

# Türkiye Economic Outlook

Garanti BBVA Research

March 2025

# Key messages



## GLOBAL ECONOMY

Global growth is set to slow amid rising uncertainty and protectionism. While stronger momentum supports upward forecast revisions for the US and China, both are still expected to decelerate. In the Eurozone, growth prospects have worsened.



## EMS

Fed will likely hold rates steady till 2H25. Both ECB and Bank of China are expected to ease stance further. On EM capital flows, we now have negative prospects for 2025 mostly on high volatility and still high US interest rates.



## POLICIES IN TÜRKİYE

In Türkiye, cash spending evolution keeps the risks on expected public spending cuts to the down side. Despite increasing challenges, the CBRT communication signals optimism on inflation outlook, implying lower real rates than previously expected.



## GROWTH

We have revised our 2025 GDP growth forecast to 3.5% (vs. 2.5%) on top of earlier and stronger than expected recovery as of 4Q24, which creates a positive carry-over impact for 2025 and a negative one to 2026 (revision to 4% vs. 4.5% prev.).



## EXCHANGE RATE

We expect the CBRT to rely on a similarly strong real appreciation to last year and credit growth caps for longer (may be tighter except for SMEs). We now forecast 42 USDTRY by end 2025 (vs. 45.5 previously) and keep next years' forecasts the same.



## INFLATION

We forecast 29% year-end inflation for 2025 and 20.5% for 2026 due to new inflation shocks (administrative prices and new CPI weights) and expectations of softer negative output gap with lower real rates (31.5% and 23% policy rate by end 2025 and 2026).

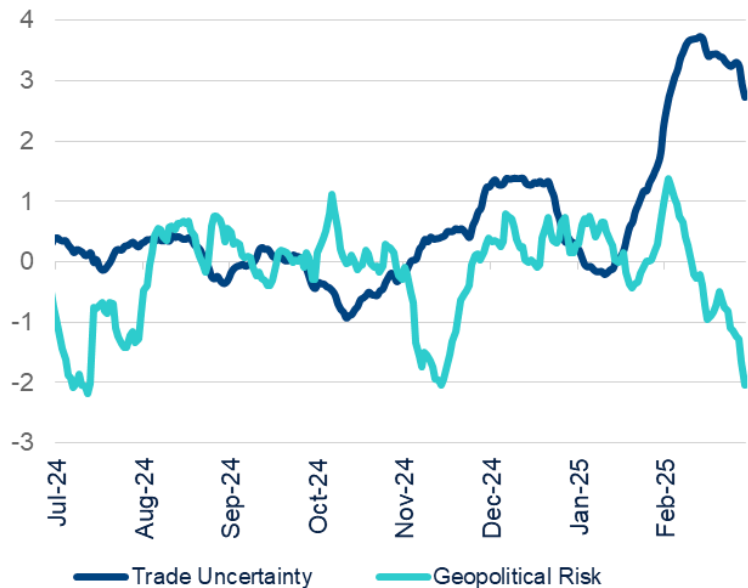
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# Global Economic Outlook & Forecasts

# The policies of the new U.S. administration create significant uncertainty

## US TRADE UNCERTAINTY AND GLOBAL GEOPOLITICAL RISK INDEXES (\*)

(MEAN SINCE JAN/23 EQUALS TO 0; 28-DAY MOVING AVERAGE)



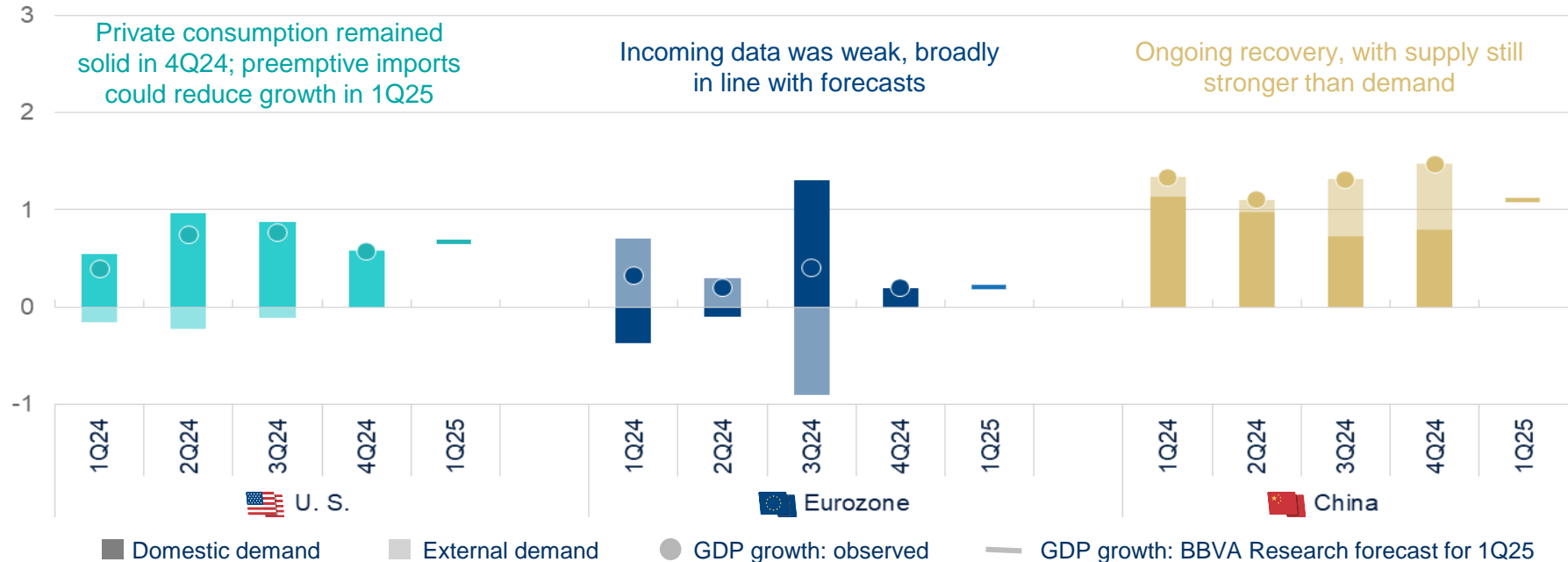
(\*) Last available data: March 5th, 2025  
Source: BBVA Research Geopolitics Monitor.

- **Higher uncertainty on Trump's policies:**
  - **Trade:** 20% tariffs on China, 25% on some Western allies (later delayed), 25% tax on steel and aluminum, etc., along with various threats of further protectionism measures
  - **Other:** policies to tighten immigration controls, promote fossil fuel production, cut public spending while favoring lower taxes, reduce US support for multilateral institutions, etc.
- **Short-term geopolitical risk has eased lately** on talks to end the war in Ukraine and Israel-Hamas truce, taking some pressure off energy prices.
- **Still, geopolitics will remain a concern given latent US rivalry with China** and the rising US tensions with Western allies, which are triggering a determined increase in defense spending in Europe.

# Growth still has strong inertia: it remained robust in the US and China but was barely positive in the Eurozone by late 2024

## GDP: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS TO GDP GROWTH

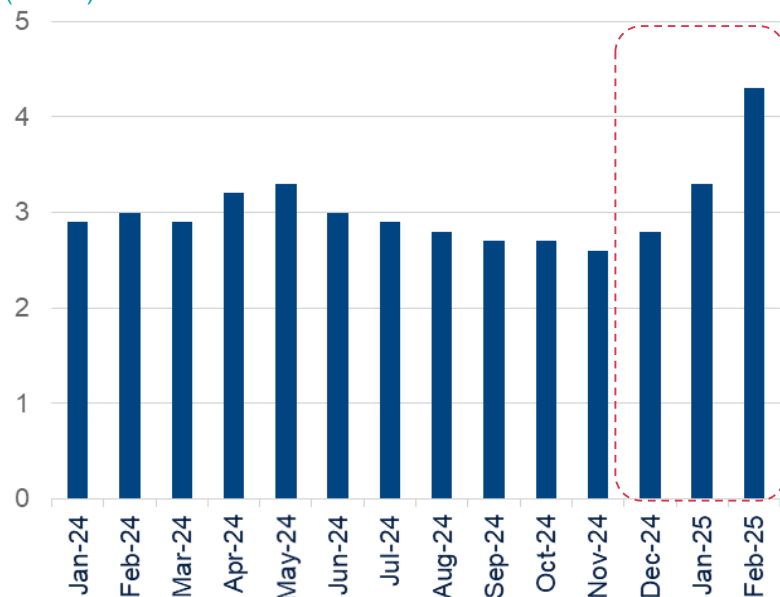
(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)



# Despite the recent resilience of US growth, uncertainty already appears to be weighing on consumer confidence and inflation expectations

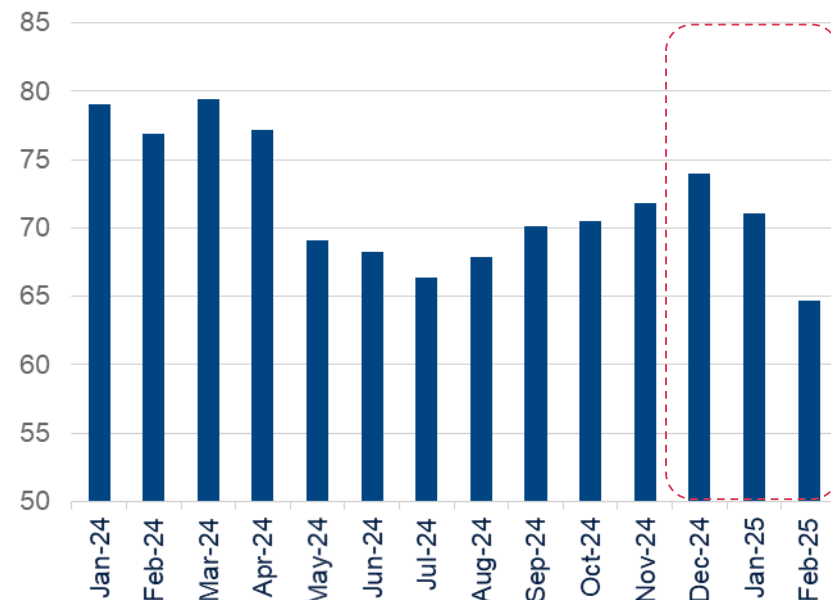
## US CONSUMER INFLATION EXPECTATIONS: ONE YEAR AHEAD

(Y/Y %)



Source: BBVA Research based on data from Survey of Consumers, University of Michigan.

## US CONSUMER SENTIMENT (INDEX)

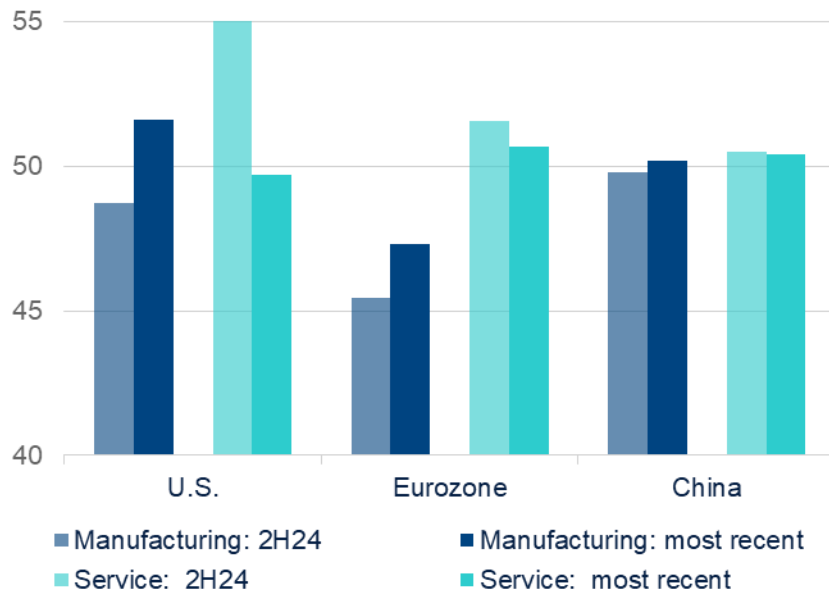


Source: BBVA Research based on data from Survey of Consumers, University of Michigan.

# The recent slowdown in services and signs that manufacturing has bottomed out raise questions about the persistence of the post-pandemic growth model

## PMI INDICATORS: 2H24 AVERAGE AND MOST RECENT DATA (\*)

(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)

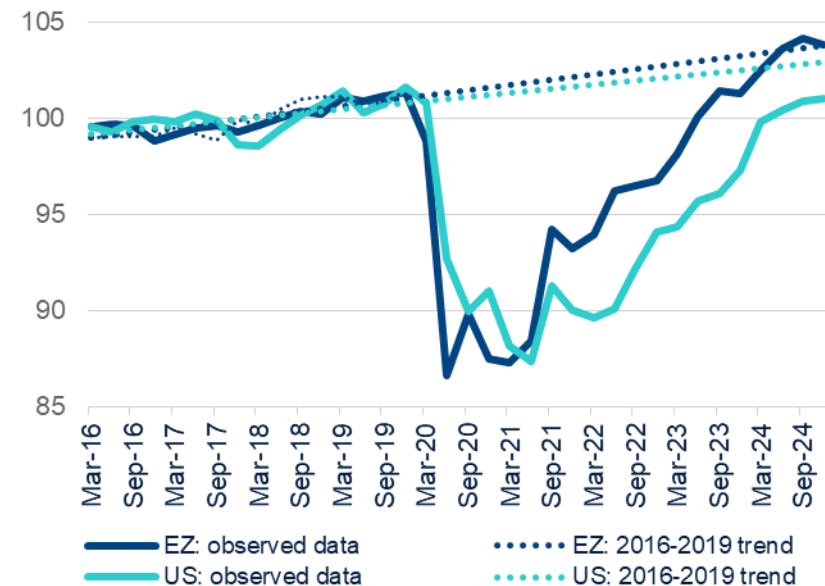


(\*) Most recent data: February 2025.

Source: BBVA Research based on data from Haver.

## SERVICES/GOODS PRIVATE CONSUMPTION RATIO (\*)

(INDEX: 2016-19 AVERAGE = 100; BASED ON NOMINAL VALUES)



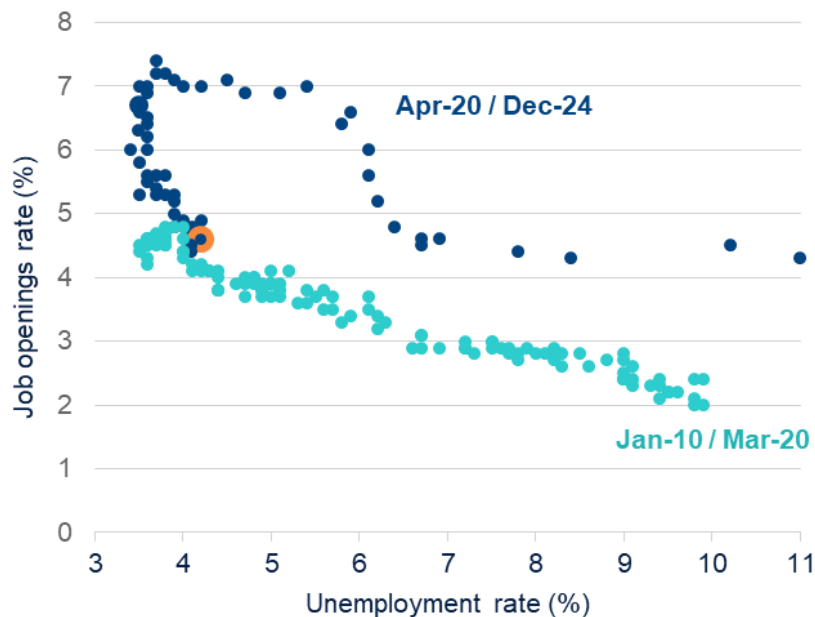
(\*) 4Q24 data for the Eurozone is based on preliminary figures for Denmark, Germany, Spain, France, Netherlands and Slovenia.

Source: BBVA Research based on BEA and Eurostat data.

# Labor markets remain resilient despite recent moderation: job openings have fallen sharply, but unemployment continues to be at low levels

## US: BEVERIDGE CURVE (\*)

(MOST RECENT MONTHLY DATA HIGHLIGHTED IN ORANGE)



(\*) Unemployment: share of labor force. Job openings: share of sum of employment and job openings.  
Source: BBVA Research based on data from FRED.

## EUROZONE: BEVERIDGE CURVE (\*)

(MOST RECENT QUARTERLY DATA HIGHLIGHTED IN ORANGE)



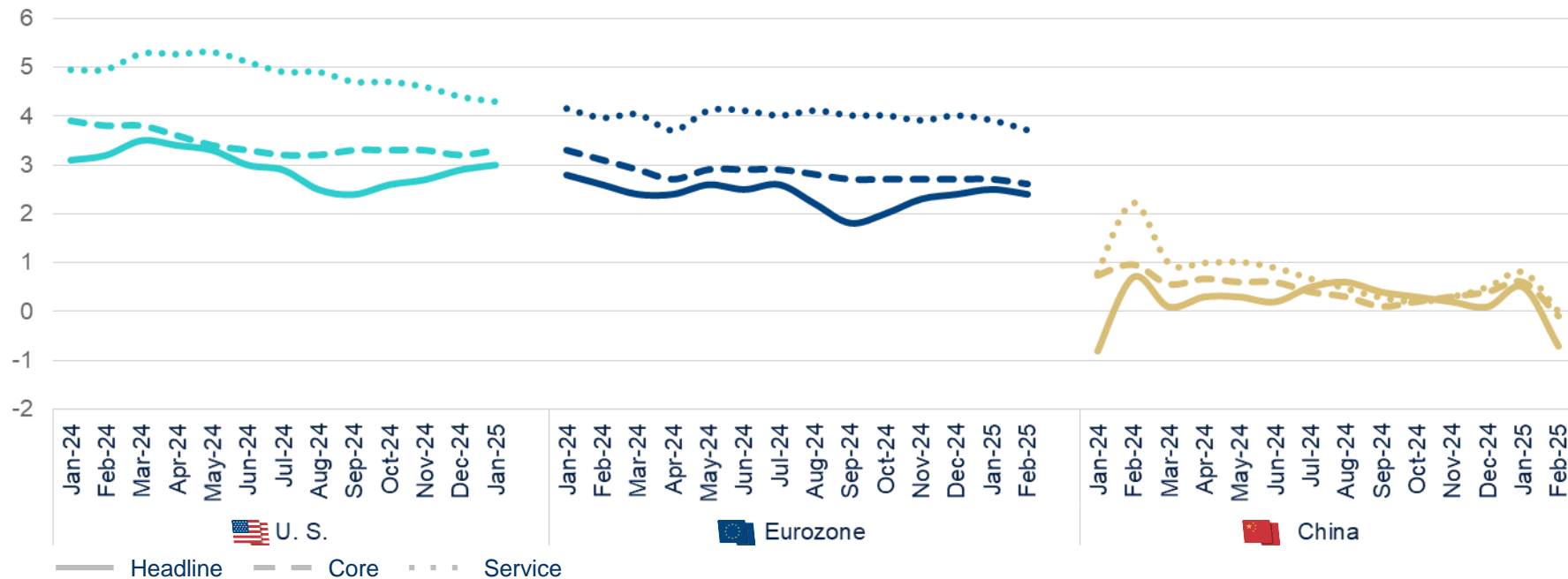
(\*) Unemployment: share of labor force. Job openings: share of sum of employment and job openings.  
Source: BBVA Research based on data from Eurostat.



# Inflation remains above target, particularly in the US but to a lesser extent also in the Eurozone, after having rebounded more than expected in recent months

## CPI INFLATION: HEADLINE, CORE AND SERVICE

(Y/Y %)

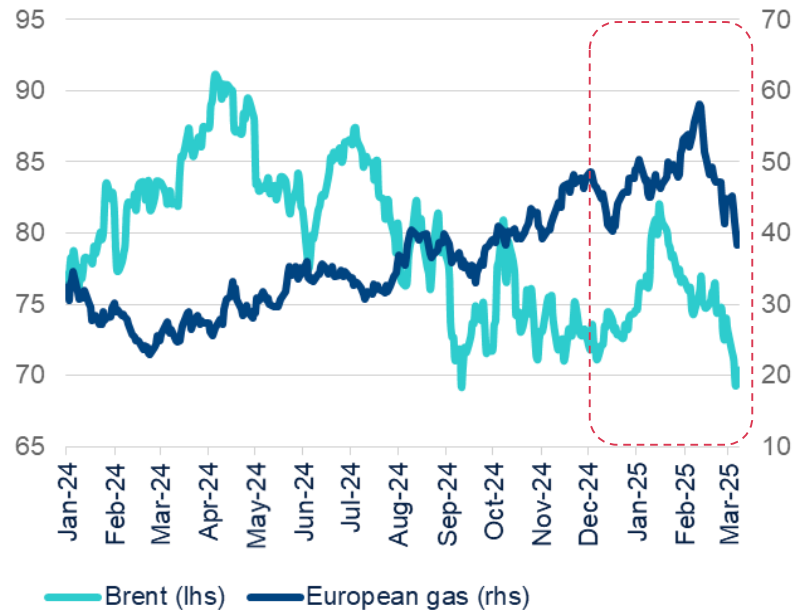


Source: BBVA Research based on data from Haver.

# Energy prices have eased on more positive supply prospects and recent geopolitical developments, but remain volatile; wages seem to have lost steam

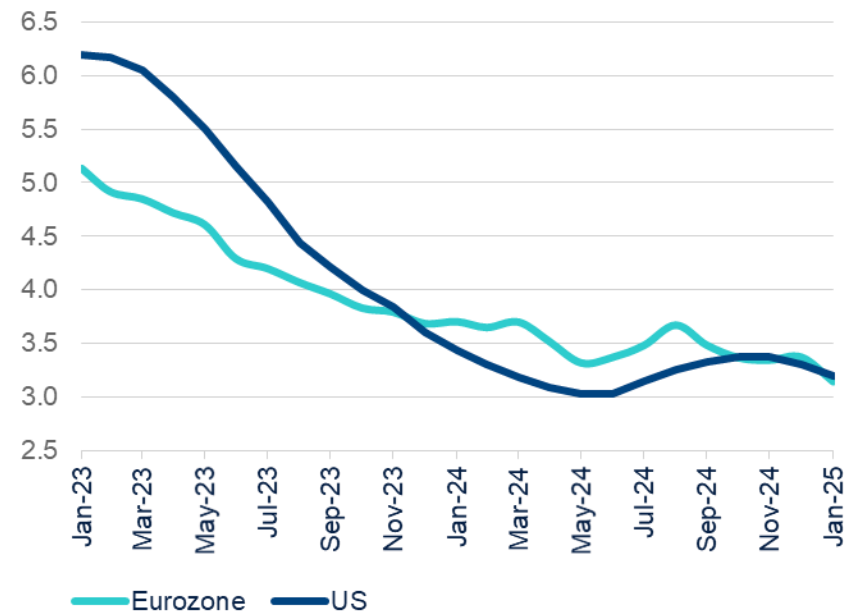
## OIL AND GAS PRICES (\*)

(OIL: USD PER BRENT BARREL; GAS: EURO /MWH)



## NOMINAL WAGES: INDEED WAGE TRACKER

(Y/Y %, 3-MONTH MOVING AVERAGE)



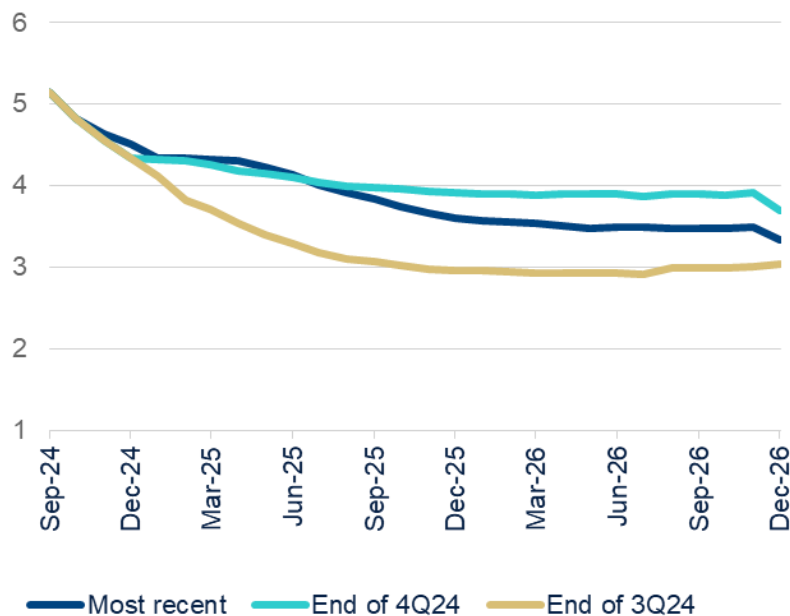
(\*) Last available data: March 7th, 2025.  
Source: BBVA Research based on data from Haver.

Source: BBVA Research based on data from Indeed.

# The Fed has held rates steady, signaling no rush for more cuts; the ECB has kept easing, but stressed that conditions are now meaningfully less restrictive

## US: IMPLICIT RATE IN FED FUND FUTURES (\*)

(%)

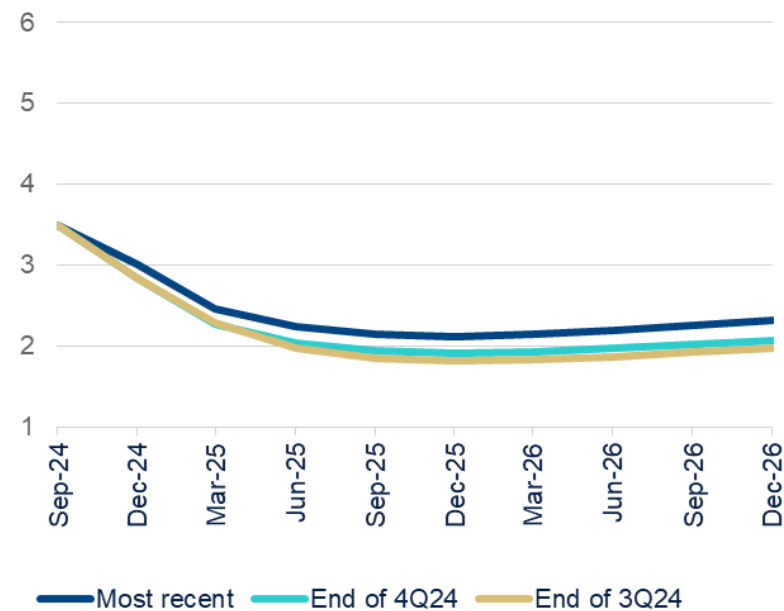


(\*) Last available data: March 7th, 2025.

Source: BBVA Research based on data from Haver.

## EZ: IMPLICIT RATE IN 3-MONTH EURIBOR FUTURES (\*)

(%)



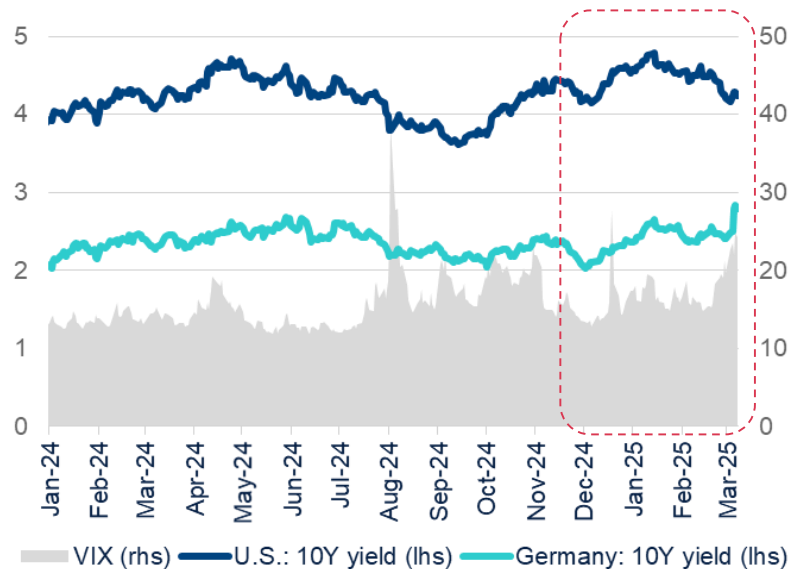
(\*) Last available data: March 7th, 2025.

Source: BBVA Research based on data from Haver.

# Financial volatility has risen as markets gauge the impact of evolving US policies; Europe's defense spending plans have driven Germany yields higher

## SOVEREIGN YIELDS AND VOLATILITY (VIX) (\*)

(%)



(\*) Last available data: March 7th, 2025.

Source: BBVA Research based on data from Haver.

## US DOLLAR: DXY (\*)

(INDEX)



(\*) A lower DXY index represents a weaker US dollar. Last available data: March 7th, 2025.

Source: BBVA Research based on data from Haver


# The new US administration's erratic policies are set to bring major shifts, posing growing challenges to the global economy

## BBVA RESEARCH BASELINE SCENARIO ON MAIN TRUMP POLICIES

 **TRADE POLICY** US tariffs are more than a negotiating tool. Working assumption: a 10% blanket tariff from 2Q25 and 60% tariffs on China from 2H25.

 **GEOPOLITICS** No changes in the current status quo; risks are tilted to the downside, although the eventual end of the war in Ukraine will have positive effects.






 **MIGRATION** No strong impact on labor markets; deportations will rise, but not sharply.

 **FISCAL POLICY** Deficits will be large, pressured by low taxes, despite some spending cuts.

 **MONETARY POLICY** The Fed will remain independent, but Trump's criticism may create noise.

 **DEREGULATION** No significant positive effects are being assumed.

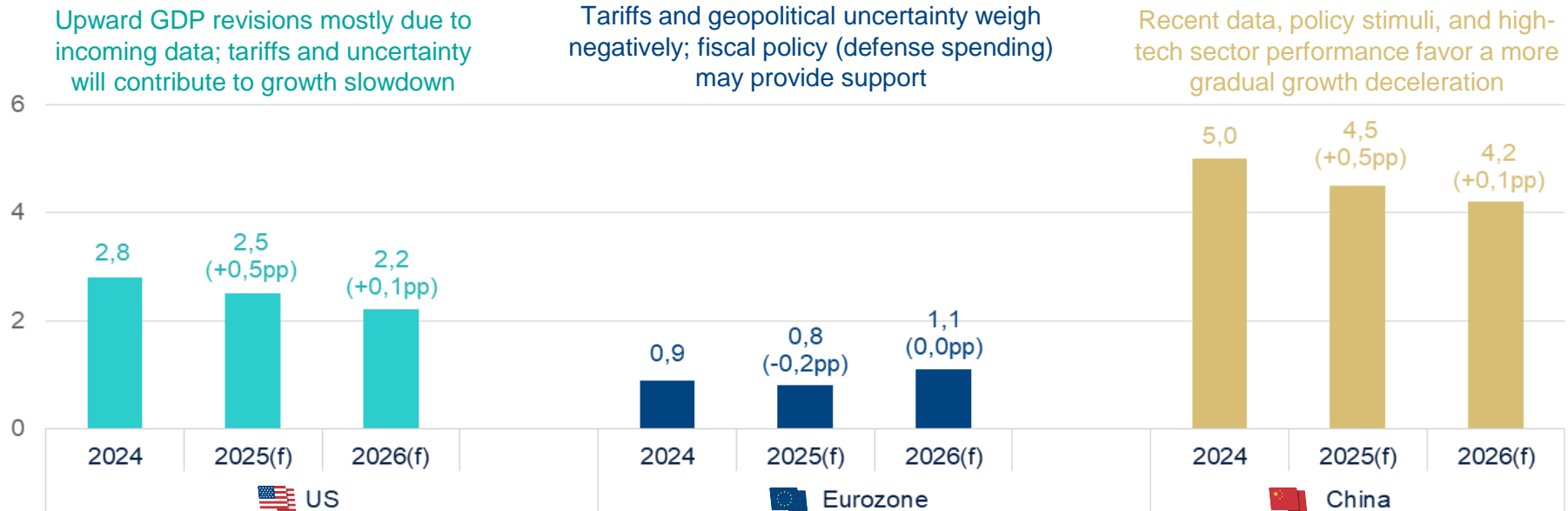
# US tariffs are set to create negative supply and uncertainty shocks

	BASELINE SCENARIO	MAIN RISKS
 <b>SHOCKS CREATED BY US POLICIES</b>	Negative supply and uncertainty (demand) shocks	Very negative supply and uncertainty (demand) shocks
 <b>US TARIFF LEVELS</b>	Tariffs as a negotiation and policy tool (working assumption: 60% on China, 10% on other countries)	Tariffs mostly as a policy tool (25% or higher permanent tariffs on most important trade partners)
 <b>TARIFF ESCALATION</b>	Moderate	Large and dynamically unstable
 <b>GROWTH IMPACT</b>	Significant	Very significant and potentially disruptive
 <b>INFLATION IMPACT</b>	Upwards in the US, downwards elsewhere	Upwards if supply shock prevails; downwards if uncertainty shock dominates

# Growth is expected to lose momentum amid rising uncertainty and protectionism, despite positive incoming data in the U.S. and China

## GDP GROWTH

(%, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)



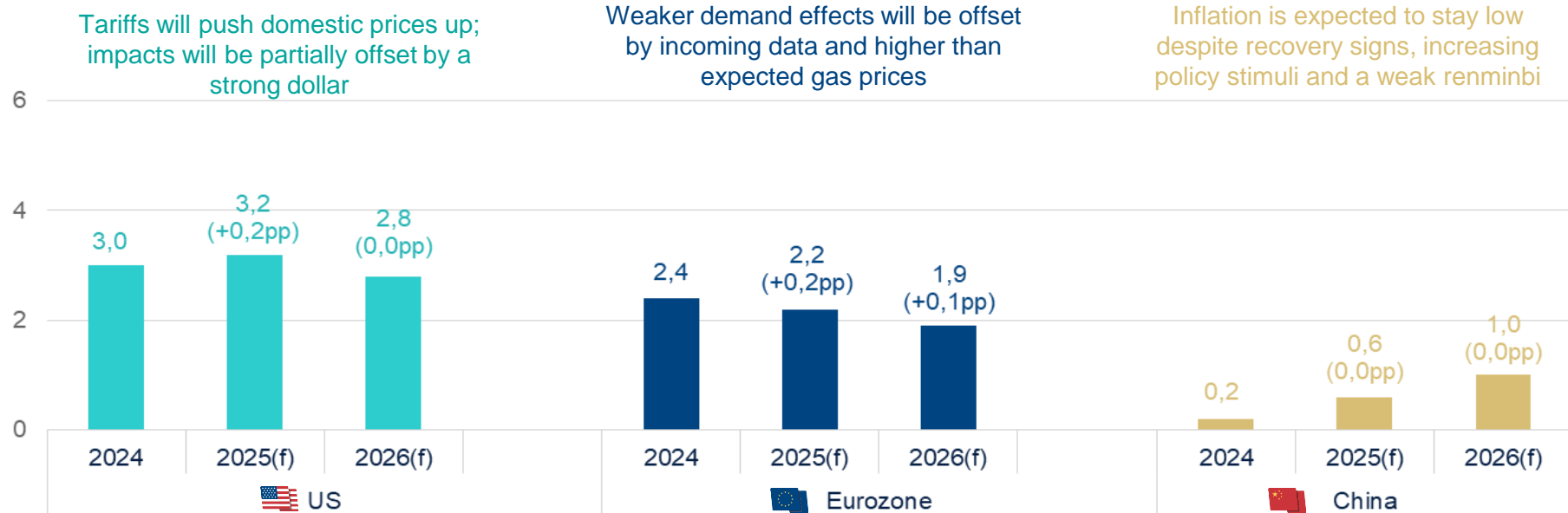
(f): forecast.

Source: BBVA Research.

# US inflation is set to rise further, partly due to tariffs, while in the Eurozone it will likely keep converging to target

## HEADLINE CPI INFLATION

(Y/Y %, AVERAGE OF THE PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)



(f): forecast.

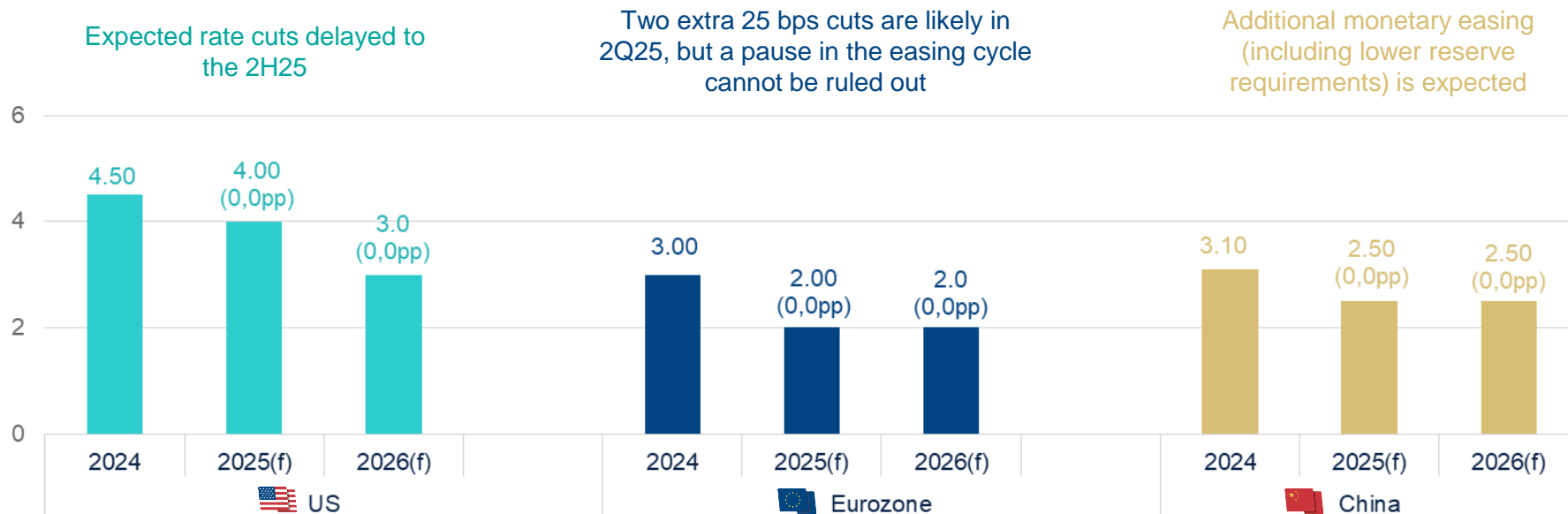
Source: BBVA Research.



# The Fed will hold rates steady before resuming cuts in 2H25; the ECB is preparing to end its easing cycle but extra reductions in 2Q25 are still likely

## POLICY INTEREST RATES (\*)

(%, END OF PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

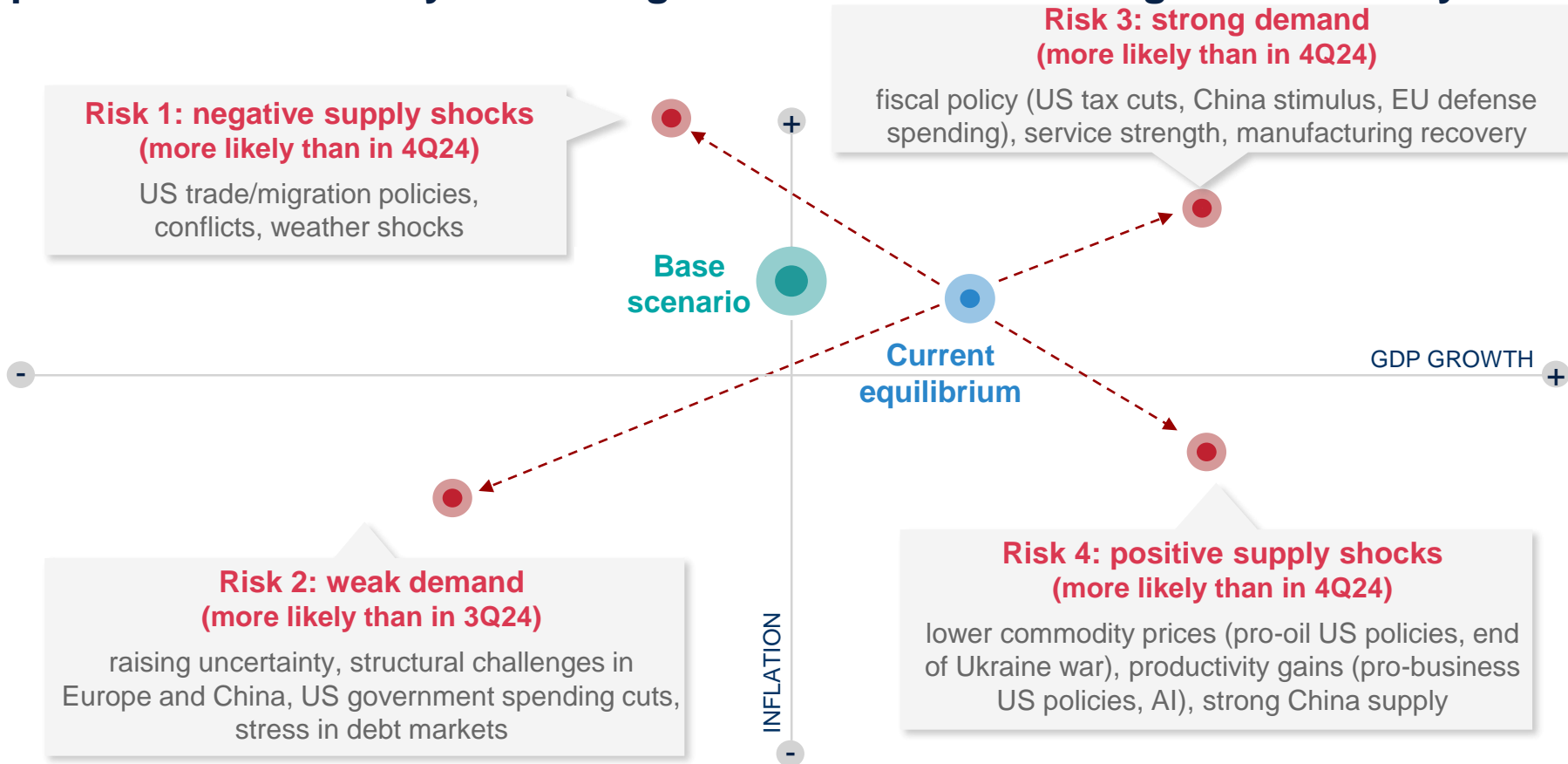


(f): forecast.

(\*) In the case of the Eurozone, interest rates of the deposit facility.

Source: BBVA Research.

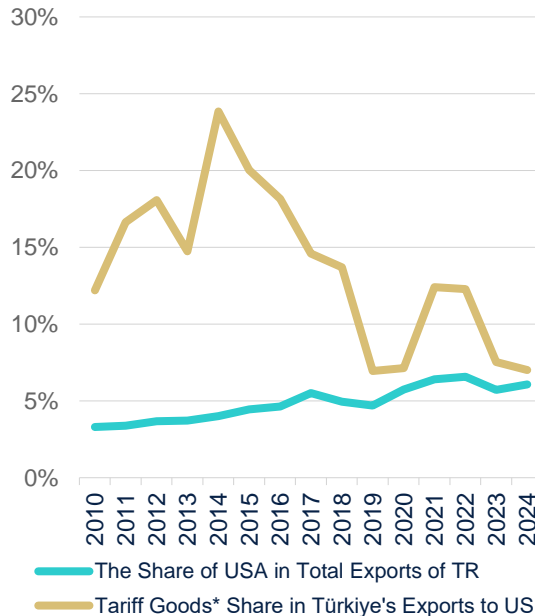
# Risks continue to build up: US trade policies and the negative impact of persistent uncertainty are among the main threats to the global economy



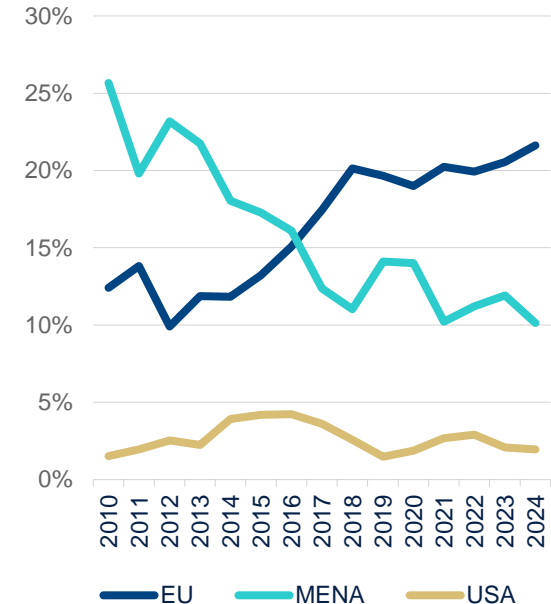
# On risks related to trade tariffs, it seems to be manageable so far for Türkiye unless risks deepen further when Europe is largely affected

Top 20 Exporters to USA in Tariff Goods*	First Trump Presidency (2017-2020)	Biden Presidency (2021-2024)
Canada	19.82%	22.30%
China	17.68%	14.26%
Mexico	9.42%	11.71%
South Korea	4.37%	5.06%
Taiwan	4.55%	4.39%
Brazil	3.87%	4.18%
Germany	4.01%	3.57%
India	2.53%	3.50%
Japan	3.42%	2.75%
Vietnam	1.38%	2.13%
Italy	2.03%	1.95%
United Arab Emirates	1.83%	1.74%
Thailand	1.46%	1.68%
<b>Turkey</b>	<b>1.17%</b>	<b>1.27%</b>
Russia	3.54%	1.22%
United Kingdom	1.25%	1.16%
South Africa	1.33%	1.01%
Netherlands	0.95%	0.99%
Austria	0.95%	0.97%
France	1.12%	0.96%

## TÜRKİYE'S EXPORTS TO US



## SHARE IN TÜRKİYE'S EXPORTS OF TARIFF GOODS\* (%)



Source: US Census Bureau, Turkstat, Garanti BBVA Research.

\*HS Codes of 72 (Iron and Steel), 73 (Articles of Iron or Steel) and 76 (Aluminum Particles Thereof).

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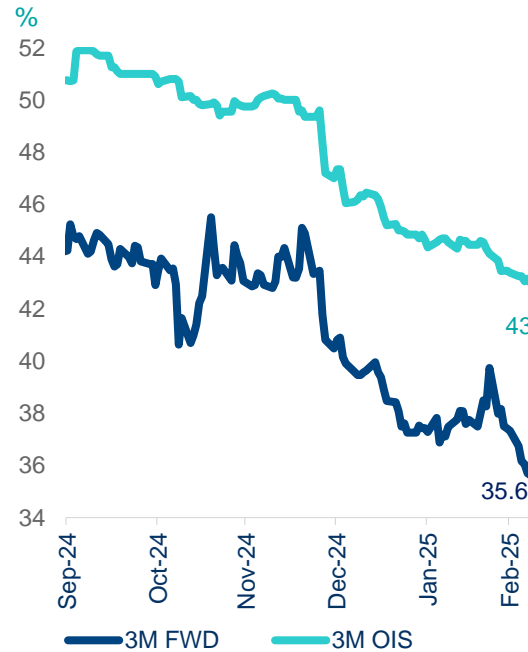
# Türkiye Economic Outlook & Forecasts

# In Türkiye, CDS levels move in tandem with the peers. Efforts to keep a subdued nominal depreciation continue despite the recent weakening US dollar

## TURKEY vs. EM PEERS 5Y CDS level

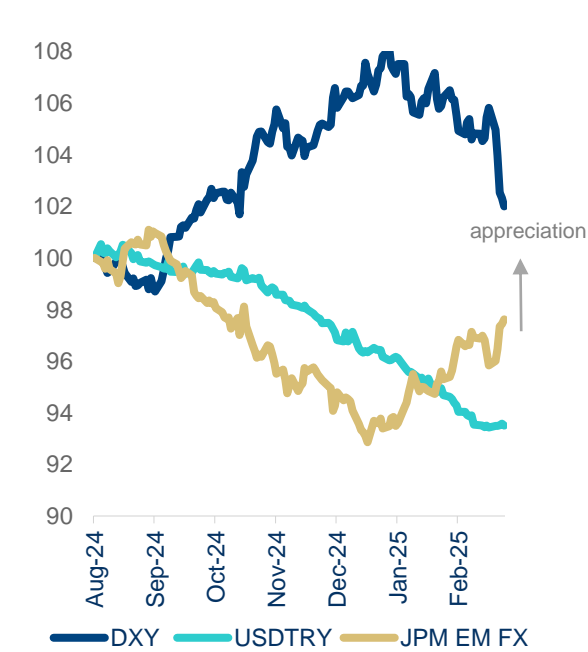


## OFFSHORE & ONSHORE TRY RATES



## EM CURRENCIES & DXY

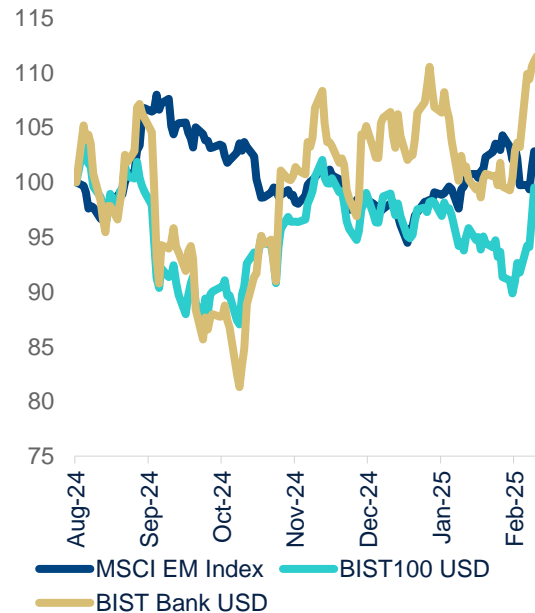
30.08.2024=100



# Positive surprise of February CPI resulted in a boost in banking stocks and some inflows to TL sovereign bonds in early March

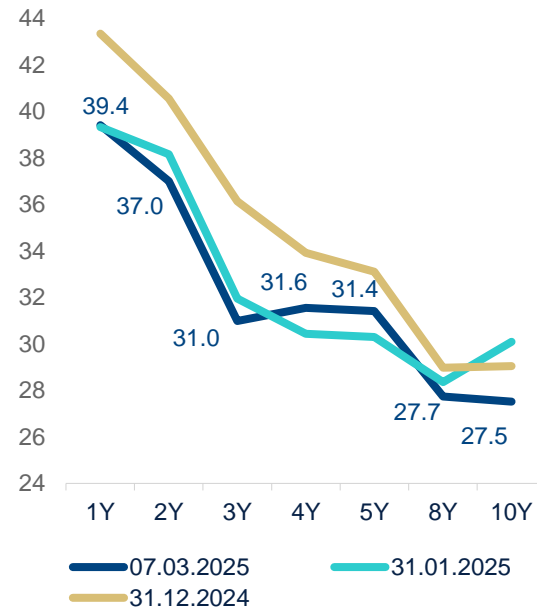
## BIST EQUITY & MSCI INDEX

30.08.2024=100



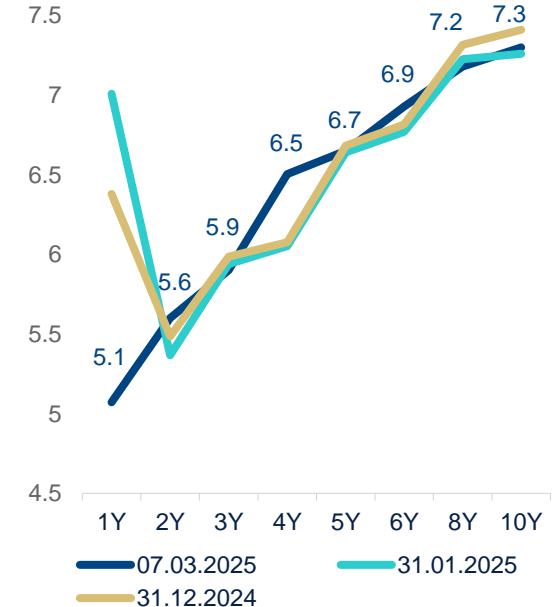
## TRY SOVEREIGN YIELD CURVE

%



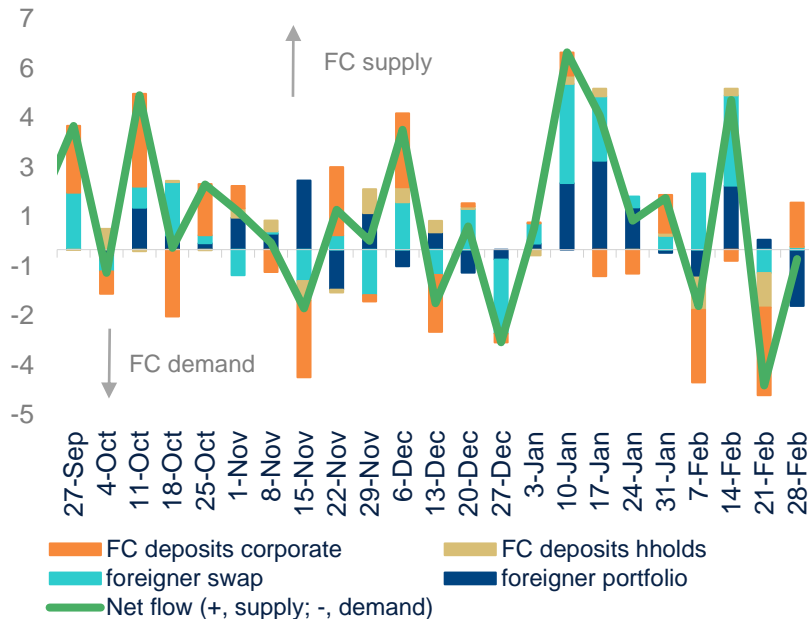
## USD SOVEREIGN YIELD CURVE

%



# Foreigners remain alert due to uncertainties on inflation outlook, residents seem to start demanding foreign currency on top of mainly corporates

## FOREIGN CURRENCY FLOWS (US\$BN, WEEKLY)

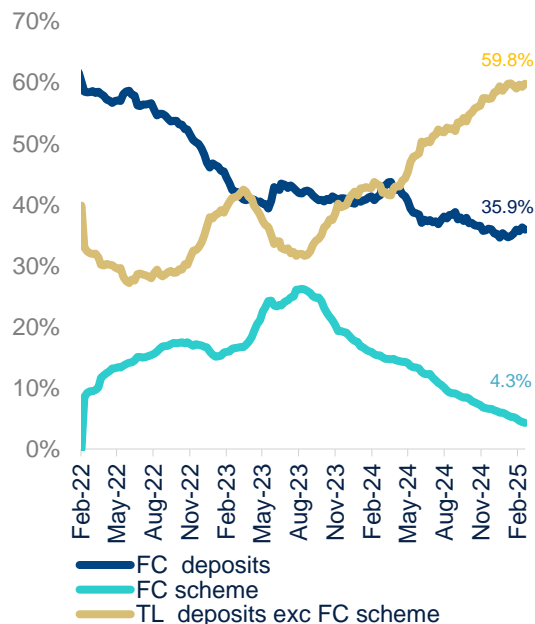


FC flows and Contribution to CBRT Reserves (bn USD)	2024	post local election in 2024	year to date 2025
foreigner swap flows	27.6	28.7	10.7
foreigner TL Bond flows	22.5	22.4	5.5
foreigner TL equity flows	-2.7	-3.0	0.2
households' FC deposit flows (+, dedollarization)	6.0	14.0	-1.4
corporates' FC deposit flows (+, dedollarization)	12.0	10.8	-3.5
<b>contribution to CBRT reserves by data (a)</b>	<b>65.4</b>	<b>72.9</b>	<b>11.6</b>
<b>current account balance (b)</b>	<b>-10.0</b>	<b>-0.2</b>	<b>-7.5</b>
<b>CBRT net FX position exc gold price impact (c)</b>	<b>67.8</b>	<b>99.9</b>	<b>14.4</b>
CBRT net FX position	78.0	107.0	18.4
gold price impact	10.3	7.1	4.0
<b>residual as contribution from exporters &amp; effective flows (c-a-b)</b>	<b>12.4</b>	<b>27.2</b>	<b>10.3</b>

# TL deposit share seems to stabilize at nearly 60%, which makes the CBRT feel more comfortable to allow a gradual pace of dollarization

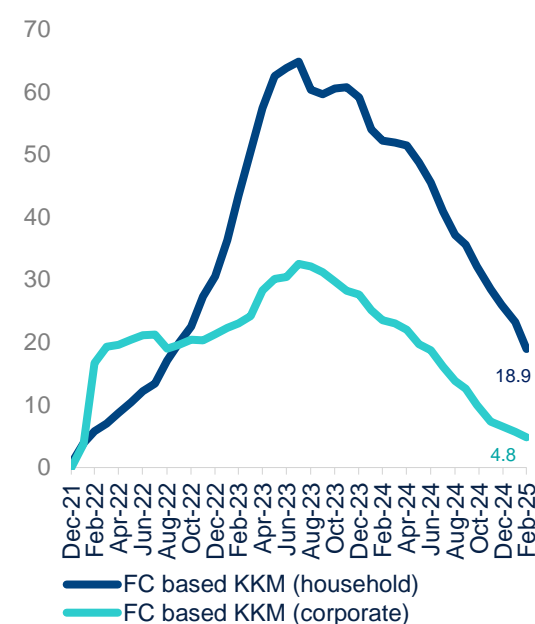
## BANKING SECTOR DEPOSITS

%, share in total



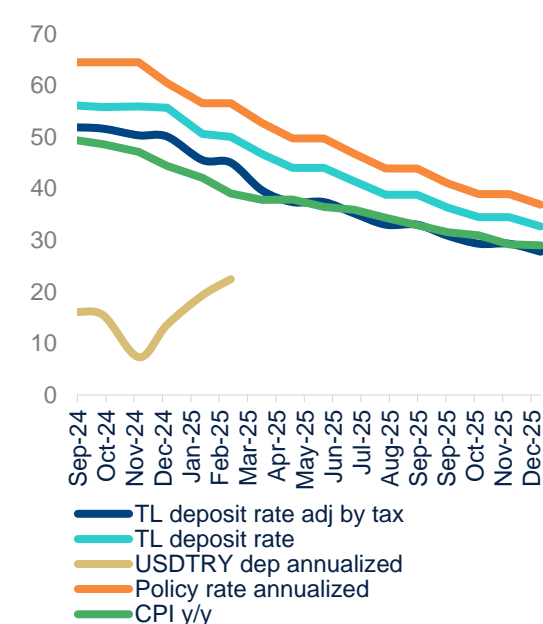
## FC PROTECTED SCHEME (KKM)

US\$BN, adjusted



## TL DEPOSIT RATE vs. USDRY DEPRECIATION %

DEPRECIATION %



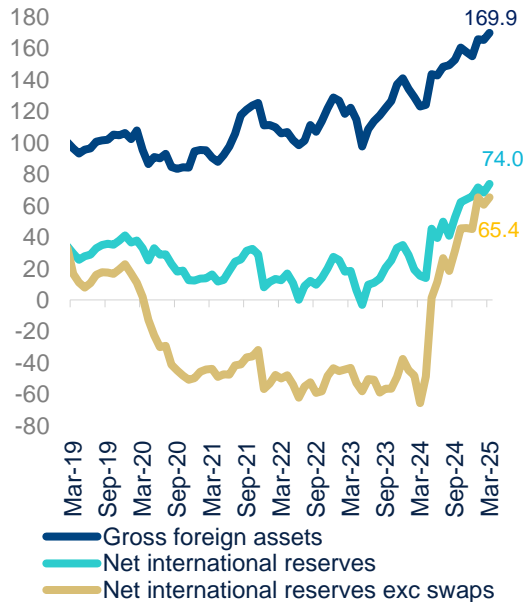
Source: CBRT & Garanti BBVA Research.



# The pressure on the CBRT reserves stopped in March after the FC demand of late February. FC liquidity of the banking system is supported via reverse swaps

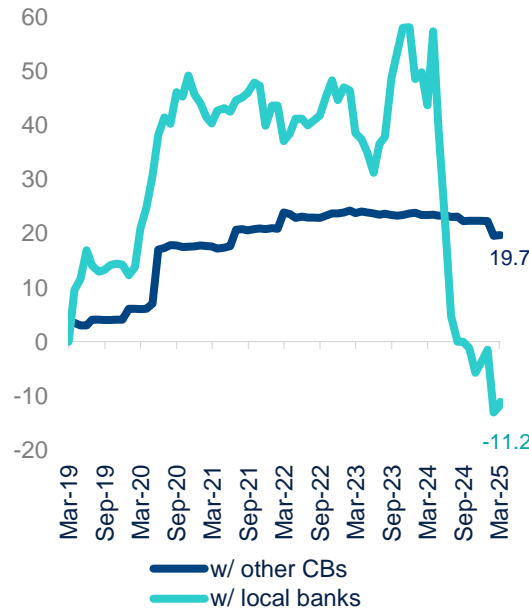
## CBRT INTERNATIONAL RESERVES

US\$BN as of Mar 7th



## CBRT SWAP POSITION

US\$BN as of Mar 7th



## HIGH QUALITY LIQUID FOREIGN ASSETS (HQLA)\* OF THE CBRT

US\$BN, weekly



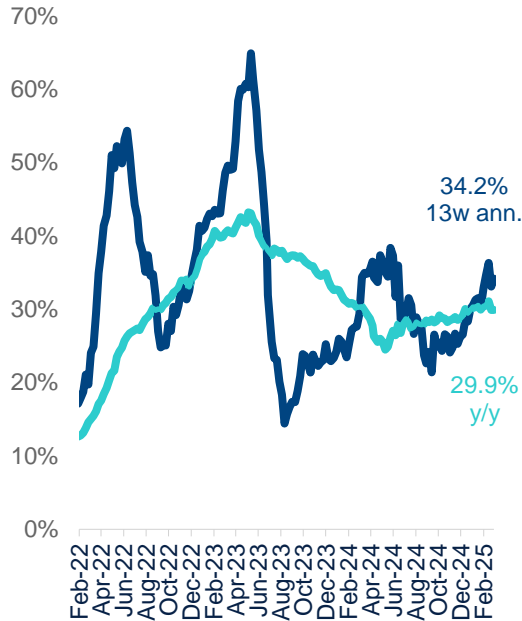
Source: CBRT & Garanti BBVA Research.

\* HQLA refers to foreign currency reserves of the CBRT excluding IMF SDR and other central banks' swaps

# Financial conditions have recently eased above the neutral level and credit growth has accelerated beyond the capped segments

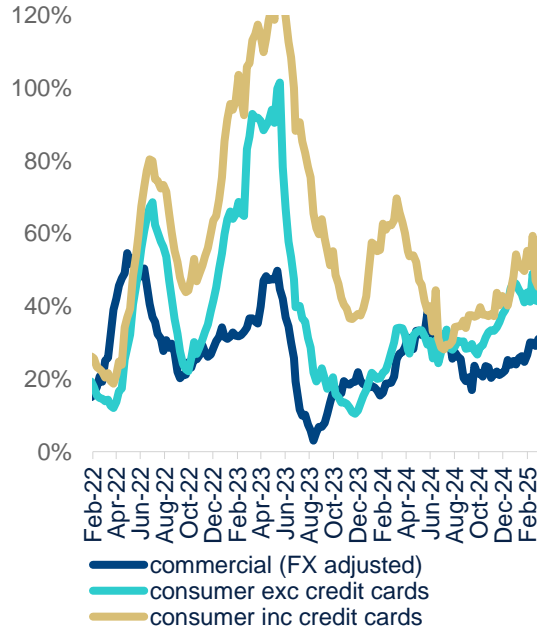
## TOTAL CREDIT GROWTH (FX ADJ)

13 week annualized & annual



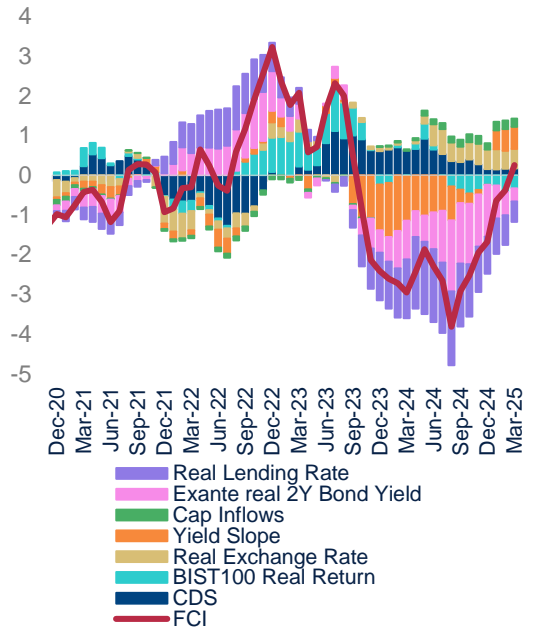
## CREDIT GROWTH BY SEGMENTS

13 week annualized



## GARANTI BBVA FINANCIAL CONDITIONS INDEX (FCI)

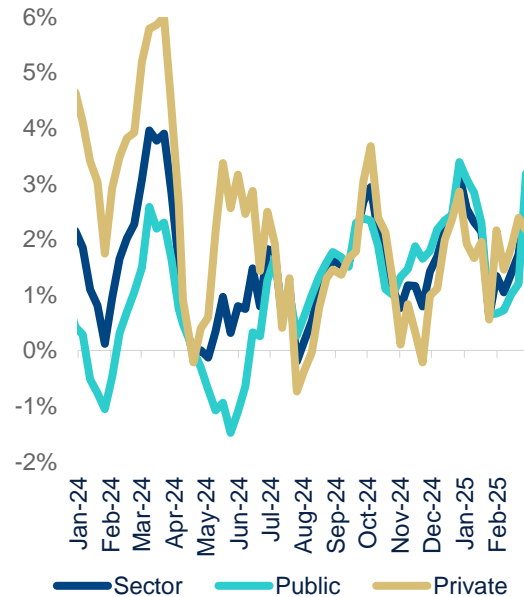
standardized, + easing, - tightening



# The CBRT has restricted FC lending further as of late February. Following the CBRT's decision, TL SME lending has been positively differentiated

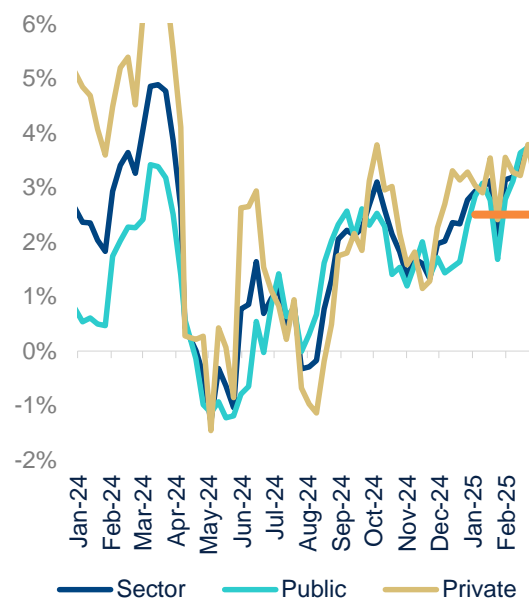
## TL COMMERCIAL CREDIT GROWTH

4W ROLLING, DEPOSIT BANKS



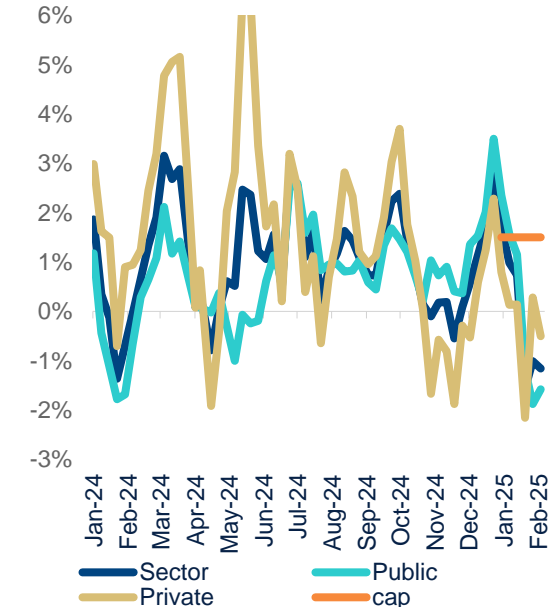
## TL SME COMMERCIAL CREDITS GROWTH

4W ROLLING, DEPOSIT BANKS



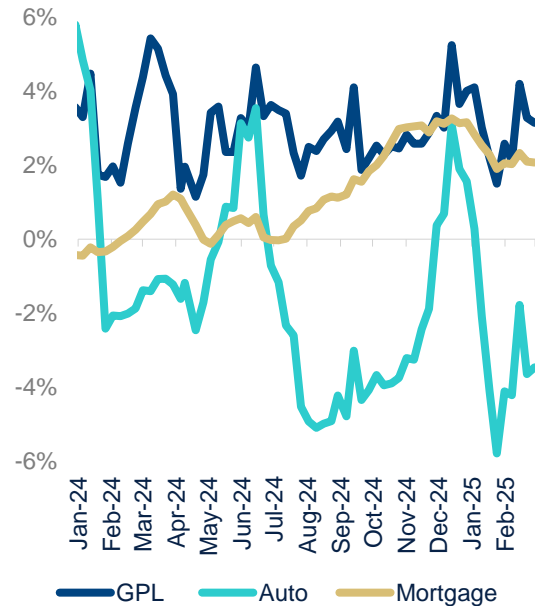
## TL NON-SME COMMERCIAL CREDITS GROWTH

4W ROLLING, DEPOSIT BANKS

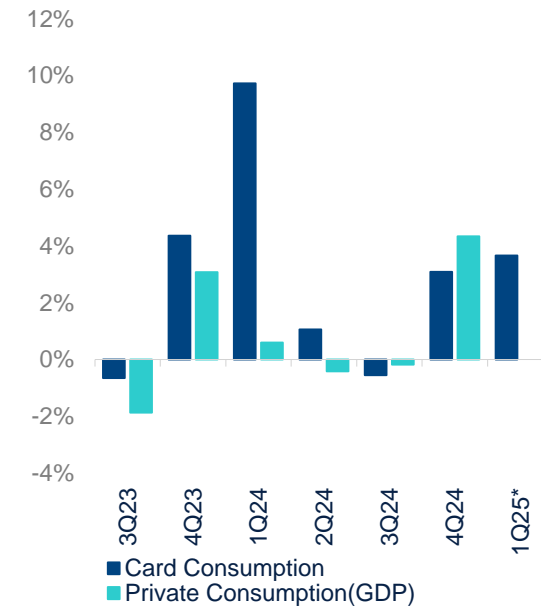


# The continuing spending capacity of households seems to be kept as a social policy and feeds into an acceleration in private consumption

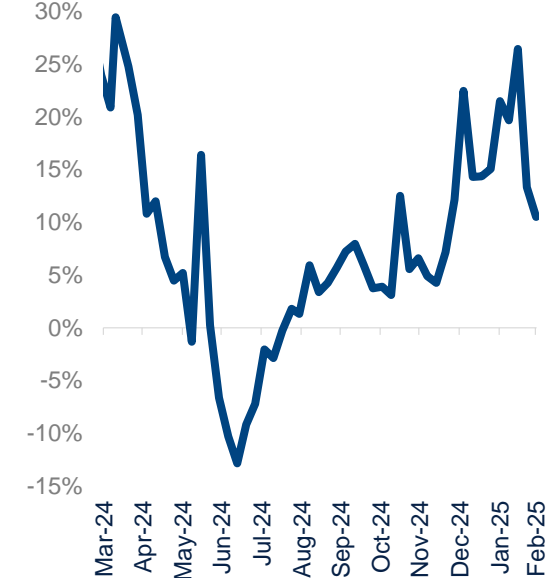
**CONSUMER LENDING GROWTH**  
4W ROLLING, DEPOSIT BANKS



**CONSUMER CREDIT CARD SPENDING**  
SA QoQ



**CONSUMER CREDIT CARD SPENDING**  
13W ANNUALIZED, REAL

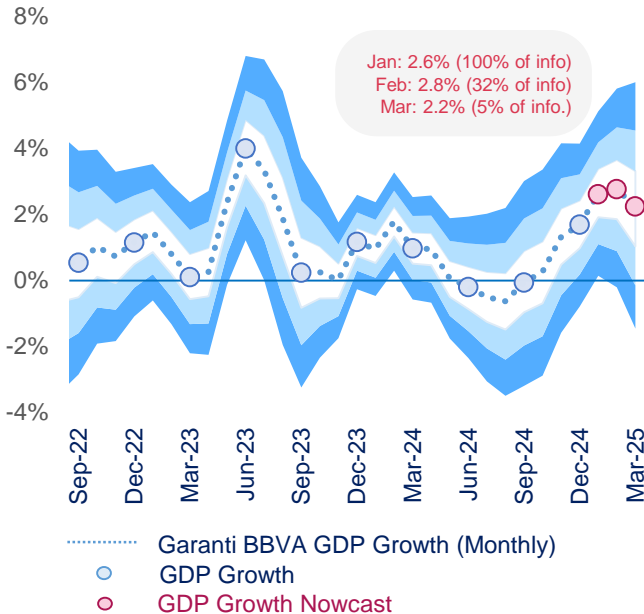


Source: BRSA, CBRT & Garanti BBVA Research.

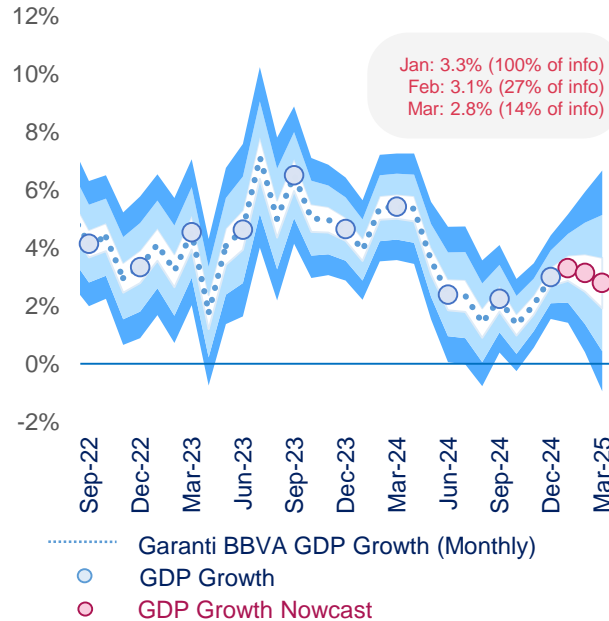
\*1Q25 as of Feb25

# The economy grew 1.7% q/q and 3% y/y in 4Q24. The recovery continued in Feb (implying 1.5-2.0% qoq for 1Q25 with moderation on upcoming March data)

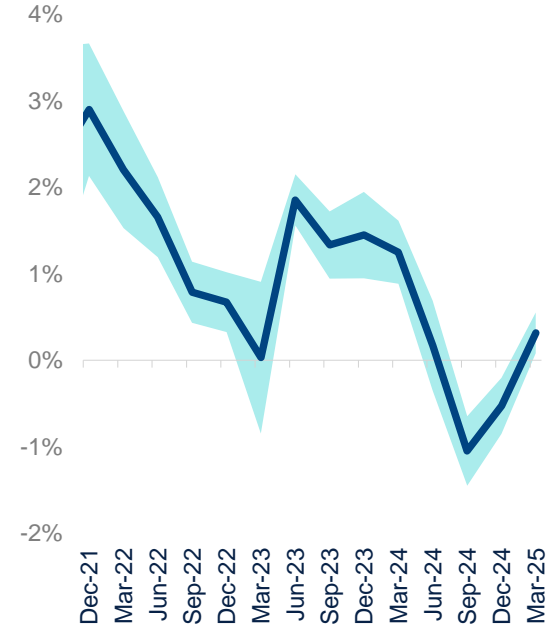
**GARANTI BBVA MONTHLY GDP**  
(QOQ, 3M MOVING AVERAGE)



**GARANTI BBVA MONTHLY GDP**  
(YOY, 3M MOVING AVERAGE)



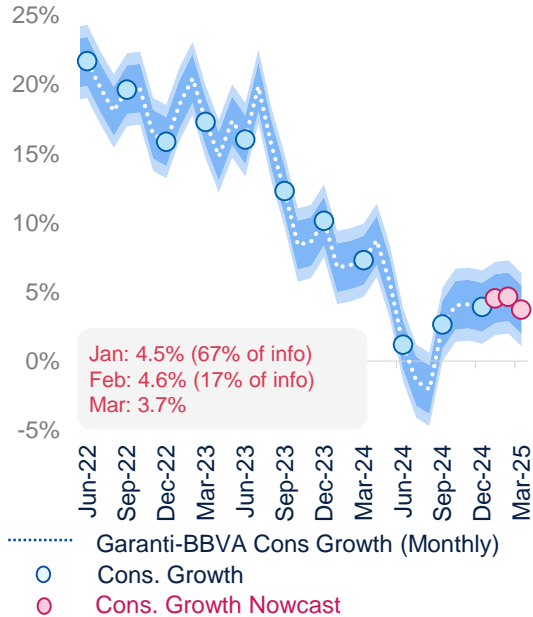
**GARANTI BBVA OUTPUT GAP ESTIMATION**  
(% deviation from potential GDP)



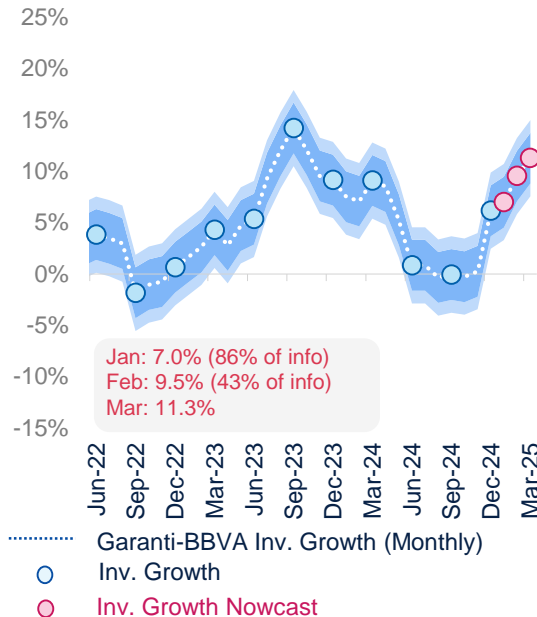
Source: TURKSTAT, CBRT & Garanti BBVA Research.

# We nowcast a similar consumption growth and an acceleration in investment in 1Q25 annual GDP, while net exports could pull down growth further

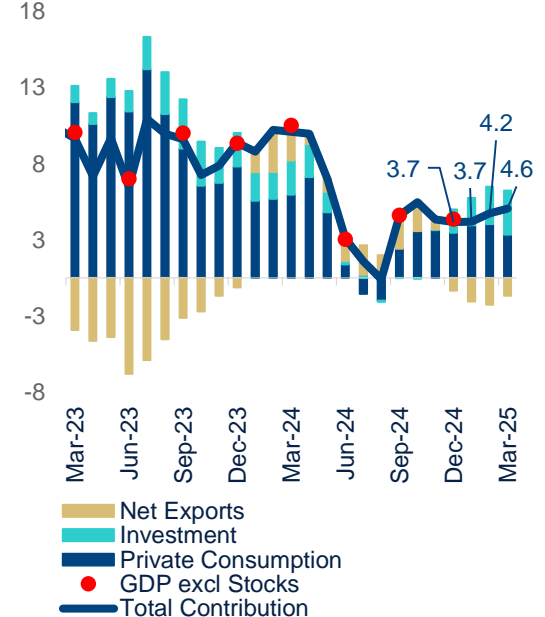
**GARANTI BBVA MONTHLY CONSUMPTION GDP**  
(YOY, 3M MOVING AVERAGE)



**GARANTI BBVA MONTHLY INVESTMENT GDP**  
(YOY, 3M MOVING AVERAGE)



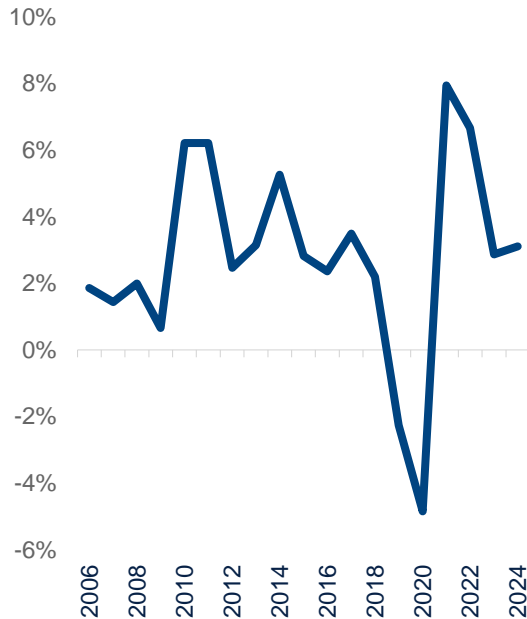
**GARANTI BBVA MONTHLY GDP DEMAND SUBCOMPONENTS**  
(contribution to annual GDP)



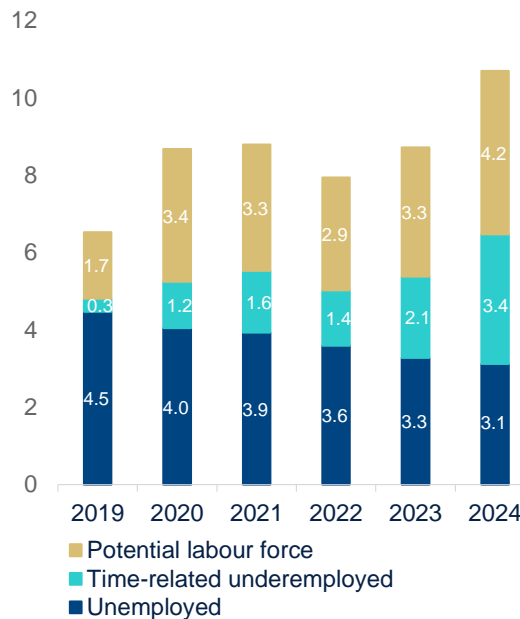
Source: TURKSTAT, CBRT & Garanti BBVA Research.

# Employment growth so far keeps headline unemployment rate below its historical average, yet total underutilization reached as high as 11mn people

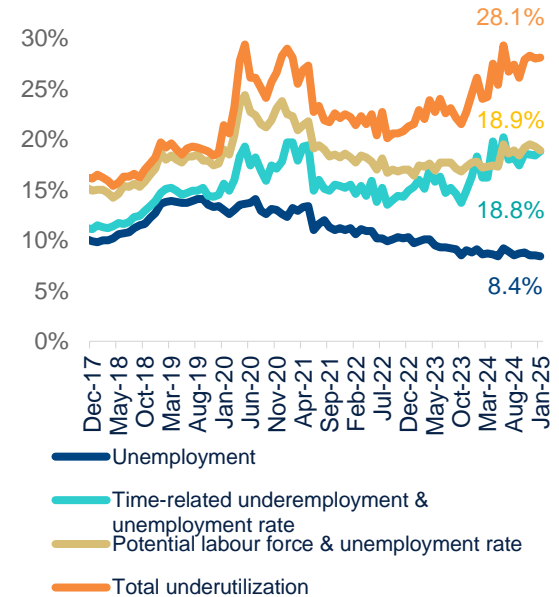
**EMPLOYMENT GROWTH (%)**



**LABOR FORCE INDICATORS (MN PEOPLE, ANNUAL)**



**UNEMPLOYMENT & UNDERUTILIZATION RATE (SA, %)**

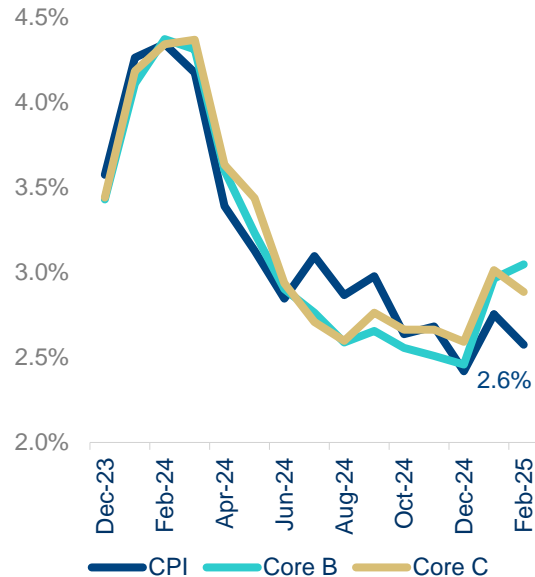


Source: TURKSTAT & Garanti BBVA Research.

# Monthly inflation trend got closer to 2.6% in February (36% if annualized) with a more concerning decomposition of stickier items in services

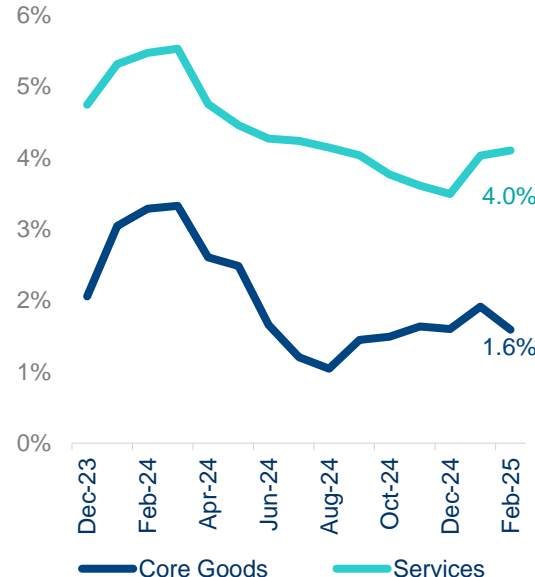
## TREND CPI INDICATORS\*

SA MoM, 3M AVG

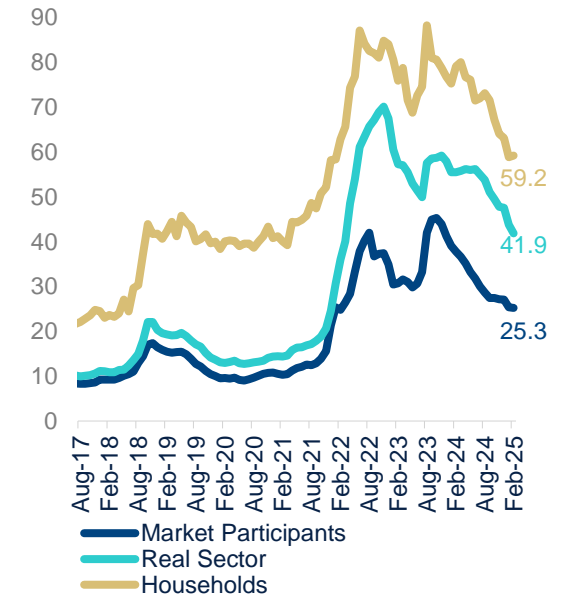


## TREND CORE C INFLATION DETAILS\*

SA MoM, 3M AVG



## CBRT SURVEY ONE-YEAR AHEAD INFLATION EXPECTATIONS, %



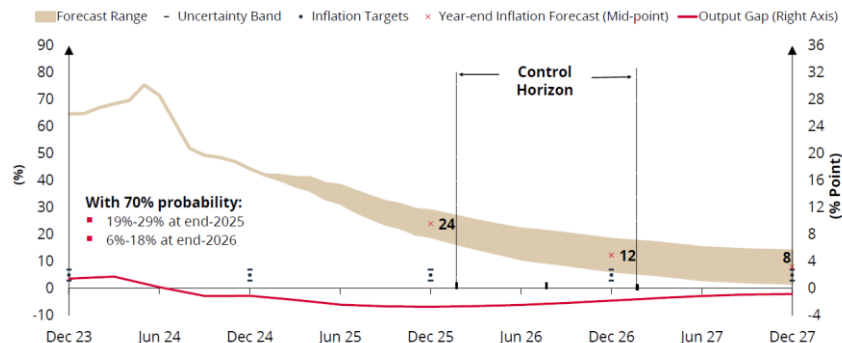
\* As released by TURKSTAT & CBRT



# The CBRT revised its 2025 year-end inflation projection by 3pp to 24% with a range of 19-29%, by referring to the impact from non-control items

## CBRT INFLATION PROJECTIONS

(Y/Y)



## CBRT IMPLIED ASSUMPTIONS

- Around 2.5% GDP growth in 2025
- 41-42 USDTRY by 2025 end
- Increased coordination with fiscal policy

Source: CBRT.

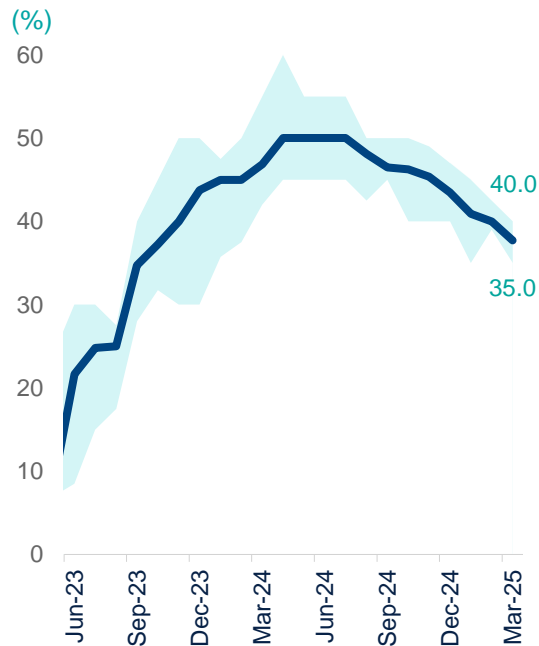
## CBRT INFLATION PROJECTIONS

(Y/Y)

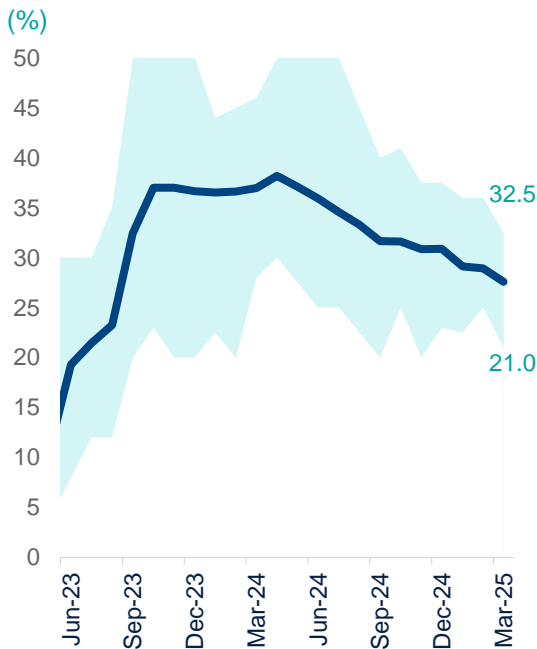
	2025
IR 2024-IV Year End Forecast (%)	21.0
IR 2024-IV Year End Forecast (Updated CPI Weights, %)	21.8
IR 2025-I Year End Forecast (%)	24.0
<b>Forecast Revision as Compared to IR 2024-IV Period (% Point)</b>	<b>2.2</b>
<b>Sources of Forecast Revision (% Point)</b>	
Food Price	+0.5
Administered Prices	+1.7

## The OIS curve currently prices around 250bps cuts from the CBRT in both April and June, and 30% policy rate in December

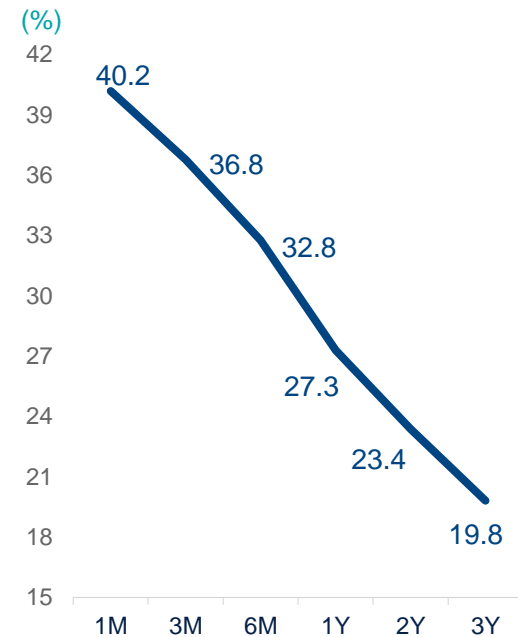
### CBRT SURVEY: 3M AHEAD POLICY RATE FORECASTS



### CBRT SURVEY: 12M AHEAD POLICY RATE FORECASTS

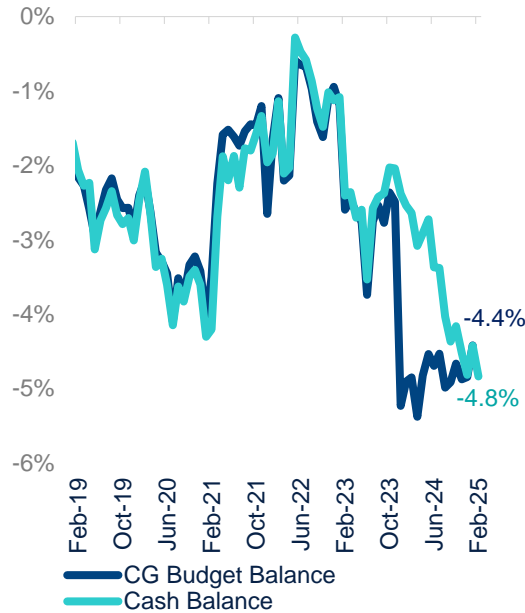


### MARKET IMPLIED CBRT POLICY RATE

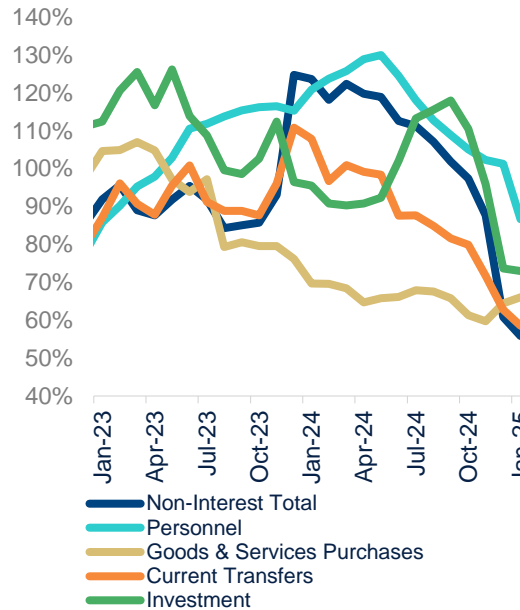


# Fiscal policy stays expansionary with cash spending accelerating in early months of the year, signaling lack of fiscal support to disinflation at least until 2H25

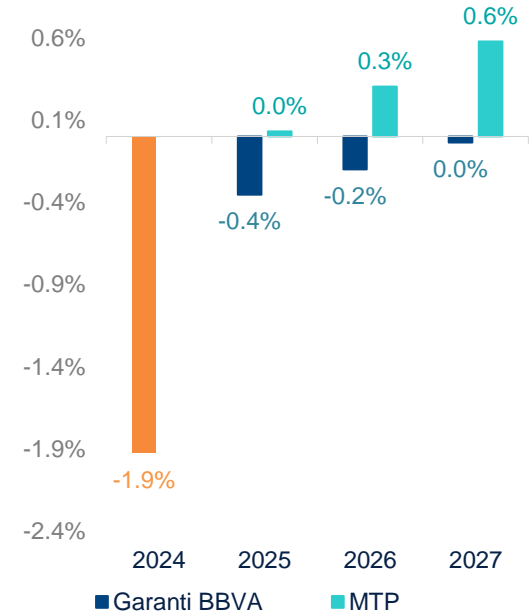
**CENTRAL GOVERNMENT (CG) BUDGET & CASH BALANCE**  
(% GDP)



**CG BUDGET EXPENDITURES**  
(% 12M YOY)



**CG PRIMARY BALANCE FORECASTS**  
(% GDP)



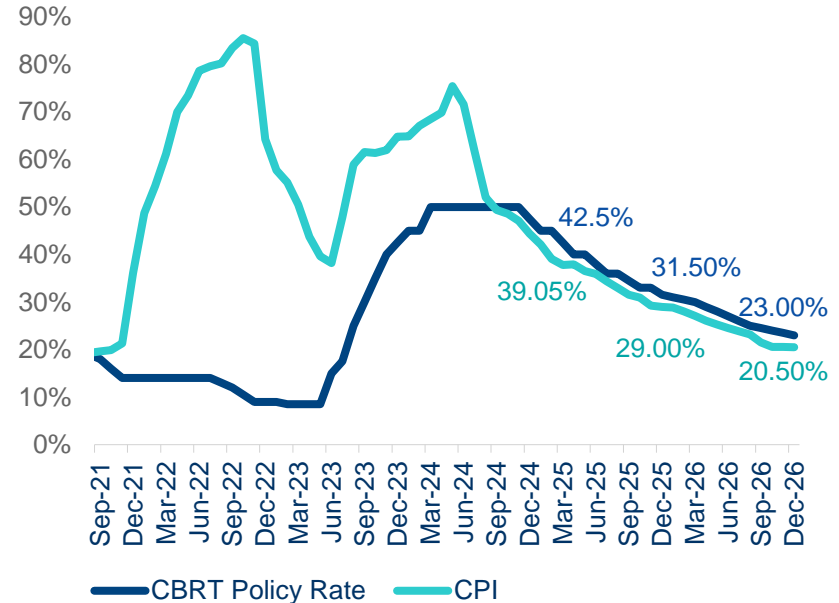
Source: Treasury and Garanti BBVA Research.

# We fine-tune our baseline with higher growth in the short term (led by data) and stickier inflation outlook due to new shocks and revisions on lower real rates

## BASELINE SCENARIO BACKGROUND

- External financial conditions are tighter (FED cutting rates slower) with both opportunities and uncertainties on Trump policies
- Despite more concerning inflation outlook, the CBRT communication becomes dovish (elimination of previous references on tight stance, softer negative output gap projections, explanation according to non-control items)
- Economic activity has started to recover faster and earlier than expected as of 4Q24. Political sensitivity remains on growth & employment outlook, adding support via differentiated credits for SMEs, social policies and increasing exposure from state banks
- We still assume non-primary cash fiscal savings of 1-1.5pp, which would keep 2025 GDP growth below 4%
- As long as inflation outlook remains challenging, we expect the CBRT to rely on a similiary strong real appreciation to last year and credit growth caps for longer (may be tighter except for SMEs)

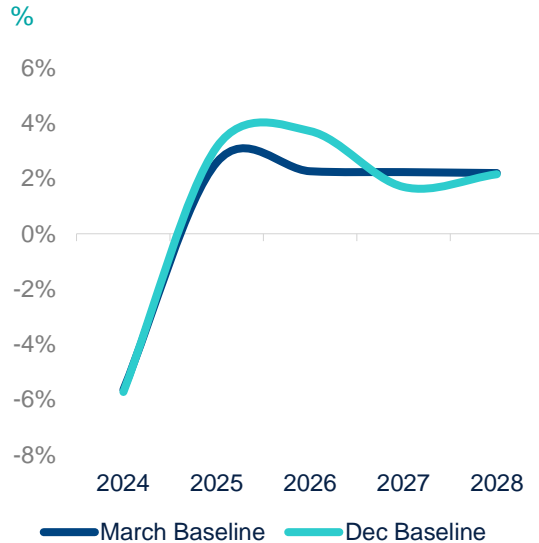
## GARANTI BBVA CBRT FUNDING RATE & CPI EXPECTATIONS (%)



Source: TURKSTAT, CBRT & Garanti BBVA Research.

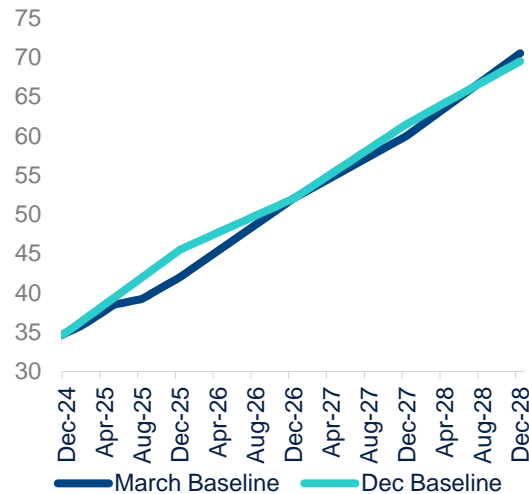
# The CBRT might rely on a similarly strong real appreciation on average in the short term, which we expect to be eliminated in the following years

## EX POST REAL POLICY RATE FORECASTS



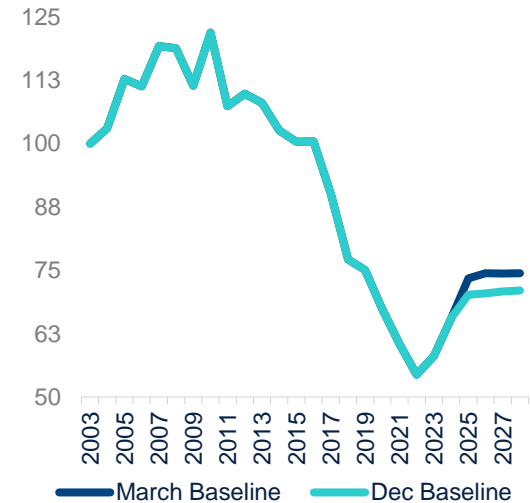
## USDTRY FORECASTS

Level



## REER FORECASTS

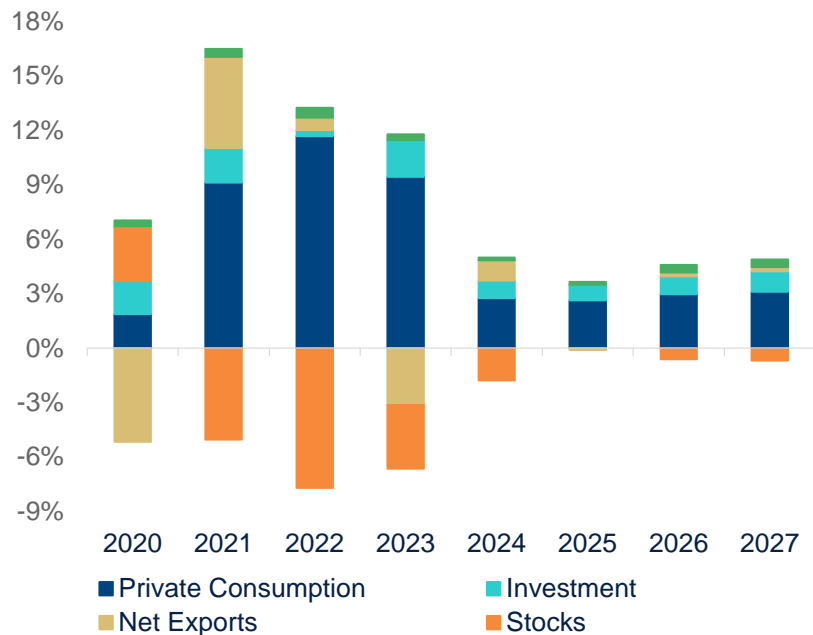
Level, 2003=100



# We forecast private consumption and investment to have similar growth rates like last year in 2025, following the strong pick-up as of 4Q24

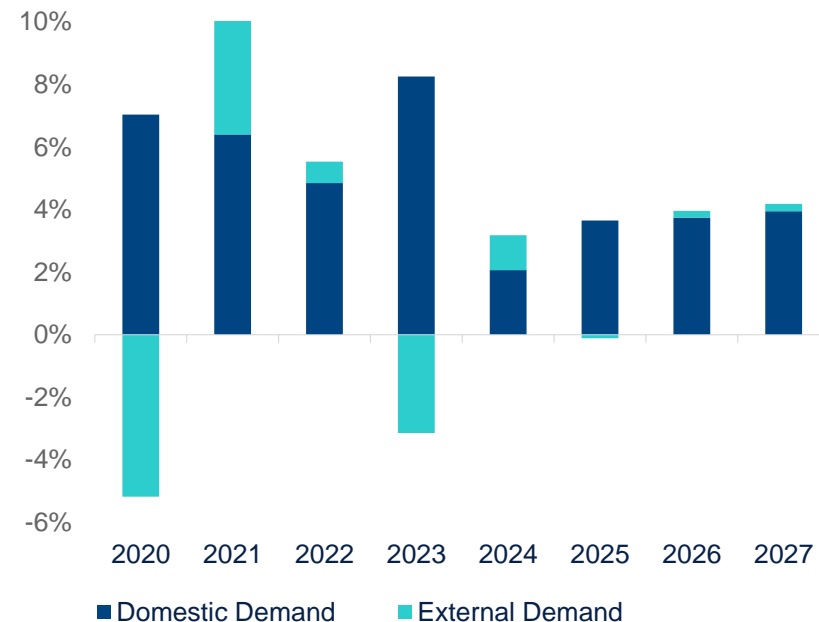
## GDP GROWTH DECOMPOSITION FORECASTS

Annual pp



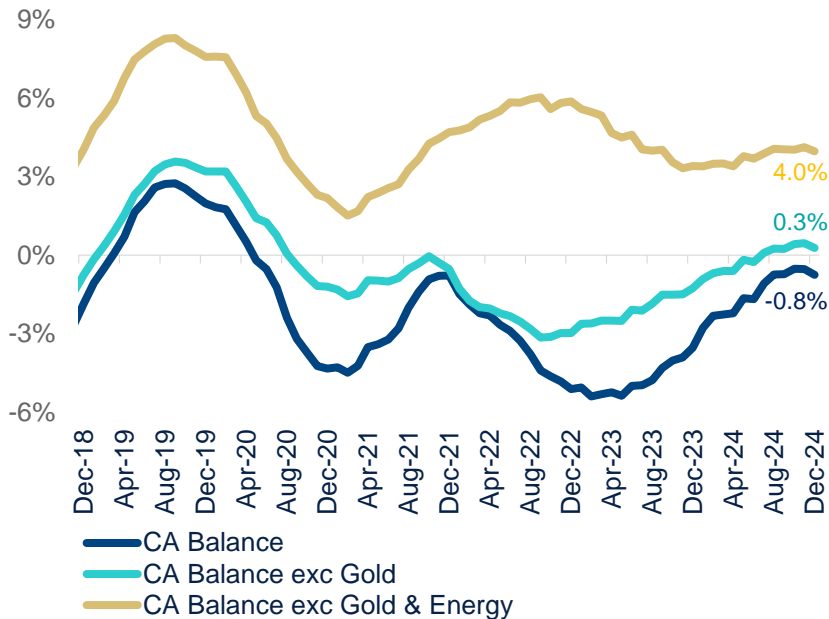
## GDP GROWTH DECOMPOSITION FORECASTS

Annual pp, domestic demand including stocks

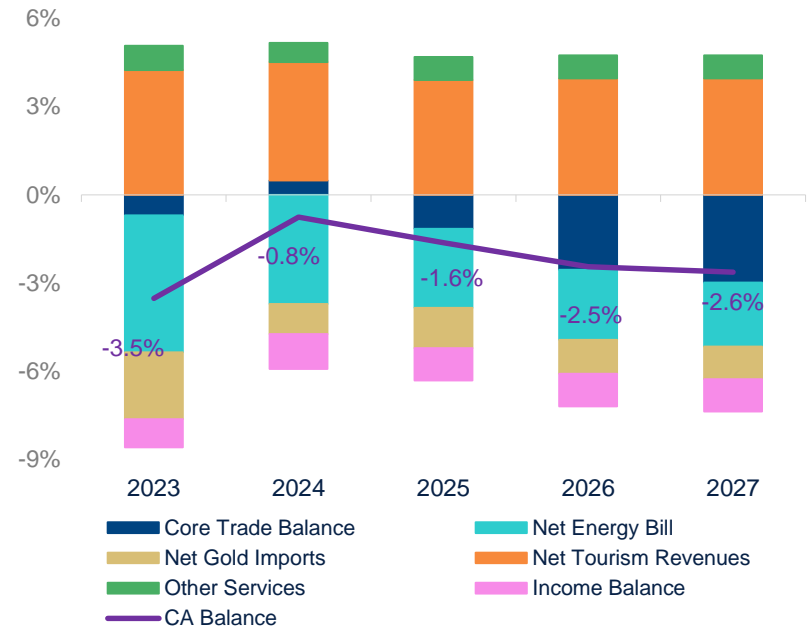


# We expect current account deficit to GDP to worsen to 1.6% of GDP in 2025, led by higher domestic demand and stronger US dollar than previously expected

**CURRENT ACCOUNT (CA) BALANCE**  
% GDP



**GARANTI BBVA CA FORECASTS**  
% GDP



Source: CBRT, TURKSTAT and Garanti BBVA Research.

## When an average of last two years' roll-over ratios are assumed, external financing need of this year seems to be financed easily

US\$BN	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Baseline 2025
<b>External Financing Needs</b>	<b>58</b>	<b>82</b>	<b>99</b>	<b>75</b>	<b>44</b>	<b>82</b>	<b>58</b>	<b>90</b>	<b>87</b>	<b>59</b>	<b>87</b>
Current Account Balance	-21	-22	-35	-15	15	-31	-6	-46	-40	-10	-25
Long-Term Credit Redemptions	31	54	56	54	52	45	44	35	39	39	52
Banks	11	34	37	37	31	26	26	23	22	25	35
Other	19	20	20	17	22	18	18	12	17	14	17
Government Eurobond	6	5	8	6	7	7	8	8	8	10	10
<b>Total Financing Sources</b>	<b>46</b>	<b>82</b>	<b>91</b>	<b>64</b>	<b>50</b>	<b>50</b>	<b>81</b>	<b>102</b>	<b>85</b>	<b>60</b>	<b>97</b>
Net FDI	14	11	8	9	6	4	6	9	5	5	5
Government Eurobond	3	6	10	8	11	9	10	11	11	11	11
Other Portfolio Inflows	-15	5	18	-5	-10	-12	-8	-23	2	7	10
Long-Term Credit Renewals	67	66	60	53	42	36	51	40	44	54	66
Government	2	2	2	2	1	1	2	3	3	3	3
Banks	38	37	37	28	23	21	24	17	25	35	45
Other	28	28	21	23	18	14	25	19	17	16	18
Short-Term Borrowing	-23	-7	4	-8	-4	3	-2	0	6	15	5
Trade Credits	-2	-2	7	-8	9	-2	5	1	5	-5	2
Net Deposits	-2	-1	-1	0	4	19	9	36	23	-14	3
Net Error and Omissions	3	5	-15	16	-10	-8	10	29	-11	-13	-5
<b>Reserve Assets (Sources-Needs)</b>	<b>-12</b>	<b>1</b>	<b>-8</b>	<b>-10</b>	<b>6</b>	<b>-32</b>	<b>23</b>	<b>12</b>	<b>-2</b>	<b>0</b>	<b>10</b>
<b>Rollover Ratios (renewals/redemptions)</b>											
Banks	332%	108%	101%	76%	74%	81%	94%	76%	115%	141%	128%
Other	143%	139%	105%	139%	85%	75%	136%	156%	97%	117%	107%



## Garanti BBVA Baseline Scenario

	2024	2025	2026	2027	2028	2029	2030
GDP growth (avg)	3.2%	3.5%	4.0%	4.2%	4.2%	4.0%	4.0%
Unemployment Rate (avg)	8.7%	9.3%	10.0%	10.3%	10.5%	10.5%	10.5%
Inflation (avg)	58.5%	34.4%	24.0%	18.7%	16.7%	15.4%	15.2%
Inflation (eop)	44.4%	29.0%	20.5%	18.0%	16.0%	15.0%	15.0%
CBRT Cost of Funding (avg)	49.6%	37.9%	26.8%	21.3%	19.3%	18.1%	18.0%
CBRT Cost of Funding (eop)	47.5%	31.5%	23.0%	20.5%	18.5%	18.0%	18.0%
USDTRY (avg)	32.80	38.79	47.42	56.33	65.69	75.92	87.54
USDTRY (eop)	35.28	42.00	52.00	60.00	70.50	80.50	93.50
Current Account Balance (bn\$)	-10.0	-25.4	-40.2	-44.9	-45.3	-46.7	-48.2
Current Account Balance (% GDP)	-0.8%	-1.6%	-2.5%	-2.6%	-2.5%	-2.5%	-2.5%
Primary Balance (% GDP)	-1.9%	-0.4%	-0.2%	0.0%	0.1%	0.2%	0.3%
Fiscal Balance (% GDP)	-4.9%	-3.5%	-3.3%	-3.2%	-3.0%	-2.9%	-2.8%

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# Türkiye Economic Outlook

Garanti BBVA Research

March 2025