

# Decision of the Monetary Policy Committee

March 7, 2018, No: 2018-05

## 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 12.75 percent.

Recently released data indicate that economic activity maintains its strength. Domestic demand continues to expand and external demand contributes positively to exports.

Current elevated levels of inflation and inflation expectations continue to pose risks on the pricing behavior. Underlying trend indicators display inertia and the core inflation remains elevated. Accordingly, the Committee decided to maintain the tight monetary policy stance.

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 decisively until inflation outlook displays a significant improvement, independent of base effects and temporary factors, and becomes consistent with the targets. 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.