

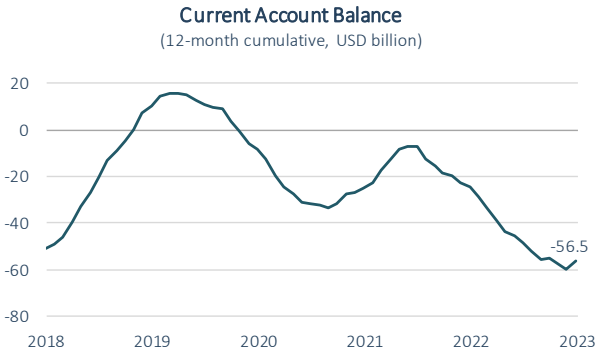


Foreign trade deficit was 5.2 billion USD in June.

According to the data announced by TURKSTAT, exports declined by 10.5% yoy to 20.9 billion USD in June, while imports decreased by 17.5% yoy to 26.1 billion USD due to the annual decline in global energy prices. Thus, the foreign trade deficit narrowed by 37.3% yoy to 5.2 billion USD. In June, import coverage ratio was realized as 80.2%.

In June, the current account posted a surplus of 674 million USD.

In June, the current account posted a surplus (674 million USD) for the first time since October 2021. Annual decrease of balance of payments defined foreign trade deficit by 42.5% yoy to 3.7 billion USD was behind this development. In June, tourism revenues continued their positive course rising by 14.4% on an annual basis. Thus, in the first half of 2023, the current account deficit widened by 28.1% yoy and became 36.8 billion USD. 12-month cumulative current account deficit declined from 59.7 billion USD in May to 56.5 billion USD as of June.



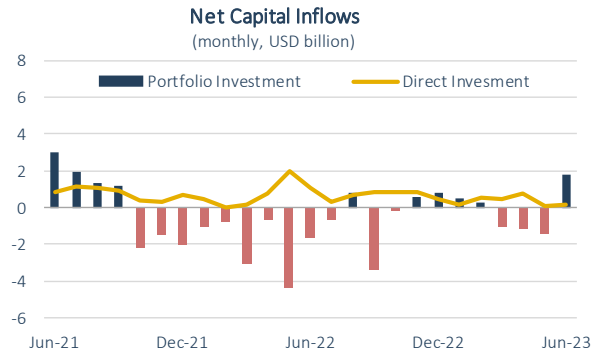
The weak course in direct investments continues.

In June, net direct investments to Türkiye continued to be weak, and was realized as 135 million USD. In this period,

non-residents' net direct capital investments were realized as 166 million USD, the lowest level since April 2021. Moreover, the decline in non-residents real estate investments in Türkiye by 31.7% on a monthly and 79.6% on an annual basis drew attention. Thus, in the first half of the year, net foreign direct investment inflows decreased by 52.1% yoy to 2.1 billion USD.

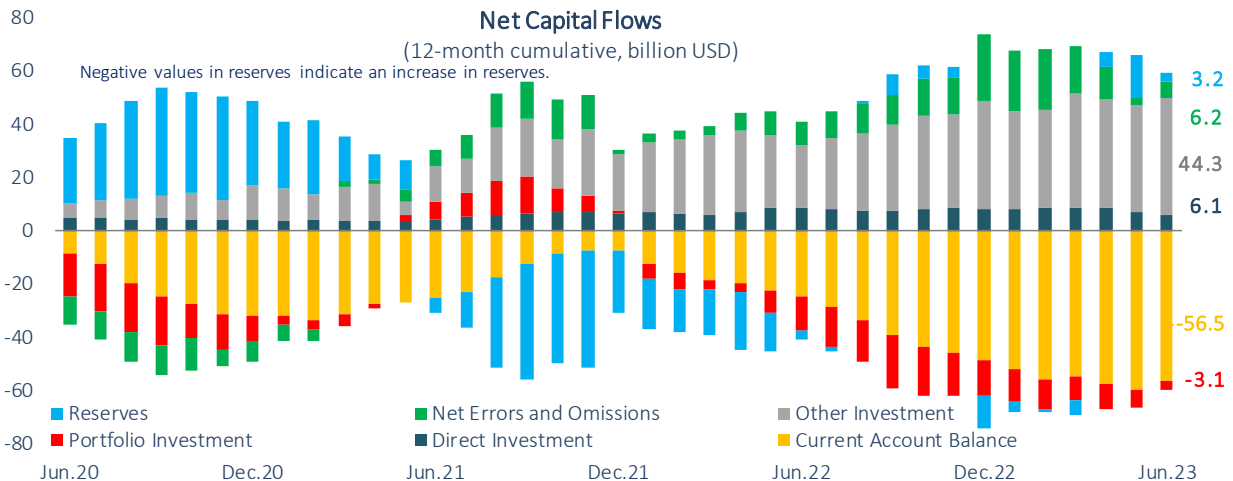
Portfolio investments recorded a net capital inflow of 1.8 billion USD.

In June, portfolio investments recorded a net capital inflow of 1.8 billion USD. Thus, portfolio investments recorded the first net capital inflow since February and reached its peak level since July 2021. In this period, non-residents made net purchases of 1.1 billion USD in equity market and of 46 million USD in domestic government debt securities markets. Despite the inflow recorded in June, portfolio investments posted a net capital outflow of 1.2 billion USD in the first half of the year.



Positive trend in other investments...

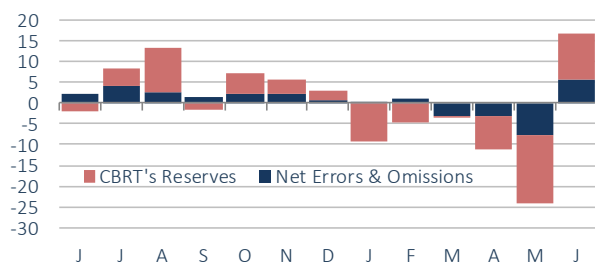
In June, net capital inflows in other investments recorded a significant improvement compared to May and were realized as 3.1 billion USD. In this period, total deposits of foreign banks in Türkiye increased by 2.4 billion USD, recording the



Source: Datastream, Turkstat, CBRT

fastest monthly rise since February 2022. In June, the banking sector and the General Government made net loan repayments of 458 million USD and 97 million USD, respectively, while other sectors borrowed a net amount of 17 million USD from abroad. According to 12-month cumulative figures, long-term debt rollover ratios of the banking sector and other sectors were realized as 86% and 134%, respectively.

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



Reserve assets and net errors and omissions...

In June, reserve assets increased (by 11.2 billion USD) for the first time since the beginning of the year. Thus, the decline in reserve assets came down to 27.8 billion USD in the January-June period. Net errors and omissions item, which recorded an inflow of 5.5 billion USD in June, recorded a total decrease of 7.2 billion USD in the first half of the year.

Expectations...

According to preliminary data, exports rose by 8.4% yoy and reached 20.1 billion USD in July, while imports expanded by 11.1% to 32.5 billion USD. Thus, the foreign trade deficit rose to 12.4 billion USD in July. The economic outlook in Türkiye's main export market Europe, as well as recent increases in energy prices due to supply concerns, will continue to impact the foreign trade balance. However, the continuation of the relative recovery recorded in the financing side in June, as a result of the improvement in risk perception towards Türkiye thanks to recent economic policy steps, will be essential in the coming period.

Balance of Payments

	Jun. 2023	Jan. - Jun. 2022	Jan. - Jun. 2023	% Change	(USD million) 12-month Cumulative
Current Account Balance	674	-28,721	-36,803	28.1	-56,491
Foreign Trade Balance	-3,697	-40,907	-50,675	23.9	-99,289
Services Balance	5,019	17,881	19,731	10.3	51,919
Travel (net)	4,203	13,947	15,965	14.5	39,335
Primary Income	-799	-4,992	-5,989	20.0	-9,583
Secondary Income	151	-703	130	-	462
Capital Account	-13	-14	-86	514.3	-107
Financial Account	6,184	-16,714	-44,041	163.5	-50,389
Direct Investment (net)	-135	-4,478	-2,146	-52.1	-6,105
Portfolio Investment (net)	-1,797	11,538	1,150	-90.0	3,140
Net Acquisition of Financial Assets	-580	4,214	1,809	-57.1	2,090
Net Incurrence of Liabilities	1,217	-7,324	659	-	-1,050
Equity Securities	1,089	-3,358	-505	-85.0	-1,185
Debt Securities	128	-3,966	1,164	-	135
Other Investment (net)	-3,084	-11,426	-15,222	33.2	-44,260
Currency and Deposits	-1,622	-10,271	-9,740	-5.2	-35,367
Net Acquisition of Financial Assets	923	4,265	9,021	111.5	-1,740
Net Incurrence of Liabilities	2,545	14,536	18,761	29.1	33,627
Central Bank	-62	3,977	12,344	210.4	15,684
Banks	2,607	10,559	6,417	-39.2	17,943
Foreign Banks	1,653	4,695	2,503	-46.7	5,437
Foreign Exchange	757	3,025	2,699	-10.8	3,797
Turkish Lira	197	2,839	1,215	-57.2	8,709
Non-residents	2,410	7,720	5,202	-32.6	9,234
Loans	-211	33	-1,021	-	-4,976
Net Acquisition of Financial Assets	-749	663	-143	-	-1,094
Net Incurrence of Liabilities	-538	630	878	39.4	3,882
Banking Sector	-458	-2,014	789	-	-2,853
Non-bank Sectors	17	2,267	500	-77.9	6,353
Trade Credit and Advances	-1,238	-1,155	-4,440	284.4	-3,876
Other Assets and Liabilities	-13	-33	-21	-36.4	-41
Reserve Assets (net)	11,200	-12,348	-27,823	125.3	-3,164
Net Errors and Omissions	5,523	12,021	-7,152	-	6,209

Source: Datastream, Ministry of Trade, CBRT

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