

Macro: Geopolitical developments may push current account deficit to \$60 bn

The current account recorded a deficit of \$6.8 billion in January, above expectations, also due to the methodological revision. The 12-month cumulative current account deficit (CAD) was revised to \$30.1 billion by the end of 2025 due to the methodological revision (previous: \$25.2 billion), and reached \$32.9 billion in January. In seasonally adjusted (s.a.) terms, CAD is at its highest level since July 2023. Leading foreign trade data point to the average trend over the last three months in CAD being maintained in February as well.

On a seasonally adjusted basis, the 3-month average annualized CAD trend is ≈\$55 billion (% GDP: 3.0). As of March, rising energy prices due to geopolitical developments create an upward risk on top of this trend. How long the war will last and to what extent the increase in energy prices will be permanent remains uncertain. Under a scenario in which the average Brent oil price is \$90 and the Dutch TTF LNG price is €50 in 2026, we estimate that the additional external financing need stemming from the energy deficit in 2026 will be around \$20 billion, and the CAD may reach around \$60 billion by the end of the year (3.3% of GDP).

Current Account Balance:

The current account balance (CAB) posted a deficit of \$6.8 billion in January, significantly higher than both our estimate (\$4.3 billion) and the market estimate (\$4.8 billion) (Chart 1, Table 2). The methodological revision made to the primary income balance was the main reason for the deficit exceeding the estimates.

CBRT has made a methodological change in the calculation of "Portfolio Investment Interest Expenses" under the "Primary Income Balance". Instead of the aggregated data previously provided by banks, payments made to non-residents are now calculated directly on an ISIN-code basis for each security, using the Central Bank of the Republic of Türkiye (CBRT) and the Central Securities Depository and Trade Repository of Türkiye (MKK) records. This methodological change resulted in an upward revision of USD 8,922 million to the "Portfolio Investments / Debit" item under the Balance of Payments Statistics Primary Income, starting from September 2020 (Table 1). In parallel, the CBRT retrospectively revised the CAB and the Net Errors and Omissions (NEO) item at the same amount for this period. The difference between the current account and NEO updates for 2025 and the primary income balance is due to routine revisions in other items of the balance of payments.

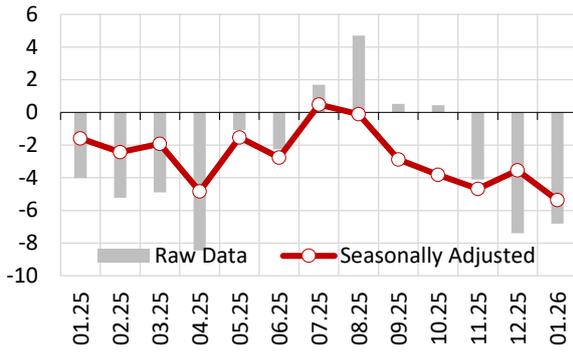
Table 1. Updates Due to Methodological Changes in Balance of Payments Items

	Current Account Balance (bn \$)			Primary Income (bn \$)			Net Errors and Omissions (bn \$)			Current Account Balance (% GDP)		
	Prev.	Curr.	Diff.	Prev.	Curr.	Diff.	Prev.	Curr.	Diff.	Prev.	Curr.	Diff.
2020	-31.0	-31.0	0.0	-8.6	-8.6	0.0	-7.7	-7.7	0.0	-4.2	-4.2	0.0
2021	-6.2	-7.1	-0.9	-10.7	-11.5	-0.9	9.6	10.5	0.9	-0.8	-0.9	-0.1
2022	-46.3	-46.7	-0.4	-8.8	-9.2	-0.4	28.1	28.5	0.4	-5.0	-5.0	0.0
2023	-41.5	-41.8	-0.3	-11.5	-11.8	-0.3	-9.3	-9.0	0.3	-3.6	-3.6	0.0
2024	-10.4	-13.0	-2.6	-15.9	-18.5	-2.6	-11.3	-8.7	2.6	-0.8	-1.0	-0.2
2025	-25.2	-30.1	-4.9	-18.5	-23.3	-4.8	-16.6	-12.7	4.0	-1.6	-1.9	-0.3

Following a methodological revision, CAD increased from \$10.4 billion in 2024 to \$13.0 billion (% GDP: 0.8% → 1.0%), and from \$25.2 billion to \$30.1 billion in 2025 (% GDP: 1.6% → 1.9%).

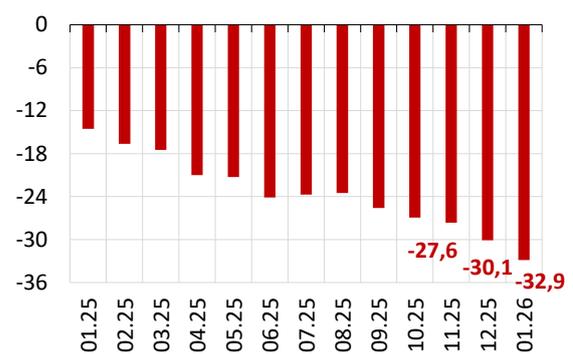
In seasonally adjusted (s.a.) terms, CAD continued to widen, reaching its highest level since July 2023, driven by the deterioration in the foreign trade balance and the decrease in services revenues (Charts 1 and 3). The 12-month cumulative CAD increased from \$30.1 billion to \$32.9 billion (Table 2, Chart 2). Excluding gold and energy, the current account surplus decreased by \$3.4 billion to \$33.9 billion (Chart 4).

Chart 1. Current Account Balance (bn \$)



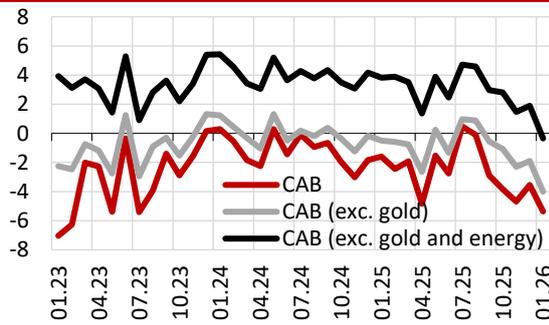
Source: CBRT, Akbank

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



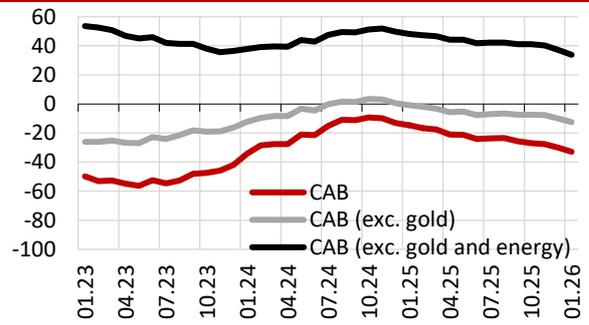
Source: CBRT

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



Source: CBRT, Akbank

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

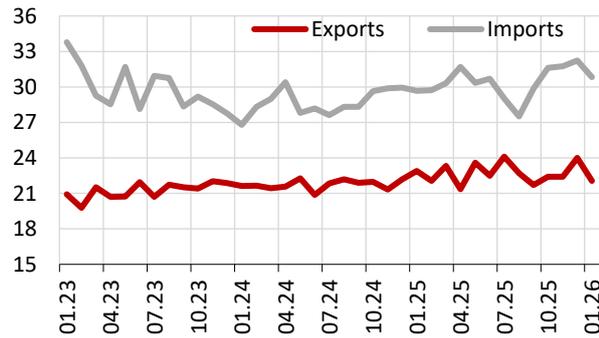


Source: CBRT

Trade Balance:

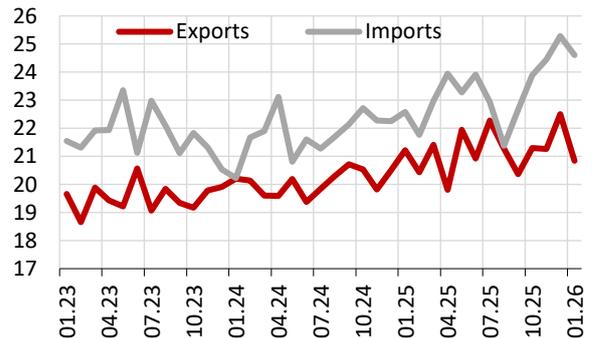
The trade balance (s.a.) deteriorated somewhat in January. This was primarily due to the decline in exports being stronger than the decline in imports (Chart 5). The deterioration in the external balance was even more pronounced when gold and energy are excluded (Chart 6).

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:

A significant decrease was observed in the balance of services in seasonally adjusted terms (Chart 7). This was due to a decrease in travel and other services revenues (net) despite an increase in transportation revenues (Chart 8). On a 12-month cumulative basis, services revenues increased by \$0.9 billion to \$123.5 billion (Chart 9). Travel revenues (gross) increased by \$0.2 billion to \$60.2 billion.

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

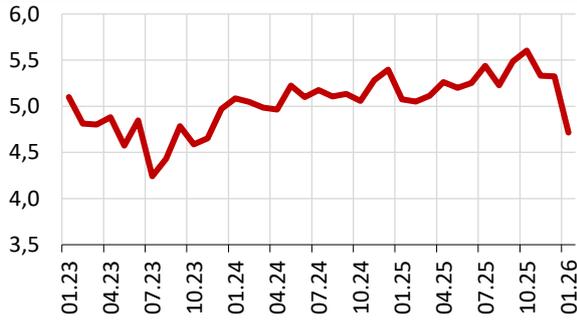


Chart 8. Services Balance
(seasonally adjusted, billion \$)

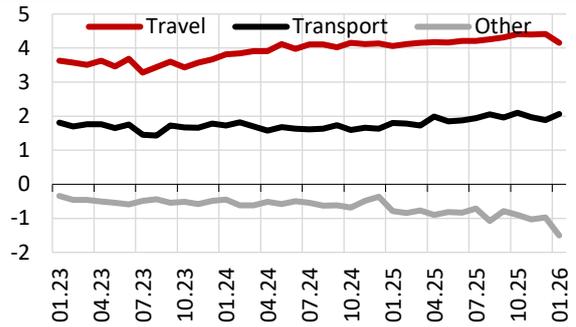
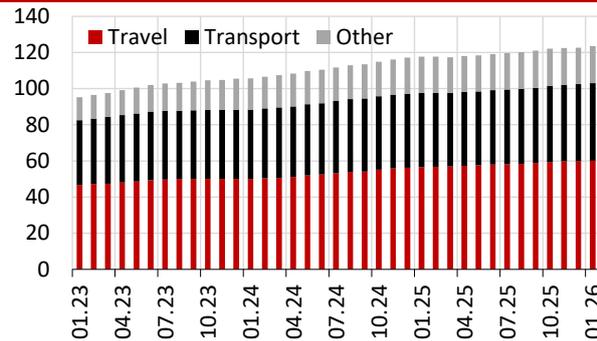
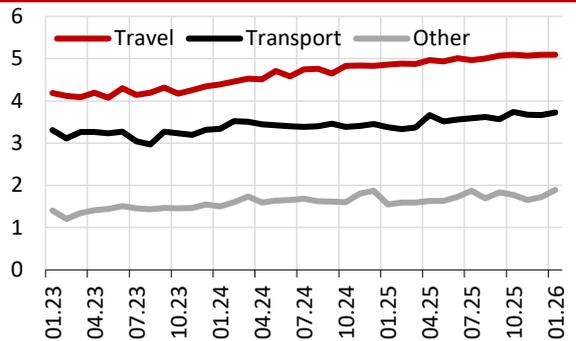


Chart 9. Services Credit
(12-month cumulative, bn \$)



Source: CBRT

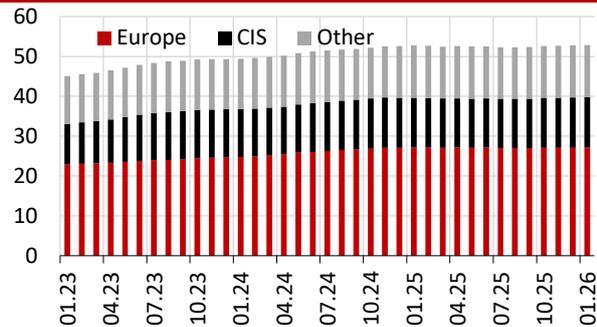
Chart 10. Services Credit
(seasonally adjusted, bn \$)



Source: CBRT, Akbank

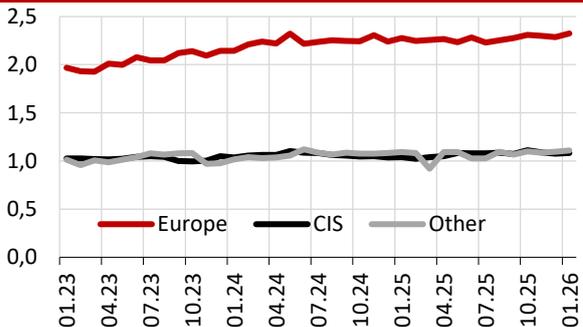
The number of foreign visitors (s.a) increased by 1.3% month-on-month in January, largely offsetting the decline of the previous two months. The year-on-year increase was 3.5%. While the month-on-month increase was spread across regions, the trend in European countries was more pronounced (Charts 11 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 the Ministry of Trade's provisional data for February, the foreign trade balance recorded a deficit of \$9.2 billion in February, an increase of \$1.4 billion year-on-year. Excluding gold and energy, the deterioration in the foreign trade deficit was even higher, at \$1.8 billion year-on-year ([Macro: Trade deficit remains high; geopolitical developments pose upside risks](#)). Preliminary foreign trade data indicate that the average trend in the CAB over the last three months was maintained in February. We estimate that the CAD will be \$6.9 billion in February and will rise to \$34.6 billion on a 12-month cumulative basis (-2.1% of GDP).

On a seasonally adjusted basis, the 3-month average annualized CAD trend is ≈\$55 billion (3.0% of GDP). As of March, rising energy prices due to geopolitical developments create an upward risk on top

of this trend. How long the war will last and to what extent the increase in energy prices will be permanent remains uncertain. Under a scenario in which the average Brent oil price is \$90 and the Dutch TTF LNG price is €50 in 2026, we estimate that the additional external financing need stemming from the energy deficit in 2026 will be around \$20 billion, and the CAD may reach around \$60 billion by the end of the year (3.3% of GDP).

Tablo 2. Current Account Balance (Million \$)

	Monthly		12-Month Cumulative	
	Jan.26	Jan.25	Jan.26	Jan.25
Current Account Balance	-6,807	-4,025	-32,880	-14,556
Foreign Trade Balance	-6,967	-5,549	-71,223	-57,204
Export*	19,746	21,078	269,414	258,813
Gold	287	380	2,961	3,744
Export (exc. gold)	19,459	20,698	266,453	255,069
Import*	26,713	26,627	340,637	316,017
Gold	1,657	1,472	23,314	17,548
Energy	5,131	6,386	61,275	65,459
Import (exc. gold and energy)	19,925	18,769	256,048	233,010
Service Balance	2,639	3,042	63,105	61,229
Services Credit	8,531	7,645	123,499	117,656
Transport	3,318	2,936	42,830	41,045
Travel	3,425	3,251	60,169	56,574
Other	1,788	1,458	20,500	20,037
Services Debit	5,892	4,603	60,394	56,427
Transport	1,631	1,526	19,683	21,330
Travel	954	852	9,069	7,659
Other	3,307	2,225	31,642	27,438
Primary Income**	-2,479	-1,518	-24,762	-18,581
Current Account Balance (exc. gold)	-5,437	-2,933	-12,527	-752
Current Account Balance (exc. energy)	-2,598	1,071	13,514	34,408
Current Account Balance (exc. gold and energy)	-1,228	2,163	33,867	48,212

* Balance of payments-defined values

** The sum of primary and secondary income

Source: CBRT

Financing:

CAD was \$6.8 billion in January and capital inflows to the economy totaled \$20.1 billion. There was an outflow of \$1.2 billion from the net errors and omissions. Consequently, reserves increased by \$12.0 billion on a monthly basis (Table 3). On the financing side, there was a net inflow of \$22 million into direct investments (FDI), \$8.4 billion into portfolio investments, and \$11.7 billion into other investments.

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to **\$716 million** in January. Inflows into real estate amounted to \$163 million.

- Real estate acquisition of residents from abroad amounted to \$208 million in January.
- **Portfolio investments** posted a net inflow of \$8.4 billion in January.
 - Inflows into equities and government bonds amounted to \$1.46 billion and \$4.01 billion in January, respectively. According to CBRT's weekly securities statistics, inflows into equities and government bonds continued in February.
 - Regarding bond issuances abroad in January, the general government, banks and other sectors borrowed a net \$2.4 billion, \$586 million and \$469 million, respectively.
- **In loans obtained from abroad**, banks borrowed a net \$1,4 billion in January, while the real sector borrowed a net \$1,7 billion.
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 116.5% for banks and 202.3% for other sectors.

Table 3. Financing (Million \$)

	Monthly		12-Month Cumulative	
	Jan.26	Jan.25	Jan.26	Jan.25
Foreign Direct Investment (FDI, net)	22	570	2,691	4,937
Real estate (net)	-45	-12	-366	371
FDI (exc. real estate) (Net)	67	582	3,057	4,566
Portfolio investment (net)	8,392	2,431	4,222	14,182
Equity	1,463	12	3,531	-2,655
Bond	4,010	1,650	5,590	17,410
Government Eurobond	2,407	-211	2,906	647
Banks	1,425	-127	5,142	2,711
Other Sectors	552	1,280	2,398	5,283
Other investment (net)	11,653	4,618	26,406	15,201
Effective and Deposits	4,952	-642	-10,016	-12,126
Loans	5,399	6,425	36,089	26,292
Banks (foreign borrowing)	1,410	5,725	10,077	22,763
Other Sectors	1,740	888	24,283	5,157
Trade credit	1,301	-1,167	304	968
Reserve	11,996	6,430	-16,461	13,195
Net Errors and Omissions	-1,235	2,788	-16,675	-6,459

Source: CBRT

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