

Tacirler Investment Macroeconomic Forecasts

Revisiting macro forecasts

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Revisiting macro forecasts

New house forecasts following our April report

- While maintaining our growth forecast for the end of 2024 at 3%, we have revised our 2025 year-end (YE) growth projection down to 3.2% from 3.8%. Our 2026 YE growth forecast is at 3.8%.
- We have retained our inflation forecast for the end of 2024 at 43%. Yet, we have lowered our 2025 YE inflation estimate to 23% from 25% and 2026 YE projection to 18% from 20%.
- We have also adjusted our FX forecasts downward as we revised our year-end USD/TRY forecast downward to 37 from 40. For the end of 2025 and 2026, we now anticipate USD/TRY to be 43 and 50, respectively. Additionally, our EUR/TRY forecast for the end of this year has been updated to 40.80 from 44.
- In our Macro Outlook Report published in April, we initially projected a year-end policy rate of 40%. However, we have since revised this forecast upward to 45%. We now anticipate that the CBT will begin reducing interest rates in November, commencing with a 250bps cut, followed by an additional reduction across two consecutive adjustments in November and December, ultimately bringing the policy rate to 45% by year-end.
- Furthermore, we have adjusted our budget deficit forecast downward, revising this year's projection from TL2tn to TL1.86tn. For 2025, we now anticipate a budget deficit of TL1.6tn. We expect the implementation of a relatively tighter fiscal policy in 2025, designed to strengthen fiscal discipline and ensure greater alignment with the objectives of monetary policy.
- Lastly, we have lowered our current account deficit forecast for the 2024 to USD25bn from USD33bn. We project a current account deficit of USD27bn in 2025 and USD30bn in 2026.

Macro Aggregates and Forecasts

	2023	2024E	2025E	2026E
Economic Activity				
Nominal GDP (TL tn)	26.3	38.7	49.1	60.2
GDP real growth (%)	4.5	3	3.2	3.8
External Balance				
Current Account Balance (USD bn)	-45.2	-25	-27	-30
Fiscal Dynamics				
Budget Balance (TL tn)	-1.4	-1.86	-1.6	-1.7
Prices				
CPI (eop, %)	64.8	43	23	18
CPI (average, %)	53.4	59.7	29.6	19.5
CBRT's one-week repo rate (simple, eop, %)	42.5	45	25	20
USD/TRY (eop)	29.47	37	43	50
USD/TRY (average)	23.80	34.13	40.80	47.60
EUR/TRY (eop)	32.74	40.8	47.50	55.50
EUR/TRY (average)	25.76	37.30	44.80	52.70

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