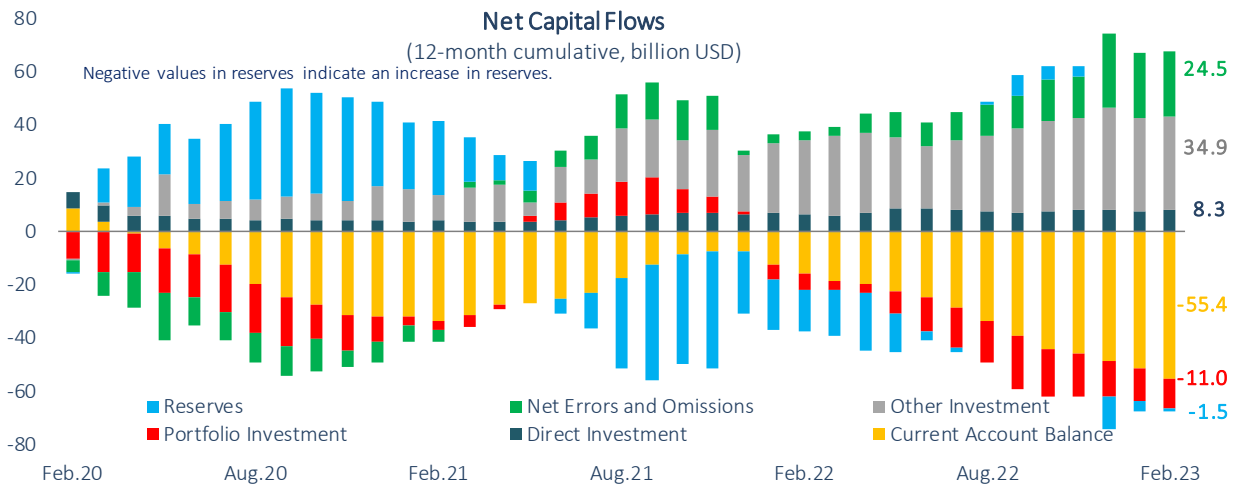
Portfolio investments recorded 240 million USD capital inflow.

Portfolio investments continued to record inflows for the fourth month in a row albeit moderately with 240 million USD in February. During this period, banks' issuance of 1.2 billion USD worth of bonds abroad supported portfolio inflows. According to the 12-month cumulative data, a net capital outflow of 4.1 billion USD and 1.5 billion USD was recorded in the stock and GDDS markets, respectively, while a net capital outflow of 11 billion USD was recorded in the portfolio investments item.



Other investments performed well in February.

In February, a net capital inflow of 2.4 billion USD was recorded in other investments item. In this period, non-resident banks' deposit accounts held within domestic banks increased by net 272 million USD, while the banking sector and other sectors used net loans of 1.1 billion USD and 338 million USD from abroad, respectively. In February, the general government made a net loan repayment of 222 million USD. According to the 12-month cumulative data, the long-term debt rollover ratio was 82% in the banking sector and 162% in other sectors.

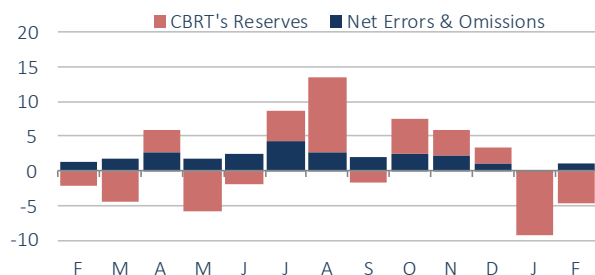


(*) Long term capital movements are sum of banking and real sectors' long term net credit and bonds issued by banks and the Treasury

(**) Short-term capital movements are sum of banking and real sectors' short term net credits and deposits in banks.

Source: Datastream, Turkstat, CBRT

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



Reserve assets decreased by 4.7 billion USD.

Reserve assets, which decreased by 9.3 billion USD in January, declined by 4.7 billion USD in February. Thus, as of the first two months of the year, the decrease in reserve assets reached 14 billion USD. In this period, net errors and omissions item recorded a capital inflow of 1 billion USD.

Expectations...

According to latest data, exports climbed by 4.4% yoy in March, reaching a historical high of 23.6 billion USD, after falling in February owing to the impact of the earthquake disaster. The foreign trade deficit, on the other hand, reached a historical high of 34.9 billion USD in the first quarter of the year, showing that the pressure on the current account deficit remains. The rapid rise in global oil prices, in parallel with the announcement of OPEC+ countries that they will cut production as of May, and the weak performance of our main export markets' manufacturing sectors show that the risks on the foreign trade balance are alive. Despite the slowdown in the monetary policies of developed countries' central banks, the ongoing tightening steps also show that difficulties will continue on the financing side.

Balance of Payments

	Feb. 2023	Jan. - Feb. 2022	2023	% Change	(USD million) 12-month Cumulative
Current Account Balance	-8,783	-12,192	-18,803	54.2	-55,362
Foreign Trade Balance	-10,401	-14,839	-22,860	54.1	-97,705
Services Balance	2,334	3,869	5,364	38.6	51,367
Travel (net)	1,652	3,298	4,106	24.5	37,931
Primary Income	-815	-1,022	-1,205	17.9	-8,748
Secondary Income	99	-200	-102	-49.0	-276
Capital Account	-25	-1	-40	3,900.0	-74
Financial Account	-7,797	-8,291	-17,842	115.2	-30,888
Direct Investment (net)	-505	-463	-645	39.3	-8,348
Portfolio Investment (net)	-240	1,842	-730	-	10,956
Net Acquisition of Financial Assets	738	1,126	1,375	22.1	4,744
Net Incurrence of Liabilities	978	-716	2,105	-	-6,212
Equity Securities	-185	-580	-671	15.7	-4,129
Debt Securities	1,163	-136	2,776	-	-2,083
Other Investment (net)	-2,375	-6,510	-2,449	-62.4	-34,949
Currency and Deposits	-936	-6,165	-125	-98.0	-27,049
Net Acquisition of Financial Assets	-88	1,456	3,900	167.9	-2,567
Net Incurrence of Liabilities	848	7,621	4,025	-47.2	24,482
Central Bank	526	3,853	1,084	-71.9	4,548
Banks	322	3,768	2,941	-21.9	19,934
Foreign Banks	-109	574	-111	-	6,944
Foreign Exchange	381	2,949	2,018	-31.6	3,192
Turkish Lira	50	245	1,034	322.0	9,798
Non-residents	272	3,523	1,907	-45.9	10,136
Loans	-1,238	330	-870	-	-5,027
Net Acquisition of Financial Assets	2	-470	-7	-98.5	175
Net Incurrence of Liabilities	1,240	-800	863	-	5,202
Banking Sector	1,124	-1,176	273	-	-4,205
Non-bank Sectors	338	593	866	46.0	8,423
Trade Credit and Advances	-197	-670	-1,446	115.8	-2,817
Other Assets and Liabilities	-4	-5	-8	60.0	-56
Reserve Assets (net)	-4,677	-3,160	-14,018	343.6	1,453
Net Errors and Omissions	1,011	3,902	1,001	-74.3	24,548

Source: Datastream, Ministry of Trade, CBRT

Economic Research Division

Alper Grler
Division Head
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

H. Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

Ahmet Berat Ocak
Asst. Economist
berat.ocak@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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