

Macro: Moderate trend in the current account balance prevails

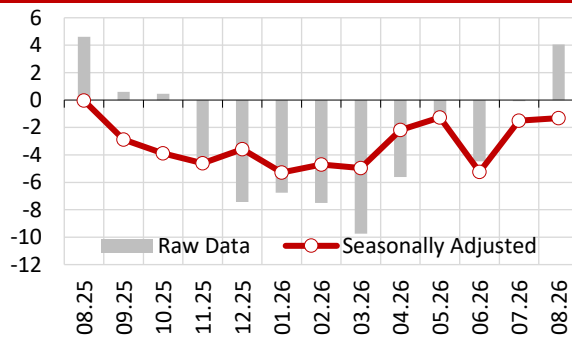
The current account balance recorded a surplus of \$4.05 billion in August, slightly exceeding forecasts. Meanwhile, the 12-month cumulative current account deficit rose from \$41.5 billion to \$42.1 billion (2.4% of GDP). Although the energy balance continues to deteriorate due to price hikes stemming from geopolitical developments, the shift of the gold balance into positive territory—after a hiatus of nearly five years—and the dampening effect of the slowdown in economic activity on core imports are ensuring that the seasonally adjusted current account balance follows a moderate trajectory, contrary to the pre-war period. Provisional foreign trade data indicate that this trend will persist in September. Against this backdrop, we project a current account surplus of \$2.5 billion for September and anticipate that the 12-month cumulative current account deficit will converge to \$40 billion.

The annualized 5-month moving average of the current account deficit stands at \$27 billion, pointing to a trend significantly below current level. In fact, excluding the temporary deterioration in June, the trend is even lower, at \$20 billion. We project that the current account deficit could settle in the \$35–40 billion range (2.0–2.2% of GDP) in 2026, assuming that economic activity continues to dampen imports, the gold balance remains moderately negative in the final quarter, and the (temporary) export demand directed toward Türkiye due to the war does not subside. However, unless geopolitical tensions ease, adverse effects stemming from energy imports appear likely to intensify somewhat in the period ahead. The recent appreciation of USD globally represents another downside risk factor that could negatively impact the external balance.

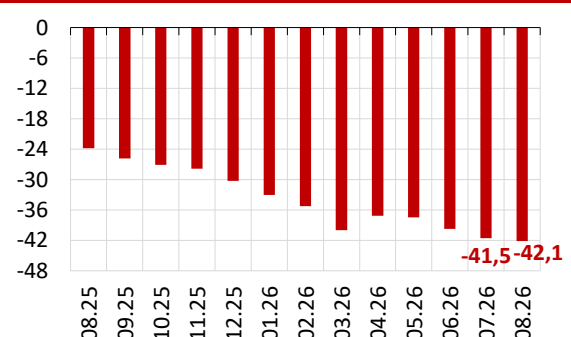
Current Account Balance:

In August, the current account recorded a surplus of \$4.05 billion, slightly exceeding both our forecast (\$3.6 billion) and the market consensus (\$3.8 billion). Data for the first seven months of the year were revised downwards by a total of \$0.7 billion. Consequently, the cumulative current account deficit for the first eight months of the year stood at \$31.5 billion, up from \$11.8 billion in the previous year. **The 12-month cumulative current account deficit rose from \$41.5 billion to \$42.1 billion** (2.4% of GDP) (Table 1, Chart 2). The current account surplus excluding gold and energy declined from \$27.0 billion to \$26.0 billion (Chart 4).

Seasonally adjusted data indicated the improvement in the current account balance continued (Charts 1 and 3). A key factor in this development was the marked improvement in the gold balance—shifting into positive territory—rather than the core balance (Chart 3). Meanwhile, the level excluding gold remains quite moderate, despite the deterioration in the energy balance.

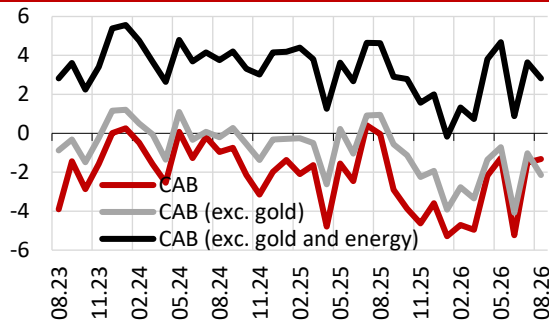
Chart 1. Current Account Balance (bn \$)

Source: CBRT, Akbank

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

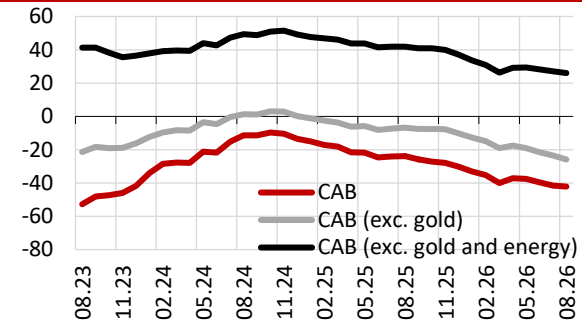
Source: CBRT

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



Source: CBRT, Akbank

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



Source: CBRT

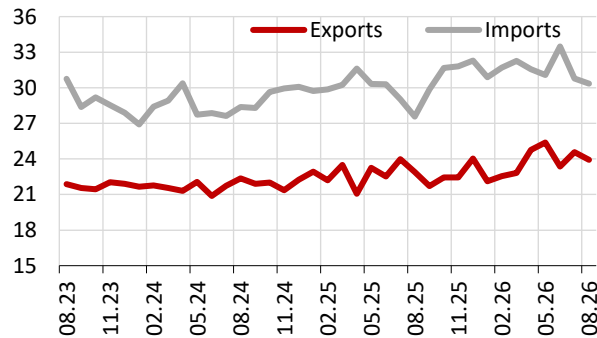
Trade Balance:

Although there has been some widening in the **foreign trade balance (s.a.)**, it remains at a more favorable level compared to the outlook at the beginning of the year.

On the import side, while rising energy prices exerted upward pressure on the import bill, the fact that **gold imports** fell to \$323 million in August—the lowest level since December 2021—mitigated the adverse effects of the energy price hikes. The slowdown in core imports (s.a.) confirms our previous assessments regarding the weakening **domestic demand** (Charts 5 and 6).

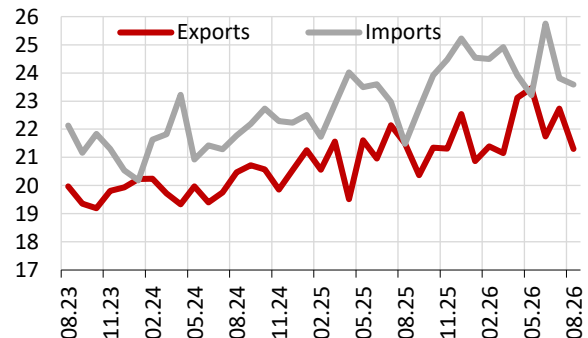
On the export side, **energy exports** are also rising due to the impact of higher energy prices. Consequently, the deterioration in the energy balance during the post-war period has been more limited than the increase in energy imports would otherwise suggest. Meanwhile, **gold exports** reached \$1.1 billion—surpassing the \$1 billion threshold for the first time since May 2016—thereby pushing the gold balance into positive territory for the first time since December 2021. Thus, the monthly decline in exports (s.a.) stemmed from categories other than gold and energy (Charts 5 and 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.)** remained flat in August, maintaining its high levels (Chart 7). While the travel balance showed a limited decline on a monthly basis, the transport balance continued to improve, driven by rising passenger transport and freight revenues (Chart 8).

12-month cumulative services revenues rose by \$0.2 billion to reach \$125.1 billion (Chart 9). Travel revenues fell by \$0.2 billion to \$60.1 billion, while transport revenues increased by \$0.7 billion to \$44.3 billion (Chart 9).

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

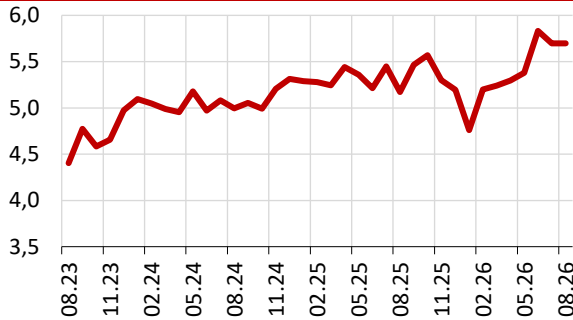


Chart 8. Services Balance
(seasonally adjusted, billion \$)

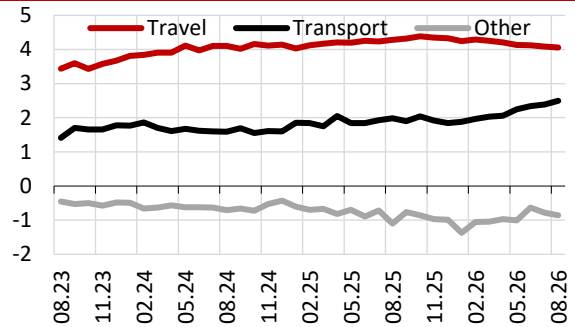
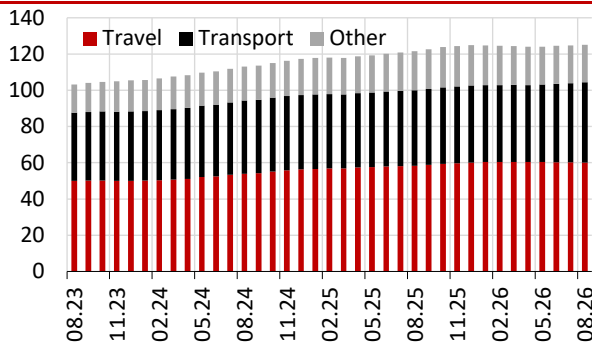
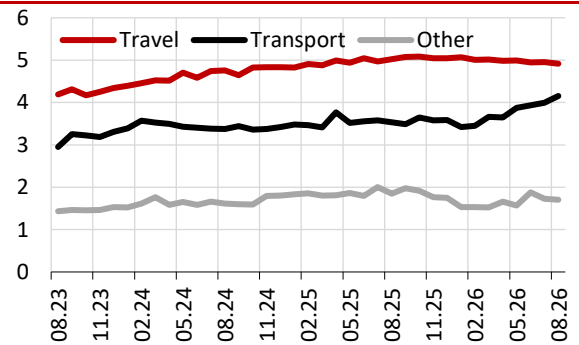


Chart 9. Services Credit
(12-month cumulative, bn \$)



Source: CBRT

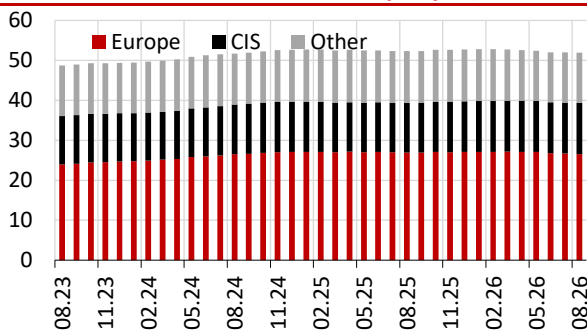
Chart 10. Services Credit
(seasonally adjusted, bn \$)



Source: CBRT, Akbank

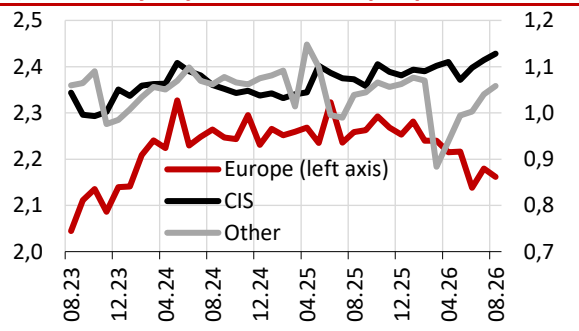
The number of foreign visitors saw a modest increase of 0.3% in August, following a 2.3% rise in July. On an annual basis, however, the figure has been declining for the past seven months. Monthly data show an increase in the number of tourists arriving from regions other than Europe and the Americas (Charts 11 and 12). The weak trend in tourist numbers observed throughout the year continues to exert a limiting effect on 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 1. Current Account Balance (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Aug.26	Aug.25	Aug.26	Aug.25	Aug.26	Aug.25
Current Account Balance	4,053	4,622	-31,498	-19,671	-42,103	-23,828
Foreign Trade Balance	-3,746	-2,800	-53,338	-44,196	-78,448	-62,281
Export*	23,327	21,409	181,563	177,028	275,175	267,210
Gold	1,149	159	3,207	2,371	3,890	3,358
Export (exc. gold)	22,178	21,250	178,356	174,657	271,285	263,852
Import*	27,073	24,209	234,901	221,224	353,623	329,491
Gold	323	1,146	10,310	13,330	20,109	20,355
Energy	6,464	4,832	46,550	42,239	66,838	64,475
Import (exc. gold and energy)	20,286	18,231	178,041	165,655	266,676	244,661
Service Balance	9,711	9,343	41,502	40,625	63,872	61,438
Services Credit	14,658	14,314	80,601	80,410	125,074	121,511
Transport	4,952	4,274	29,387	27,638	44,321	41,670
Travel	8,197	8,378	39,198	39,166	60,070	58,370
Other	1,509	1,662	12,016	13,606	20,683	21,471
Services Debit	4,947	4,971	39,099	39,785	61,202	60,073
Transport	1,687	1,529	12,449	12,956	19,274	20,158
Travel	912	755	6,781	6,493	9,255	9,059
Other	2,348	2,687	19,869	20,336	32,673	30,856
Primary Income**	-1,912	-1,921	-19,662	-16,100	-27,527	-22,985
Current Account Balance (exc. gold)	3,227	5,609	-24,395	-8,712	-25,884	-6,831
Current Account Balance (exc. energy)	9,031	8,190	4,521	11,715	9,807	24,964
Current Account Balance (exc. gold and energy)	8,205	9,177	11,624	22,674	26,026	41,961

* Balance of payments-defined values

** The sum of primary and secondary income

Source: CBRT

Financing:

While the current account recorded a surplus of \$4.05 billion in August, capital outflows from the economy amounted to \$1.38 billion. The net errors and omissions item indicated an inflow of \$4.5 billion. Consequently, **reserves increased by \$7.1 billion on a monthly basis** (Table 2). On the financing side, there were net inflows of \$141 million in foreign direct investment (FDI), an outflow of \$1.0 billion in portfolio investment, \$355 million in other investments, and \$131 million from financial derivatives.

During the January–August period, the current account posted a deficit of \$31.5 billion, while capital inflows totaled \$30.0 billion. There was an outflow of \$9.2 billion from the net errors and omissions item. Consequently, reserves declined by \$10.9 billion.

Details on the financing side are as follows:

- **Gross FDI inflows** amounted to **\$719 million** in August, inflows into real estate amounted to \$244 million. Gross FDI inflows for the first eight months of the year were \$6.8 billion (\$10.6 billion in the same period of 2025), with real estate inflows reaching \$1.8 billion.
 - Real estate acquisition of residents from abroad amounted to \$142 million in August (cumulatively \$1.5 billion in January-August).
- **Portfolio investments** saw a net outflow of \$1.03 billion in August. Thus, total inflows for the eight months of the year amounted to \$3.7 billion.
 - In August, there was an inflow of \$482 million into equities and \$77 million into government bonds (GDDS). During the January–August period, there was an inflow of \$1.87 billion into equities and \$1.71 billion to GDDS.
 - According to CBRT weekly securities statistics, total outflows were observed in September.
 - Non-residents realized net purchases of investment fund shares amounting to \$568 million in August (Net purchases for the January–August period: \$4.75 billion).
 - Regarding bond issuances abroad, while the general government and banks borrowed net debt of \$201 million and \$122 million, respectively, in August, while other sectors repaid \$34 million.
- **In loans obtained from abroad**, banks borrowed a net \$2.19 billion and the real sector borrowed a net \$1.23 billion in August. Thus, total borrowing in the January-August period amounted to \$14.2 billion and \$13.4 billion, respectively.
- **External debt rollover ratios** including loans+bonds (6-month moving total) remained high at 114.2% for banks and 159.4% for non-bank sectors.

Table 2. Financing (Million \$)

	Monthly		Year-to-date Cumulative		12-month Cumulative	
	Aug.26	Aug.25	Aug.26	Aug.25	Aug.26	Aug.25
Foreign Direct Investment (FDI, net)	141	1,057	291	4,327	-946	6,438
Real estate (net)	102	-86	335	-367	369	-345
- Real estate purchases	142	288	1,509	1,786	2,398	2,562
- Real estate sales	244	202	1,844	1,419	2,767	2,217
FDI (exc, real estate) (Net)	39	1,143	-44	4,694	-1,315	6,783
Portfolio investment (net)	-1,034	-613	3,689	1,620	5,549	3,310
Equity	482	279	1,868	1,666	2,282	1,083
Investment Fund Shares	568	49	4,754	3,072	6,902	3,747
Bond	77	1,572	1,712	627	4,315	4,633
Government Eurobond	-201	-940	4,403	-41	4,732	-300
Banks	-276	-341	3,106	1,498	5,199	1,586
Other Sectors	873	-57	5,276	1,292	7,108	2,973
Financial Derivatives (net)	131	346	3,159	3,101	4,850	4,117
Other investment (net)	-355	-1,687	29,225	11,838	29,901	24,129
Effective and Deposits	457	-4,331	-3,495	-7,969	-17,721	-9,347
Loans	632	4,172	31,445	21,410	47,096	31,453
Banks (foreign borrowing)	2,186	2,988	14,191	12,207	16,686	20,506
Other Sectors	1,230	1,321	13,428	10,843	25,652	13,716
Trade credit	-1,449	-1,533	1,245	-1,622	483	1,961
Reserve	7,138	5,747	-10,918	-2,823	-30,122	1,154
Net Errors and Omissions	4,518	2,785	-9,202	2,360	-17,464	-4,561

Source: CBRT

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