Macro: Positive surprise from current account, significant revision in net errors and omissions item

The current account deficit (CAD) was $4.19 billion in June, below both our forecast and the market consensus. As a result, the 12-month cumulative CAD increased from $ 37.0 billion to $ 38.9 billion (2.3% of GDP). Following the favorable trend in April-May, the seasonally adjusted CAD rose back to ≈$5 billion. Preliminary foreign trade data for July point to another improvement in the current account balance. Against this backdrop, we estimate a very limited CAD in July. Following revisions to the financial account, the cumulative net errors and omissions balance for January 2014-May 2026 was revised from -$34.3 billion to -$14.5 billion. Accordingly, approximately $ 20 billion of the amount recorded during the aforementioned period has been reclassified under the financial account.

While the high volatility in recent months makes it difficult to identify the underlying trend, we view the re-improvement signaled by the preliminary July data as a positive development, under an unfavorable terms of trade movement. Going forward, we believe the volatile path of commodity prices driven by geopolitical developments will remain a risk factor for imports. Despite the appreciation of the Turkish lira, the services balance remains strong, while the slowdown in domestic demand is also having a restraining effect on the external deficit. Overall, the external balance has performed better than previously anticipated since the onset of the war. As stated in the CBRT's assessments in the 2026-III Inflation Report, the shift in external demand driven by geopolitical developments is supporting export revenues. We forecast CAD to be $50 billion at year-end (approximately 2.7% of GDP).

Current Account Balance:

In June, the current account deficit stood at $4.19 billion, coming in below both our forecast ($5.2 billion) and the market consensus ($5.0 billion). The fact that the services balance performed better than expected contributed to the June figure falling short of our forecast. In the first half of the year, the current account deficit totaled $34.5 billion, up by $8.6 billion compared to the previous year. **The 12-month cumulative current account deficit rose from $37.0 billion to $38.9 billion (-2.3% of GDP)** (Table 2, Chart 2). The current account surplus, excluding gold and energy, declined from $29.8 billion to $28.9 billion (Chart 4).

The CBRT announced a revision to the financial account and its impact on the net errors and omissions (NEO) item. As a result of the revision, the cumulative NEO for the period of January 2014–May 2026 narrowed from -$34.3 billion to -$14.5 billion. The sources of the revision are:

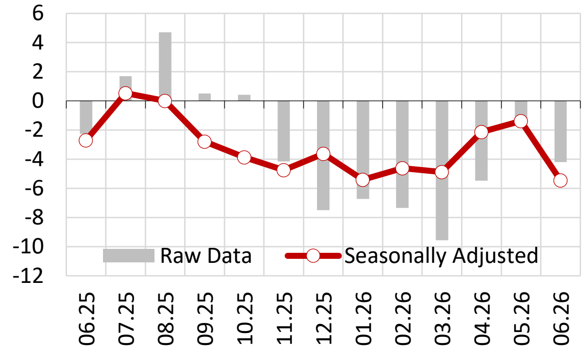
- Use of New Data Source to Compile Residents' Deposits Abroad: It was stated that the cumulative impact of this adjustment on NEO for the period of January 2023–May 2026 was -$13.3 billion.
- Inclusion of Financial Derivatives in the Balance of Payments: It was announced that the cumulative impact of this revision on NEO for the period of January 2014–May 2026 was calculated as a net loss of $6.5 billion.
- Decomposition of Domestically-Driven Foreign Banknote Movements from External Transactions: It was noted that while this revision did not affect the cumulative NEO for the relevant period, it offset periodic NEO figures in absolute terms.

Table 1. Effects of the Revisions on NEO (bn $)

	2014-2019	2020	2021	2022	2023	2024	2025	2026*	Total
Pre-Revision NEO	**-7,2**	**-7,7**	**10,5**	**27,9**	**-9,9**	**-10,6**	**-18,8**	**-18,5**	**-34,3**
External Deposit Movements					-3,6	-3,7	-4,9	-1,1	-13,3
Financial Derivatives	1,3	-0,4	2,2	-0,3	-0,5	-1,7	-4,8	-2,3	-6,5
Domestic Foreign Banknote Movements			6,7	5,0	-10,4	2,6	-3,0	-0,9	0,0
Post-Revision NEO	**-8,5**	**-7,3**	**1,6**	**23,2**	**4,6**	**-7,8**	**-6,1**	**-14,2**	**-14,5**
* January-May									

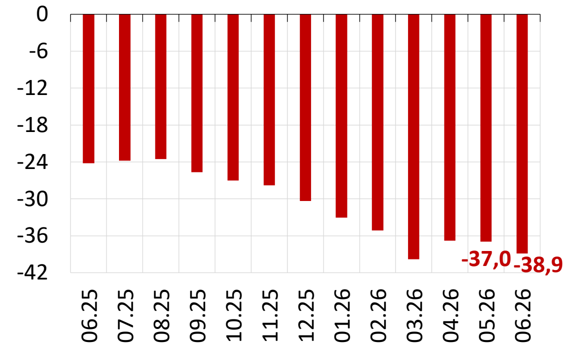
Source: CBRT

Chart 1. Current Account Balance (bn $)



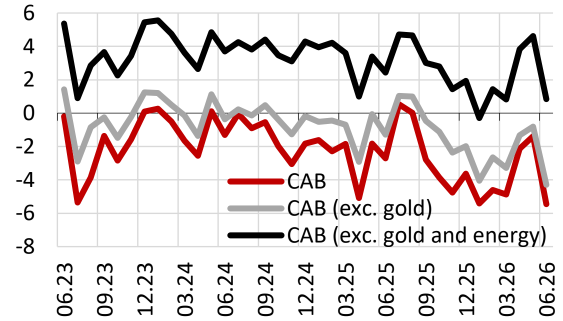
Source: CBRT, Akbank

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



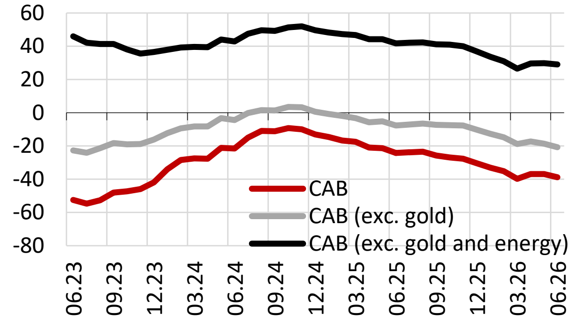
Source: CBRT

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



Source: CBRT, Akbank

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



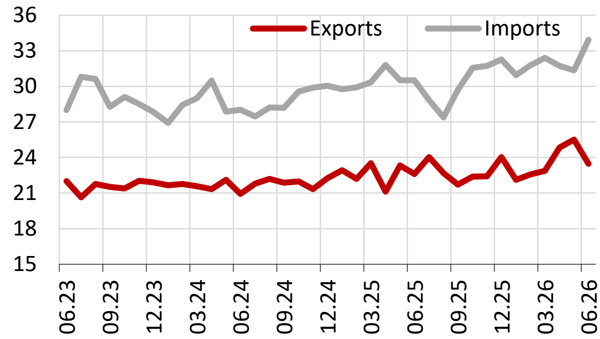
Source: CBRT

According to seasonally adjusted data, the current account deficit recorded a marked increase monthly (Charts 1 and 3), mainly driven by the rise in core imports. Consequently, following the favorable trend the April–May period, the current account deficit climbed back to levels seen in the first quarter—around $5 billion. While high volatility in recent months makes it difficult to discern the underlying trend, we view the fact that provisional data for July point to a renewed improvement as a positive development, particularly given that terms of trade have been moving unfavorably.

Trade Balance:

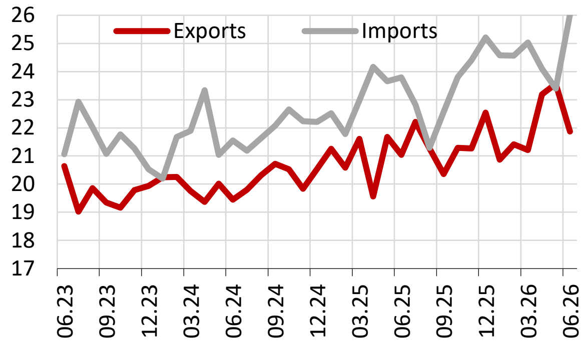
An analysis of the main components of the foreign trade balance (s.a.) reveals a decline in exports and a rise in imports (Chart 5). Regarding the increase in total imports, the rise in imports excluding gold and energy played a significant role, offsetting the decline in energy imports (Chart 6). The fact that nominal imports increased during a month when the import unit value index declined suggests that positive news regarding the war had a favorable impact on demand that had been deferred during the April–May period.

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:

Following the flat trend in the services balance (s.a.) in previous months, an improvement was noted in June (Charts 7, 8). While the travel balance remained flat below its peak level from October 2025, the transport and other services balances drove the improvement. 12-month cumulative services revenues rose by $0.8 billion to reach $123.3 billion (Chart 9). Travel revenues saw a slight decline to $60.3 billion, while transport revenues increased by $0.6 billion to $43.2 billion (Chart 9).

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

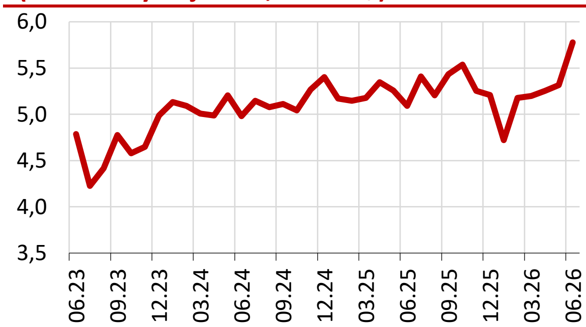


Chart 8. Services Balance (seasonally adjusted, billion $)

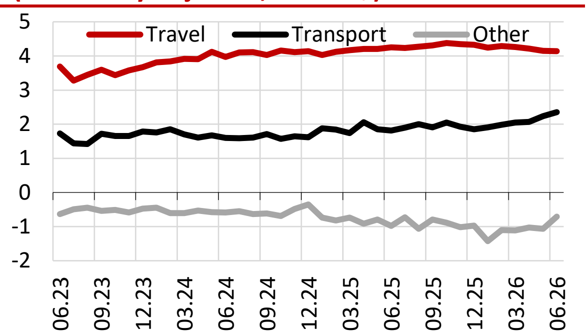
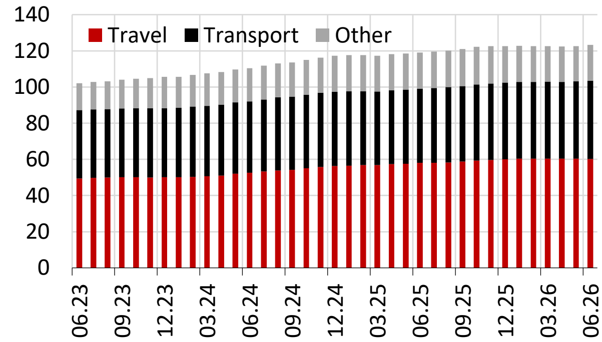
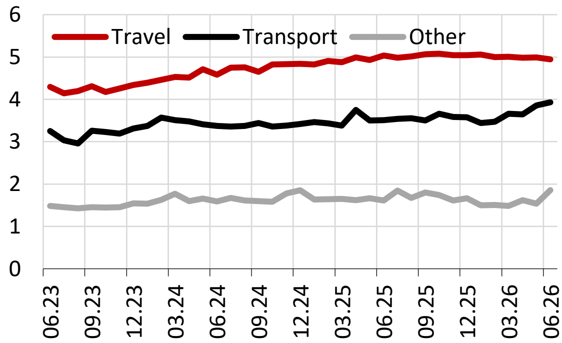


Chart 9. Services Credit (12-month cumulative, bn $)



Source: CBRT

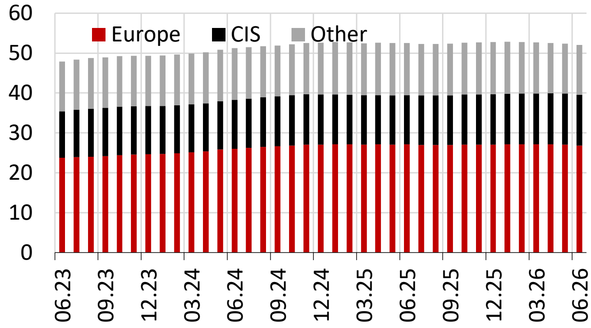
Chart 10. Services Credit (seasonally adjusted, bn $)



Source: CBRT, Akbank

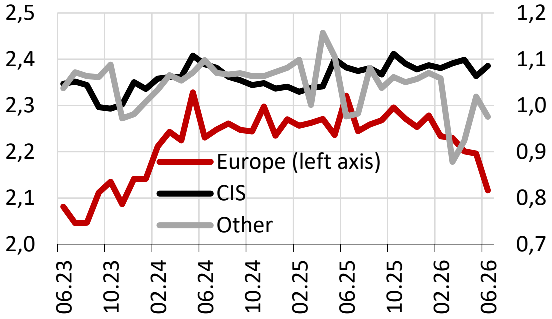
The number of foreign visitors (s.a) declined in June, falling by 2.4% following a 1.3% monthly increase in May. On an annual basis, the decline stood at 6.3%. Month-on-month, the number of tourists arriving from regions other than the CIS and Africa decreased (Charts 11 and 12). The weakening trend in the number of foreign visitors—particularly from Europe—continues to constrain travel revenues.

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



Source: CBRT

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



Source: CBRT, Akbank

Table 2. Current Account Balance (Million $)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Jun.26	Jun.25	Jun.26	Jun.25	Jun.26	Jun.25
Current Account Balance	**-4,194**	**-2,270**	**-34,548**	**-25,998**	**-38,888**	**-24,198**
Foreign Trade Balance	**-8,533**	**-6,521**	**-43,720**	**-37,063**	**-76,515**	**-63,097**
Export*	24,429	20,334	133,125	131,012	272,786	264,877
Gold	192	128	1,574	1,770	2,858	4,031
Export (exc. gold)	24,237	20,206	131,551	129,242	269,928	260,846
Import*	32,962	26,855	176,845	168,075	349,301	327,974
Gold	1,352	1,551	9,041	11,241	20,929	20,557
Energy	5,917	4,593	34,260	32,259	64,529	65,102
Import (exc. gold and energy)	25,693	20,711	133,544	124,575	263,843	242,315
Service Balance	**6,851**	**6,088**	**23,807**	**23,563**	**63,747**	**61,564**
Services Credit	12,169	11,350	52,648	51,915	123,337	119,091
Transport	4,246	3,669	19,905	19,106	43,247	41,099
Travel	5,799	5,953	24,037	23,767	60,265	58,017
Other	2,124	1,728	8,706	9,042	19,825	19,975
Services Debit	5,318	5,262	28,841	28,352	59,590	57,527
Transport	1,649	1,633	9,071	9,537	19,112	20,383
Travel	942	938	4,873	4,919	8,921	8,762
Other	2,727	2,691	14,897	13,896	31,557	28,382
Primary Income**	**-2,512**	**-1,837**	**-14,635**	**-12,498**	**-26,120**	**-22,665**
Current Account Balance (exc. gold)	**-3,034**	**-847**	**-27,081**	**-16,527**	**-20,817**	**-7,672**
Current Account Balance (exc. energy)	**302**	**890**	**-8,003**	**-1,941**	**10,877**	**25,276**
Current Account Balance (exc. gold and energy)	**1,462**	**2,313**	**-536**	**7,530**	**28,948**	**41,802**

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

Provisional data for July pointed to a renewed improvement in the foreign trade balance. Based on our estimates derived from preliminary foreign trade data, we project the current account deficit for July to be around $0.2 billion; assuming oil prices remain at current levels, we forecast the year-end current account deficit to be approximately $50 billion (≈2.7% of GDP).

Financing:

While the current account recorded a deficit of $4.19 billion in June, capital inflows to the economy amounted to $5.2 billion. The net errors and omissions item indicated an inflow of $39 million. Consequently, reserves increased by $1.0 billion on a monthly basis (Table 3). On the financing side, there were net outflows of $899 million from foreign direct investment (FDI) and $467 million from financial derivatives, alongside inflows of $2.5 billion into portfolio investments and $4.0 billion into other investments.

During the January–June period, the current account posted a deficit of $34.5 billion, while capital inflows totaled $17.1 billion. There was an outflow of $14.7 billion from the net errors and omissions item. Reserves declined by $32.3 billion**,**

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to $210 million in June, inflows into real estate amounted to $297 million. Gross FDI inflows for the first six months of the year were $4.2 billion ($6.16 billion in the same period of 2025), with real estate inflows reaching $1.28 billion.
    - Real estate acquisition of residents from abroad amounted to $248 million in June (Total of $1.2 billion in January-June).
- **Portfolio investments** saw a net inflow of $2.5 billion in June. Thus, total outflows for the first half of the year fell to $1.1 billion.
    - In June, there was an outflow of $390 million from equities and an inflow of $1.2 billion into government bonds (GDDS). During the January–June period, however, there was an inflow of $1.36 billion into equities and an outflow of $743 million from GDDS.
    - According to CBRT weekly securities statistics, capital inflows continued in July.
    - Non-residents realized net purchases of investment fund shares amounting to $3.3 billion in June (Net purchases for the January–June period: $2.2 billion).
    - Regarding bond issuances abroad, while the general government repaid $896 million in June, banks and other sectors borrowed net debt of $462 million and $375 million, respectively.
- **In loans obtained from abroad**, banks borrowed a net $3.5 billion and the real sector borrowed a net $1.8 billion in June. Thus, total borrowing in the January-June period amounted to $10.3 billion and $10.5 billion, respectively.
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 111.85% for banks and 177.34 % for non-bank sectors.

Table 3. Financing (Million $)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Jun.26	**Jun.25**	**Jun.26**	**Jun.25**	**Jun.26**	**Jun.25**
Foreign Direct Invesment (FDI, net)	**-899**	**628**	**-1,118**	**1,709**	**312**	**4,544**
Real estate (net)	49	-81	82	-386	135	-224
FDI (exc. real estate) (Net)	-948	709	-1,200	2,095	177	4,768
Portfolio investment (net)	**2,537**	**1,464**	**-1,128**	**-4,016**	**6,368**	**-970**
Equity	2,920	1,056	3,603	2,399	8,504	2,304
Bond	1,185	114	-743	-2,937	5,424	4,960
Government Eurobond	-896	-179	2,894	-1,500	4,682	-2,734
Banks	374	746	1,610	869	4,332	-328
Other Sectors	1,069	247	3,611	1,381	5,354	4,297
Other investment (net)	**4,036**	**-6,466**	**22,052**	**3,565**	**31,048**	**9,959**
Effective and Deposits	-3,078	-7,544	-9,316	-9,631	-21,846	-17,677
Loans	6,759	417	27,904	12,098	52,938	22,927
Banks (foreign borrowing)	3,495	1,762	10,300	7,711	17,191	16,483
Other Sectors	1,800	450	10,459	7,601	26,096	11,103
Trade credit	350	655	3,446	1,092	-88	4,640
Reserve	**1,039**	**-4,050**	**-32,308**	**-27,167**	**-27,168**	**-20,334**
Net Errors and Omissions	**39**	**3,216**	**-14,735**	**-235**	**-20,436**	**-5,674**

Source: CBRT

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