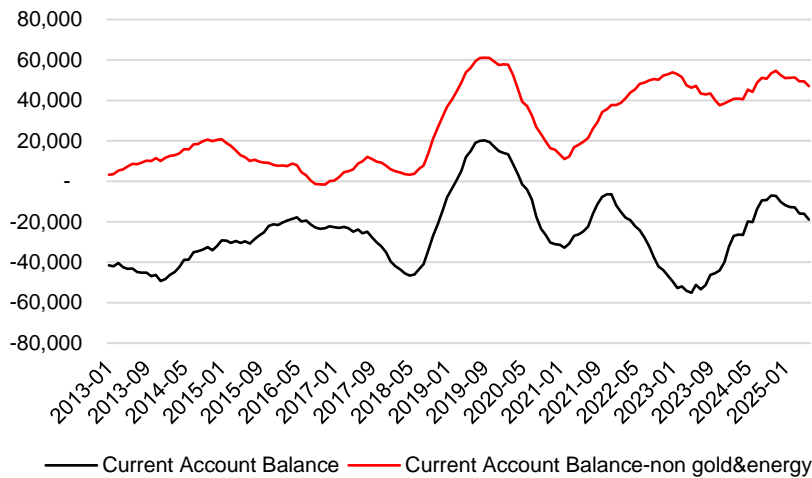


June 2025

Deterioration continues in CAB

Current account deficit at USD18.9bn... The current account balance in June posted USD2.0bn deficit, below market expectations of USD1.4bn. Compared to the USD0.8bn surplus recorded in the same month last year, the 12-month rolling current account deficit soared to USD18.9bn from USD16.1bn a month ago. The core current account balance, defined by total current account balance minus energy and gold, was at USD2.6bn against USD5.0 surplus in the same month of the previous year. 12-month rolling core CAB surplus, accordingly, declined to USD47.1bn from USD49.5bn in May. In June, exports and imports increased by 9.3% and 17.9% on an annual basis, respectively, while foreign trade deficit surged from USD4.1bn to USD6.5bn. The increase in imports stemmed from the rise of consumer goods imports and gold. On the flip side, tourism income rose by 3.6% y/y in June following 0.6% contraction recorded in the previous month. The primary income balance recorded a net outflow of USD1.5bn, while the secondary income balance recorded a net outflow of USD65mn. We maintain our 2025 year-end current account deficit forecast at USD22.5bn as consumer goods and gold imports have risen significantly over the past six months.

Exhibit 1: Current Account Balance (12 month rolling, USDbn)



Source: CBRT, Turkey Data Monitor

Exhibit 2: Current Account Balance (USDbn)

	2025-06	2025-05	2025-06	2024-06	2025-06	2025-05
Current Account	-2,006	829	-23,092	-14,359	-18,926	-16,091
o/w: Non-Energy	1,155	4,031	984	9,262	30,567	33,443
o/w: Non-Energy/Non-Gold	2579	4,961	10,452	15,836	47,083	49,465
Goods	-6,476	-4,136	-37,058	-30,110	-63,330	-60,990
Exports	20,381	18,654	131,066	123,599	264,943	263,216
yoy, %	9.26	-7.75	6.04	1.76	4.66	3.34
Imports	26,857	22,790	168,124	153,709	328,273	324,206
yoy, %	17.85	-5.01	9.38	-10.72	2.96	1.31
Services	5,989	6,066	23,548	23,438	62,102	62,179
o/w: Tourism	5,015	4,839	18,848	18,513	49,288	49,112
yoy, %	3.64	11.4	1.81	14.5	10.75	11.6
Primary Income	-1454	-1104	-9,281	-7,572	-17,584	-17,234
o/w: Interest Expenditure	1478	1184	7,517	6299	14,510	14,216
Secondary Income	-65	3	-301	-115	-114	-46

Source: CBRT, Turkey Data Monitor

Portfolio inflows in June... Direct investment in June recorded an inflow of USD616mn, while real estate purchases by foreigners amounted to USD133mn, up by 33.7% y/y. The 12-month rolling FDI inflows rose to USD4.8bn from USD4.6bn a month ago. Expected supply chain shifts following the Trump tariffs along with an orthodox approach on the macro side could boost Türkiye's FDI inflows in the long run. Portfolio inflows continued in June, totaling USD 1.0 bn, while YTD outflows narrowed to USD5.9bn. During the month, the equity market attracted USD641mn in inflows, while the GDDS market recorded USD114mn in inflows.

Reserve decrease in June... Corporates and banks borrowed USD445mn and USD2.1bn in June, respectively. Accordingly, the 6-month rolling rollover ratio materialized as 136.6% and 105.7%, respectively. Following the change in economy management in 2023, banks are more willing to borrow abroad, while their syndicated rollover ratio has exceeded 100% over that period. Inflows from currency and deposits, which were the main sources of financing in 2022 and 2023, recorded USD5.7bn outflow in June. Meanwhile, the 12-month rolling deposits outflow reached USD12.3bn, indicating that financing of current account deficit has changed drastically since the general election. CBRT's reserves decreased by USD4.1bn in June, while 12 month rolling reserve loss was USD20.3bn. Coupled with USD2.0bn current account deficit, USD2.7bn capital outflows and a reserve drawdown of USD4.1bn resulted in a net errors and omissions inflow of USD0.6bn in June.

Exhibit 3: Capital Account Balance (USDbn)

	2025-06	2024-06	12-month rolling 12-m rolling 2025-06	12-month rolling 12-m rolling 2025-05
Current Account	-2,006	829	-18,926	-16,091
Capital Account	-6	-6	-103	-103
Financial Account	2,666	-1,074	-14,117	-17,857
Direct investment	-616	-491	-4,754	-4,629
o/w: Real estate	133	98	2,146	2,111
Portfolio investment	-1049	-1349	3,977	3,677
Net acquisition of financial assets	520	215	9,464	9,159
Net incurrence of liabilities	1,569	1564	5,487	5,482
o/w: Equity securities	641	-1367	-703	-2,711
Debt securities	928	2,931	6,190	8,193
o/w: Domestic Issues	114	688	4,960	5,534
Other investment	4331	766	-13,340	-16,905
Currency and deposits	5715	5,203	12,329	11,817
o/w: Central Bank	-250	-169	-16,654	-16,573
Loans	-748	-4139	-21,124	-24,515
o/w: Banks	2,098	4,662	17,384	19,948
Other Sectors	445	-309	8,399	7,645
Trade credit and advances	-630	-292	-4,477	-4,139
Other assets and liabilities	-6	-6	-68	-68
Net Errors and Omissions	628	-655	-15422	-16705
Reserve assets	-4,050	1,242	-20,334	-15,042

Source: CBRT, Turkey Data Monitor

Exhibit 4: Balance of Payments: June 2025 (USDmn)



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