

Current account posts a USD4.0bn deficit in November, while the 12-month rolling deficit widens from USD 22.0bn to USD 23.2bn. The current account recorded a USD4.0bn deficit in November, significantly higher than the USD3.0bn median market expectation and our USD3.1bn estimate. Net inflows from the services recorded USD3.9bn vs. our USD4.3bn estimate and the primary income (the net flow of profits, interest and dividends from investments abroad) registered an outflow of USD1.6bn vs. our USD1.2bn estimate, which were the main factors behind the headline estimate deviation. In the same month last year, the current account had posted a USD2.8bn deficit. As such, the 12-month rolling C/A deficit rose from USD22.0bn to USD23.2bn (1.5% of GDP).

The decline in reserves accelerated in November. Although the capital account posted a USD1.1bn surplus in November, official reserves fell by USD4.8bn, largely reflecting a USD1.9bn outflow under net errors and omissions. Over the January–November period, cumulative outflows under the net errors and omissions item—which captures unrecorded capital movements and statistical discrepancies—reached USD18.0bn, corresponding to a USD17.9bn decline in reserves over the same period. **Capital flow details for November can be summarized as follows:**

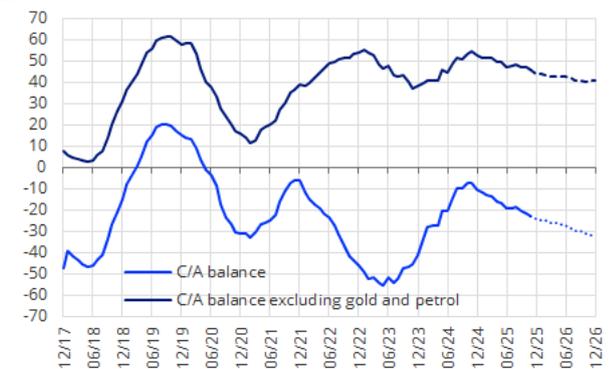
Foreign direct investment (FDI): Despite USD990mn in gross inflows, outward investments totaled USD647mn, resulting in a net inflow of only USD342mn. On a 11-month cumulative basis, FDI inflows remain limited at USD3.7bn.

Portfolio flows: While foreign investors recorded USD1.65bn in net purchases of government bonds, these inflows were largely offset by USD0.6bn in Treasury Eurobond redemptions, USD0.2bn in private sector Eurobond redemptions, and USD59mn in equity outflows. Moreover, outward portfolio investments reached USD1.8bn, leading to a net portfolio outflow of USD1.0bn for the month. Outward portfolio investments have accelerated markedly since early 2024, with 12-month rolling outflows reaching USD13.2bn. As a result, despite USD10.2bn in gross portfolio inflows over the past 12 months, the portfolio channel has recorded a net outflow of USD3.0bn.

Private sector external borrowing continues to play a leading role in financing the current account deficit. In November, banks secured USD1.5bn, while the corporate sector obtained USD2.0bn through external loans.

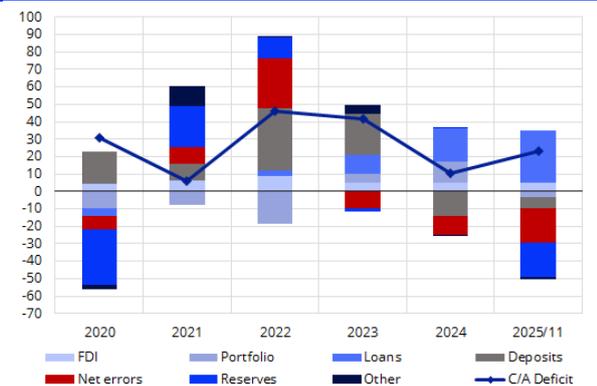
The C/A deficit remains above expectations but continues to look manageable. Preliminary foreign trade data released by the Ministry of Trade point to a USD9.4bn trade deficit in December, driven by a continued acceleration in imports despite a record-high USD26.4bn in exports. Based on these figures, we estimate a current account deficit of around USD5.5–5.6bn for December (December 2024: USD4.7bn). **This would imply a further acceleration in the widening trend of the current account deficit, with the year likely ending slightly above USD24bn. We had initially forecast the end-2025 C/A deficit at USD22.0bn, revising this to USD22.5bn last month. As such, one might argue that the widening in the C/A deficit has gone beyond expectations recently. In our Strategy Report published on December 26, we projected the end-2026 current account deficit at USD32bn (around 1.9% of GDP). While the recent acceleration in imports points to upside risks, we continue to view the overall external balance as manageable.**

Graph 1: C/A balance, 12m rolling (Billion USD)



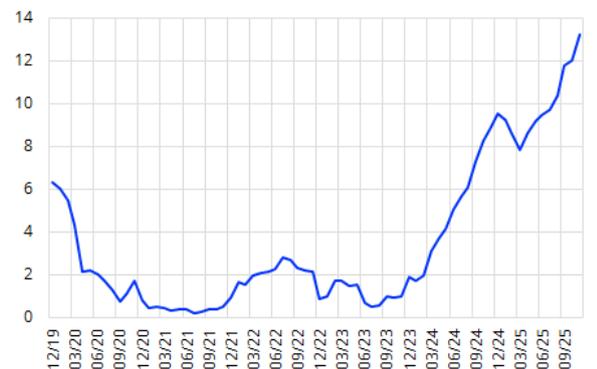
Source: TurkStat, Gedik Investment

Graph 2: Financing of the C/A deficit (Billion USD)



Source: CBRT, Gedik Investment
* 2025 reflects the 12-month trailing period

Graph 3: Portfolio investments abroad, 12-month rolling (Billion USD)



Source: CBRT, Gedik Investment

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EXHIBIT 1: Financing of the C/A Deficit (Billion USD)

	Monthly		Ytd		12-month	
	Nov-25	Nov-24	Nov-25	Nov-24	Nov-25	Oct-25
Current Account Deficit	4.0	2.8	18.5	5.7	23.2	22.0
Capital Account; exc. Reserves	1.1	6.9	18.8	16.8	24.1	29.8
Foreign Direct Investment (Net)	0.3	0.6	3.7	4.0	4.8	5.1
Portfolio Investments (Net)	-1.0	2.2	-1.8	13.2	-3.0	0.2
Loans (Net)	4.6	2.0	25.6	14.8	30.1	27.5
Currency and deposits (Net)	-3.3	-0.6	-5.0	-12.4	-6.5	-3.9
Trade Loans (Net)	0.5	2.6	-3.7	-2.8	-1.4	0.8
Net Errors and Omissions	-1.9	-2.8	-18.0	-8.9	-20.1	-20.9
Reserve Assets	-4.8	1.3	-17.9	2.1	-19.4	-13.3

Source: CBRT, Gedik Investment

EXHIBIT 2: Balance of Payments (Billion USD)

	Monthly		Ytd		12-month	
	Nov-25	Nov-24	Nov-25	Nov-24	Nov-25	Oct-25
Current Account	-4.0	-2.8	-18.5	-5.7	-23.2	-22.0
Foreign Trade (BoP basis)	-6.4	-5.2	-62.2	-49.8	-68.4	-67.3
Foreign Trade	-8.0	-7.5	-82.7	-73.4	-91.5	-91.0
Shuttle trade, freight	1.6	2.3	20.5	23.7	23.0	23.7
Services	3.9	3.9	60.3	58.3	63.3	63.3
Primary Income	-1.6	-1.4	-16.1	-14.2	-17.8	-17.6
Secondary Income	0.0	0.0	-0.4	0.0	-0.3	-0.3
Capital Account; exc. reserves (-)	-1.1	-6.9	-18.8	-16.8	-24.1	-29.8
Foreign Direct Investment (-)	-0.3	-0.6	-3.7	-4.0	-4.8	-5.1
Net acquisition of financial assets (-)	0.6	0.6	8.7	5.8	9.6	9.5
Net incurrence of liabilities	1.0	1.1	12.4	9.8	14.4	14.5
Portfolio Investments (-)	1.0	-2.2	1.8	-13.2	3.0	-0.2
Net acquisition of financial assets (-)	1.8	0.6	12.4	8.7	13.2	12.0
Net incurrence of liabilities	0.8	2.8	10.6	21.8	10.2	12.3
Equities	-0.1	0.0	1.2	-2.6	1.3	1.4
Government bonds	1.6	1.6	2.7	16.4	2.4	2.4
Eurobonds (Treasury)	-0.6	0.7	0.4	0.7	0.2	1.5
Eurobonds (banks)	-0.1	-0.1	3.2	3.3	3.5	3.5
Eurobonds (corporates)	-0.1	0.5	3.0	4.0	2.9	3.5
Loans (-)	-4.6	-2.0	-25.6	-14.8	-30.1	-27.5
Net acquisition of financial assets (-)	-1.1	-0.8	3.8	2.1	4.0	4.3
Net incurrence of liabilities	3.6	1.2	29.4	16.8	34.1	31.8
o/w banks	1.5	1.1	12.1	14.7	15.4	15.0
o/w corporates	2.0	-0.1	16.1	1.7	17.3	15.2
Currency and deposits (-)	3.3	0.6	5.0	12.4	6.5	3.9
Net acquisition of financial assets (-)	1.1	-1.1	6.3	11.3	7.4	5.2
Net incurrence of liabilities	-2.2	-1.7	1.3	-1.1	0.8	1.3
Trade Loans (-)	-0.5	-2.6	3.7	2.8	1.4	-0.8
Net acquisition of financial assets (-)	-0.9	-1.6	2.3	4.0	2.9	2.3
Net incurrence of liabilities	-0.4	1.1	-1.4	1.2	1.6	3.1
Reserve Assets	-4.8	1.3	-17.9	2.1	-19.4	-13.3
Net Errors and Omissions	-1.9	-2.8	-18.0	-8.9	-20.1	-20.9

Source: CBRT, Gedik Investment

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