

Türkiye: Quarterly Debt Outlook

1Q 2025

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Garanti BBVA Research

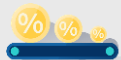
Key messages



Households



The ratio of household debt to GDP remains low at nearly 10%. This is due to both the significant growth in nominal GDP in recent years and also the deceleration in consumer credits as a result of the macro-prudential policies. Regarding their financial assets, the share of TL deposits stabilizes at around 60% and whereas that of shares and equities continues to move up to almost 30% in their total assets.



Financing and NPL



The rise in overdraft accounts and general purpose loans continues to meet households' short term financing needs however with a moderation compared to previous quarters. Consumer credit cards maintain their momentum especially in public banks. Increase in NPL ratios continues, albeit slowly.



Corporates



Corporates' TL debt to GDP continues to decline, whereas their FX-debt-to-GDP ratio is increasing. Their short-term net FX position fell to USD16bn by end 2024. As of March, the CBRT decreased the monthly growth limit of FC credits to 0.5% from 1% by also narrowing the scope to only machinery & equipment purchases for investment loans exempted from the cap.



Banks



External debt of banks is high. A higher portion is ST (on a remaining maturity basis) which increased further in 4Q24 pointing out the need for longer-term external funding.



FX position



The overall total FX position of the economy deteriorated in 4Q24. Public sector's short position continues to decline whereas private sector's long position deteriorates due to the real sector.

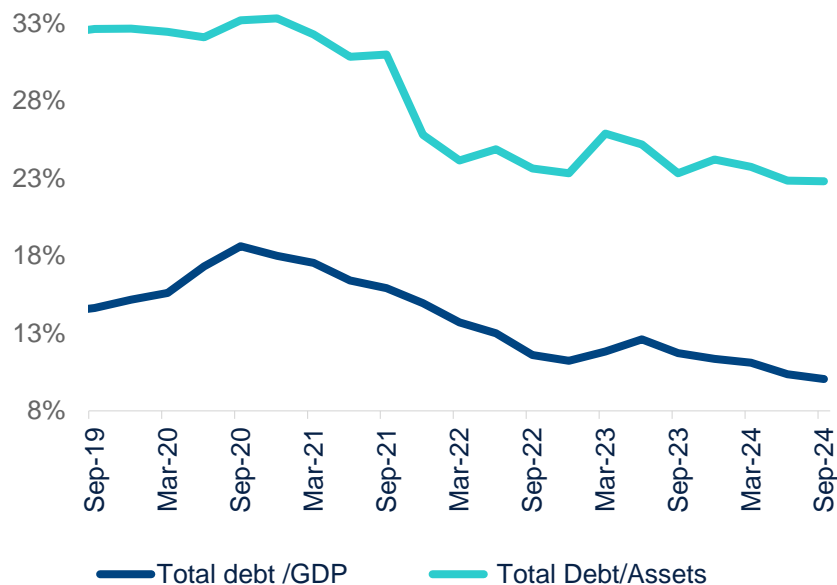
01

Households Indebtedness

Households' debt over GDP fell to 10%, staying low among peers. Debt to asset ratio remained at 23% with an equal rise in assets compared to liabilities.

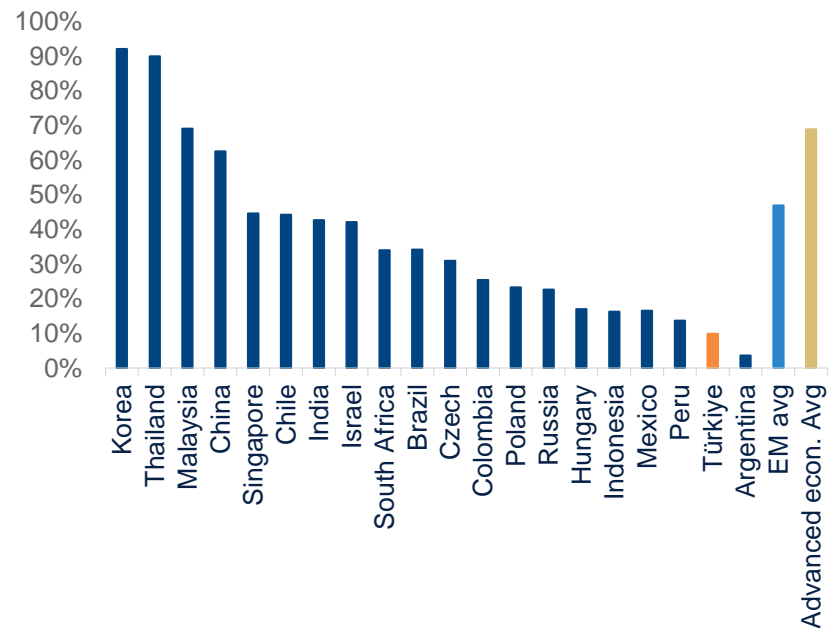
HOUSEHOLD INDEBTEDNESS

(% GDP)



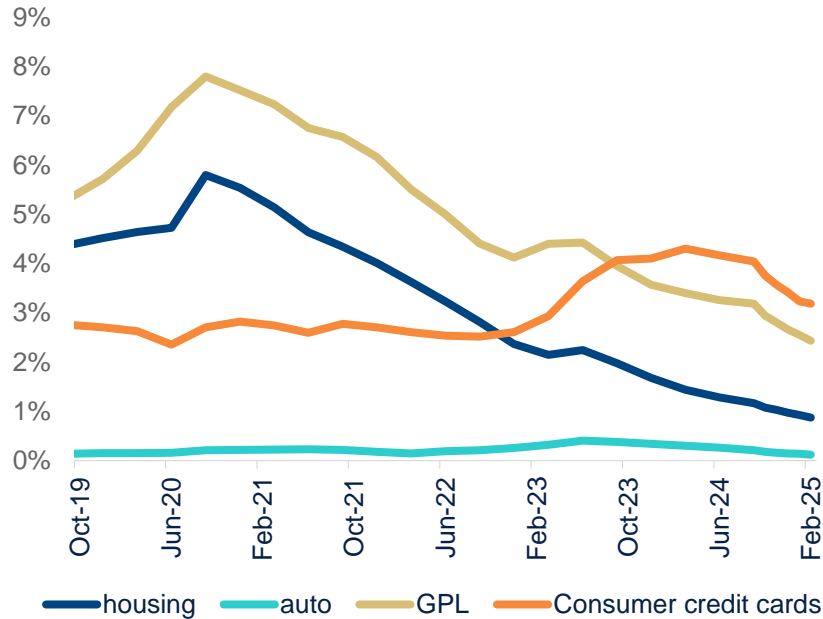
HOUSEHOLD INDEBTEDNESS

(% GDP, 3Q24-IIF)

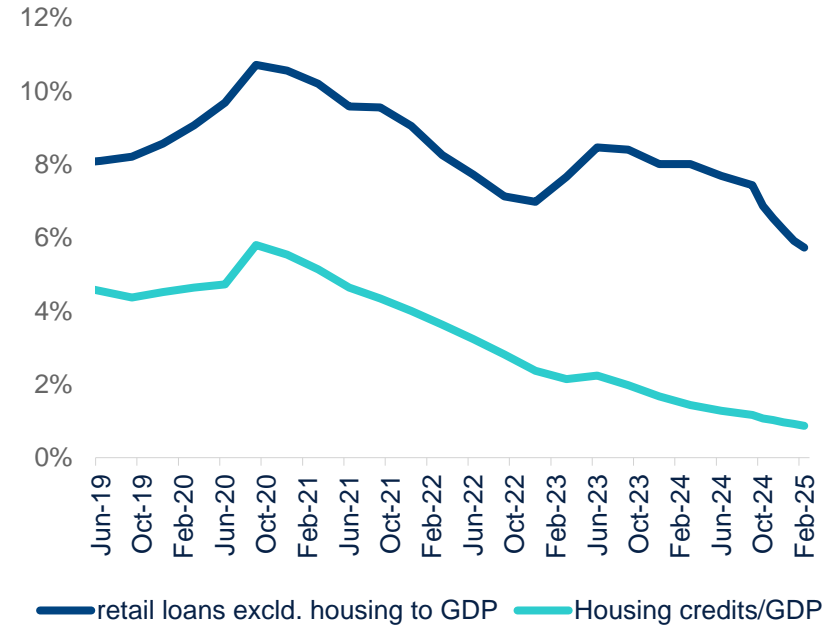


Decline in housing loans ratio to GDP stays much sharper compared to other segments while deceleration in other segments also becomes more visible.

CONSUMER CREDIT SEGMENTS (% GDP)

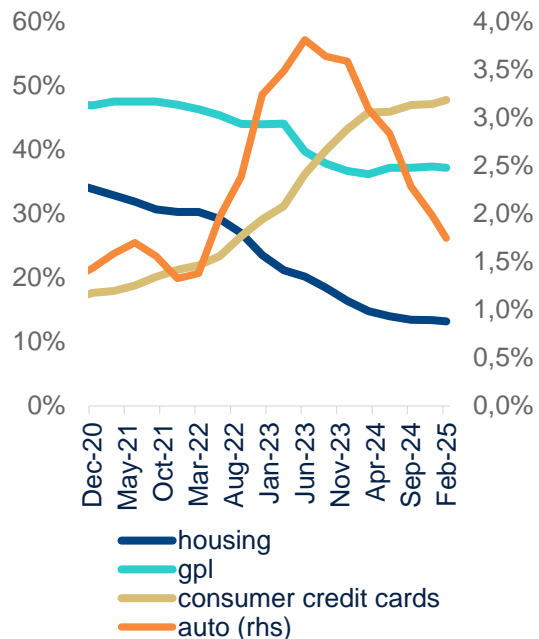


CONSUMER CREDIT SEGMENTS (% GDP)

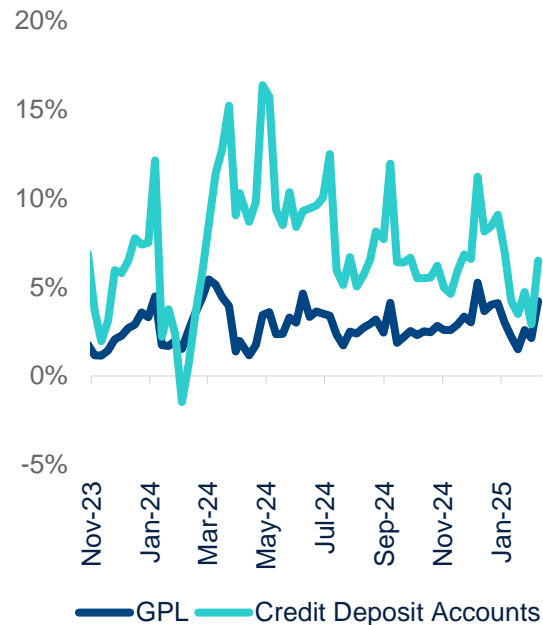


On liabilities side, since there are no caps on growth, households' spending capacity remains to be boosted by credit cards and credit deposit accounts.

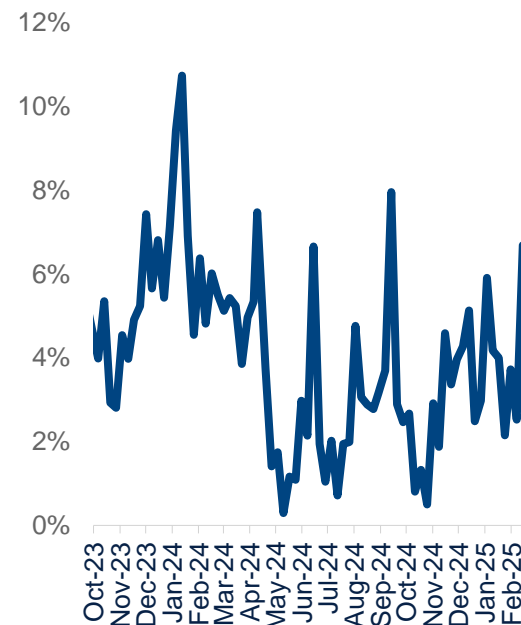
SHARE OF CREDIT SEGMENTS IN TOTAL CONSUMER CREDITS (%)



GENERAL PURPOSE & OVERDRAFT LOANS (4W CUMULATIVE)

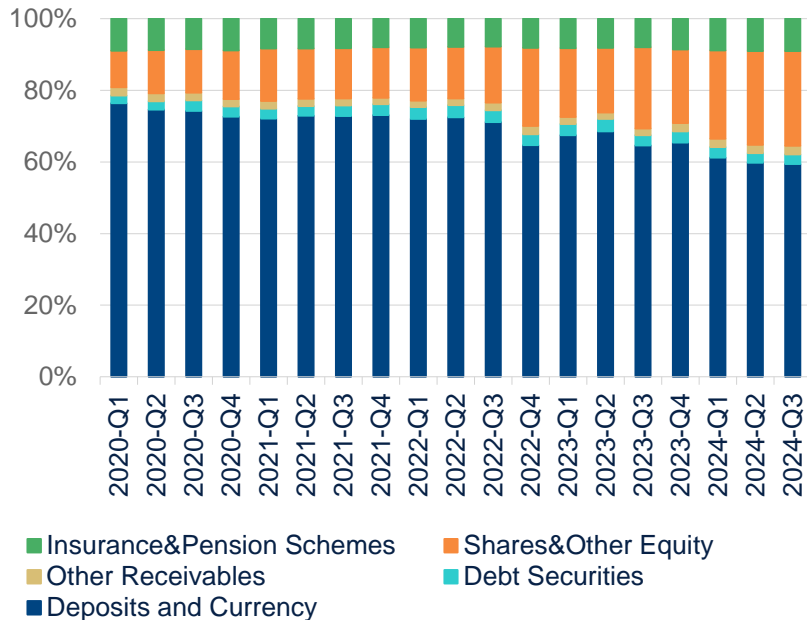


CONSUMER CREDIT CARDS (4W CUMULATIVE)

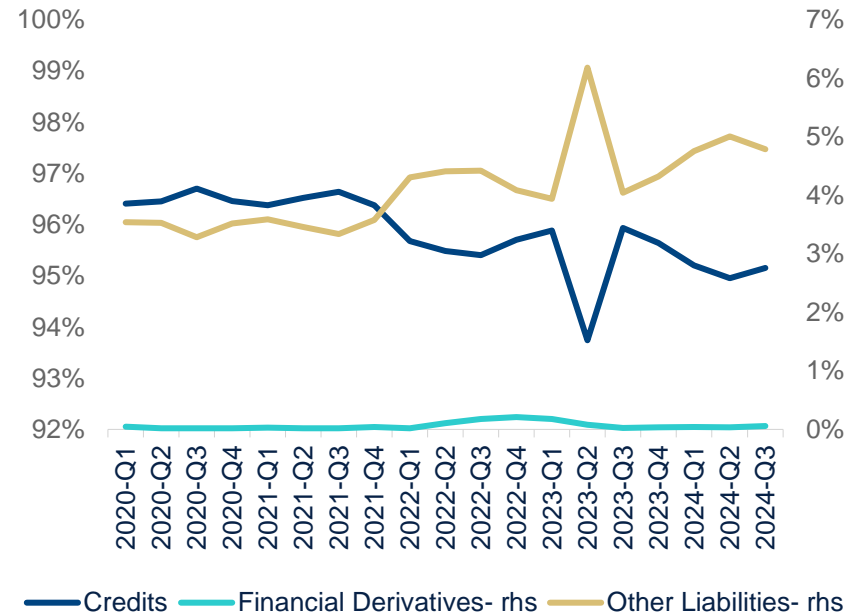


Among the financial assets of households, the share of stock market rose to 26% in 3Q24, also fueled by the valuation impact on sensitivity to price changes*.

BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENTS (% , HHOLDS, SHARE IN TOTAL)



BREAKDOWN OF LIABILITIES BY INSTRUMENTS (% , HHOLDS, SHARE IN TOTAL)

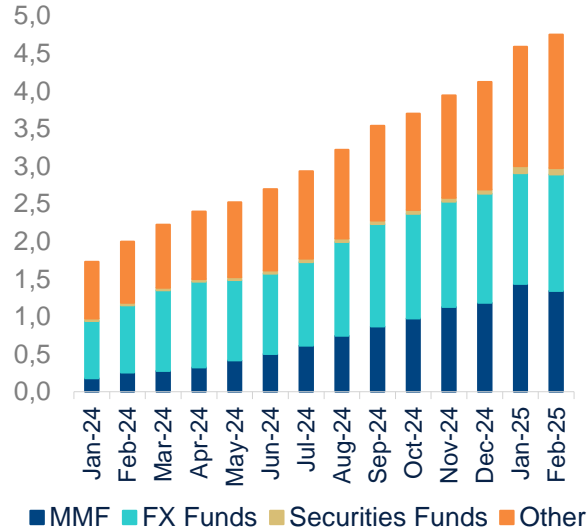


*See: CBRT Inflation Report 2025-I.

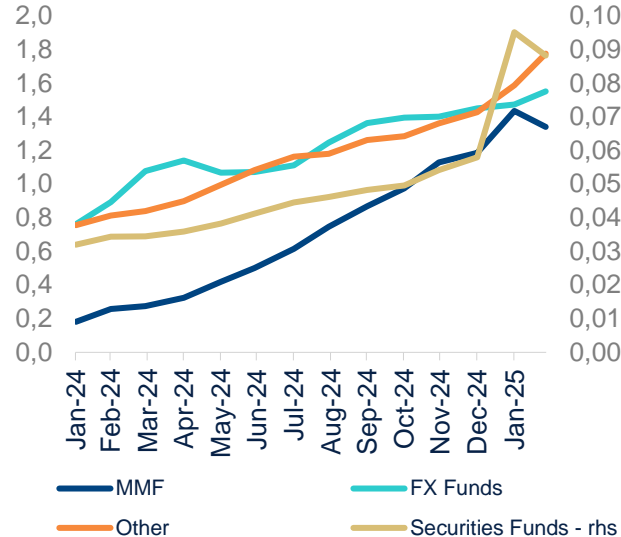
Source: CBRT Financial Accounts 3Q24, Garanti BBVA Research.

Share of money market funds rose significantly last year, for which demand seems to slow down led by the MMF's requirements to buy TL sovereign bonds

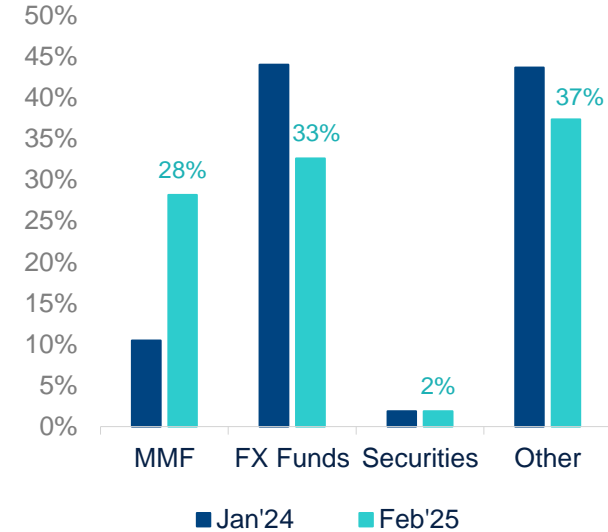
FUNDS VOLUME BY INSTRUMENTS
(trillion)



FUNDS VOLUME BY INSTRUMENTS
(trillion)



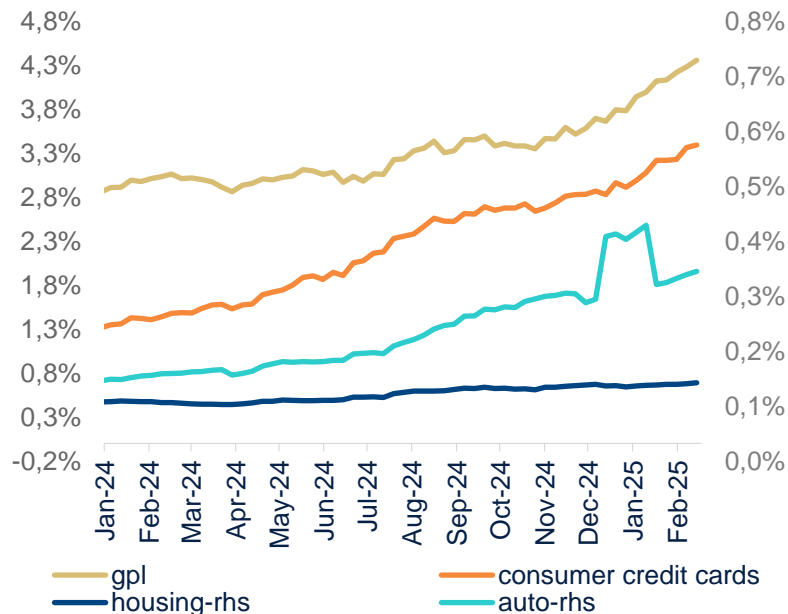
FUNDS BREAKDOWN BY INSTRUMENTS
(%, share in total)



NPL ratio of general purpose loans accelerates further. Duration for housing loans increases in 1-5 years but for GPL it continues to shorten.

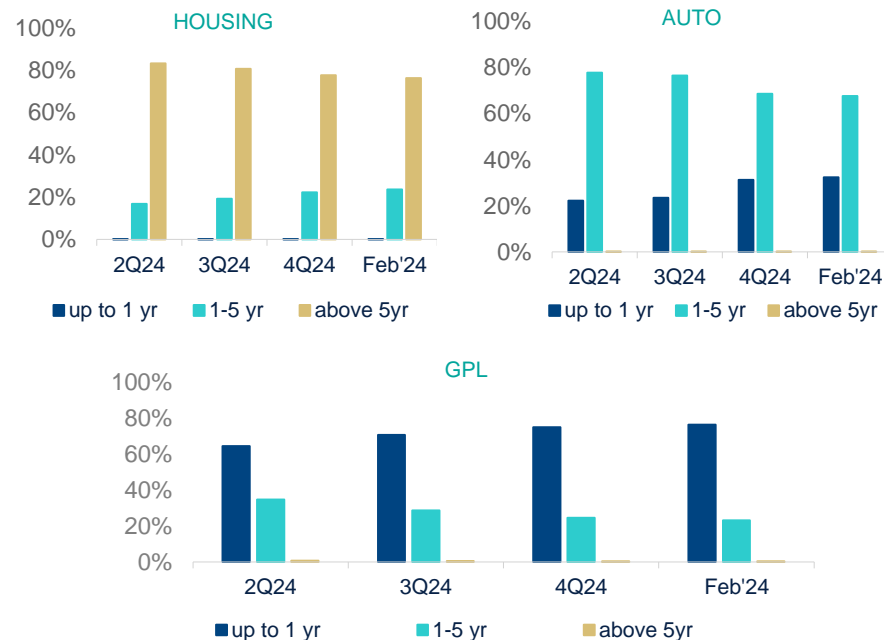
NPL RATIO IN RETAIL CREDITS

(%)



MATURITY COMPOSITION OF RETAIL CREDITS

(% SHARE IN TOTAL)



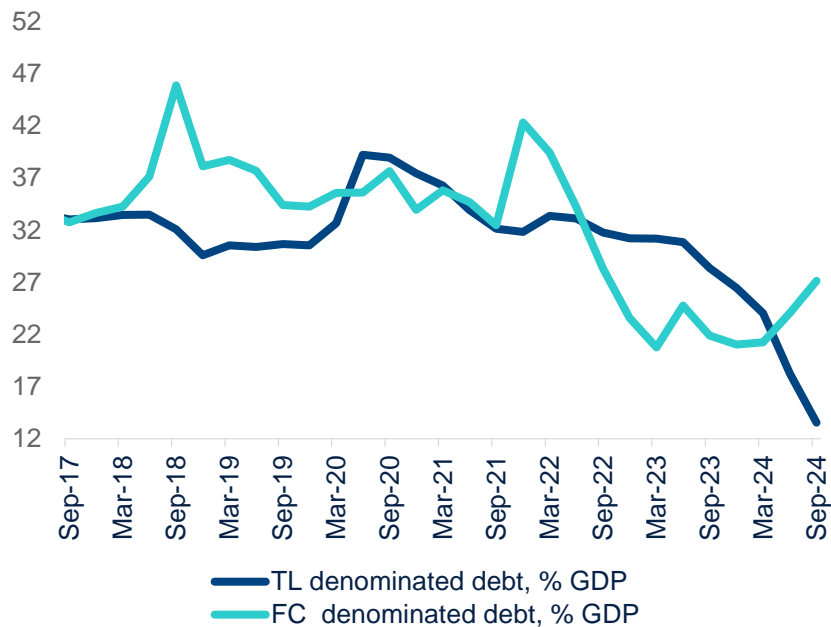
02

Corporates Indebtedness

Corporates' TL debt to GDP declines on weaker loan demand whereas FX debt to GDP moves up, becoming obvious in their wider FX short position as expected.

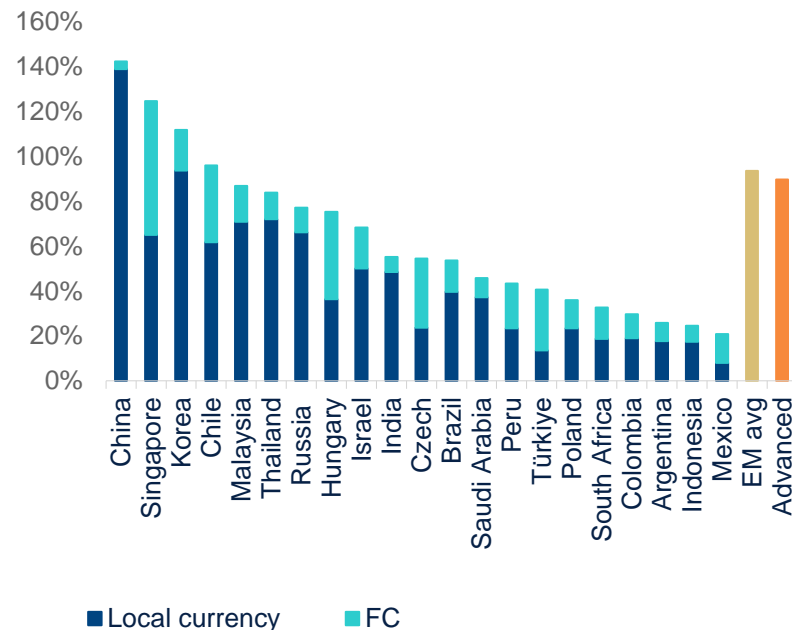
DEBT/GDP RATIO OF THE CORPORATE SECTOR

(%)



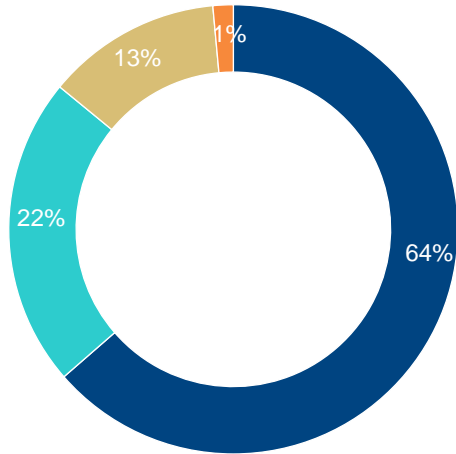
DEBT/GDP RATIO OF THE CORPORATE SECTOR

PEER COUNTRIES (% GDP, 3Q24)



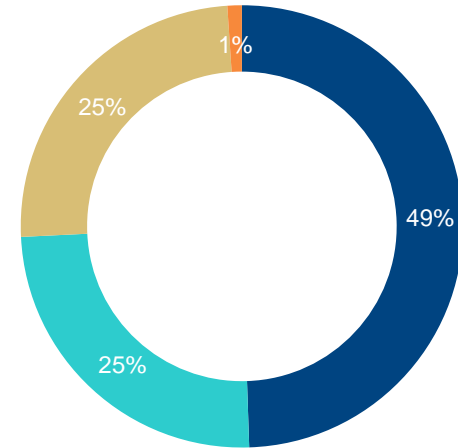
On assets, money market fund investments took the lead in 3Q24. On liabilities, the increase in financial derivatives and debt securities was the highest.

BREAKDOWN OF CORPORATES' ASSETS BY INSTRUMENTS (% 3Q24)



- Other receivables
- Shares and other equity
- Currency, deposits
- Derivatives, securities, loans, insurance

BREAKDOWN OF CORPORATES' LIABILITIES BY INSTRUMENTS (% 3Q24)



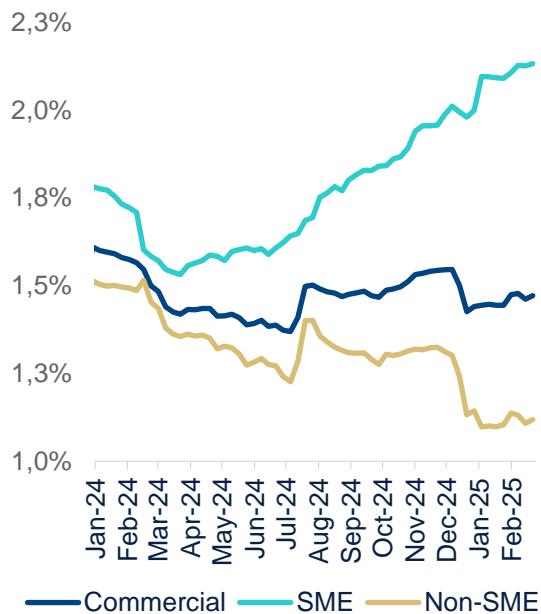
- Other Accounts Payable
- Shares and Other Equity
- Loans
- Derivatives & Securities

* Other accounts receivable and other accounts payable items are composed of corporates' commercial transactions with each other.

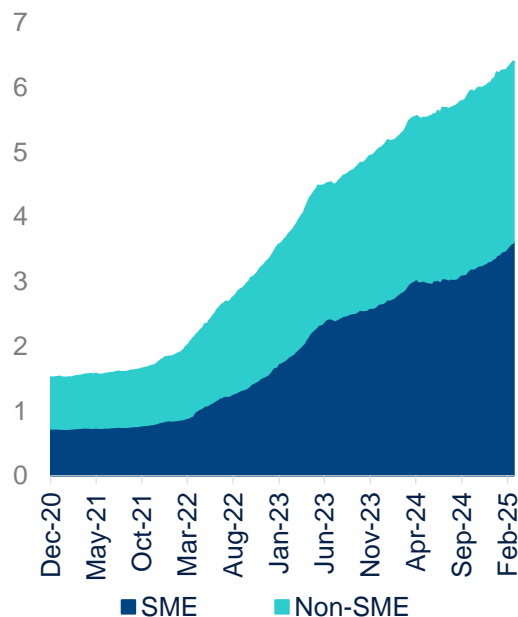
Source: CBRT Financial Accounts 3Q24, Garanti BBVA Research.

NPL ratio of commercial credits fell below 1.5%, staying historically low. The pick-up in SME NPL ratio since April 2024 seems to have stabilized at 2.1%

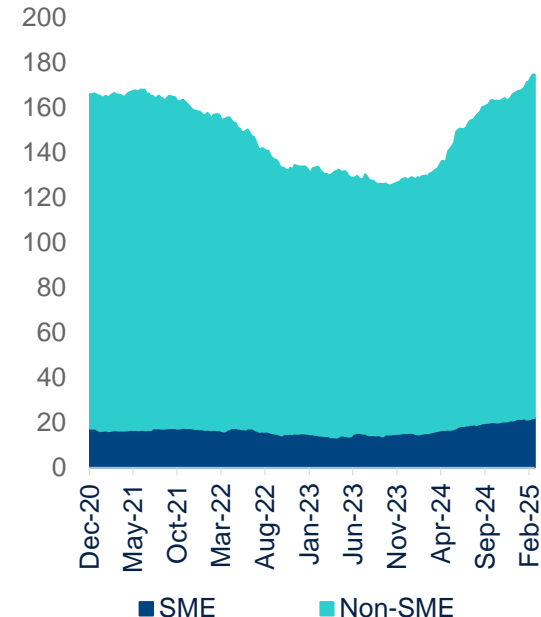
NPL IN COMMERCIAL CREDITS (%)



BREAKDOWN OF TL COMMERCIAL CREDITS (TRN TL IN LOCAL BANKS)

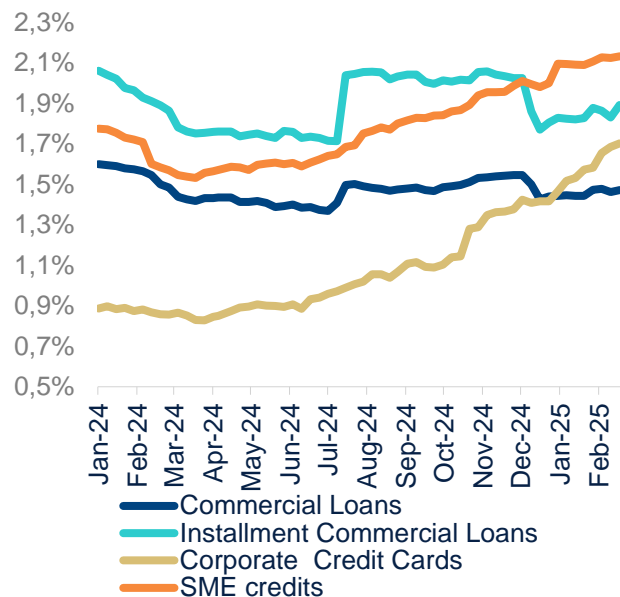


BREAKDOWN OF FC COMMERCIAL CREDITS (BN USD IN LOCAL BANKS)

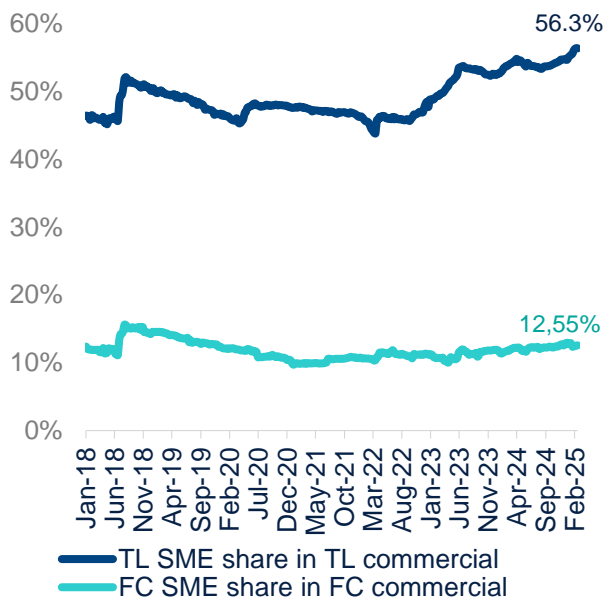


TL SME credits comprise 56% of total TL commercial credits but FC SME share in FC credits is low with 12%. However, FC SME NPL share in total FC NPL is 35%.

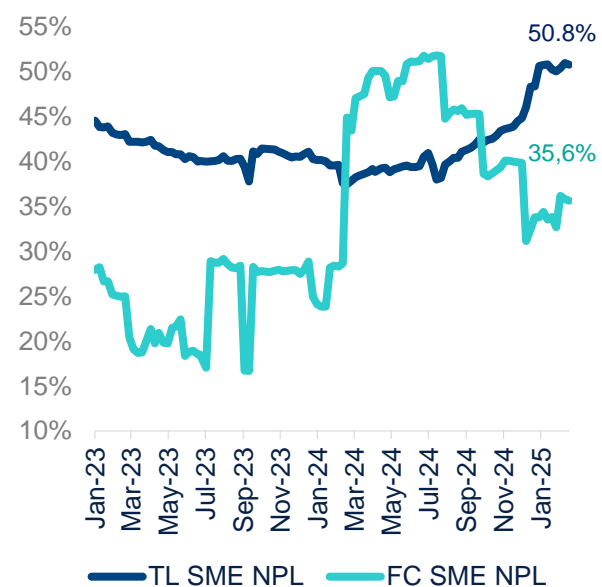
BREAKDOWN OF NPL RATIO IN COMMERCIAL CREDITS %



SHARE OF SME CREDITS IN COMMERCIAL CREDITS %



SHARE OF NPL SME CREDITS IN TL & FC NPL COMMERCIAL %

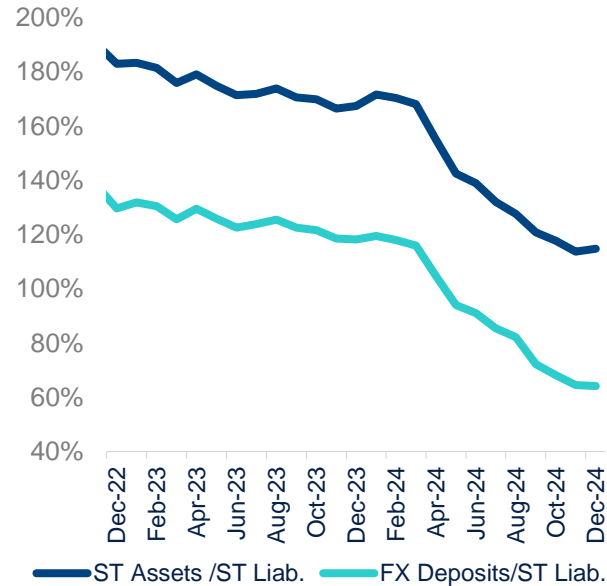


Liquidity ratios of corporates keep falling mainly due to the decline in their FX deposits. The short-term net FX position deteriorated further to \$16bn.

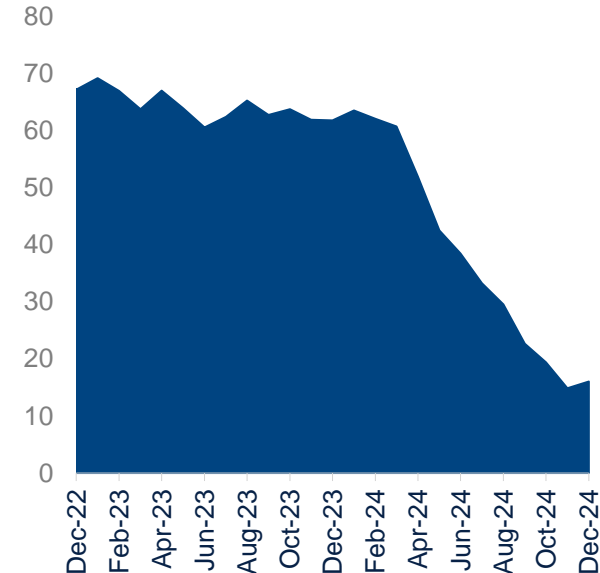
FX ASSETS OF CORPORATES
(BN USD)



FX LIQUIDITY OF CORPORATES
(%)

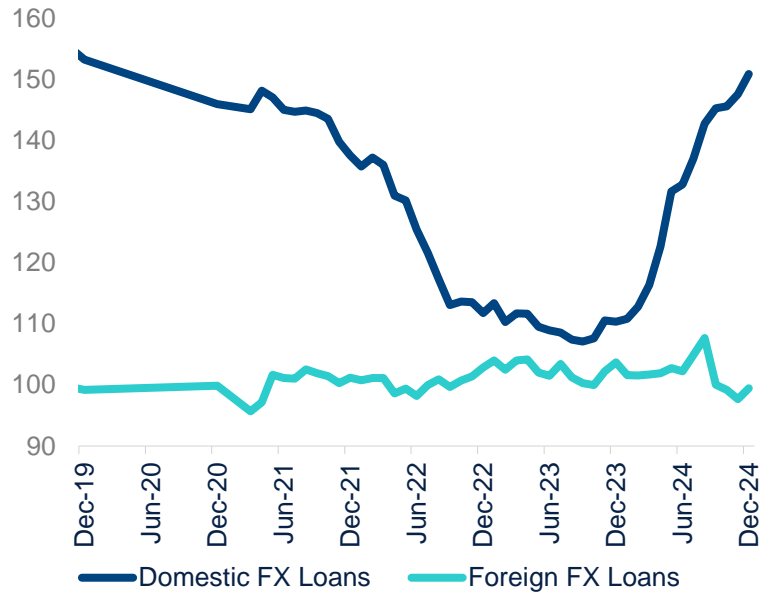


SHORT-TERM NET FX POSITION OF THE CORPORATE SECTOR
(BN USD)

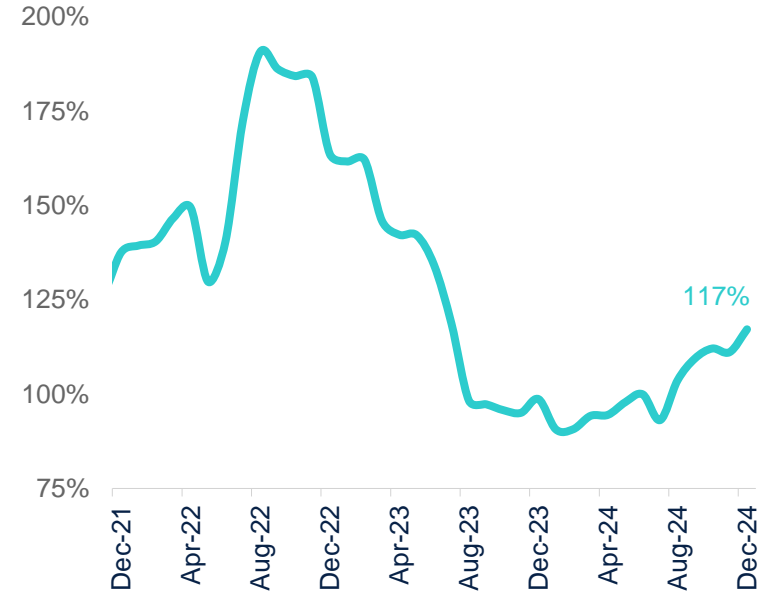


Due to better financing conditions, the demand for domestic FC loans kept exceeding external loans. Yet, the growth is capped further by the CBRT as of March

FC LOAN COMPOSITION OF THE CORPORATE SECTOR (BN USD)

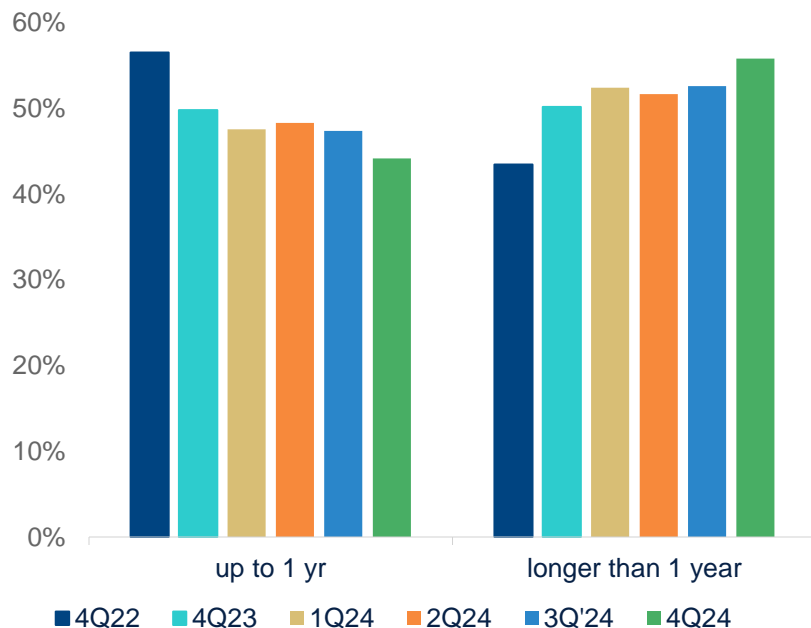


LT EXTERNAL LOANS ROLL-OVER RATIO OF REAL SECTOR (12 MONTH ROLLING, %)

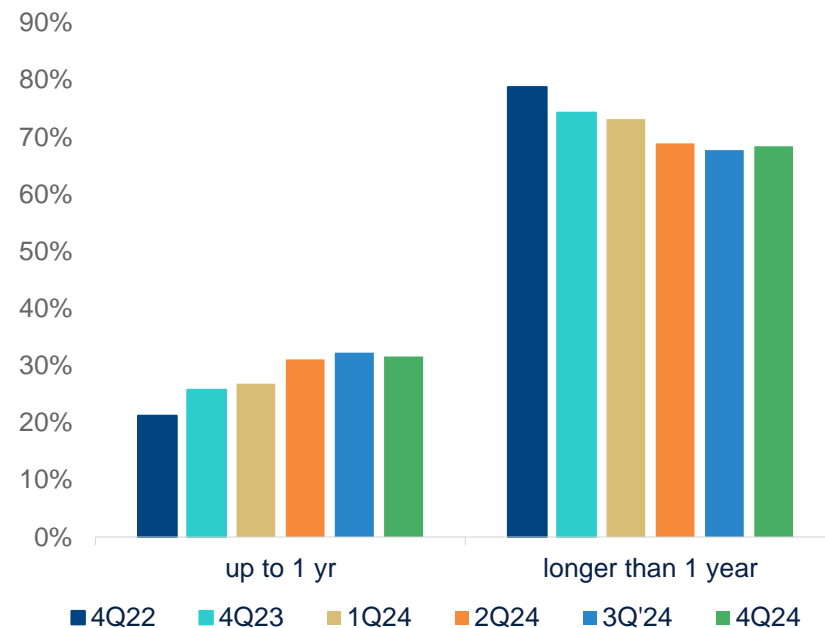


Maturities in TL commercial credits have extended with the CBRT rate cut process, whereas maturities in FC credits showed no material change.

MATURITY COMPOSITION OF TL COMMERCIAL CREDITS

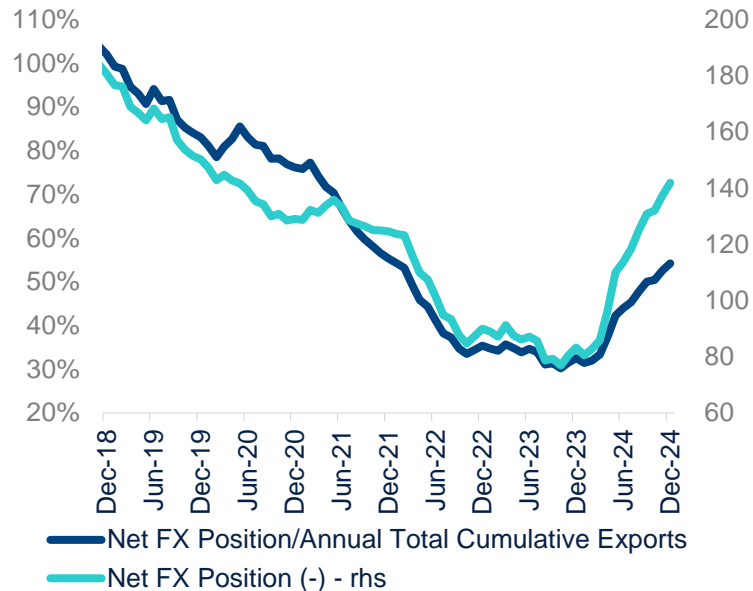


MATURITY COMPOSITION OF FC COMMERCIAL CREDITS

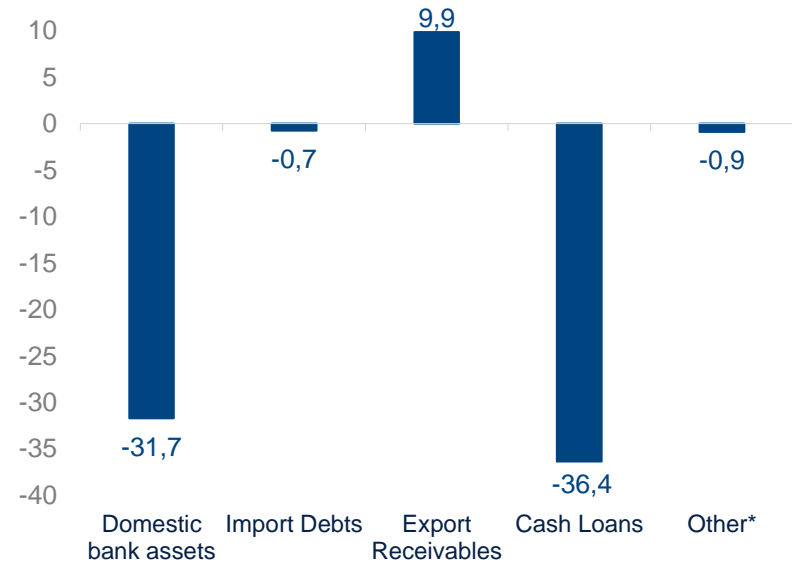


The capacity of export revenues to cover the open position of the real sector deteriorates further due to both increase in FC credits and decline in FC deposits

NET FX POSITION & NET FX POSITION/ANNUAL CUMULATIVE EXPORTS (BN USD & LEVEL)



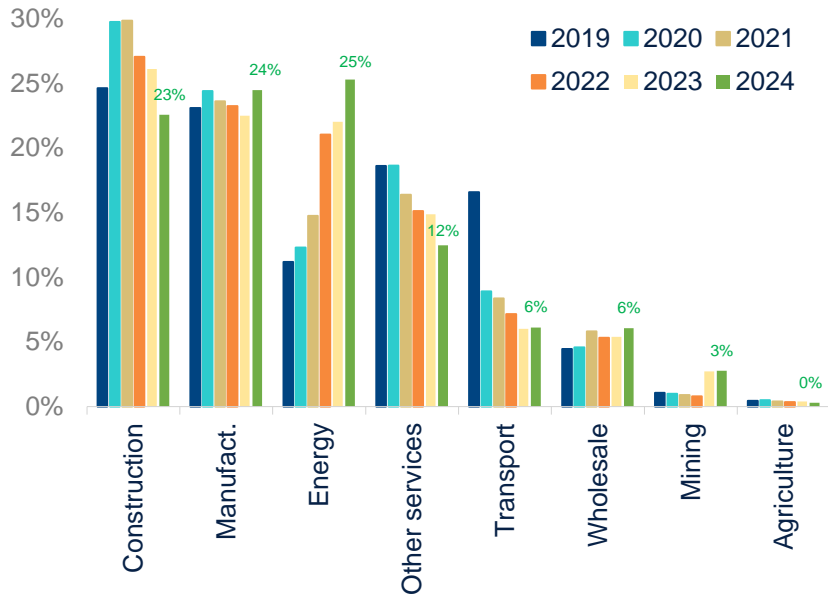
FACTORS BEHIND WORSENING IN NET FX POSITION (BN USD, CHANGE AS OF DEC24 WRT DEC23)



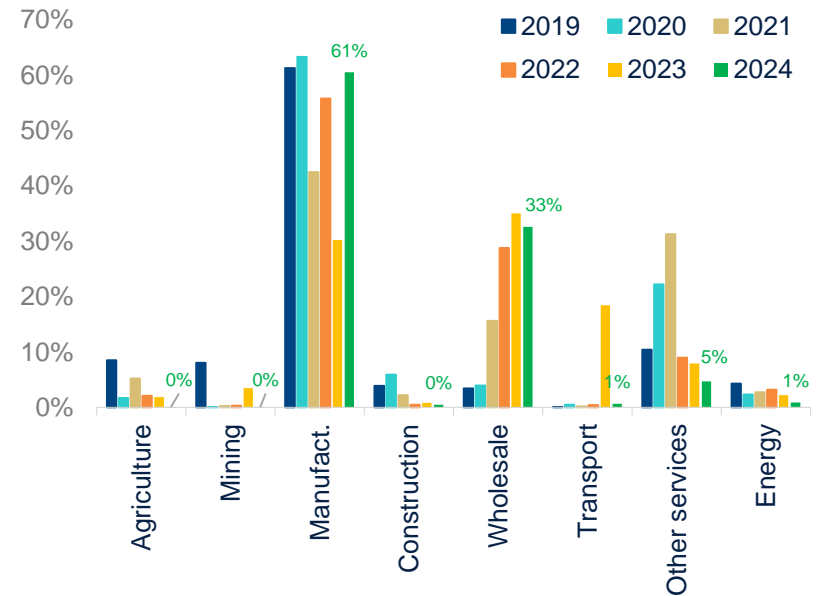
* The change in the "other" item covers the change in assets (deposits) with banks abroad, securities and direct capital investments made abroad.
Assets = deposits of the real sector.

Among sectorial composition, the recent acceleration in FC loans have been allocated to mostly manufacturing and wholesale.

SECTORIAL COMPOSITION OF OUTSTANDING LONG TERM LOANS RECEIVED FROM ABROAD BY PRIVATE SECTOR



SECTORIAL COMPOSITION OF OUTSTANDING SHORT TERM LOANS RECEIVED FROM ABROAD BY PRIVATE SECTOR

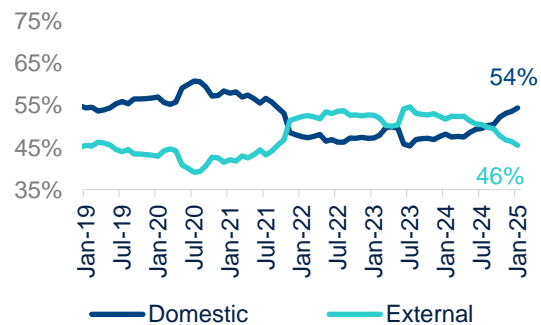
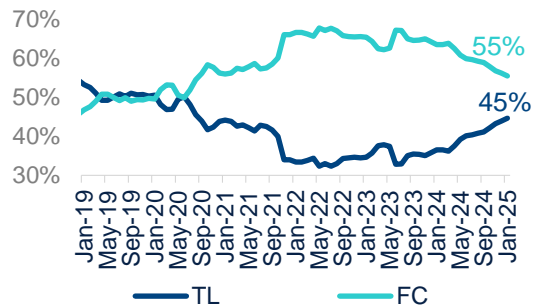


04

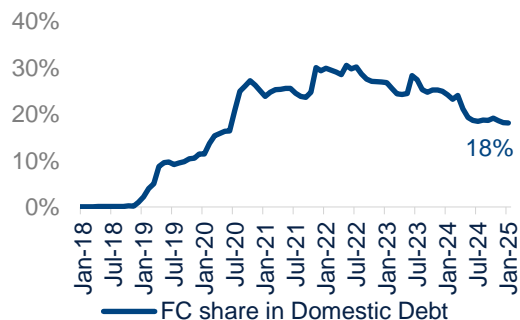
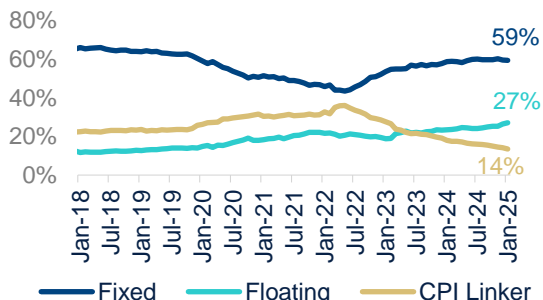
Public Sector Indebtedness

On fiscal front, FC share in public debt continues to come down and its share in domestic debt fell to 18%.

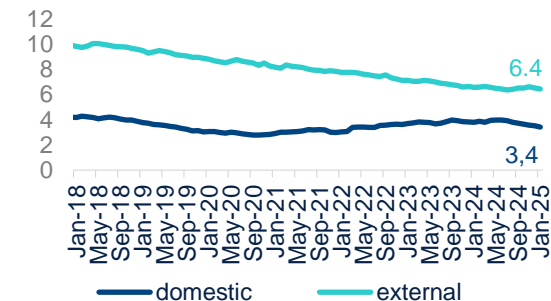
PUBLIC DEBT DECOMPOSITION (SHARE IN TOTAL)



DOMESTIC DEBT DECOMPOSITION (SHARE IN TOTAL)



PUBLIC DEBT AVERAGE MATURITY (MONTH)

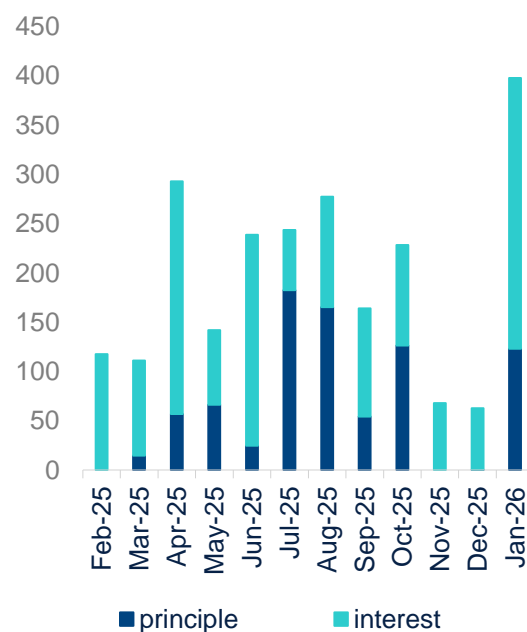


Highest TL debt redemptions will be in Apr, Jun, Jul and Aug this year. Domestic debt roll-over ratio is targeted to be 119% in 2025. It is realized 146% in Jan.

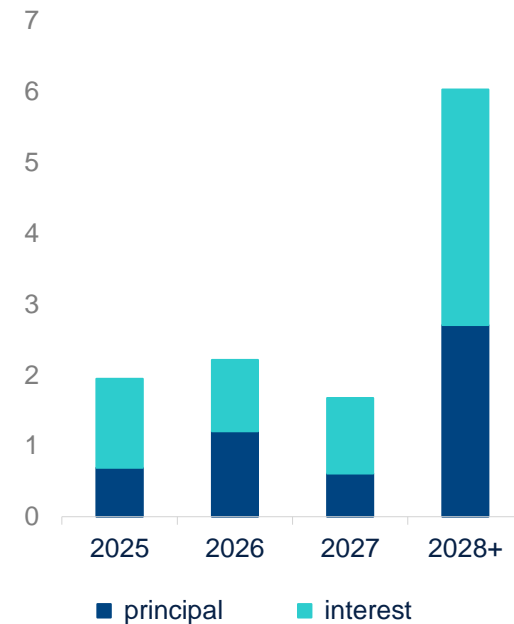
DOMESTIC DEBT ROLL-OVER RATIOS (12M ROLLING, %)



DOMESTIC DEBT REDEMPTION CALENDAR (Bn TL)



DOMESTIC DEBT REDEMPTION CALENDAR (trillion TL)

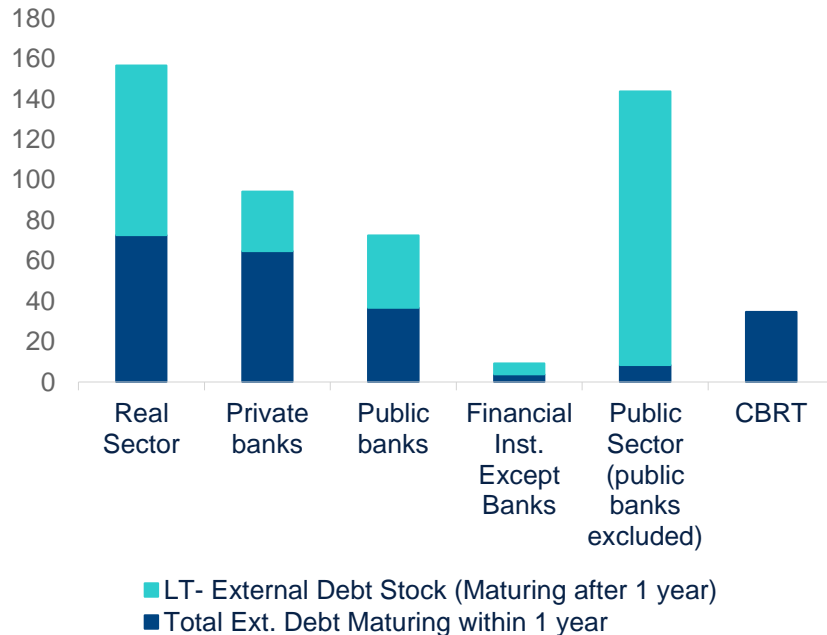


05

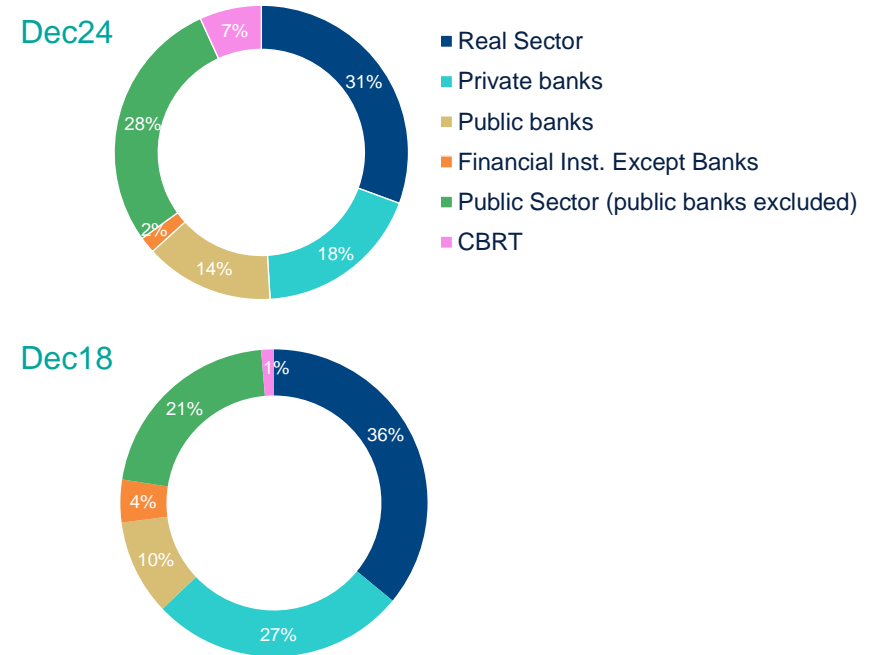
Türkiye's External Debt Stock

The highest share among total external debt belongs to the public sector (including the CBRT). The share rose from 22% to 35% btw Dec'18 and Dec'24

EXTERNAL DEBT BY MATURITY (BN USD, DEC24)

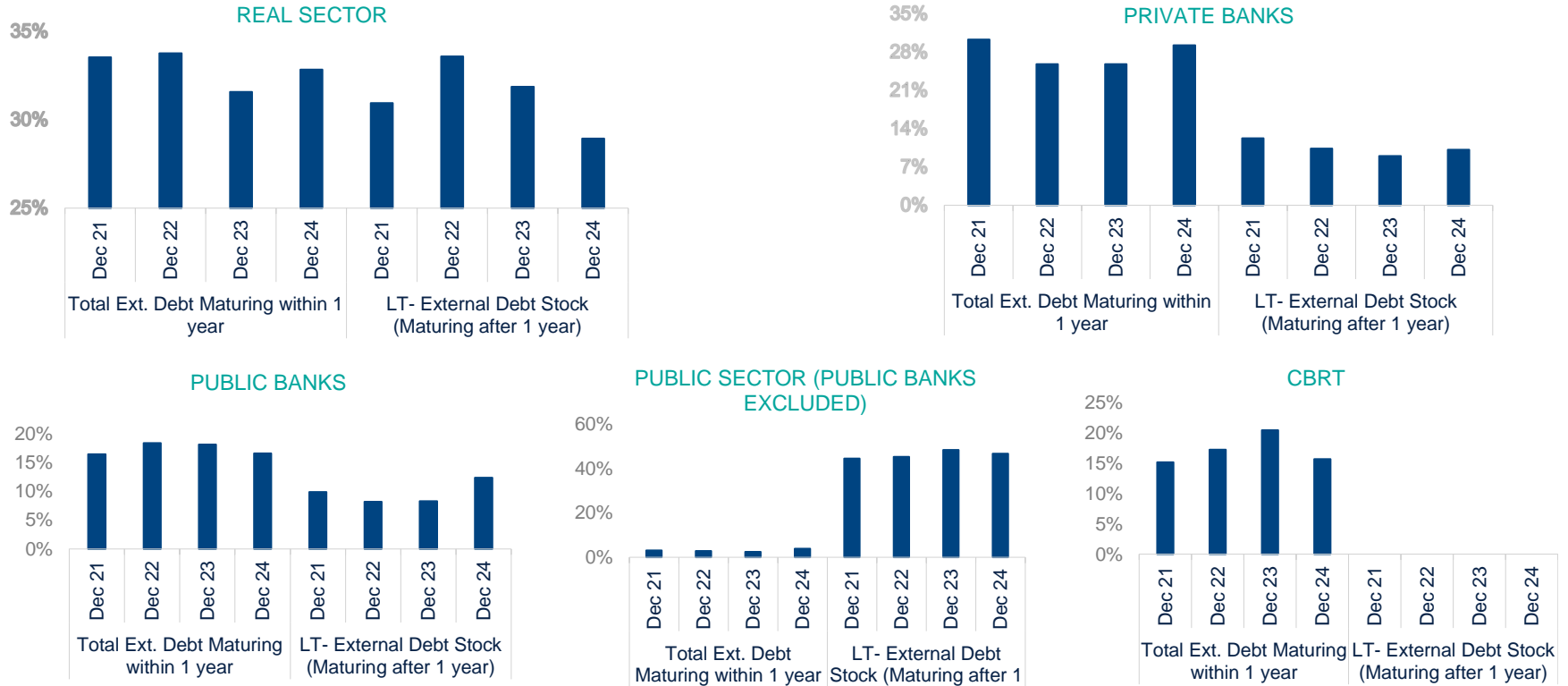


SHARE OF AGENTS IN TOTAL EXTERNAL DEBT (%, DEC24 & DEC18)



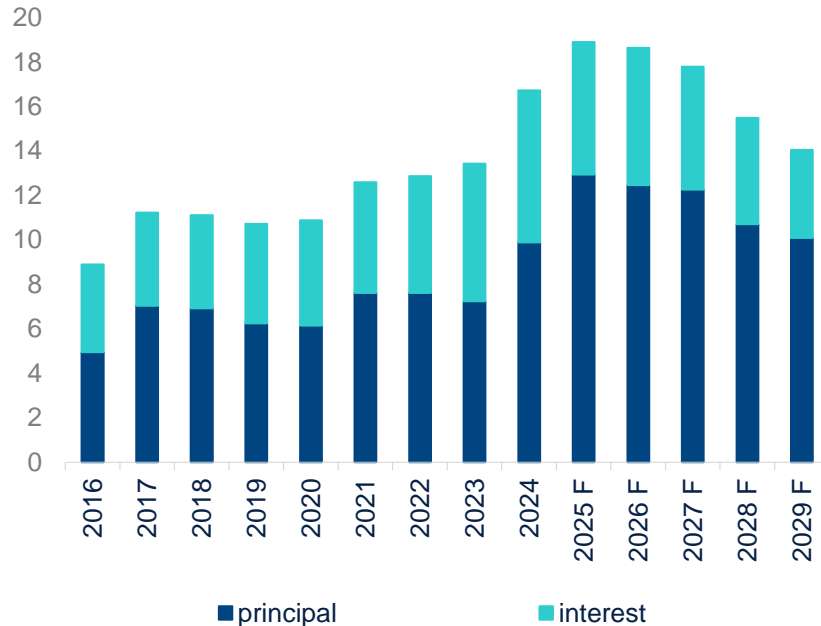
But the share of ST external debt is increasing in private banks and real sector

EXTERNAL DEBT BY MATURITY (SHARE OF LT AND ST EXTERNAL DEBT)

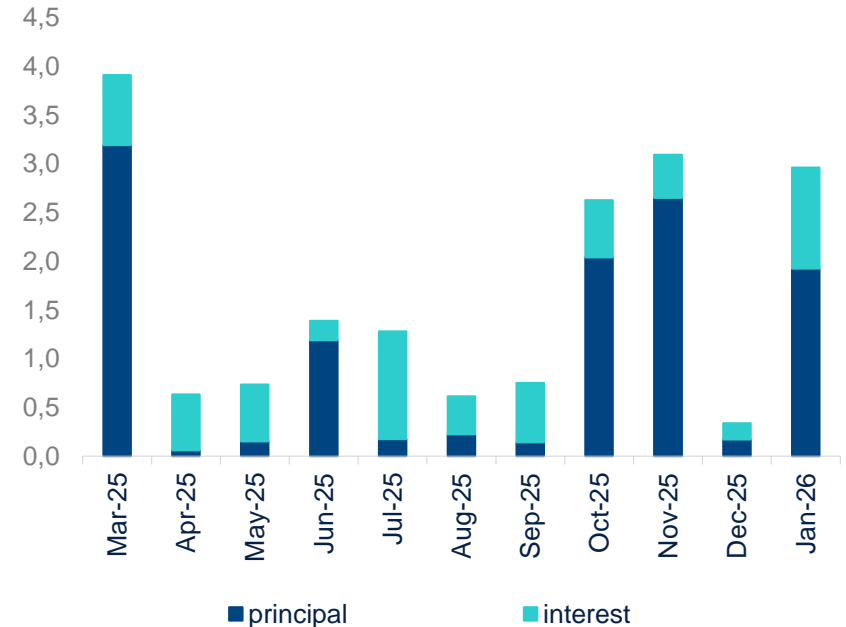


March (\$3.9bn), October (\$2.6bn) and November (\$3.1bn) in 2025 will be important for external debt redemptions of the Government

EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT (BN USD)



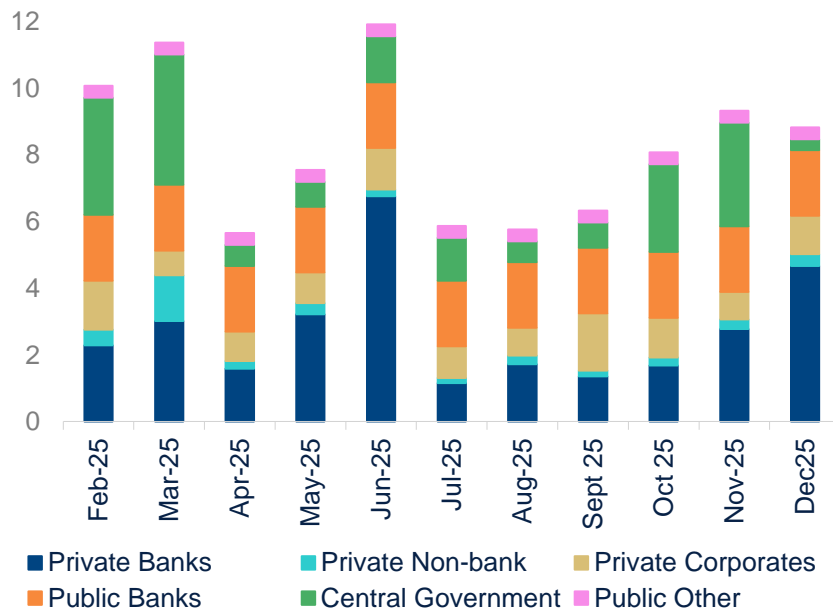
EXTERNAL DEBT REDEMPTIONS OF THE CENTRAL GOVERNMENT (BN USD)



Highest external debt redemptions for the private sector (banks, real sector and non-bank inst.) will be March (\$5.1bn), June (\$8.2bn) and Dec (\$6.2bn).

EXTERNAL LOANS BY PRIVATE SECTOR ON A REMAINING MATURITY BASIS FOR THE NEXT 12 MONTHS

(BN USD, AS OF DEC 2024)

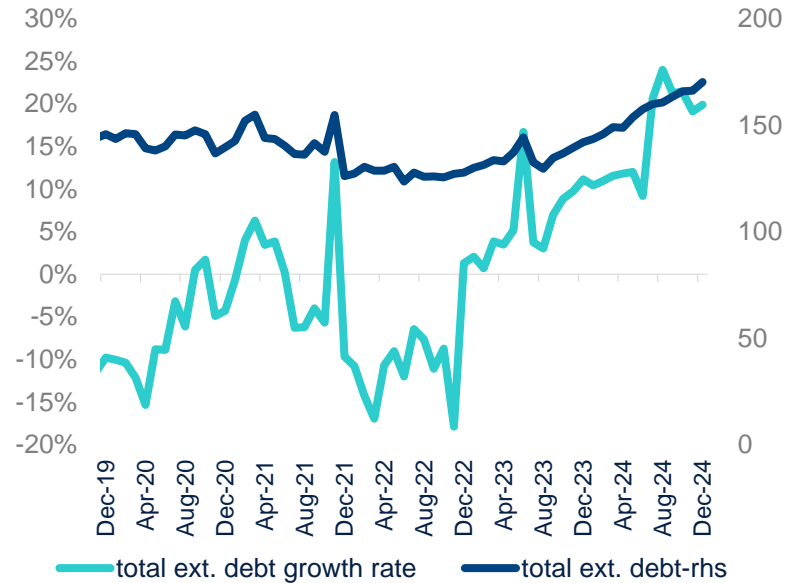


LT EXTERNAL LOANS ROLL-OVER RATIO OF BANKS & REAL SECTOR (12 MONTH ROLLING, %)

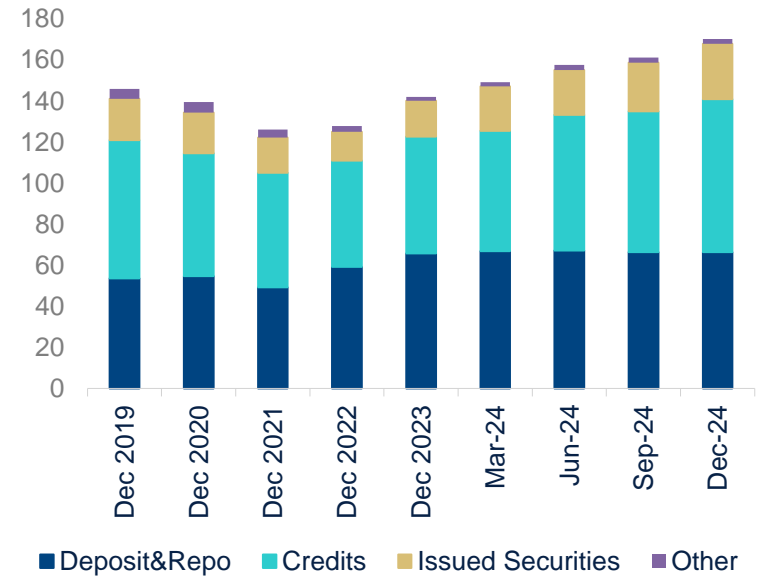


Banks' external debt level is around historical levels with \$170bn. Compared to Dec'23, the highest increase was in credits.

BANKS' TOTAL EXTERNAL DEBT
(BN USD)



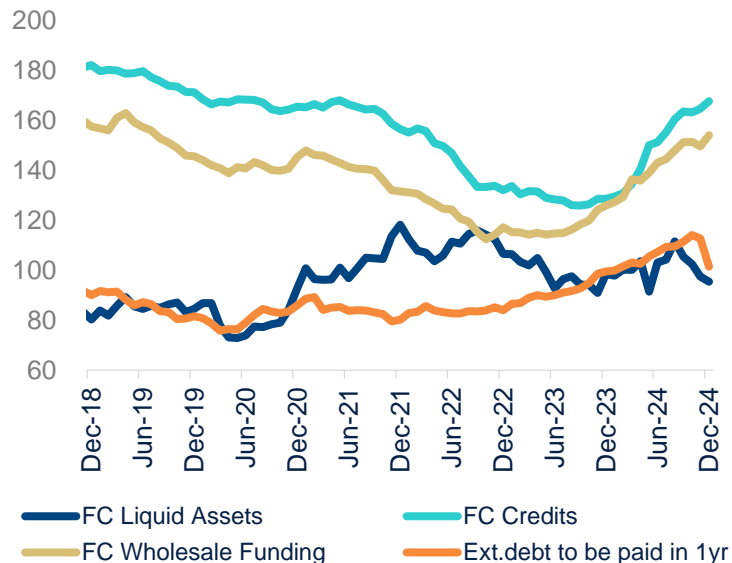
BANKS' TOTAL EXTERNAL DEBT
(BN USD)



The increase in bank debt issuances and payables to banks' abroad supported banks' FX liquidity in terms of funding. Decline in FC liquid assets was due to fall in FC receivables from banks' abroad and from CBRT.

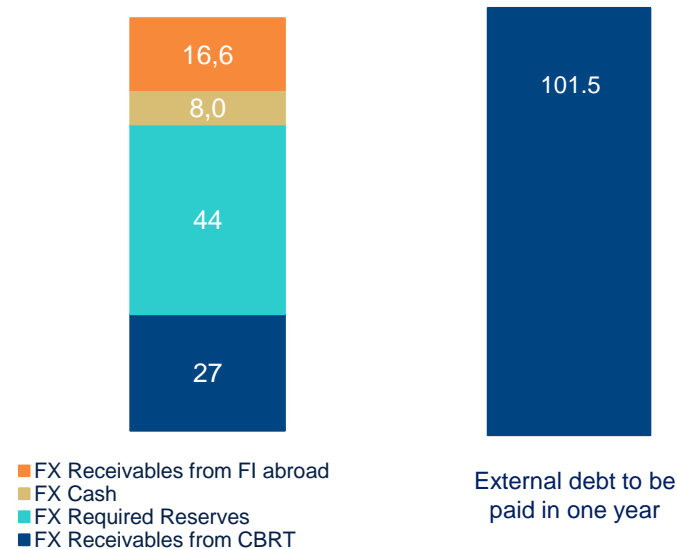
BANKS' FC ASSETS & FC LIABILITIES

(BN USD)



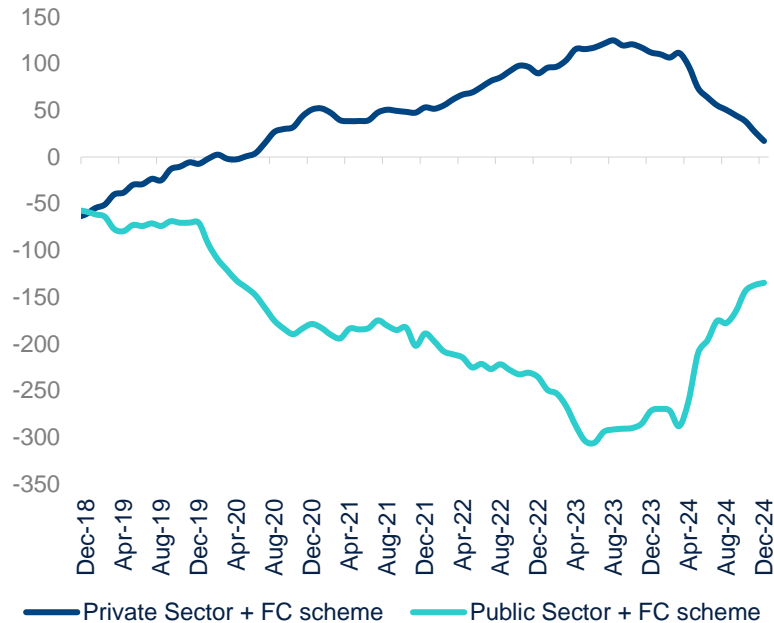
BANKS' FC LIQUID ASSETS & ST EXTERNAL DEBT

(BN USD, Dec 24)

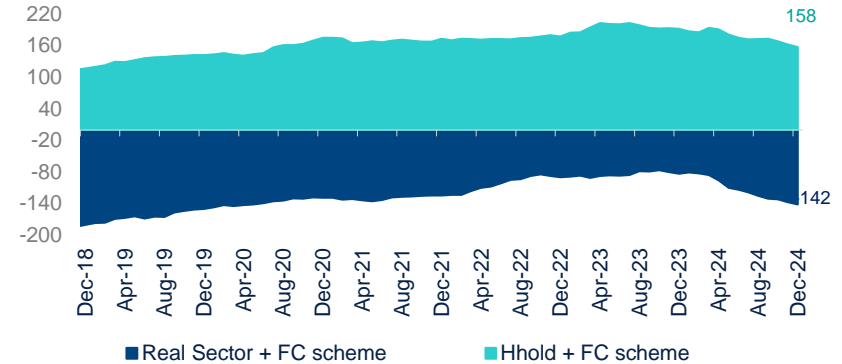


Public sector is reducing its short position with an exit from the FC protected scheme and the reversal of CBRT swaps. Yet, deterioration in private sector continues due to the real sector.

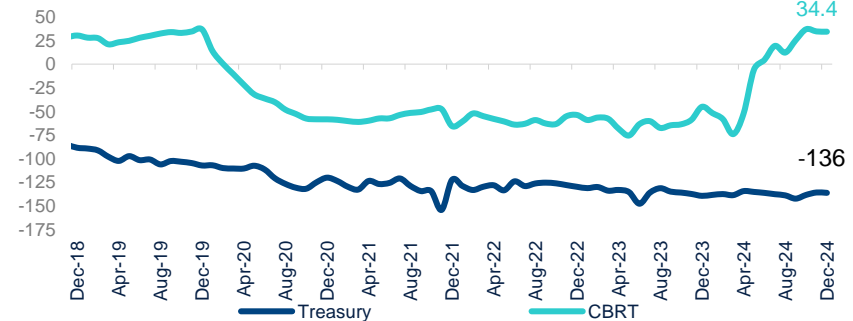
TOTAL NET FX POSITION OF TURKIYE
(bn USD)



NET FX POSITION OF PRIVATE SECTOR EXC. BANKS
(bn USD)



NET FX POSITION OF PUBLIC SECTOR
(bn USD)



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