

THE CBRT PRESS RELEASE

A) THE FOREIGN EXCHANGE BUYING AUCTION PROGRAM FOR JULY

Considering that strong reserve position would boost the market's confidence in the current program and observing the excess foreign exchange supply, the Central Bank of Turkey (CBRT) continued to hold foreign exchange buying auctions in June as well, which was started on 6 May 2003, by increasing the daily auction amount to USD 30 million.

Through foreign exchange buying auctions, the CBRT bought USD 970 million in total, USD 340 million of which in May and USD 630 million in June. Moreover, the USD 1.145 billion in total was bought by means of outright buying interventions made in May (USD 579 million) and on 9 June 2003 (USD 566 million) upon excessive volatility in exchange rates. Hence, total amount of USD 2.115 billion was bought by means of foreign exchange buying auctions and foreign exchange outright buying interventions in May and June.

It is predicted that the excess supply in foreign exchange market occurred in May and June will increasingly continue in July, due to the seasonal factors. Therefore, it has been decided to announce a monthly foreign exchange buying auction program for July as well, and the total amount of daily foreign exchange buying will be USD 40 million. Accordingly, in July, foreign exchange buying auction will be held on 22 working days throughout the month, except for 4 July 2003, the public holiday in USA, and the maximum amount to be bought will be USD 880 million.

Besides, as was announced by our press release of 13 June 2003, the CBRT has discontinued the practice of maximum bid price in foreign exchange buying auctions as of 16 June 2003, in order to ensure that the targeted daily amount of foreign exchange buying is realized. In July too, there will be no maximum bid price in foreign exchange buying auctions, and all other conditions will stay the same.

As usual, the CBRT will continue to closely monitor the volatility in exchange rates and will directly intervene in the market in case of an excessive volatility in both directions. Moreover, as were announced by previous press releases, the CBRT may, with a prior notice, suspend the auctions before the end of the period in the cases where the depth of foreign exchange market is lost and excessive volatility is observed in exchange rates due to an external shock or unpredictable developments.

B) THE TURKISH LIRA DEPOSIT BUYING AUCTION PROGRAM FOR JULY

The CBRT will continue to conduct Turkish Lira buying auctions in July 2003 with a standard four-week maturity that was initiated in April 2002 as a supplement to its existing instruments in the Interbank Money Market with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish lira liquidity in the system.

Turkish lira buying auctions will be held every week on Wednesday and Friday as in June 2003 and the maximum amount to be bought in every auction will be TL 200 trillion.