

Macro: Despite weakening trend, seasonal current account surplus in September

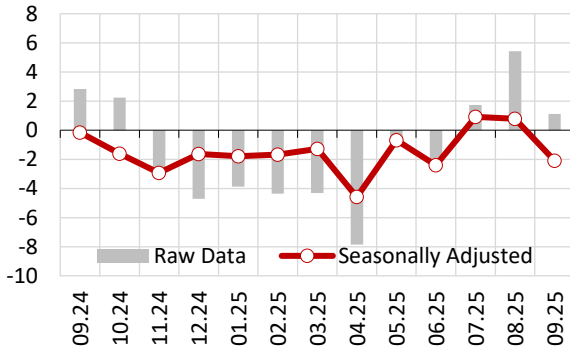
The current account balance in August was in line with forecasts, with a \$1.1 billion surplus. In seasonally adjusted (s.a.) terms, the current account balance deteriorated after a significant improvement in recent months. This development was driven by the foreign trade balance, which improved significantly between July and August and returned back to its June level in September.

We expect the current account balance (s.a.) to maintain its deteriorating trend in October, driven by the continued correction in the foreign trade deficit. However, given the ongoing seasonal contribution of services revenues, we estimate the current account will give a surplus of \$1.0 billion in October. Accordingly, the 12-month cumulative current account deficit will widen to \$21.5 billion. Under current trends, we estimate the current account deficit to be \$18 billion (1.2% of GDP) in 2025 (MTP forecast: \$22.6 billion).

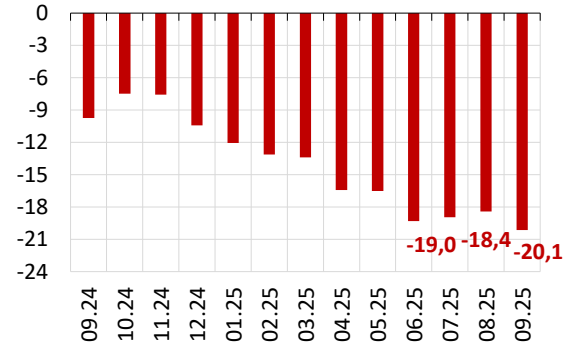
Current Account Balance:

The current account balance recorded a \$1.1 billion surplus in September, in line with our forecast (+\$1.1 billion) and market estimate (+\$1.2 billion). The cumulative current account deficit was \$14.9 billion in the first nine months of the year, while the 12-month cumulative deficit increased from \$18.4 billion to \$20.1 billion (Table 1, Chart 2). Excluding gold and energy, the current account surplus was down by \$0.8 billion to \$46.4 billion (Chart 4).

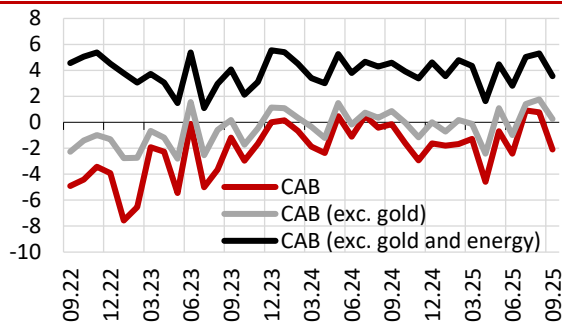
In seasonally adjusted (s.a.) terms, the current account balance significantly deteriorated in September (Charts 1 and 3), driven by the foreign trade balance, which showed a significant improvement in the July-August period and returned to its June level in September. The current account balance (m.a.) similarly appears to have returned to its June level (Chart 3).

Chart 1. Current Account Balance (bn \$)

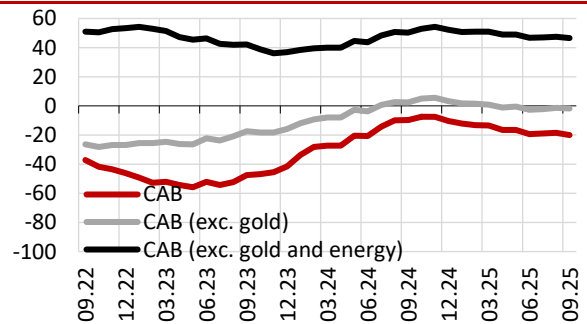
Source: CBRT, Akbank

Chart 2. Current Account Balance (12-month cumulative, bn \$)

Source: CBRT

Chart 3. Current Account Balance (CAB) (seasonally adjusted, bn \$)

Source: CBRT, Akbank

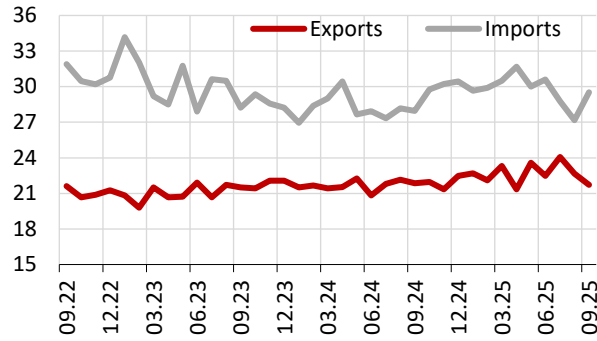
Chart 4. Current Account Balance (12-month cumulative, bn \$)

Source: CBRT

Trade Balance:

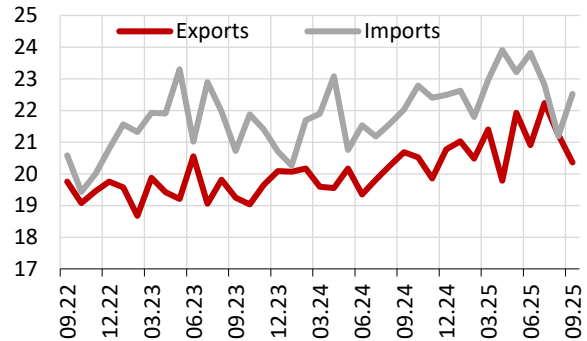
The foreign trade balance (s.a.) recorded a significant deterioration in September. This was driven by the slowdown in exports and the rise in imports, driven by increases in gold imports and core imports. Core indicators also deteriorated (Charts 5 and 6).

Chart 5. Exports and Imports
(seasonally adjusted, bn \$)



Source: CBRT, Akbank

Chart 6. Foreign Trade excluding Gold and Energy
(seasonally adjusted, bn \$)



Source: CBRT, Akbank

Services Balance:

The balance of services (s.a) improved on a monthly basis. (Charts 7, 8). During this period, transportation revenues declined, while travel and other service items increased (Charts 7, 8). On a 12-month cumulative basis, service revenues increased by \$0.8 billion to \$121.0 billion (Chart 9). Travel revenues increased by \$0.5 billion to \$58.9 billion.

Chart 7. Services Balance
(seasonally adjusted, billion \$)

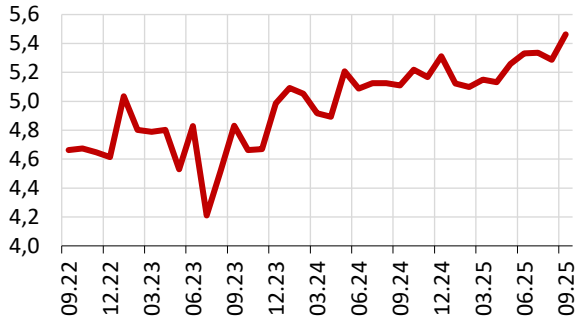


Chart 8. Services Balance
(seasonally adjusted, billion \$)

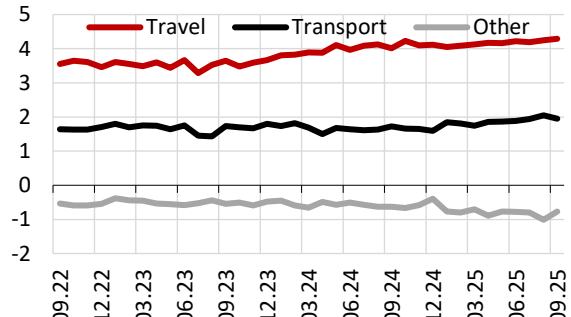
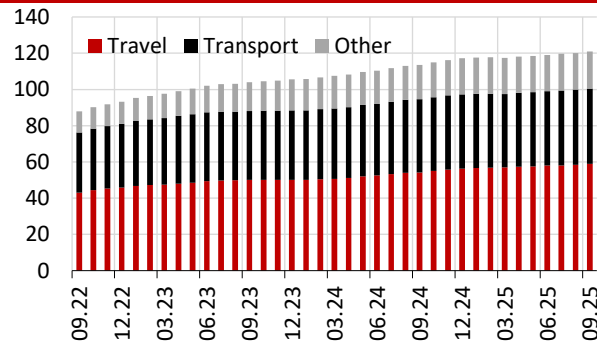
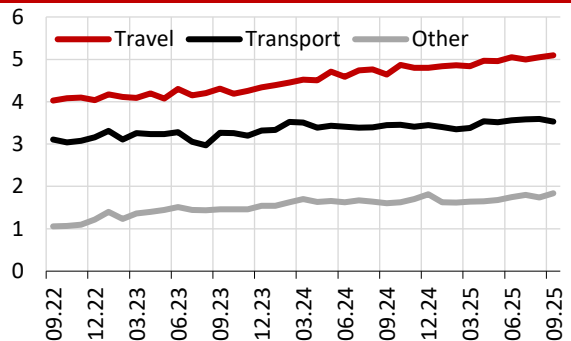


Chart 9. Services Credit
(12-month cumulative, bn \$)



Source: CBRT

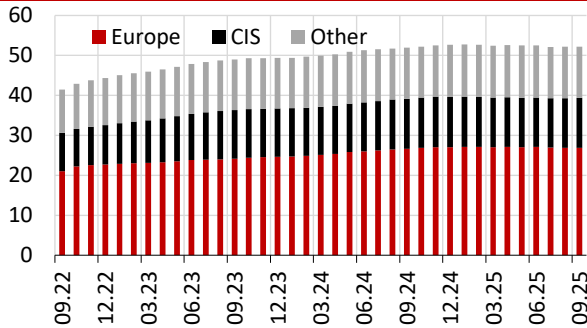
Chart 10. Services Credit
(seasonally adjusted, bn \$)



Source: CBRT, Akbank

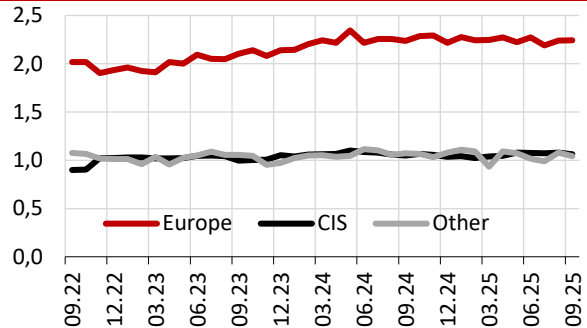
The number of foreign visitors (s.a) declined by 1.0% in September, following a 3.3% increase in August. A mixed picture prevails across regions, with increases in Europe, the Americas, and Africa, while decreases were recorded in the number of visitors from the CIS and Asia (Charts 11 and 12).

Chart 11. Foreign Visitors
(12-month cumulative, million people)



Source: CBRT

Chart 12. Foreign Visitors
(seasonally adjusted, million people)



Source: CBRT, Akbank

According to provisional data for October released by the Ministry of Trade, the foreign trade deficit increased by \$1.4 billion compared to the previous year, reaching \$7.4 billion. Thus, the 12-month cumulative foreign trade deficit rose from \$89.3 billion to \$90.7 billion. According to seasonally adjusted data, the foreign trade deficit continued to deteriorate on a monthly basis ([Macro: Foreign trade deficit on the rise again](#)).

Table 1. Current Account Balance (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Sep.25	Sep.24	Sep.25	Sep.24	Sep.25	Sep.24
Current Account Balance	1,112	2,831	-14,894	-5,160	-20,146	-9,748
Foreign Trade Balance	-5,356	-3,108	-49,815	-41,009	-64,792	-55,010
Export*	22,190	21,639	199,272	188,909	267,814	256,180
Gold	172	188	2,548	2,673	3,356	4,593
Export (exc. gold)	22,018	21,451	196,724	186,236	264,458	251,587
Import*	27,546	24,747	249,087	229,918	332,606	311,190
Gold	2,501	1,205	15,834	11,280	21,655	16,754
Energy	4,539	4,708	46,780	48,062	64,308	65,368
Import (exc. gold and energy)	20,506	18,834	186,473	170,576	246,643	229,068
Service Balance	7,707	7,213	48,758	47,538	62,589	59,467
Services Credit	12,804	11,954	91,865	88,051	121,003	113,527
Transport	3,889	3,783	31,429	30,784	41,636	40,446
Travel	6,962	6,453	46,099	43,527	58,850	54,159
Other	1,953	1,718	14,337	13,740	20,517	18,922
Services Debit	5,097	4,741	43,107	40,513	58,414	54,060
Transport	1,620	1,723	14,412	15,944	19,856	20,337
Travel	703	536	7,196	5,328	9,226	7,552
Other	2,774	2,482	21,499	19,241	29,332	26,171
Primary Income**	-1,239	-1,274	-13,837	-11,689	-17,943	-14,205
Current Account Balance (exc. gold)	3,441	3,848	-1,608	3,447	-1,847	2,413
Current Account Balance (exc. energy)	4,474	6,556	19,850	30,197	28,279	38,049
Current Account Balance (exc. gold and energy)	6,803	7,573	33,136	38,804	46,578	50,210

* Balance of payments-defined values

** The sum of primary and secondary income

Source: CBRT

We estimate that the current account balance (s.a.) will show a surplus of around \$1.0 billion in October, as services revenues continue to contribute seasonally despite the deterioration in the foreign trade balance (Chart 11). In this context, we estimate the 12-month cumulative current account deficit will increase by \$1.4 billion to \$21.5 billion. We estimate that the current account deficit will close around \$18 billion (1.2% of GDP) for the full year (MTP estimate: \$22.6 billion).

Financing:

The current account balance recorded a surplus of \$1.1 billion in August, while capital outflows from the economy totaled \$6.0 billion. Net errors and omissions recorded an outflow of \$3.8 billion. Consequently, reserves decreased by \$8.7 billion month-over-month (Table 2). On the financing side, there was a net outflow of \$162 million from direct investment (FDI) and \$7.0 billion from other investments, while portfolio investments recorded an inflow of \$1.15 billion (Table 2).

Thus, in the first nine months of the year, the current account balance recorded a deficit of \$14.9 billion, while capital inflows totaled approximately \$16.0 billion, and the outflow from the net errors and omissions accounted for \$12.3 billion. As a result, reserves decreased by \$11.5 billion.

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to \$722 million in September, of which \$180 million was in real estate. In the first nine months of the year, total inflows were \$11.4 billion (real estate: \$1.6 billion).
 - Real estate acquisition of residents from abroad amounted to \$211 million in September and \$2.0 billion in the first 9 months of the year.
- **Portfolio investments** posted a net inflow of \$1.15 billion in September and a total outflow of \$0.3 billion in January-September period.
 - After four months of inflows, \$322 million in outflows from equities occurred in September. Total inflows between January and September reached \$1.3 billion.
 - Inflows into government securities continued, albeit at a slower pace. Inflows totaled \$554 million in September, bringing total inflows to \$1.18 billion in the first nine months of the year. According to CBRT's weekly securities statistics, outflows from equities continued in October, while there were limited inflows into the GDDS.
 - Regarding bond issuances abroad in September, the general government, banks and other sectors paid off a net \$1.7 billion, \$1.3 billion, and \$0.9 billion, respectively.
- **In loans obtained from abroad**, banks paid a net total of \$1.3 billion in September, while the real sector borrowed \$0.9 billion in net debt. In the first 9 months of the year, total borrowing reached \$9.9 billion for banks and \$9.3 billion for the real sector.
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 115.6% for banks and 152.4% for other sectors.

Table 2. Financing (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Sep.25	Sep.24	Sep.25	Sep.24	Sep.25	Sep.24
Foreign Direct Investment (FDI, net)	-162	671	4,274	3,603	5,747	5,657
Real estate	-31	15	-398	662	-391	900
FDI (exc. real estate)	-131	656	4,672	2,941	6,138	4,757
Portfolio Investment (net)	1,152	-1,289	-300	9,673	2,004	16,417
Equity	-322	-83	1,344	-1,981	844	-429
Bond	554	1,725	1,181	13,743	3,462	15,234
Government Eurobond	1,726	-1,166	1,685	-409	2,592	2,029
Banks	1,355	-69	2,852	3,398	3,009	4,334
Other Sectors	705	-185	1,998	2,047	3,864	2,547
Other Investment (net)	-6,998	-1,146	11,922	-6,850	23,621	3,631
Effective and Deposits	-2,540	-1,461	212	-12,581	-1,105	-6,965
Loans	-4,112	782	13,871	10,160	22,803	15,918
Banks (foreign borrowing)	-1,335	1,915	9,860	11,610	16,244	15,803
Other Sectors	842	1,237	9,284	1,373	10,591	1,582
Trade credit	-351	-478	-2,184	-4,463	1,868	-5,258
Reserve	-8,692	-719	-11,515	-4,138	-6,819	4,793
Net Errors and Omissions	-3,824	-1,780	-12,349	-5,293	-17,862	-11,015

Source: CBRT

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