

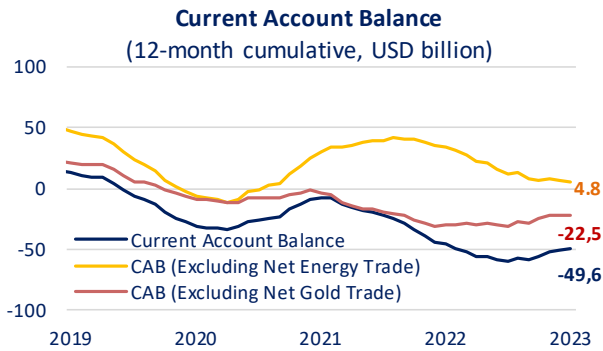


Foreign trade deficit narrowed by 32.6% yoy in November.

According to data released by Turkstat, exports increased by 5.2% yoy to 23 billion USD in November and imports decreased by 5.7% to 28.9 billion USD. Thus, foreign trade deficit narrowed by 32.6% yoy to 5.9 billion USD in this period. The import coverage ratio rose from 71.3% in November 2022 to 79.5% in the same month of 2023.

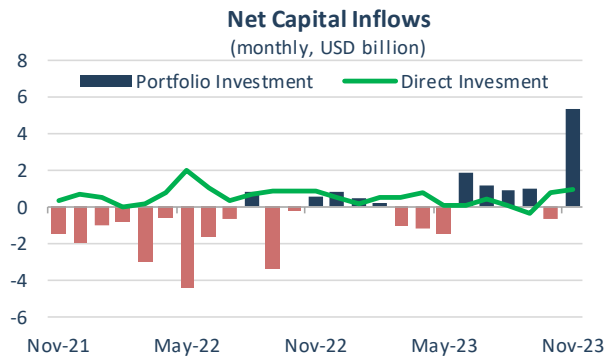
Current account deficit became 2.7 billion USD in November.

Having posted surpluses in September and October, current account posted a deficit of 2.7 billion USD in November, above market expectations. According to the Reuters poll, current account deficit was expected to be 1.7 billion USD in this period. This was mainly driven by the declines in travel revenues due to the end of tourism season and in transportation revenues. In this period, net gold imports continued to decline and was realized as 1.2 billion USD, the lowest level of the last 7 months, and the current account surplus excluding gold and energy became 2.2 billion USD. After all, current account deficit widened by 1.2% yoy to 43.6 billion USD in January-November period, but narrowed to 49.6 billion USD according to 12-month cumulative figures.



Foreign direct investments are at their highest level in 17 months...

In November, net foreign direct investments were realized as 921 million USD, the highest level since June 2022. This development was mainly driven by the decline in residents' acquisition of financial assets abroad. In November, net real estate investments in Türkiye remained weak but were realized as 256 million USD, the highest level since May. In January-November period, net direct investments decreased by 51% yoy to 4 billion USD.

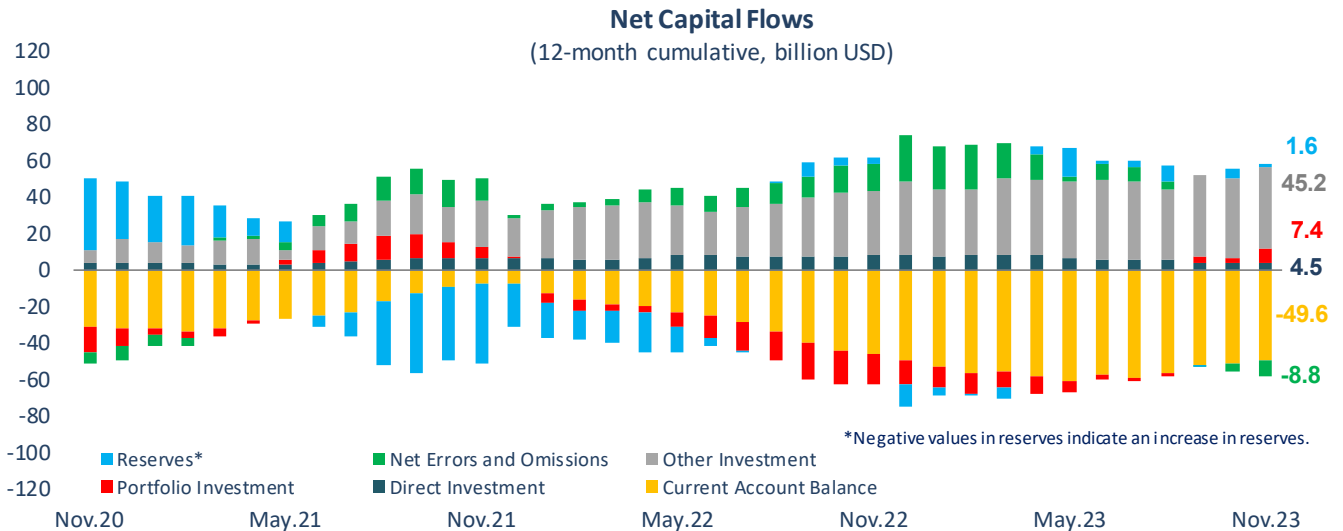


Portfolio inflows gained momentum in November.

In November, portfolio investments recorded the highest capital inflow since May 2017 with 5.4 billion USD. In this period, non-residents' equity portfolio increased by 753 million USD, while their net purchases in debt securities market reached 5.5 billion USD. Thus, total capital inflow in portfolio investments became 6.6 billion USD in January-November period.

5.1 billion USD capital inflow in other investments...

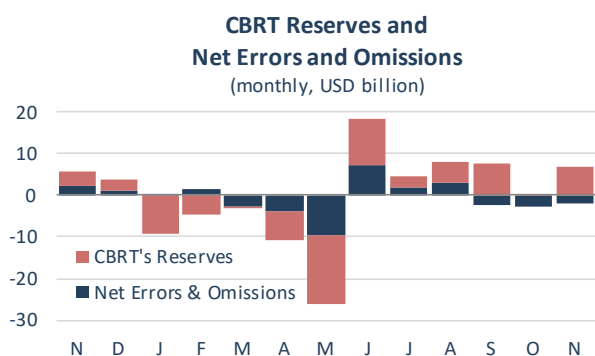
Other investments, which has been recording uninterrupted capital inflows since June 2022, recorded an inflow of 5.1 billion USD in November. In this period, foreign banks' currency and



*Negative values in reserves indicate an increase in reserves.

deposits in Türkiye increased by 591 million USD, while domestic banks' currency and deposits with foreign correspondents decreased by 182 million USD. In November, banks realized a net loan utilization of 4 billion USD, the highest since March 2013. In this period, general government borrowed 79 million USD worth of loans, while other sectors realized net 51 million USD loan repayments. As of November, according to 12-month cumulative figures, long-term debt rollover ratio was 112% in the banking sector and 98.6% in other sectors.

Reserve assets and net errors and omissions...



The increase in reserve assets in the second half of the year continued in November with 6.7 billion USD. Thus, the total decline in reserve assets in January-November period came down to 4 billion USD. Net errors and omissions, which had an outflow of 2 billion USD in November, decreased 10 billion USD in the first 11 months of the year.

Expectations...

According to preliminary data released by Ministry of Trade, exports increased by 0.4% yoy in December, while imports fell by 10.7% yoy. Although economic activity remains weak in Türkiye's major export markets, exports have continued to grow in recent months, albeit moderately, while imports have declined in line with the decrease in oil prices. On the other hand, geopolitical developments keep the risks on energy prices alive. In 2024, we think that the positive outlook on the financing side of the balance of payments will continue if the expectations that the major central banks will start to cut interest rates.

Balance of Payments

(USD million)

	Nov. 2023	Jan. - Nov. 2022	2023	% Change	12-month Cumulative
Current Account Balance	-2,722	-43,070	-43,605	1.2	-49,621
Foreign Trade Balance	-4,412	-81,522	-81,808	0.4	-89,886
Services Balance	3,002	47,256	48,857	3.4	51,266
Travel (net)	2,347	35,823	39,105	9.2	40,599
Primary Income	-1,325	-8,222	-10,980	33.5	-11,538
Secondary Income	13	-582	326	-	537
Capital Account	-14	-28	-197	603.6	-204
Financial Account	-4,710	-18,390	-53,848	192.8	-58,653
Direct Investment (net)	-921	-8,194	-3,988	-51.3	-4,461
Portfolio Investment (net)	-5,367	14,356	-6,619	-	-7,447
Net Acquisition of Financial Assets	881	4,597	3,359	-26.9	3,257
Net Incurrence of Liabilities	6,248	-9,759	9,978	-	10,704
Equity Securities	753	-3,458	165	-	-415
Debt Securities	5,495	-6,301	9,813	-	11,119
Other Investment (net)	-5,128	-34,429	-39,236	14.0	-45,174
Currency and Deposits	-769	-29,918	-22,308	-25.4	-28,288
Net Acquisition of Financial Assets	-138	-1,868	3,128	-	-1,500
Net Incurrence of Liabilities	631	28,050	25,436	-9.3	26,788
Central Bank	27	7,322	13,535	84.9	13,530
Banks	604	20,728	11,901	-42.6	13,258
Foreign Banks	591	12,072	8,515	-29.5	5,159
Foreign Exchange	429	7,980	5,510	-31.0	3,036
Turkish Lira	162	4,092	3,005	-26.6	5,063
Non-residents	13	8,656	3,386	-60.9	8,195
Loans	-4,106	-2,900	-10,431	259.7	-11,368
Net Acquisition of Financial Assets	-121	254	-1,563	-	-2,105
Net Incurrence of Liabilities	3,985	3,154	8,868	181.2	9,263
Banking Sector	3,957	-5,483	7,658	-	7,389
Non-bank Sectors	-51	8,269	1,386	-83.2	1,248
Trade Credit and Advances	-250	-1,562	-6,443	312.5	-5,460
Other Assets and Liabilities	-3	-49	-54	10.2	-58
Reserve Assets (net)	6,706	9,877	-4,005	-	-1,571
Net Errors and Omissions	-1,974	24,708	-10,046	-	-8,828

Source: Datastream, Ministry of Trade, CBRT

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