

Macro note – Balance of Payments

The current account balance records a deficit of USD 4 billion in November, while the 12-month cumulative current account deficit stood at USD 23.2 billion. While inflows in the services balance slow significantly, the trade deficit remains near flat.

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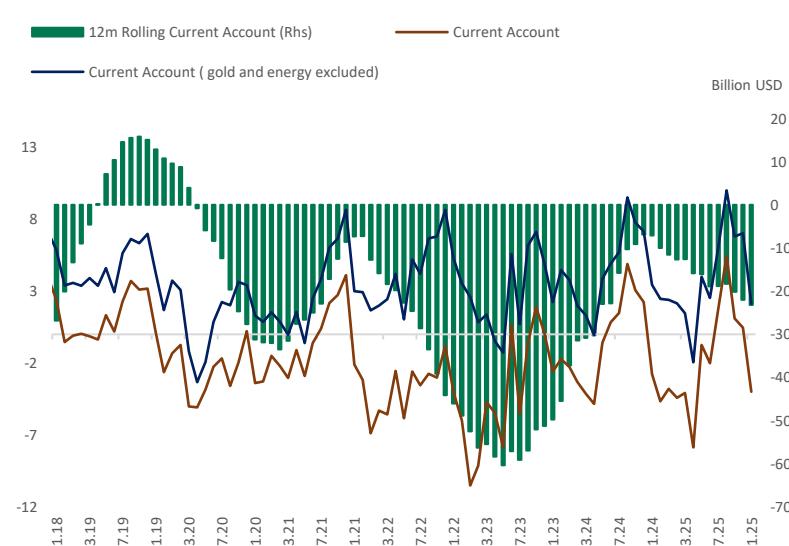
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According to balance of payments statistics, the current account balance for November showed a deficit of USD 3,996 million. As a result, the twelve-month current account deficit stood at USD 23,226 million (previous: USD 21,991 million). Our expectation was for a current account deficit of USD 3.45 billion, which is above market expectations (USD 3 billion deficit). The deterioration in the current account balance is above our expectations. The main reason is the slowdown in inflows in the services balance, despite a limited decline in the trade deficit. The effects of the fall/winter season will continue to slow the services balance until the first quarter of 2026. We expected the current account balance to decline by approximately USD15 billion in 2025 compared to 2024. It appears that the year-end figure will be in line with our expectations. Interest rate cuts will keep import demand buoyant while maintaining pressure on the current account deficit throughout 2026. Domestic economic activity remains robust, supporting import demand. On the other hand, the recovery in Europe, the main export market, and the timing of external demand will continue to put pressure on the current account deficit through the trade balance. We expect net exports to continue to contribute negatively to growth in the final quarter. Looking at the details of the realized current account balance, the trade deficit defined by the balance of payments was USD6,385 million, and inflows from the services balance were USD 3,926 million. The twelve-month cumulative trade deficit defined by the balance of payments was USD 68.5 billion, while inflows from the services balance amounted to USD 63.3 billion. The current account balance, excluding gold and energy, showed a surplus of USD 2,132 million this month. Excluding volatile items, there is no deterioration in the core indicators of the balance of payments. Although the decline in energy prices will reduce the pressure on the current account deficit, the volume effect will offset the price effect due to the winter season. If this outlook continues, we expect a calmer trend in the trade deficit as of the second quarter of 2026.

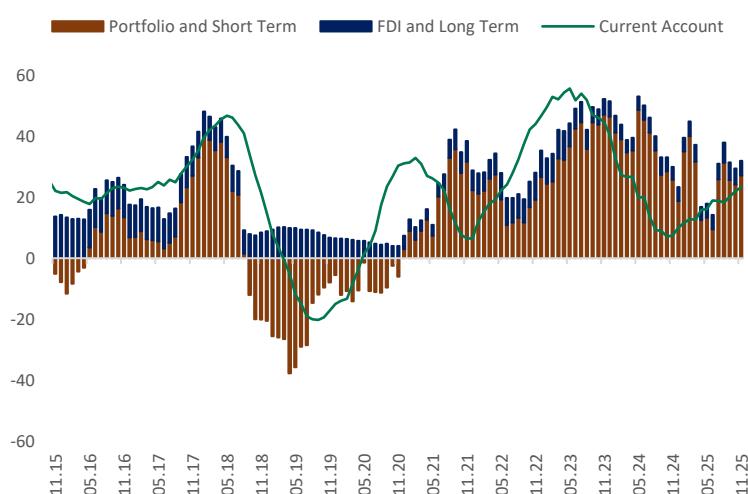
Graph 1: Current Account (CA), Energy and Gold Excluded (CA), 12M Rolling CA



When examining developments in the financial account, net inflows in direct investments amounted to USD 343 million. In portfolio investments, net outflows of USD 1,024 million were recorded. Non-residents made net sales of USD 59 million in the stock market and net purchases of USD 1,646 million in the government securities market. Regarding bond issuances abroad, non-residents made net sales of USD 169 million, USD 611 million, and USD 64 million in issuances by banks, the General Government, and other sectors, respectively. In terms of credit usage from abroad, banks, the General Government, and other sectors recorded net usage of USD 1,467 million, USD 94 million, and USD 2,017 million, respectively, this month.

Looking at how the current account deficit was financed; official reserves recorded a net decrease of USD 4,766 million this month. The sharp outflows in portfolio investments are more clearly reflected in the twelve-month figures. Due to the impact of recent hot money outflows, portfolio investments recorded a net inflow of USD 3 billion and the credit-deposit channel recorded a net inflow of USD 22.2 billion over the twelve-month period. Direct foreign investment and long-term capital inflows, on the other hand, continued their low trend in the cumulative data. As of November, the twelve-month cumulative direct investment recorded a net inflow of USD 4.8 billion (previous: USD 5 billion). Of the total USD 43.5 billion inflow in the financial account, USD 23 billion came from the current account deficit, while USD 20 billion was hidden in the net error and omission item. Considering recent inflation developments and monetary policy actions together, we can say that interest rate cuts will continue and the limited negative outlook in the balance of payments will be maintained. On the financial account side, capital inflows will continue under the assumption of high returns and limited volatility in exchange rates.

Graph 2: Financing of the Current Account Deficit (Billion USD)



Source: CBRT

In summary, the current account balance for November recorded a deficit of USD 4 billion, bringing the total deficit for the year to USD 23.2 billion over 12 months. The seasonal effects of inflows from the services balance in the current account balance are returning to their normal trend as of the last quarter. Credits supporting exports through liquidity management and the slowdown in import demand will continue to contribute to price stability. The acceleration in the payments balance, which contributes to financial stability, will support price stability in the medium term. Macroeconomic policies that monitor economic activity through sectoral support loans rather than policy rates will continue to provide positive support for both inflation and the current account balance. We would like to emphasize that new measures to be announced and monetary/fiscal policy implementations will prompt updates to our forecasts. Within the scope of current practices, we maintain our current account deficit forecast for the end of 2025 at USD 24 billion and our forecast for 2026 at USD 28 billion.

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