

**Macro: The current account deficit trend remained high in March**

The current account deficit (CAD) was \$9.7 billion in March, in line with estimates, while the 12-month cumulative CAD rose from \$35.0 billion to \$39.7 billion (%GDP: ≈-2.4). While CAD showed only a limited deterioration in March in seasonally adjusted terms, the trend in the first quarter averaged \$5.0 billion per month, the highest level since the 2023-Q1. The annualized trend in the first quarter was \$60 billion, significantly above the current value of the 12-month cumulative CAD.

The provisional foreign trade data for April indicates an improvement in the trade deficit. This suggests that the CAD trend will also lose some momentum in April. We estimate that CAD will decrease to \$37 billion in April on a 12-month cumulative basis. However, we expect the monthly trend to converge back to the first quarter level after April, and the CAD to be around \$60 billion at the end of the year.

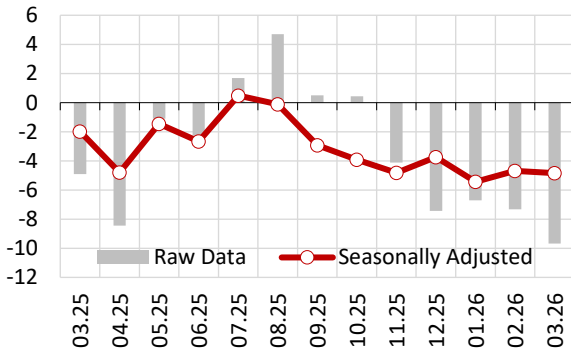
**Current Account Balance:**

**The current account deficit (CAD) in March was \$9.7 billion, in line with our and market expectations.**

As a result, the 12-month cumulative CAD rose from \$35.0 billion to \$39.7 billion (%GDP: ≈-2.4). Excluding gold and energy, the current account surplus decreased by \$4.5 billion to \$26.7 billion, reaching its lowest level since August 2021 (Chart 4). In the first quarter of the year, CAD was \$23.7 billion, \$9.6 billion higher than the first quarter of the previous year (Table 1, Chart 2).

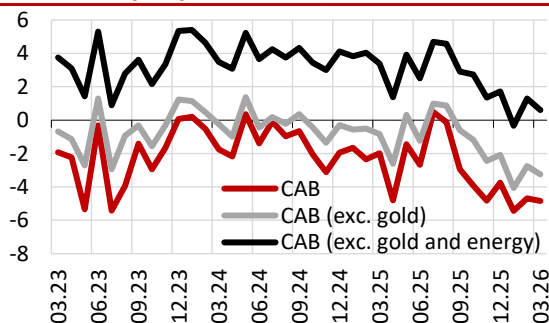
**In seasonally adjusted (s.a.) terms,** the current account balance deteriorated slightly on a monthly basis, partly due to geopolitical developments, while CAD remained at high levels (Charts 1 and 3). In the first quarter, the CAD trend averaged \$5.0 billion per month, the highest level since 2023-Q1. The annualized trend in the first quarter was \$60 billion, significantly above the current value of the 12-month cumulative CAD.

**Chart 1. Current Account Balance (bn \$)**



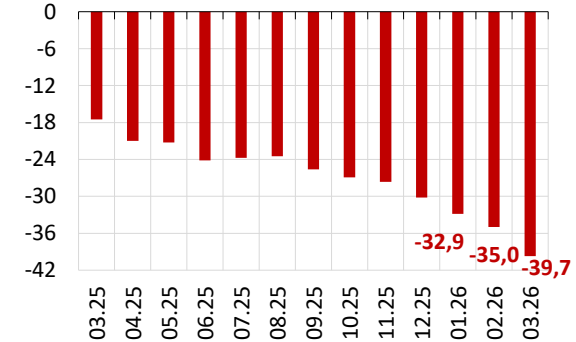
Source: CBRT, Akbank

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



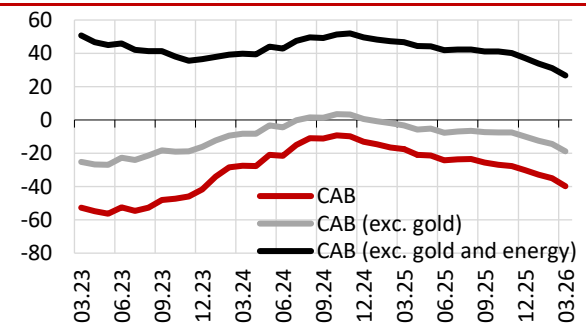
Source: CBRT, Akbank

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



Source: CBRT

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

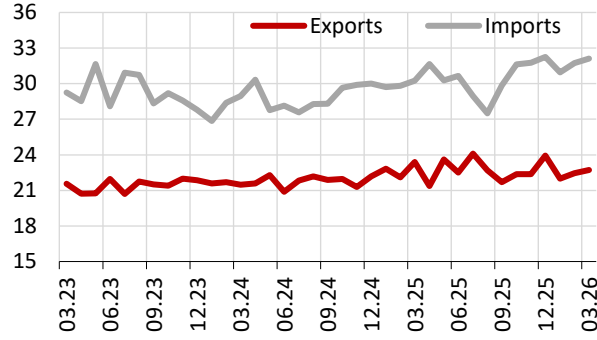


Source: CBRT

**Trade Balance:**

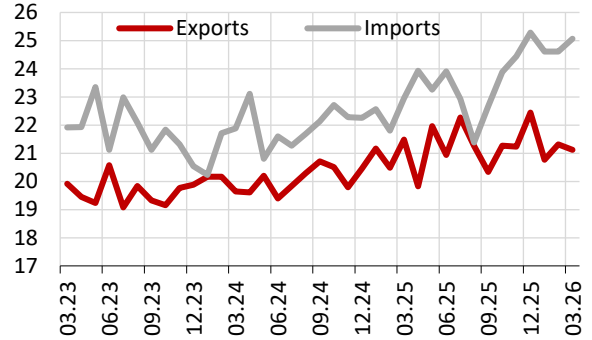
The foreign trade balance (s.a.) deteriorated throughout the first quarter, although the rate of deterioration slowed somewhat in March due to a decrease in gold imports (Chart 5). However, the increase in core imports caused the trend in the core balance to worsen (Chart 6).

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



Source: CBRT. Akbank

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

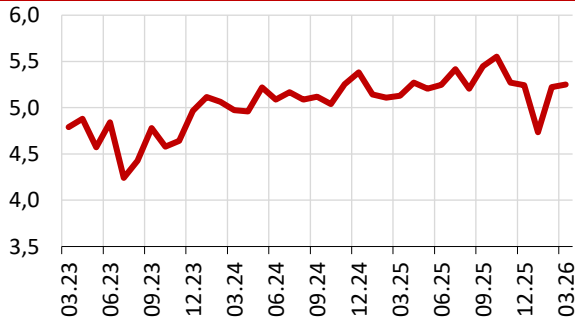


Source: CBRT. Akbank

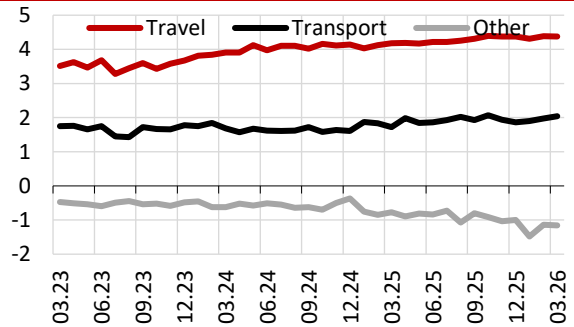
**Services Balance:**

The services balance (s.a.) improved slightly in March (Charts 7, 8). However, excluding the temporary fluctuation in January, the trend in the services balance has remained relatively flat at around \$5.2 billion since November. This trend, on an annualized basis, suggests a level lower than the current one for the end of the year, approximately \$62 billion. A further deterioration in this trend is possible in the coming period.

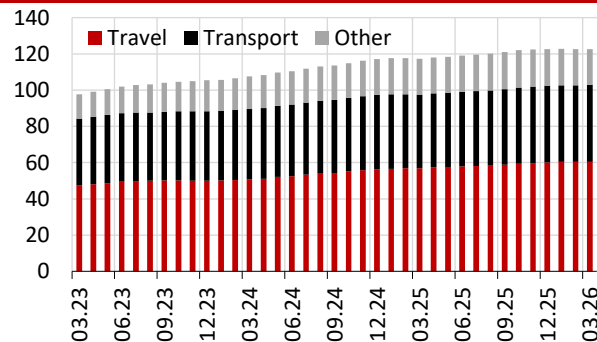
**Chart 7. Services Balance (seasonally adjusted, billion \$)**



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

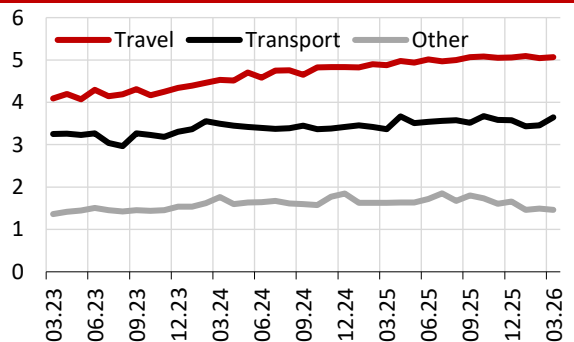


**Chart 9. Services Credit (12-month cumulative, bn \$)**



Source: CBRT

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



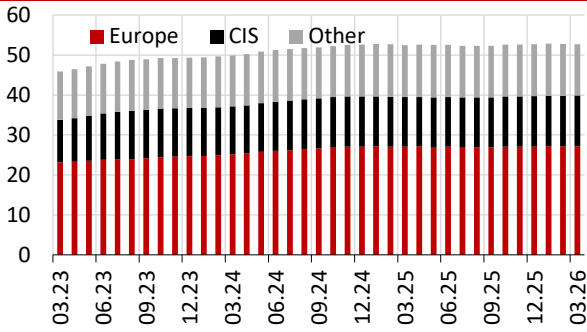
Source: CBRT, Akbank



Service revenues, cumulatively over 12 months, showed a limited increase to \$122.6 billion (Chart 9). Travel revenues (gross) also showed a limited increase to \$60.4 billion, while transportation revenues increased by \$0.2 billion to \$42.6 billion.

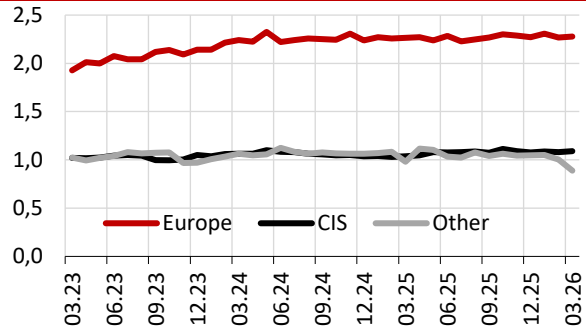
**The number of foreign visitors (s.a.)** has been declining on a monthly basis for the past two months. The year-on-year decrease was 3.4%. While there was an increase in the number of tourists from Europe, the CIS, and the Americas on a monthly basis, the sharp decline in the number of tourists from Asia due to developments in the Middle East is causing a decrease in the total number (Charts 11 and 12). The weak trend in the number of foreign visitors is also observed in travel revenues.

**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 April;** exports increased by 22.2% year-on-year to \$25.4 billion, while imports increased by 3.1% to \$33.9 billion. Thus, the foreign trade deficit decreased by \$3.6 billion compared to the same month of the previous year, reaching \$8.5 billion. The 12-month cumulative foreign trade deficit also decreased from \$98.3 billion to \$94.7 billion ([Macro: Improvement in external balance with recovery in exports](#)).

Preliminary foreign trade data indicate that the current account deficit trend will lose some momentum in April. We estimate that the current account deficit will be \$5.6 billion on a monthly basis in April, and the 12-month cumulative current account deficit will decrease to \$37 billion. However, we expect the trend to converge back to the first quarter after April.

Table 1. Current Account Balance (Million \$)

|   | Monthly       |               | Year-to-date Cumulative |                | 12-month Cumulative |                |
|---|---------------|---------------|-------------------------|----------------|---------------------|----------------|
|   | Mar.26        | Mar.25        | Mar.26                  | Mar.25         | Mar.26              | Mar.25         |
| <b>Current Account Balance</b>                        | <b>-9,672</b> | <b>-4,904</b> | <b>-23,696</b>          | <b>-14,141</b> | <b>-39,724</b>      | <b>-17,481</b> |
| <b>Foreign Trade Balance</b>                          | <b>-9,515</b> | <b>-4,852</b> | <b>-23,905</b>          | <b>-15,865</b> | <b>-77,845</b>      | <b>-57,827</b> |
| Export*   | 21,694        | 23,421        | 62,082                  | 65,640         | 267,168             | 260,302        |
| Gold  | 98            | 446           | 677                     | 1,086          | 2,645               | 4,251          |
| Export (exc. gold)                                    | 21,596        | 22,975        | 61,405                  | 64,554         | 264,523             | 256,051        |
| Import*   | 31,209        | 28,273        | 85,987                  | 81,505         | 345,013             | 318,129        |
| Gold  | 1,701         | 1,593         | 5,597                   | 5,175          | 23,551              | 18,535         |
| Energy  | 5,680         | 5,864         | 15,726                  | 18,335         | 59,919              | 66,141         |
| Import (exc. gold and energy)                         | 23,828        | 20,816        | 64,664                  | 57,995         | 261,543             | 233,453        |
| <b>Service Balance</b>                                | <b>2,592</b>  | <b>2,684</b>  | <b>7,578</b>            | <b>7,992</b>   | <b>63,084</b>       | <b>61,010</b>  |
| Services Credit                                       | 7,517         | 7,436         | 21,629                  | 21,648         | 122,594             | 117,353        |
| Transport   | 3,189         | 2,959         | 8,597                   | 8,480          | 42,565              | 40,587         |
| Travel  | 2,905         | 2,842         | 9,241                   | 8,788          | 60,448              | 56,926         |
| Other   | 1,423         | 1,635         | 3,791                   | 4,380          | 19,581              | 19,840         |
| Services Debit  | 4,925         | 4,752         | 14,051                  | 13,656         | 59,510              | 56,343         |
| Transport   | 1,562         | 1,568         | 4,338                   | 4,521          | 19,395              | 20,783         |
| Travel  | 659           | 652           | 2,082                   | 2,311          | 8,738               | 8,008          |
| Other   | 2,704         | 2,532         | 7,631                   | 6,824          | 31,377              | 27,552         |
| <b>Primary Income**</b>                               | <b>-2,749</b> | <b>-2,736</b> | <b>-7,369</b>           | <b>-6,268</b>  | <b>-24,963</b>      | <b>-20,664</b> |
| <b>Current Account Balance (exc. gold)</b>            | <b>-8,069</b> | <b>-3,757</b> | <b>-18,776</b>          | <b>-10,052</b> | <b>-18,818</b>      | <b>-3,197</b>  |
| <b>Current Account Balance (exc. energy)</b>          | <b>-5,489</b> | <b>-508</b>   | <b>-11,247</b>          | <b>68</b>      | <b>5,794</b>        | <b>32,468</b>  |
| <b>Current Account Balance (exc. gold and energy)</b> | <b>-3,886</b> | <b>639</b>    | <b>-6,327</b>           | <b>4,157</b>   | <b>26,700</b>       | <b>46,752</b>  |

\* Balance of payments-defined values

\*\* The sum of primary and secondary income

Source: CBRT

### Financing:

The current account balance posted a deficit of \$9.7 billion in March, while there was a capital outflow of \$26.7 billion. There was also an outflow of \$7.0 billion from the net errors and omissions. Accordingly, reserves decreased by a record \$43.4 billion on a monthly basis (Table 2). On the financing side, there was a net outflow of \$212 million from direct investments (FDI), \$14.8 billion from portfolio investments, and \$11.7 billion from other investments.

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to \$1.0 billion in March. Inflows into real estate amounted to \$243 million. Gross FDI inflows for the first quarter of the year were \$2.6 billion (\$2.9 billion in the same period of 2025), with real estate inflows reaching \$636 million.
  - Real estate acquisition of residents from abroad amounted to \$187 million in March (Total of \$620 million in January-March).

- **Portfolio investments** posted a net outflow of \$14.8 billion in March. This brings the total outflow for the first quarter of the year to \$4.6 billion.
  - The Central Bank of Turkey (CBRT) announced that it has started “Liabilities arising from investment fund shares held by non-residents have been reflected in the Balance of Payments statistics starting from January 2022”. Accordingly, non-residents realized net sales of investment fund shares amounting to USD 3.1 billion.
  - In March, there was an outflow of \$1.1 billion from equities and \$6.4 billion from government bonds. In the first quarter of the year, there was an inflow of \$1.3 billion into equities and an outflow of \$2.0 billion from government bonds.
  - In April, following the news of the ceasefire and the resulting recovery in risk appetite, the CBRT’s weekly securities statistics showed inflows into equities and government bonds.
  - Regarding bond issuances abroad, in March, the general government and banks repaid net debt of \$1.2 billion and \$897 million respectively, while other sectors borrowed \$870 million.
- **In loans obtained from abroad**, banks borrowed a net \$1.0 billion in March, while the real sector borrowed a net \$1.2 billion. Thus, total borrowing in the January-March period amounted to \$2.6 billion and \$4.4 billion, respectively
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 111.4% for banks and 189.6% for non-bank sectors.

**Table 2. Financing (Million \$)**

|   | Monthly        |                | Year-to-date Cumulative |                | 12-month Cumulative |               |
|---|----------------|----------------|-------------------------|----------------|---------------------|---------------|
|   | Mar.26         | Mar.25         | Mar.26                  | Mar.25         | Mar.26              | Mar.25        |
| <b>Foreign Direct Investment (FDI, net)</b> | <b>-212</b>    | <b>262</b>     | <b>-274</b>             | <b>748</b>     | <b>2,103</b>        | <b>5,442</b>  |
| Real estate (net)                           | 56             | -78            | 16                      | -146           | -171                | 206           |
| FDI (exc. real estate) (Net)                | -268           | 340            | -290                    | 894            | 2,274               | 5,236         |
| <b>Portfolio investment (net)</b>           | <b>-14,800</b> | <b>-3,513</b>  | <b>-4,648</b>           | <b>2,135</b>   | <b>-3,303</b>       | <b>15,400</b> |
| Equity                                      | -1,079         | -399           | 1,316                   | -362           | 3,758               | -3,129        |
| Bond  | -6,399         | -1,522         | -2,023                  | 803            | 404                 | 16,826        |
| Government Eurobond                         | -1,213         | -1,194         | 1,868                   | 66             | 2,090               | 254           |
| Banks                                       | -865           | 804            | 640                     | 961            | 3,270               | 2,088         |
| Other Sectors                               | 817            | -480           | 1,629                   | 1,121          | 3,632               | 4,939         |
| <b>Other investment (net)</b>               | <b>-11,729</b> | <b>-4,355</b>  | <b>2,804</b>            | <b>1,920</b>   | <b>21,949</b>       | <b>13,214</b> |
| Effective and Deposits                      | -17,128        | -7,568         | -14,520                 | -9,095         | -19,715             | -20,346       |
| Loans                                       | 4,256          | 3,709          | 13,778                  | 12,588         | 38,611              | 30,646        |
| Banks (foreign borrowing)                   | 1,026          | 2,654          | 2,641                   | 8,810          | 8,433               | 24,381        |
| Other Sectors                               | 1,190          | 2,376          | 4,367                   | 4,435          | 23,459              | 8,263         |
| Trade credit                                | 1,140          | -501           | 3,543                   | -1,581         | 3,028               | 2,844         |
| <b>Reserve</b>                              | <b>-43,420</b> | <b>-15,126</b> | <b>-42,054</b>          | <b>-11,595</b> | <b>-52,486</b>      | <b>11,681</b> |
| <b>Net Errors and Omissions</b>             | <b>-6,996</b>  | <b>-2,621</b>  | <b>-16,166</b>          | <b>-2,277</b>  | <b>-33,276</b>      | <b>-4,787</b> |

Source: CBRT

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