

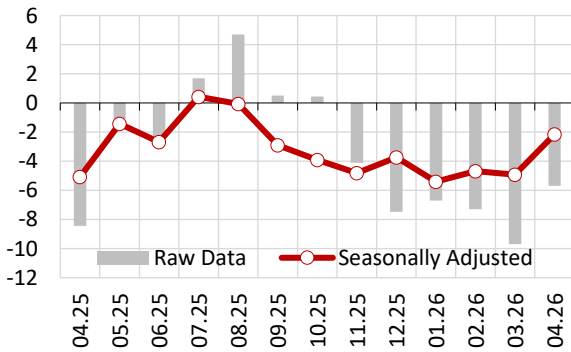
Macro: Current account improved significantly with the narrowing trade deficit

The current account deficit (CAD) in April was \$5.7 billion, in line with our estimate and slightly above the market forecast (-\$5.5 billion). Thus, the 12-month cumulative CAD decreased from \$39.7 billion to \$37.0 billion (%GDP: 2.2). In seasonally adjusted (s.a.) terms, there was a significant monthly improvement in the current account balance (CAB), driven by foreign trade balance. Provisional data for May suggests that the improvement in the foreign trade balance continues. However, in an environment where geopolitical developments have increased the energy bill, expectations regarding the outlook for international growth have deteriorated, and the TL continues to appreciate in real terms, the improvement in the foreign trade balance and the CAB may be temporary. Alternatively, this situation could indicate, from the exports side, the existence of external demand shifting towards Türkiye due to geopolitical developments, or from the imports side, a noticeable slowdown in activity or increased difficulty in financing imports. Under these conditions, interpreting the CAD trend has become somewhat more difficult compared to the past. We estimate that the trend, which averaged \$5.0 billion per month during the January-March period, will fall below \$2 billion in the April-May period. If we see a deterioration trend similar to what we observed after the July-August period of last year, the CAD at the end of the year could be in the range of \$55-60 billion.

Current Account Balance:

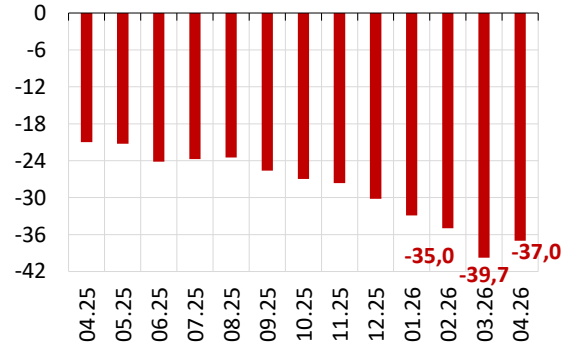
The current account balance posted a deficit of \$5.7 billion in April, in line with our estimate and slightly above the market forecast (-\$5.5 billion). Thus, the year-to-date current account deficit (CAD) reached \$29.4 billion, \$6.8 billion higher than the previous year. The 12-month cumulative CAD decreased from \$39.7 billion to \$37.0 billion (%GDP: 2.2) (Table 1, Chart 2). Excluding gold and energy, the current account surplus increased by \$2.8 billion to \$29.4 billion (Chart 4).

Chart 1. Current Account Balance (bn \$)



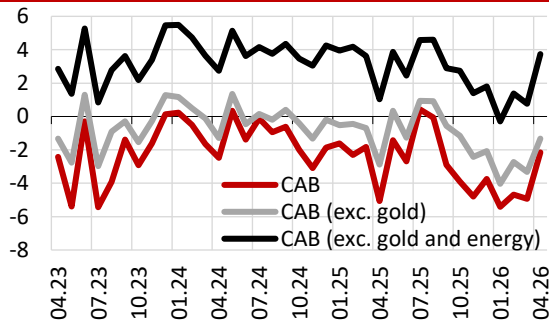
Source: CBRT, Akbank

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



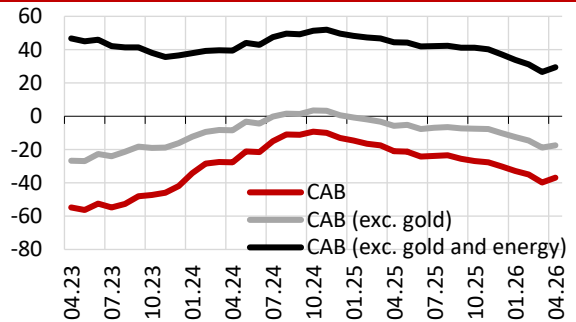
Source: CBRT

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



Source: CBRT, Akbank

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



Source: CBRT

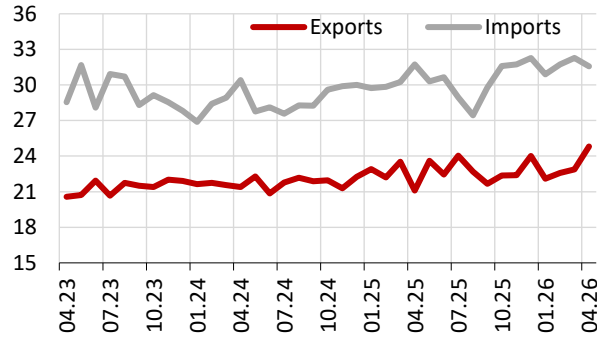
In seasonally adjusted (s.a.) terms, there was a significant monthly improvement in the current account balance (CAB). This brought CAD to its lowest level since July-August of last year (Charts 1 and

3). Despite a significant increase in energy imports, the monthly improvement was primarily driven by the offsetting of export losses due to geopolitical developments in March, and a decline in gold imports. A slowdown in core imports also contributed to this improvement.

Trade Balance:

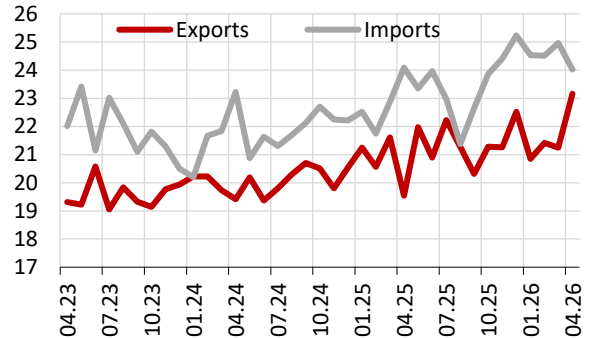
The foreign trade balance (s.a.) improved in April as exports increased and imports decreased, resulting in the lowest trade deficit since September (Chart 5). The decrease in core imports, despite an increase in energy imports, contributed to the improvement in total imports (Chart 6).

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.) deteriorated slightly in April (Charts 7, 8). On a 12-month cumulative basis, service revenues inched down to \$122.3 billion (Chart 9). Travel revenues (gross) decreased somewhat to \$60.3 billion, while transportation revenues fell by \$0.1 billion to \$42.4 billion.

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

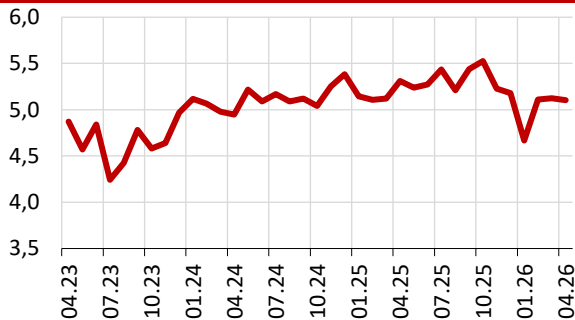


Chart 8. Services Balance (seasonally adjusted, billion \$)

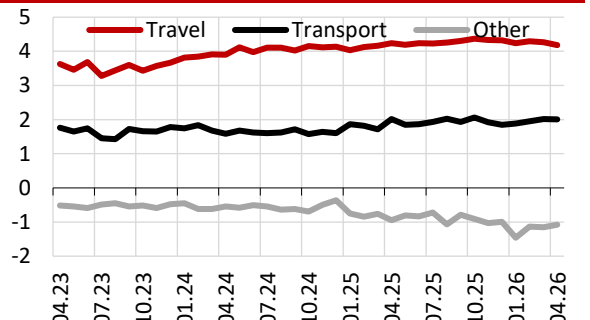
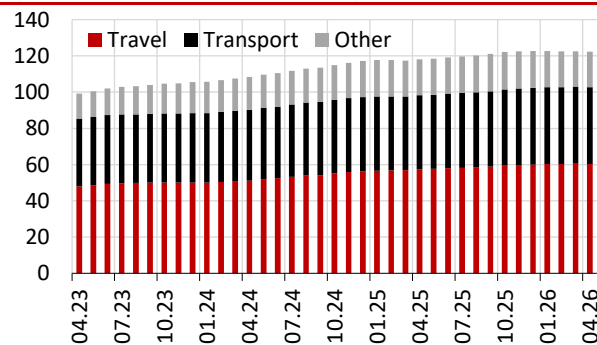
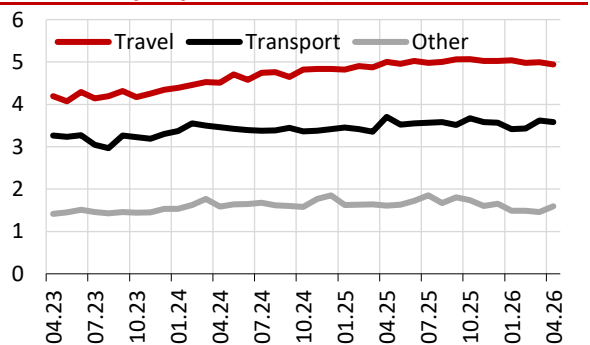


Chart 9. Services Credit (12-month cumulative, bn \$)



Source: CBRT

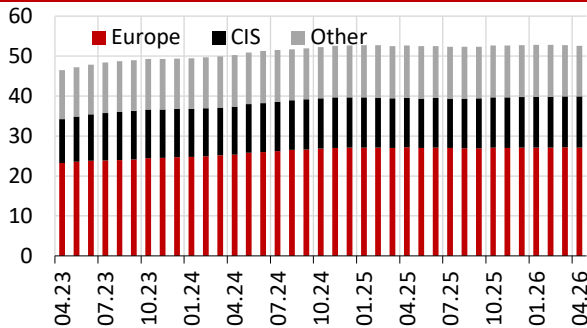
Chart 10. Services Credit (seasonally adjusted, bn \$)



Source: CBRT, Akbank

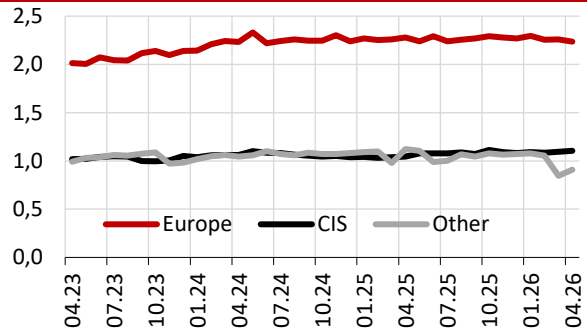
The number of foreign visitors (s.a) increased by 1.1% on a monthly basis in April, following a two-month decline. On an annual basis, however, it decreased by 4.7%. While the number of tourists from Europe decreased on a monthly basis, increases were seen in other regions (Chart 11 and 12). The weak 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 May, exports decreased by 9.3% year-on-year to \$22.5 billion in May, while imports decreased by 10.7% year-on-year to \$28.1 billion. Thus, the foreign trade deficit decreased by \$1.0 billion compared to the same month of the previous year, reaching \$5.6 billion. The cumulative 12-month foreign trade deficit also decreased from \$94.7 billion to \$93.6 billion.

Table 1. Current Account Balance (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Apr.26	Apr.25	Apr.26	Apr.25	Apr.26	Apr.25
Current Account Balance	-5,695	-8,445	-29,372	-22,586	-36,984	-20,979
Foreign Trade Balance	-6,819	-9,894	-30,690	-25,760	-74,767	-60,056
Export*	24,797	20,743	86,909	86,382	271,220	262,325
Gold	328	217	1,005	1,303	2,756	4,106
Export (exc. gold)	24,469	20,526	85,904	85,079	268,464	258,219
Import*	31,616	30,637	117,599	112,142	345,987	322,381
Gold	1,152	2,402	6,749	7,577	22,301	19,386
Energy	6,511	5,072	22,237	23,407	61,358	65,973
Import (exc. gold and energy)	23,953	23,163	88,613	81,158	262,328	237,022
Service Balance	3,670	3,937	11,241	11,930	62,814	61,241
Services Credit	8,512	8,756	30,143	30,404	122,343	118,083
Transport	3,300	3,422	11,897	11,902	42,443	40,855
Travel	3,755	3,917	12,996	12,705	60,286	57,359
Other	1,457	1,417	5,250	5,797	19,614	19,869
Services Debit	4,842	4,819	18,902	18,474	59,529	56,842
Transport	1,615	1,714	5,953	6,235	19,296	20,648
Travel	873	859	2,955	3,170	8,752	8,253
Other	2,354	2,246	9,994	9,069	31,481	27,941
Primary Income**	-2,546	-2,488	-9,923	-8,756	-25,031	-22,164
Current Account Balance (exc. gold)	-4,871	-6,260	-23,628	-16,312	-17,439	-5,699
Current Account Balance (exc. energy)	-505	-4,707	-11,818	-4,640	9,900	29,073
Current Account Balance (exc. gold and energy)	319	-2,522	-6,074	1,634	29,445	44,353

* Balance of payments-defined values

** The sum of primary and secondary income

Source: CBRT

Financing:

The CAD was \$5.7 billion in April, while the increased risk appetite following the ceasefire decision led to a capital inflow of \$19.2 billion into the economy. There was an outflow of \$1.46 billion from the net errors and omissions (NEO) item. As a result, **reserves increased by \$12.0 billion** on a monthly basis (Table 2). On the financing side, there was a net inflow of \$447 million into direct investments (FDI), \$4.05 billion into portfolio investments, and \$14.7 billion into other investments.

In the January-April period, CAD was \$29.4 billion. There was a capital inflow of \$17.1 billion into the economy. NEO showed an outflow of \$17.7 billion. **Reserves decreased by \$30.0 billion.**

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to \$1.09 billion in April. Inflows into real estate amounted to \$164 million. Gross FDI inflows for the first four months of the year were \$3.67 billion (\$3.29 billion in the same period of 2025), with real estate inflows reaching \$799 million.
 - Real estate acquisition of residents from abroad amounted to \$187 million in April (Total of \$807 million in January-April).
- **Portfolio investments** saw a net outflow of \$14.8 billion in March, followed by a net inflow of \$4.05 billion in April. Thus, the total outflow for the first four months of the year reached \$596 million.
 - In April, there was an inflow of \$892 million into equities and \$382 million into government bonds. In the first four months of the year, there was a \$2.2 billion inflow into equities and a \$1.64 billion outflow from government bonds
 - Non-residents realized net purchases of investment fund shares amounting to \$3.38 billion in April.
 - In May, the CBRT's weekly securities statistics showed outflows from equities and government bonds.
 - Regarding bond issuances abroad, in April, the general government and banks borrowed net debt of \$2.09 billion and \$492 million respectively, while other sectors repaid \$111 million.
- **In loans obtained from abroad**, banks borrowed a net \$1.4 billion in April and the real sector borrowed a net \$3.3 billion. Thus, total borrowing in the January-April period amounted to \$4.07 billion and \$7.69 billion, respectively
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 110.7% for banks and 187.6 % for non-bank sectors.

Table 2. Financing (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Apr.26	Apr.25	Apr.26	Apr.25	Apr.26	Apr.25
Foreign Direct Investment (FDI, net)	447	-279	195	469	2,870	4,219
Real estate (net)	-23	-92	-8	-238	-103	-167
FDI (exc. real estate) (Net)	470	-187	203	707	2,973	4,386
Portfolio investment (net)	4,053	-10,912	-596	-8,777	11,661	2,815
Equity	892	-147	2,208	-509	4,797	-3,636
Bond	382	-6,430	-1,641	-5,627	7,216	9,009
Government Eurobond	2,091	-2,303	3,959	-2,237	6,484	-1,596
Banks	36	-782	676	179	4,088	820
Other Sectors	34	-126	1,663	995	3,792	4,435
Other investment (net)	14,689	364	17,510	2,305	36,293	13,599
Effective and Deposits	9,631	2,566	-4,824	-6,529	-12,598	-16,134
Loans	4,651	-4,955	18,394	7,633	48,180	24,887
Banks (foreign borrowing)	1,445	-4,630	4,073	4,180	14,495	19,362
Other Sectors	3,345	1,574	7,690	6,009	25,206	9,622
Trade credit	402	2,767	3,932	1,206	666	4,773
Reserve	12,019	-24,988	-30,035	-36,583	-15,479	-10,915
Net Errors and Omissions	-1,464	-5,709	-17,687	-8,007	-29,080	-10,465

Source: CBRT

This report is prepared by Akbank Economic Research

Economic.research@akbank.com

Çağlar Yüncüler, PhD – Vice President

Caglar.Yunculer@akbank.com

M. Sibel Yapıcı

Sibel.Yapici@akbank.com

Sercan Pişkin

Sercan.Piskin@akbank.com

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