

Republic of Türkiye

Rating report

Rating rationale

A record of recent effective monetary tightening and inflation-targeting: Inflation has steadily declined between June 2024 and August 2025 thanks to the sustained inflation-targeting that followed the monetary policy pivot of June 2023. Even so, disinflation could be more gradual than expected due to higher services and food prices. The Central bank of the Republic of Türkiye is expected to adequately adjust its monetary policy should the recent uptick in inflation be sustained.

Enhanced macroeconomic stability given a moderate GDP growth outlook mitigating external imbalances: The continuation of the current monetary policy stance could further support gradual economic rebalancing through lower private consumption, strengthening macroeconomic stability and sustainability. Real GDP growth rate is projected at 3.3% in 2025, 3.5% in 2026 and 3.7% in 2028, which is lower than the long-term growth average of 5.9%. The moderate economic slowdown reduces external imbalances and reliance on foreign capital inflows.

A record of fiscal discipline anchoring moderate government debt-to-GDP: The primary deficit is projected at 0.4% of GDP on average between 2025 and 2030 based on a record of and commitment to fiscal discipline. The headline deficit is projected at 3.4% of GDP over the period due to the steady increase in net interest payments based on higher-for-longer refinancing rates. General government debt is projected to stabilise at 25% of GDP on average between 2025 and 2030, although its trajectory is exposed to higher debt servicing-costs and exchange rate volatility.

Credit rating challenges: i) high inflation relative to the central bank's target and credit rating peers, underscoring continued risks on disinflation; ii) high sensitivity of the local currency and international reserves to domestic and external developments; iii) lower, albeit still high credit growth and dollarisation; and iv) domestic political uncertainties and elevated geopolitical risks.

Foreign currency

Long-term issuer rating/Outlook

BB-/Stable

Senior unsecured debt/Outlook

BB-/Stable

Short-term issuer rating/Outlook

S-3/Stable

Local currency

Long-term issuer rating/Outlook

BB-/Stable

Senior unsecured debt/Outlook

BB-/Stable

Short-term issuer rating/Outlook

S-3/Stable

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Figure 1: Türkiye's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative****	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	a+	TRY	Türkiye	- 1/3	BB-
Public finance risk		20%	a+			- 1/3	
External economic risk		10%	bb-			- 3/3	
Financial stability risk		10%	aaa			- 2/3	
ESG risk	Environmental factors	5%	bb+	[+0]	[-2]	- 1/3	
	Social factors	7,5%	bbb+			0	
	Governance factors	12,5%	ccc			- 1/3	
Sovereign Quantitative Model***		bbb-				-3	
Additional considerations						0	

*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.

**The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.

*** The rating committed approved an SQM indicative credit rating of 'bbb-' for Türkiye.

****The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope's [Sovereign Rating Methodology](#).

Credit strengths and challenges

Credit strengths

- Comparatively high potential growth
- Large and diversified economy
- Moderate government debt-to-GDP
- Resilient banking system

Credit challenges

- High inflation, record of unorthodox policies
- Elevated external-sector vulnerabilities, exposure to shocks
- Domestic political uncertainties
- Regional instability and geopolitical risks

Outlook and rating triggers

The Stable Outlook reflects Scope's view that risks for the ratings are balanced.

Positive rating-change drivers

- Reduction of macro-economic imbalances, particularly a significant and sustained decline in the inflation rate
- Stronger external resilience, based on lower external financing needs and improving international reserves adequacy
- Resilient fiscal outlook including improved debt-servicing-costs

Negative rating-change drivers

- Sharp economic slowdown or an external shock, threatening disinflation
- Declining international reserves, weakening external resilience and increasing financial stability risks
- Severe domestic political pressure, acute deterioration in security conditions and international relations

Figure 2: Rating history



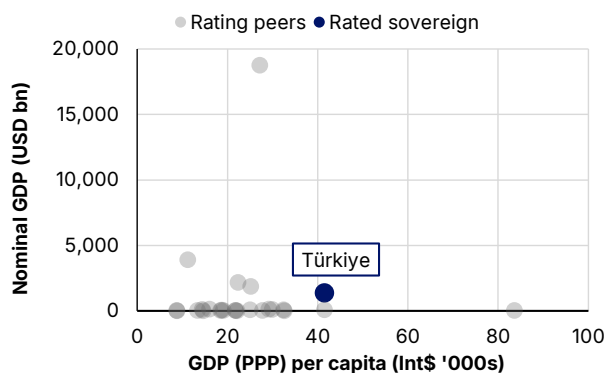
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Türkiye's Domestic Economic Risk

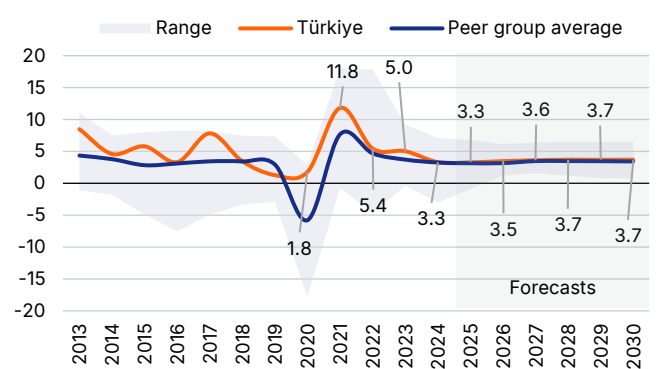
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Growth potential and outlook	Neutral	0	Robust growth potential; economic momentum slowing down due to tight monetary policy stance
	Monetary policy framework	Neutral	0	Record of unconventional policy; record of recent effective monetary tightening, inflation targeting
	Macroeconomic stability and sustainability	Weak	- 1/3	Large, diversified economy, but lower value-added sectors; gradual reduction of economic imbalances

Figure 3: Nominal GDP and GDP per capita (2024)



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



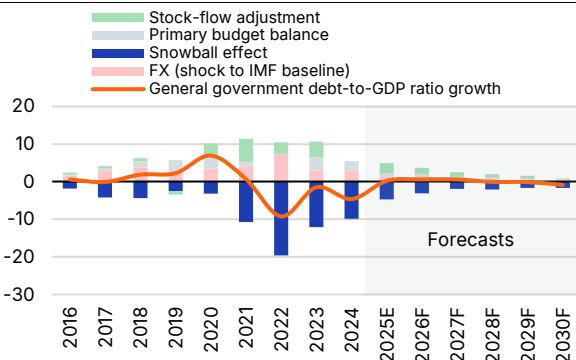
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Türkiye's Public Finance Risk

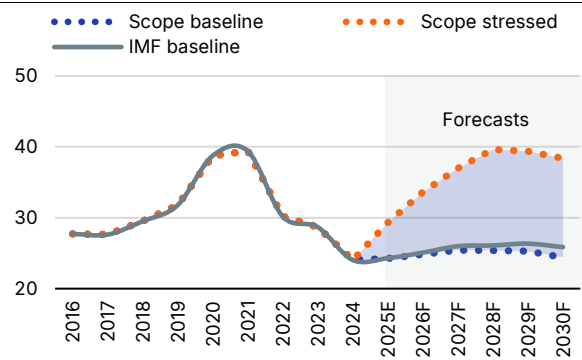
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Fiscal policy framework	Neutral	0	Record of fiscal discipline and primary balance; spending pressure due to high inflation, interest rates
	Long-term debt trajectory	Neutral	0	Moderate debt-to-GDP; trajectory exposed to lira depreciation and higher interest rates
	Debt profile and market access	Weak	- 1/3	Developed capital markets; declining but still elevated foreign-currency exposure in liabilities, higher financing costs

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

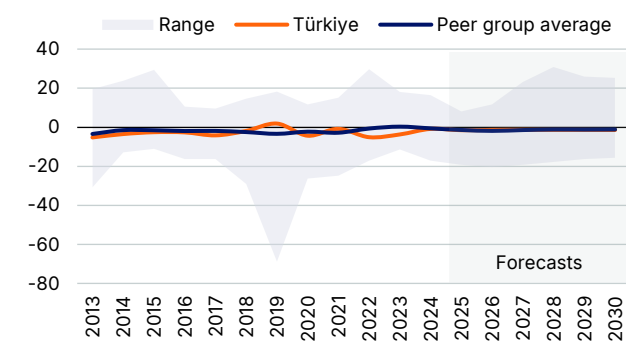
¹ Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of Türkiye's External Economic Risk

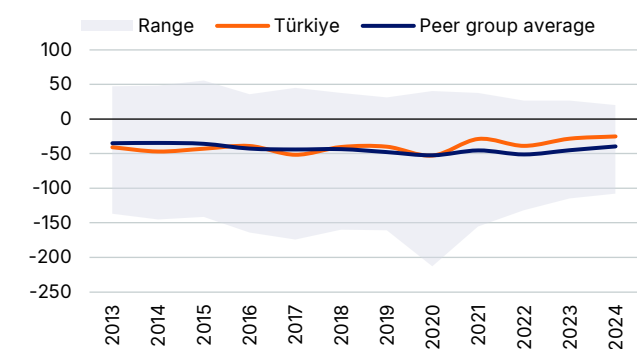
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb-	Current account resilience	Weak	- 1/3	Diversified exports, decline in current-account deficits; high exposure to volatile commodity prices
	External debt structure	Weak	- 1/3	Lower external debt; negative net international investment position, substantial short-term liabilities
	Resilience to short-term external shocks	Weak	- 1/3	Low but improving net foreign assets of the central-bank; high sensitivity to domestic and external shocks

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



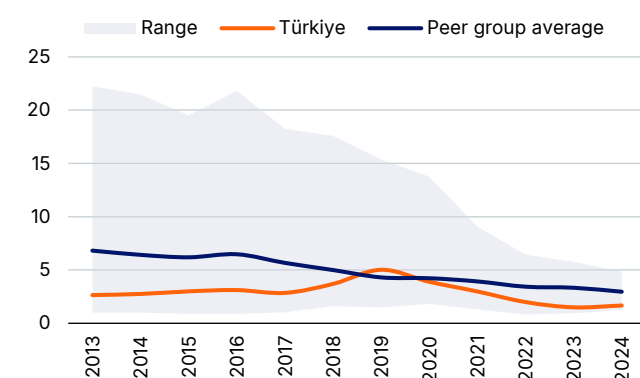
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Türkiye's Financial Stability Risk

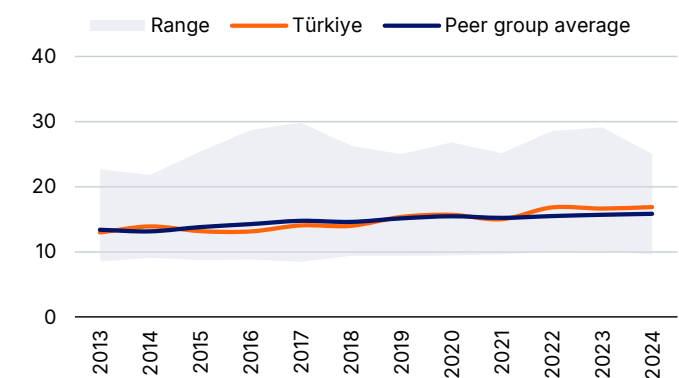
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Resilient banking system, low NPLs; lower dollarisation enhances shock absorption capacity
	Financial sector oversight and governance	Weak	- 1/3	Enhanced macroprudential framework follows years of state-coerced banking system interventions
	Financial imbalances	Weak	- 1/3	Moderate private-sector debt; pressure on net foreign position of NFCs; large sovereign-bank nexus

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



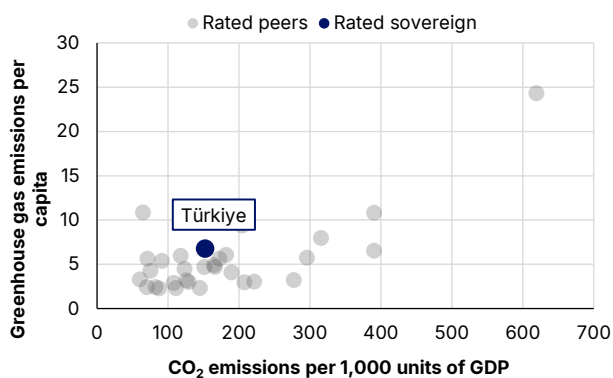
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Türkiye's ESG Risk

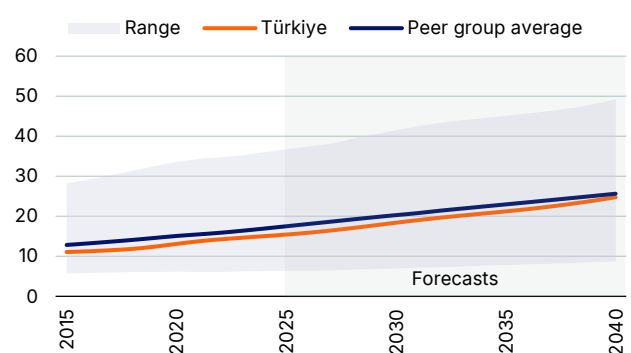
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
b+	Environmental factors	Weak	- 1/3	High reliance on fossil fuels; high natural disaster risks; progress in climate change preparedness
	Social factors	Neutral	0	Favourable demographics, progress in reducing poverty, improving educational outcomes; high income inequality
	Governance factors	Weak	- 1/3	High domestic political uncertainty ahead of general elections; high regional instability and geopolitical risks

Figure 11: CO₂ emissions per capita/GDP (2024), mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

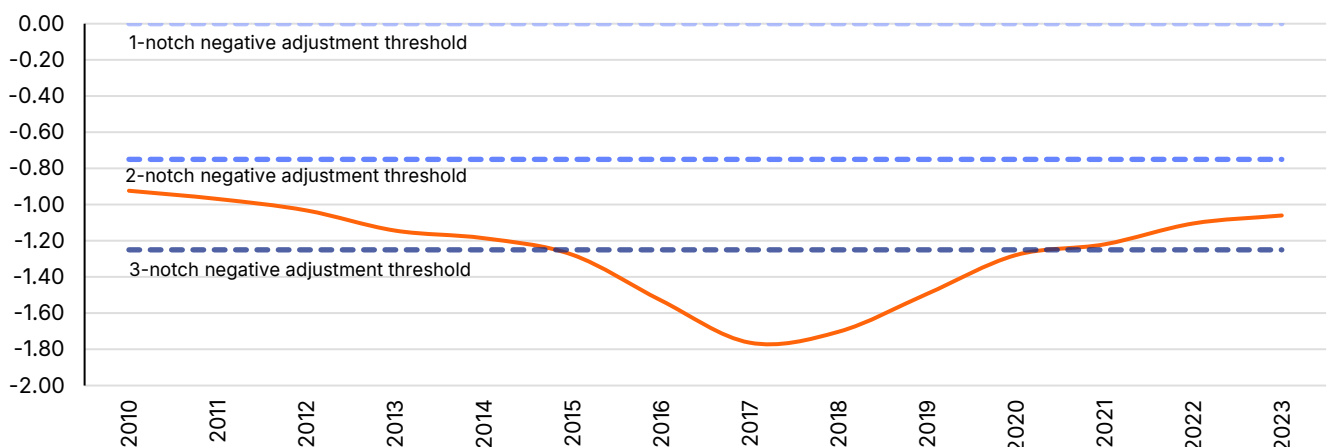
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Türkiye, three-year moving average



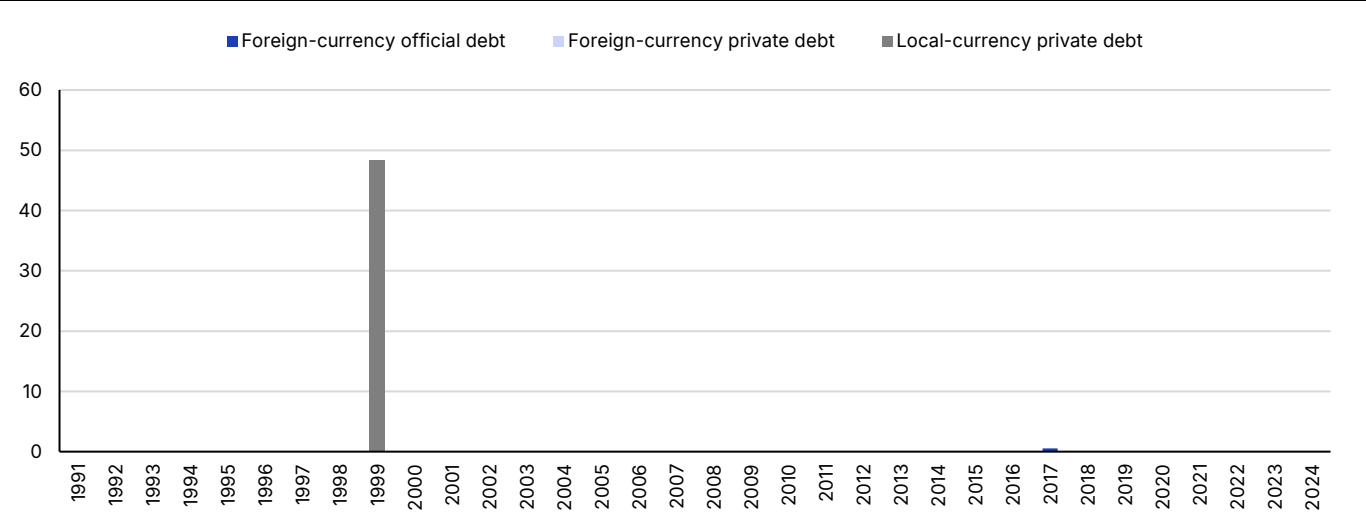
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD bn



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).
Source: [Bank of Canada-Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
China
Romania
Serbia

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Emerging market and developing economy
5-year USD CDS spread (bps) as of 23 October 2025	266.7

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	29.0	29.2	32.4	36.2	39.3	41.5
	Nominal GDP, USD bn	IMF	775	730	828	925	1,153	1,358
	Real growth, %	IMF	1.3	1.8	11.8	5.4	5.0	3.3
	CPI inflation, %	IMF	15.2	12.3	19.6	72.3	53.9	58.5
	Unemployment rate, %	WB	13.7	13.2	12.0	10.4	9.4	8.7
Public Finance	Public debt, % of GDP	IMF	31.8	38.7	39.4	30.2	28.7	24.0
	Net interest payment, % of government revenue	IMF	5.9	6.0	6.4	4.4	6.3	7.4
	Primary balance, % of GDP	IMF	-2.9	-2.9	-1.2	0.0	-3.5	-2.5
External Economic	Current-account balance, % of GDP	IMF	1.9	-4.2	-0.8	-5.0	-3.6	-0.8
	Total reserves, months of imports	WB	5.2	4.6	4.5	3.9	4.2	4.7
	NIIP, % of GDP	IMF	-39.9	-52.7	-28.8	-38.7	-28.4	-25.2
Financial Stability	NPL ratio, % of total loans	IMF	5.0	3.9	3.0	2.0	1.5	1.7
	Tier 1 ratio, % of risk-weighted assets	IMF	13.3	14.9	15.0	17.2	15.3	14.5
	Credit to the private sector, % of GDP	WB	65.5	76.9	73.0	54.7	49.9	44.2
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	178.4	178.8	174.7	159.7	152.6	152.4
	Income share of bottom 50%, %	WID	16.2	15.4	15.9	15.1	14.1	-
	Labour-force participation rate, %	Turkstat	58.5	54.9	57.2	59.2	59.5	60.4
	Old-age dependency ratio, %	UN	12.4	13.1	13.8	14.3	14.7	15.1
	Composite governance indicators*	WB	-0.3	-0.4	-0.4	-0.5	-0.5	-
	Political stability, index	WB	-1.5	-1.3	-1.2	-1.1	-1.1	-

*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

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Related research

[Türkiye: political uncertainty clouds inflation outlook](#), March 2025

Applied methodology

[Sovereign Rating Methodology](#), January 2025

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