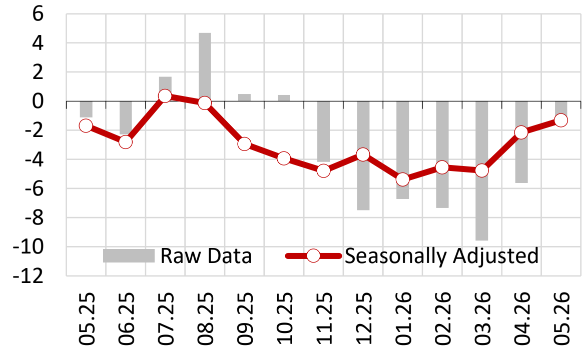
# Macro: The current account balance continued to improve in May but will deteriorate again in June

In May, the current account posted a deficit of $1.46 billion, in line with our forecast and slightly above the market forecast (-$1.0 billion). Thus, the 12-month cumulative current account deficit (CAD) rose from $36.9 billion to $37.3 billion (2.2% of GDP). As we had anticipated, in seasonally adjusted (s.a.) terms, the monthly improvement in the current account balance driven by foreign trade continued, and the lowest deficit since July-August period of last year was recorded. However, provisional foreign trade data for June indicates the improvement in the current account may not be permanent. In light of this data, we estimate that CAD in June will be $5.3 billion ($6.4 billion s.a.). The geopolitical risks that had eased somewhat in June became more pronounced again due to the recent increase in tensions, pushing oil prices to around $80/bbl. If oil prices remain around these levels, we believe that the year-end current account deficit will be approximately $55 billion (≈-3.0% of GDP).

## Current Account Balance:

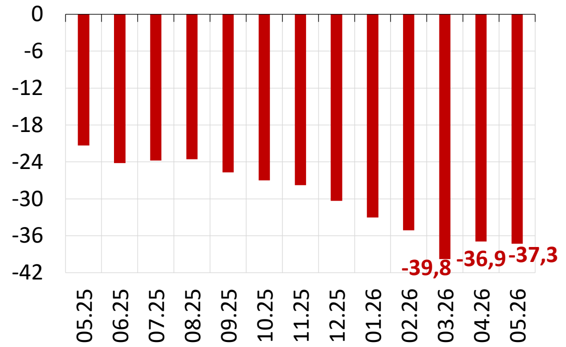
**The current account balance posted a deficit of $1.46 billion in May, in line with our estimate and slightly above the market forecast (-$1.0 billion).** Thus, the year-to-date current account deficit (CAD) reached $30.7 billion, $7.0 billion higher than the previous year. The 12-month cumulative CAD **increased from $36.9 billion to $37.3 billion (%GDP: 2.2)** (Table 1, Chart 2). Excluding gold and energy, the current account surplus remained flat at $29.5 billion (Chart 4).

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



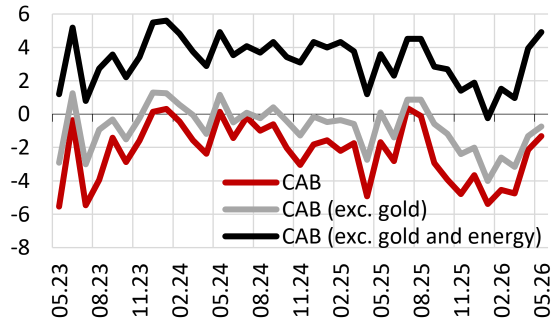

Source: CBRT, Akbank

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



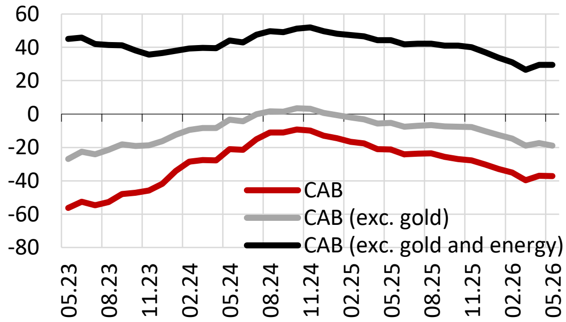

Source: CBRT

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




Source: CBRT, Akbank

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



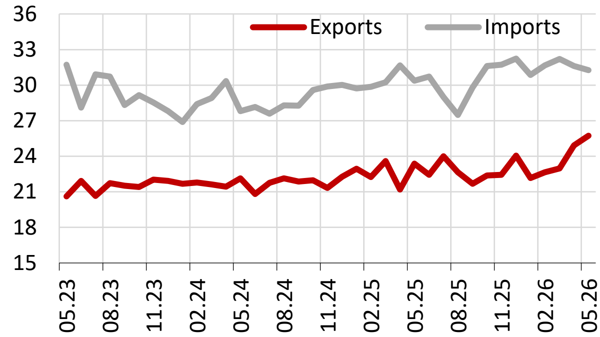

Source: CBRT

**Seasonally adjusted data indicated** an improvement in the current account balance on a monthly basis. Consequently, the lowest deficit since July-August period of last year was recorded (Charts 1 and 3). The improvement in the core foreign trade balance was the decisive factor in this development, despite the ongoing price-driven rise in energy imports.

## Trade Balance:

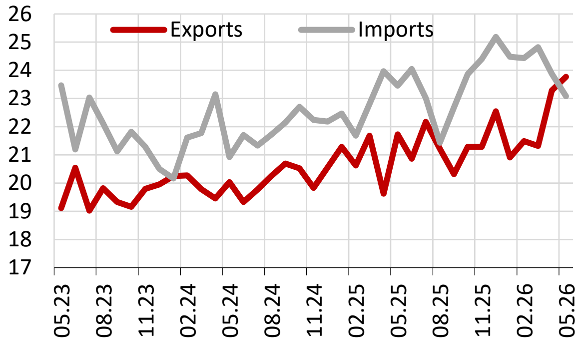
**The improvement in the foreign trade balance (s.a.)** continued in May, driven by rising exports and falling imports, resulting in the trade deficit reaching its lowest level since August (Chart 5). The decline in total imports was driven by a decrease in imports excluding gold and energy—despite an increase in energy 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:

**A flat trend has been observed in the services balance (s.a.) recently** (Charts 7, 8). On a 12-month cumulative basis, services revenues stood at $122.2 billion, reflecting a slight decline (Chart 9). Gross travel revenues also saw a slight decrease to $60.1 billion, while transportation revenues rose by $0.2 billion to reach $42.7 billion.

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

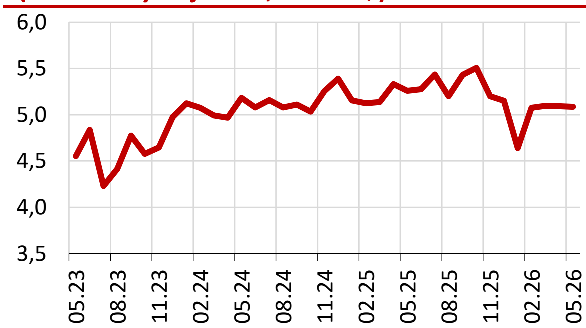



**Chart 8. Services Balance (seasonally adjusted, billion $)**

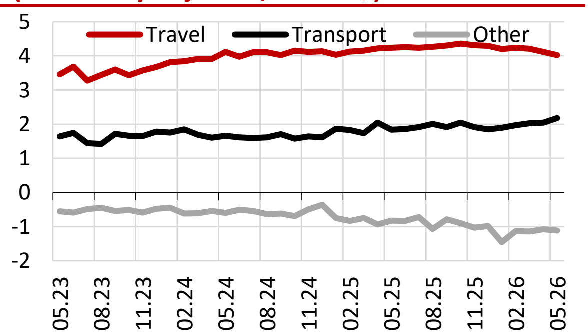
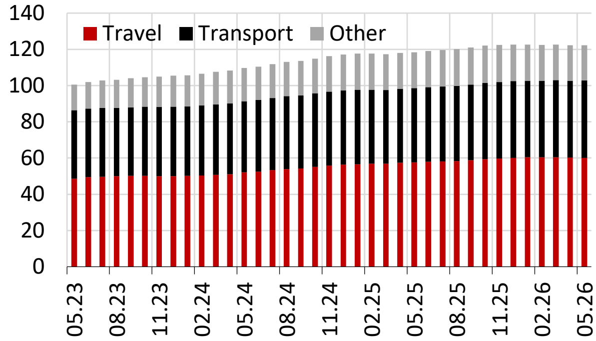
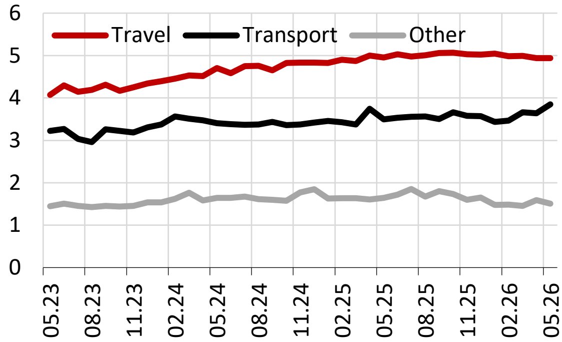


**Chart 9. Services Credit (12-month cumulative, bn $)**




Source: CBRT

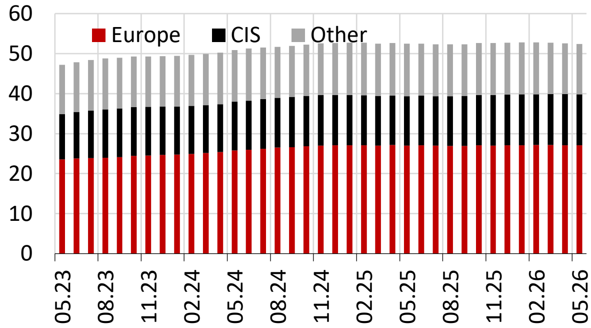
**Chart 10. Services Credit (seasonally adjusted, bn $)**




Source: CBRT, Akbank

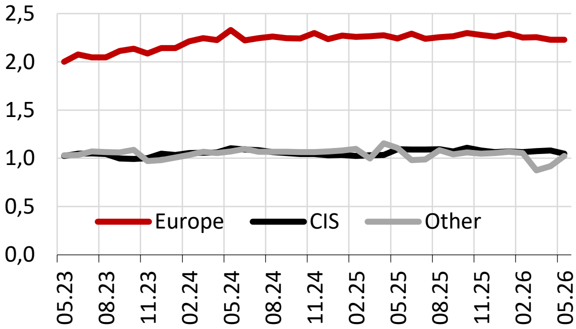
**The number of foreign visitors (s.a)** has been on an upward trend for the past two months; following a 0.6% monthly increase in April, the rise reached 1.8% in May. On an annual basis, however, the figure declined by 3.6%. While the number of tourists from Asia increased month-on-month, the number of visitors from Europe remained flat; declines were observed in other regions (Charts 11 and 12). The weak trend in foreign visitor numbers continues to be reflected in travel revenues as well.

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




Source: CBRT

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




Source: CBRT, Akbank

Provisional data for June indicated that the improvement in the foreign trade balance observed during the April–May period was not lasting—like the trend seen during the July–August period of the previous year. This development confirms our earlier assessment that the improvements in the foreign trade and current account balances might prove temporary.

Based on preliminary foreign trade data, we project a current account deficit of $5.3 billion for June; in seasonally adjusted terms, we anticipate a figure of $6.4 billion, representing a significant increase compared to the April–May average ($1.7 billion).

Geopolitical risks, which had eased earlier, intensified once more due to recently escalating tensions, pushing oil prices back to around $80/bbl. We estimate that if oil prices remain at these levels, the year-end current account deficit will settle at approximately $55 billion (≈-3.0% of GDP).

**Table 1. Current Account Balance (Million $)**

| | Monthly | | Year-to-date Cumulative | | 12-month Cumulative | |
|---|---|---|---|---|---|---|
| | May.26 | May.25 | May.26 | May.25 | May.26 | May.25 |
| **Current Account Balance** | **-1,459** | **-1,105** | **-30,679** | **-23,728** | **-37,287** | **-21,301** |
| **Foreign Trade Balance** | **-4,340** | **-4,782** | **-35,050** | **-30,542** | **-74,363** | **-60,685** |
| Export* | 21,918 | 24,296 | 108,817 | 110,678 | 268,815 | 263,193 |
| Gold | 377 | 339 | 1,382 | 1,642 | 2,794 | 4,032 |
| Export (exc, gold) | 21,541 | 23,957 | 107,435 | 109,036 | 266,021 | 259,161 |
| Import* | 26,258 | 29,078 | 143,867 | 141,220 | 343,178 | 323,878 |
| Gold | 940 | 2,113 | 7,689 | 9,690 | 21,128 | 20,069 |
| Energy | 6,106 | 4,259 | 28,343 | 27,665 | 63,205 | 65,064 |
| Import (exc, gold and energy) | 19,212 | 22,706 | 107,835 | 103,865 | 258,845 | 238,745 |
| **Service Balance** | **5,207** | **5,545** | **16,448** | **17,475** | **62,476** | **61,479** |
| Services Credit | 10,042 | 10,161 | 40,185 | 40,565 | 122,224 | 118,427 |
| Transport | 3,762 | 3,535 | 15,659 | 15,437 | 42,670 | 40,936 |
| Travel | 4,948 | 5,109 | 17,944 | 17,814 | 60,125 | 57,592 |
| Other | 1,332 | 1,517 | 6,582 | 7,314 | 19,429 | 19,899 |
| Services Debit | 4,835 | 4,616 | 23,737 | 23,090 | 59,748 | 56,948 |
| Transport | 1,519 | 1,669 | 7,472 | 7,904 | 19,146 | 20,399 |
| Travel | 1,133 | 811 | 4,088 | 3,981 | 9,074 | 8,513 |
| Other | 2,183 | 2,136 | 12,177 | 11,205 | 31,528 | 28,036 |
| **Primary Income**** | **-2,326** | **-1,868** | **-12,077** | **-10,661** | **-25,400** | **-22,095** |
| | | | | | | |
| **Current Account Balance (exc, gold)** | **-896** | **669** | **-24,372** | **-15,680** | **-18,953** | **-5,264** |
| **Current Account Balance (exc, energy)** | **3,063** | **1,846** | **-8,634** | **-2,831** | **11,138** | **28,215** |
| **Current Account Balance (exc, gold and energy)** | **3,626** | **3,620** | **-2,327** | **5,217** | **29,472** | **44,252** |

* Balance of payments-defined values
** The sum of primary and secondary income
Source: CBRT

## Financing:

The CAD was $1.46 billion in May, while $1.76 billion in capital flowed out of the economy. There was an outflow of $77 million from the net errors and omissions (NEO) item. As a result, **reserves decreased by $3.3 billion** on a monthly basis (Table 2), On the financing side, there was a net outflow of $455 million from direct investments (FDI) and $3.07 billion from portfolio investments, an inflow of $1.77 billion into other investments.

In the January-May period, CAD was $30.7 billion. There was a capital inflow of $15.9 billion into the economy. NEO showed an outflow of $18.5 billion. **Reserves decreased by $33.3 billion.**

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to $296 million in May, inflows into real estate amounted to $184 million. Gross FDI inflows for the first five months of the year were $4.01 billion ($4.71 billion in the same period of 2025), with real estate inflows reaching $983 million.
    - Real estate acquisition of residents from abroad amounted to $143 million in May (Total of $950 million in January-May).
- **Portfolio investments** saw a net outflow of $3.07 billion in May. Thus, the total outflow for the first five months of the year reached $3.67 billion.
    - In May, there was an outflow of $454 million from equities and $287 million from government bonds. In the first five months of the year, there was a $1.75 billion inflow into equities and a $1.93 billion outflow from government bonds.

- Non-residents realized net sales of investment fund shares amounting to $2.33 billion in May (Net sales for the January–May period: $1.07 billion).
- According to the CBRT's weekly securities statistics, total inflows were observed in June, driven by the positive impact of ceasefire news.
- Regarding bond issuances abroad, while the general government repaid $169 million in May, banks and other sectors borrowed net debt of $562 million and $860 million, respectively.

- **In loans obtained from abroad**, banks borrowed a net $2.65 billion and the real sector borrowed a net $755 million in May. Thus, total borrowing in the January-May period amounted to $6.8 billion and $8.6 billion, respectively.
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 111.6% for banks and 182.2% for non-bank sectors.

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

| | Monthly | | Year-to-date Cumulative | | 12-month Cumulative | |
|---|---|---|---|---|---|---|
| | May.26 | May.25 | May.26 | May.25 | May.26 | May.25 |
| **Foreign Direct Invesment (FDI, net)** | **-455** | **727** | **-220** | **1,208** | **1,755** | **4,532** |
| Real estate (net) | 41 | -67 | 33 | -305 | 5 | -210 |
| FDI (exc, real estate) (Net) | -496 | 794 | -253 | 1,513 | 1,750 | 4,742 |
| **Portfolio investment (net)** | **-3,069** | **3,297** | **-3,665** | **-5,480** | **5,295** | **-954** |
| Equity | -454 | 396 | 1,754 | -113 | 3,947 | -2,711 |
| Bond | -287 | 2,576 | -1,928 | -3,051 | 4,353 | 5,534 |
| Government Eurobond | -169 | 916 | 3,790 | -1,321 | 5,399 | -1,503 |
| Banks | 560 | -56 | 1,236 | 123 | 4,704 | 394 |
| Other Sectors | 879 | 139 | 2,542 | 1,134 | 4,532 | 3,773 |
| **Other investment (net)** | **1,765** | **9,997** | **19,785** | **12,252** | **28,140** | **15,977** |
| Effective and Deposits | 187 | 6,686 | -4,373 | 157 | -18,833 | -14,144 |
| Loans | 2,389 | 4,103 | 21,044 | 11,680 | 46,727 | 25,782 |
| Banks (foreign borrowing) | 2,653 | 1,769 | 6,806 | 5,949 | 15,459 | 18,472 |
| Other Sectors | 755 | 1,197 | 8,632 | 7,150 | 24,951 | 10,388 |
| Trade credit | -816 | -797 | 3,101 | 415 | 201 | 4,270 |
| **Reserve** | **-3,300** | **13,466** | **-33,347** | **-23,117** | **-32,257** | **-15,042** |
| **Net Errors and Omissions** | **-77** | **562** | **-18,478** | **-7,370** | **-29,928** | **-13,193** |

Source: CBRT

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