

PRESS RELEASE

July 27, 2017

DECISION OF THE MONETARY POLICY COMMITTEE

Participating Committee Members

Murat Çetinkaya (Governor), Ömer Duman, Erkan Kilimci, Emrah Şener, Murat Uysal, Abdullah Yavaş.

The Monetary Policy Committee (the Committee) has decided to keep the short term interest rates constant at the following levels:

- a) Overnight Interest Rates: Marginal Funding Rate at 9.25 percent and borrowing rate at 7.25 percent,
- b) One-week repo rate at 8 percent,
- c) Late Liquidity Window Interest Rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate at 0 percent, and lending rate at 12.25 percent.

Recently released data indicate an ongoing recovery in the economic activity. Domestic demand conditions have improved and demand from the European Union economies continues to contribute positively to exports. The economic activity is expected to maintain its strength due to the supportive measures and incentives provided recently. The Committee assesses that the implementation of the structural reforms would contribute to the potential growth significantly.

Although recent improvements in cost factors and expected partial correction in food prices will contribute to disinflation, current elevated levels of inflation pose risks on the pricing behavior. Accordingly, the Committee decided to maintain the tight stance of monetary policy.

The Central Bank will continue to use all available instruments in pursuit of the price stability objective. Tight stance in monetary policy will be maintained until inflation outlook displays a significant improvement. Inflation expectations, pricing behavior and other factors affecting inflation will be closely monitored and, if needed, further monetary tightening will be delivered.

It should be emphasized that any new data or information may lead the Committee to revise its stance.

The summary of the Monetary Policy Committee Meeting will be released within five working days.
