

The 12-month cumulative CA posted US\$3.3 bn deficit in April

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Effects of the coronavirus outbreak became more evident in April, with the current balance posting a deficit of US\$5.06bn primarily due to a widened foreign trade deficit and net deficit recorded in service revenues. Historically, service revenues had earlier recorded a deficit only once in Dec. 2007 at US\$3mn since the start of its disclosure. The 12-month cumulative current account balance, which has given surplus since May 2019, has turned to negative in April and gave a deficit of US\$3.3 bn. Cumulative current account surplus, excluding energy and gold, fell to US\$38.9bn in April.

In April, foreign deficit increased by US\$2.3bn year-on-year, to US\$3.8bn. Total imports declined by 25% and total exports contracted 42% annually. The most pronounced effect of the epidemic was seen in the balance of services. The balance of services posted a net US\$240 mn deficit in April. Transport revenue (net) decreased 75%. Tourism revenues (net) were zero due to travel restrictions. Thus, the 12-month cumulative tourism revenue (gross) declined from US\$29.4bn in March 2020 to US\$27.7 bn in April 2020. According to May leading foreign trade data of the Ministry of Trade; exports decreased by 41% and imports decreased by 28%. As a result, foreign trade deficit increased from US\$1.7bn in May 2019 to US\$3.4bn in May 2020. We estimate that the similar trend in tourism revenues may continue in May.

Many countries began to gradually lift the restrictions imposed by the outbreak, and as a result, signs of a rebound began to appear in the leading May data. In the coming months, we will be following the effects of these developments on foreign trade data. On the tourism revenues side, the course of the epidemic and the practices of countries towards travel restriction will continue to be effective.

On the financing side; amount of capital outflow in April was US\$2.3bn. Net errors & omissions recorded an outflow of US\$1.2bn. As a result; **official reserves recorded an decrease of US\$8.6bn.**

- **Portfolio investment** recorded net outflow of US\$2.4bn in April. Outflow from equities and government bonds was US\$0.85bn and US\$1.0bn, respectively. Total outflow was US\$1.86bn. Regarding the bond issues in international capital markets, banks and other sectors realized net repayments of US\$ 1.0bn and US\$ 763 mn, respectively.
- Banks continued to be net foreign debt payers and made a total of US\$843mn payment in April and US\$3.1bn in Jan.-April period. Non-bank sector realized net payment of US\$62mn in April and US\$571mn in Jan.-April period.

CHART-1: Monthly CAD Realizations (US\$bn)

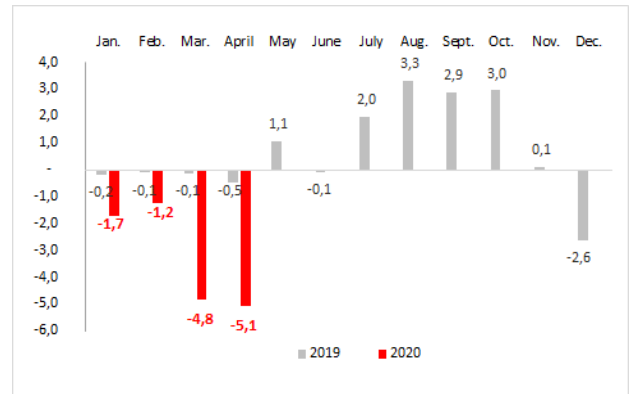


CHART-2: CAD (12-month cumulative, US\$bn)

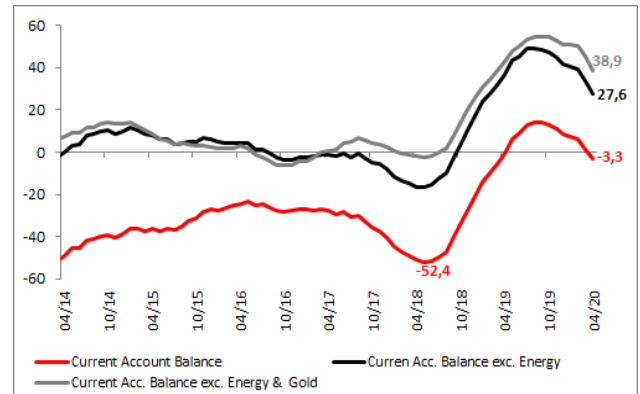
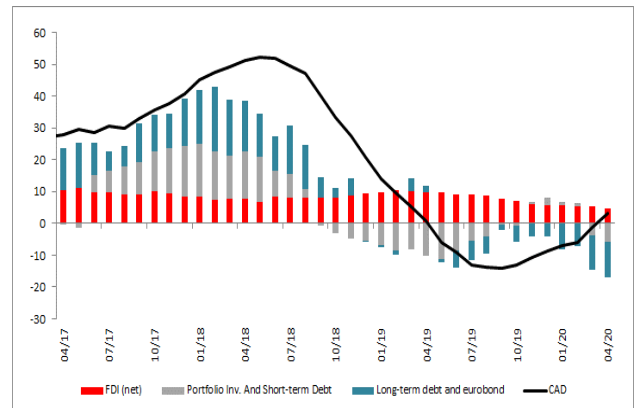


CHART-3: Financing (12-month cumulative US\$bn)



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