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PRESS RELEASE

ABOUT THE FOREIGN EXCHANGE INTERVENTION

OF THE CENTRAL BANK

The Central Bank has announced through several press releases that under the floating exchange rate regime, the level of exchange rate is determined by supply and demand conditions in the money markets but still the volatility in exchange rates is closely monitored by the Central Bank and that the Central Bank may directly intervene in the markets in the event of an excessive volatility that might occur in both directions. In this context, the Central Bank directly intervened in the foreign exchange market by buying foreign exchange on 9 June 2003 due to the excessive volatility in the exchange rates.

In recent days, an excessive volatility is observed in the foreign exchange market yet again. When the appreciation of the US dollar in international markets during the same period is taken into consideration, the volatility in the value of Turkish Lira, particularly against the US dollar, has become more apparent. In this framework, the Central Bank directly intervened in the foreign exchange market today by buying foreign currency in order to dampen the excessive volatility.