



TÜRKİYE CUMHURİYET  
MERKEZ BANKASI

# MONETARY POLICY AND MACROECONOMIC OUTLOOK

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Governor

MAY 15, 2026

KONYA



## We have strong communication with the real sector.

We have interviewed firms from a variety of sectors and of different scales since 2013.

We have interviewed **200 firms** in **Konya and neighboring provinces** in 2026, totaling **2,723 firms** over the last five years.



We employ the **insightful and timely information** we obtain in decision making processes.



We obtain information on **structural problems** in addition to cyclical developments.



We **share** the expectations and suggestions of the real sector **with** relevant **public institutions**.



We have **two-way communication** with the representatives of the real sector.

# Institutions Visited

**2025  
Q1**

- Eskişehir Chamber of Industry
- Eskişehir Chamber of Commerce
- Uşak Chamber of Commerce and Industry
- Denizli Chamber of Industry
- Denizli Chamber of Commerce
- German-Turkish Chamber of Commerce and Industry

**2025  
Q2**

- YISAD Flat Steel Conference

**2025  
Q3**

- Kayseri Chamber of Industry
- Kayseri Chamber of Commerce
- Ankara Chamber of Industry
- Ankara Chamber of Commerce
- Union of Chambers and Commodity Exchanges of Türkiye (TOBB)
- Bursa Chamber of Commerce and Industry

**2025  
Q4**

- Kocaeli Chamber of Industry
- Kocaeli Chamber of Commerce
- Turkish Chamber of Shipping (TCS)
- MUSIAD
- TUSIAD

**2026**

- Türkiye Exporters Assembly
- Gaziantep Chamber of Industry
- Gaziantep Chamber of Commerce
- Konya Chamber of Industry
- Konya Chamber of Commerce

## Overview

**1** Reserves  
rose by  
**USD 100+**  
billion

**2** KKM  
Balance is almost zero,  
down from **USD 143**  
**billion.**

**3** Inflation

- We value the progress we have made in achieving price stability.
- Geopolitical risks to the short-term inflation outlook have increased.
- The mild course in core goods and services continues.
- Inflation will be shaped by our policy stance in the medium term.

**4** Real Economy

Economic growth continues, but its course will be determined by geopolitical risks.

**5** Price Stability

Price stability will ensure a **lasting** and widespread **increase in welfare.**

# Outline

## Key Discussion Points

- Will the fall in inflation continue?
- How do market rates decline?
- Which factors affect exports?
- How does the war affect the economy?
- Why is price stability important?

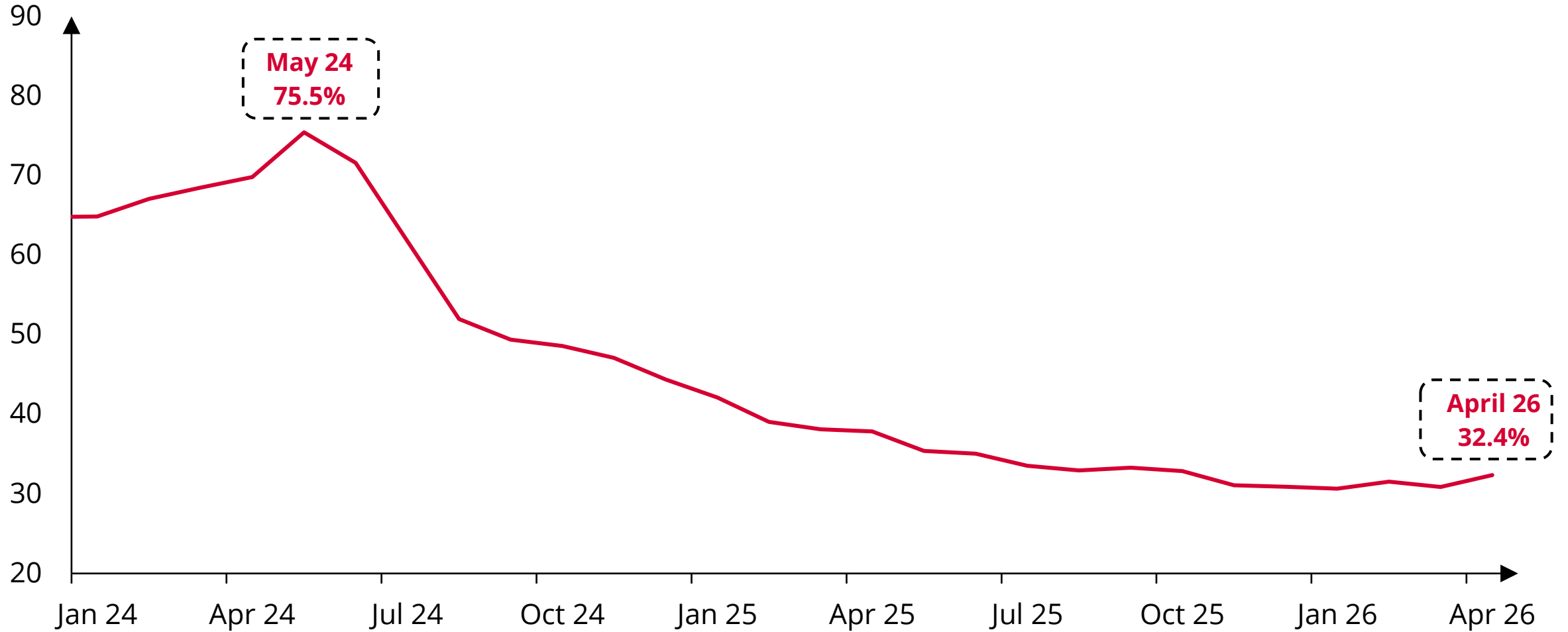
# 1

## **Will the fall in inflation continue?**

- Moderation in demand
- Normalization in pricing behavior
- Breaking the inertia in inflation

# Annual inflation stood at 32.4% in April.

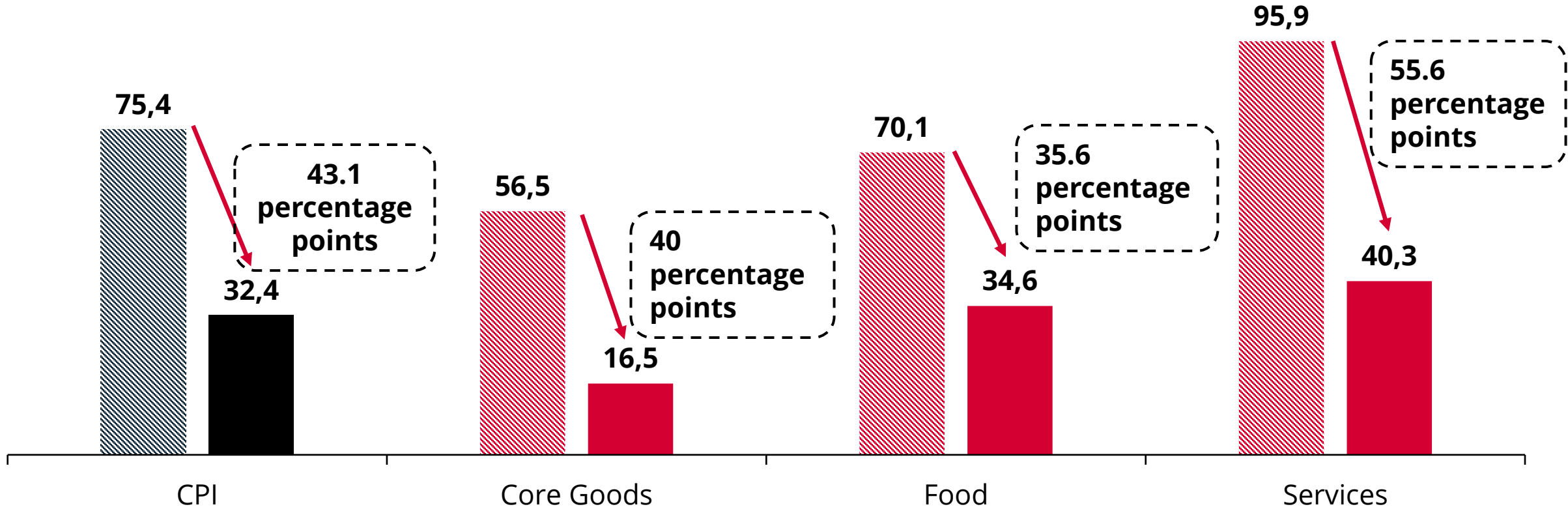
CPI (Annual % Change)



# Inflation has fallen across the board since May 2024.

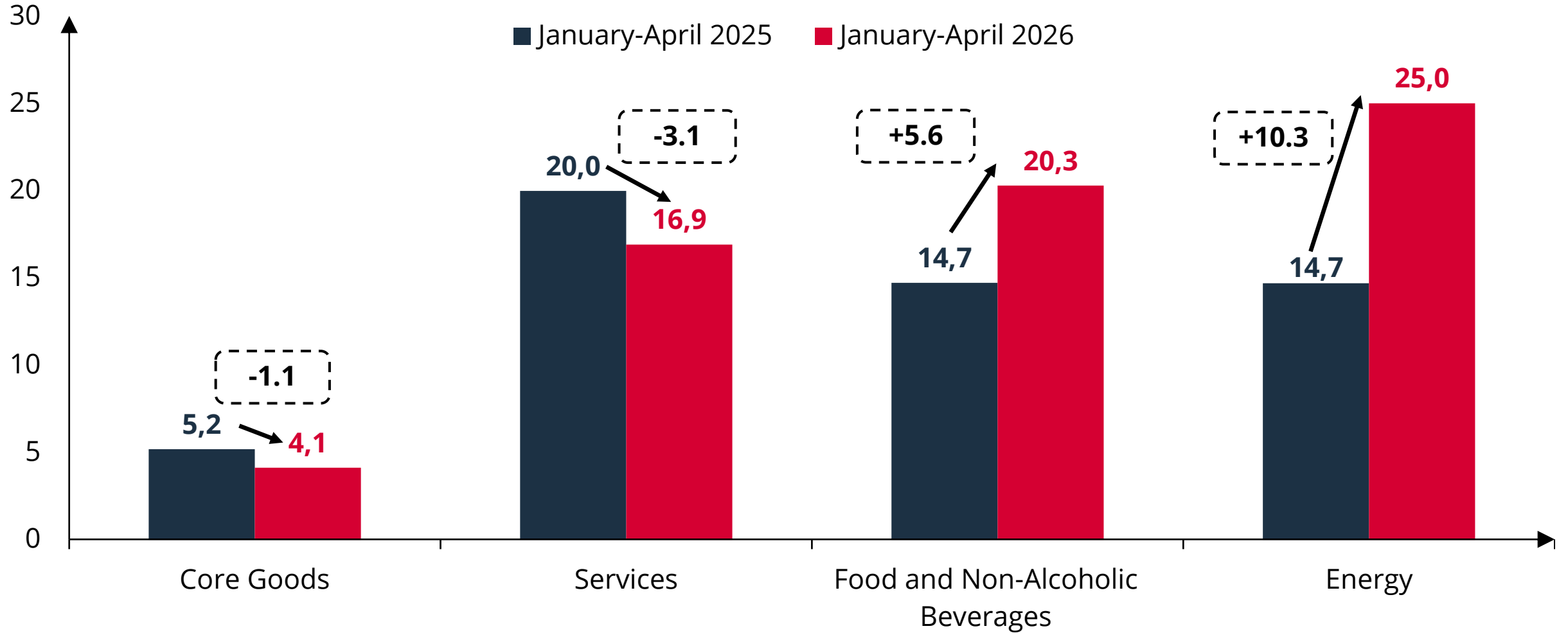
CPI Subitems (Annual % Change)

▨ May 2024 ■ Apr 2026



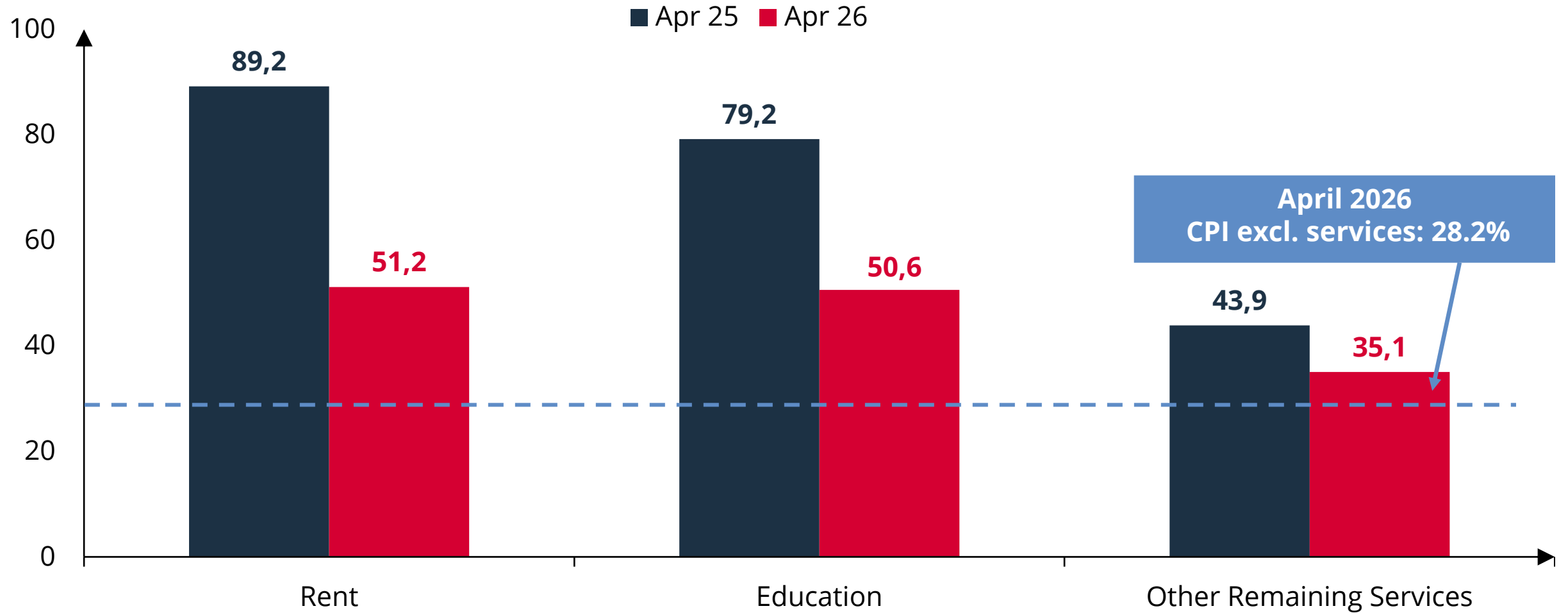
# Inflation rose in food and energy, but declined in core groups.

Cumulative Inflation of CPI Subgroups over the First 4 Months (%)



# Declining rigidity in rent and education prices has supported disinflation.

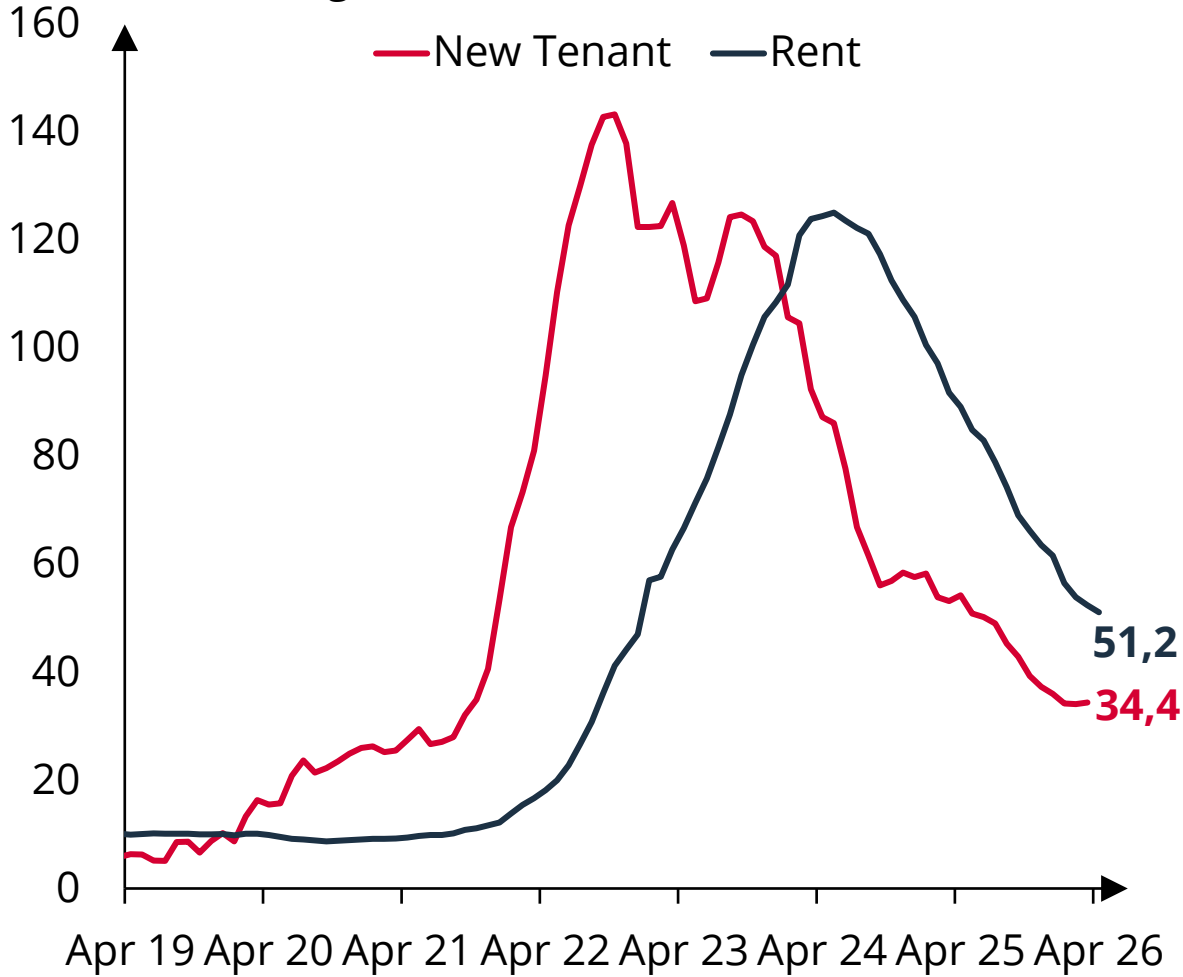
Services Subcategories (Annual % Change)



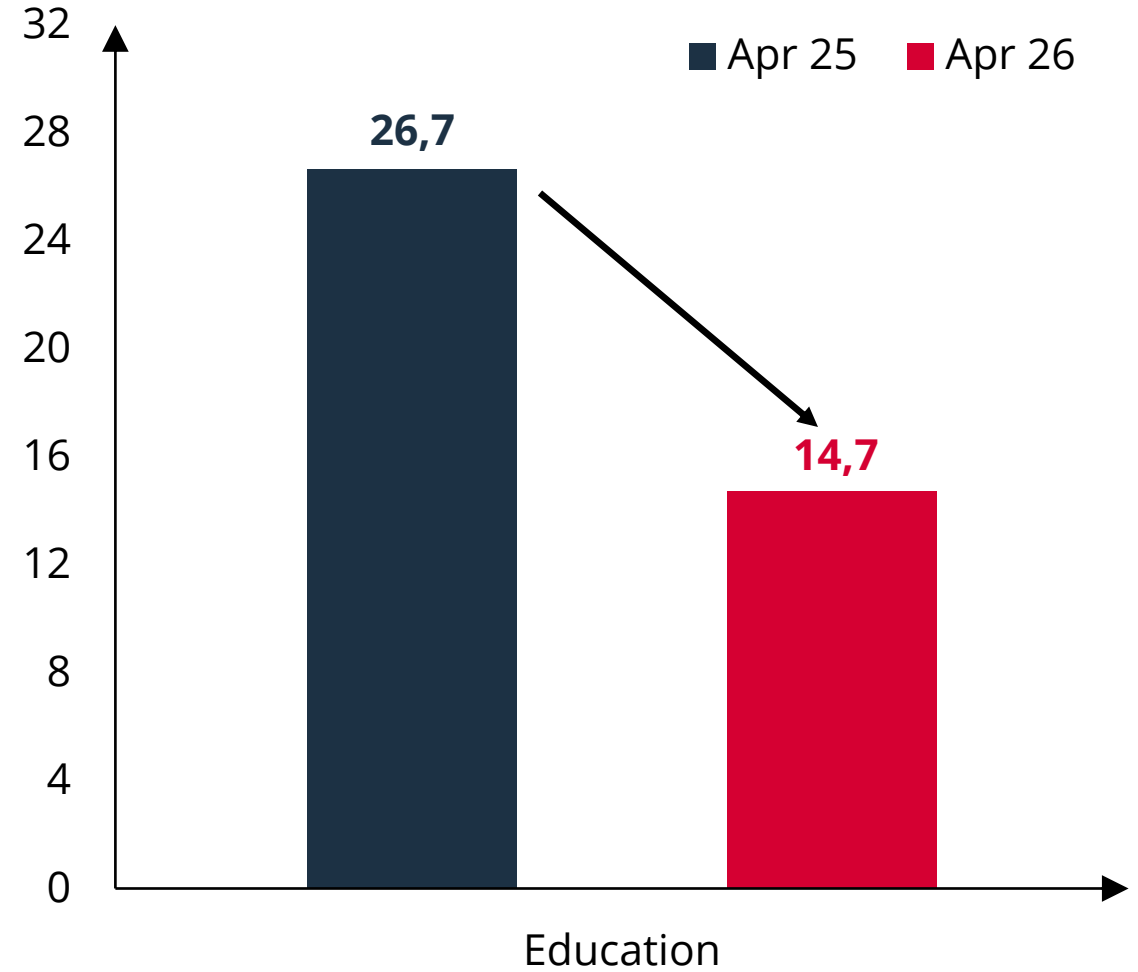
# Disinflation in rents and education is expected to continue.

## New Tenant and TURKSTAT's Actual Rent Indices

(Annual % Change)

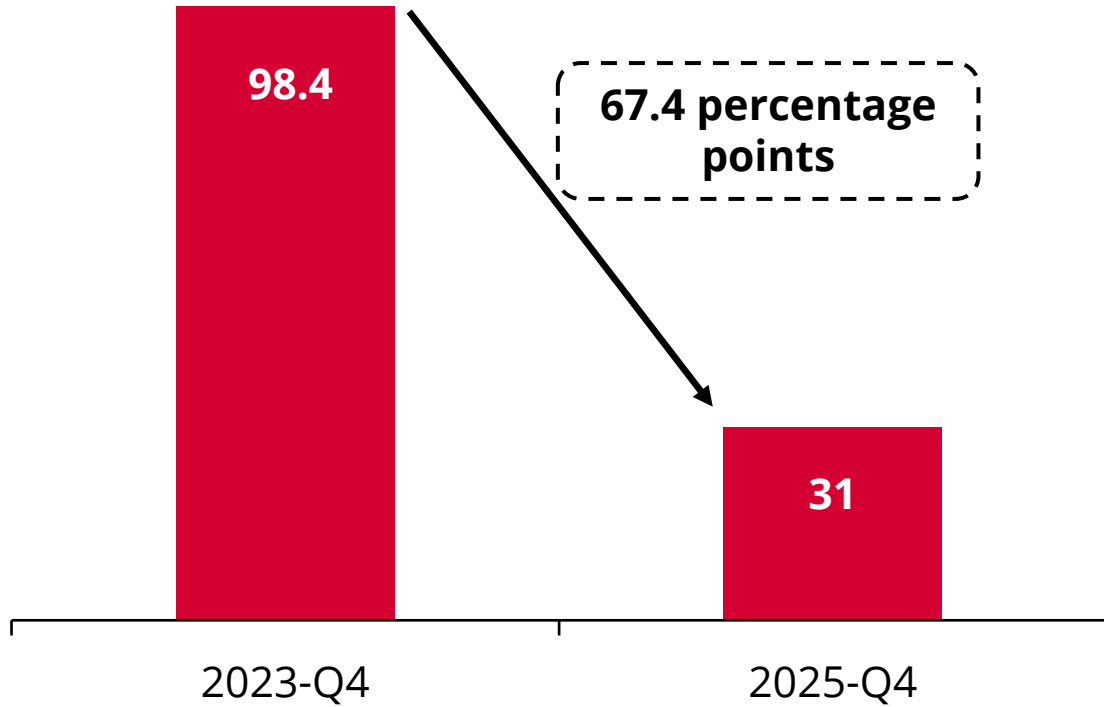


## Education (Cumulative % Change for the First 4 Months)

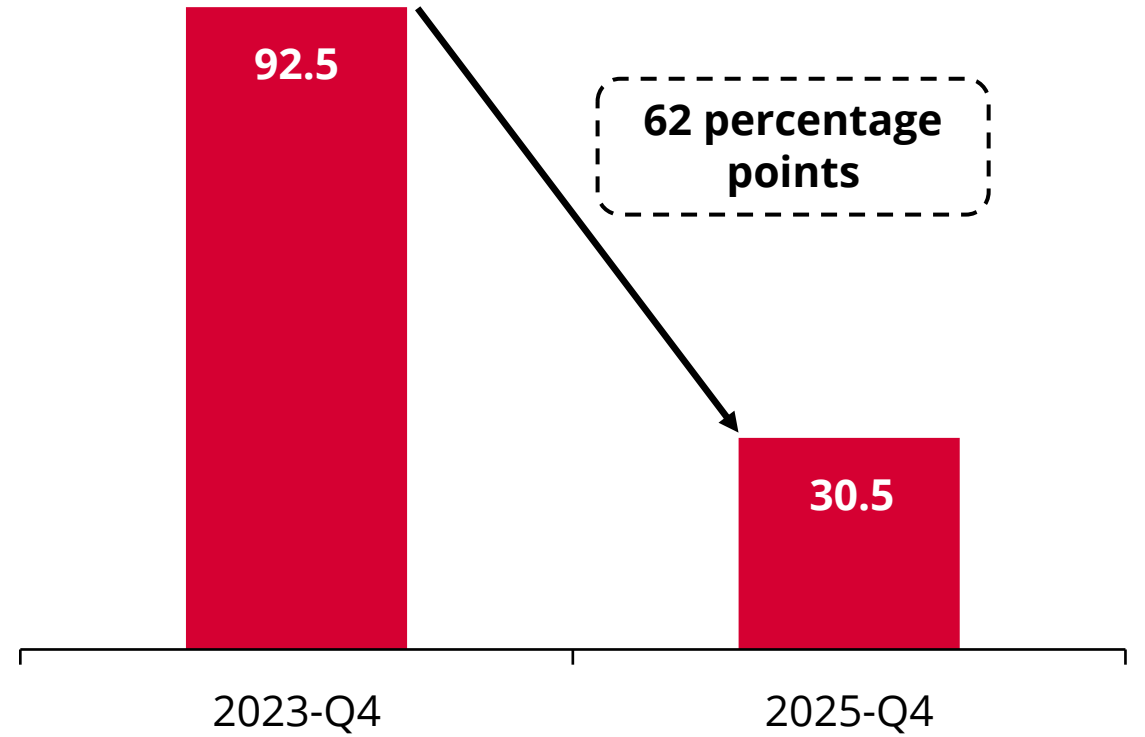


# The decline in commercial rent inflation is easing cost pressures.

### Increase in Shop Rents (Annual % Change)

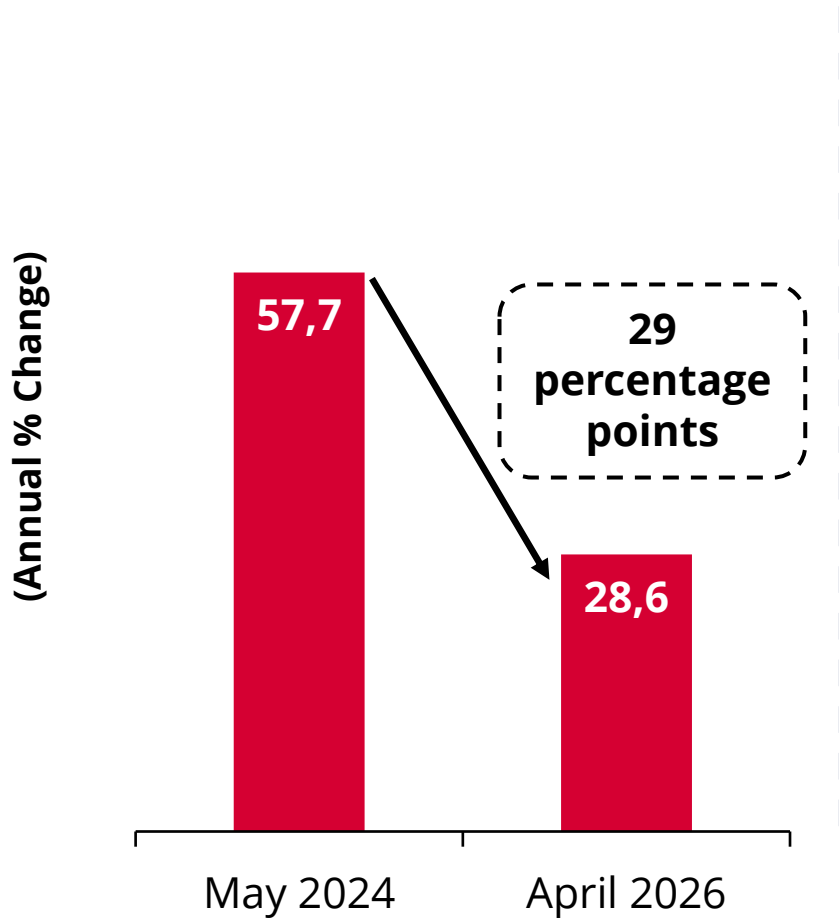


### Increase in Office Rents (Annual % Change)

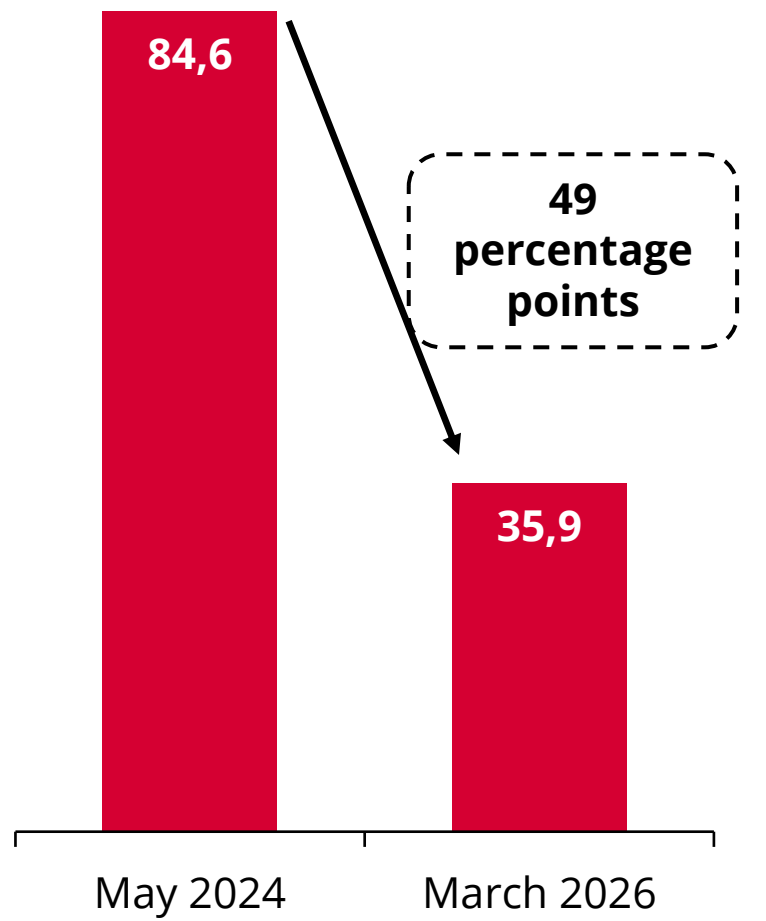


# Cost pressures are easing.

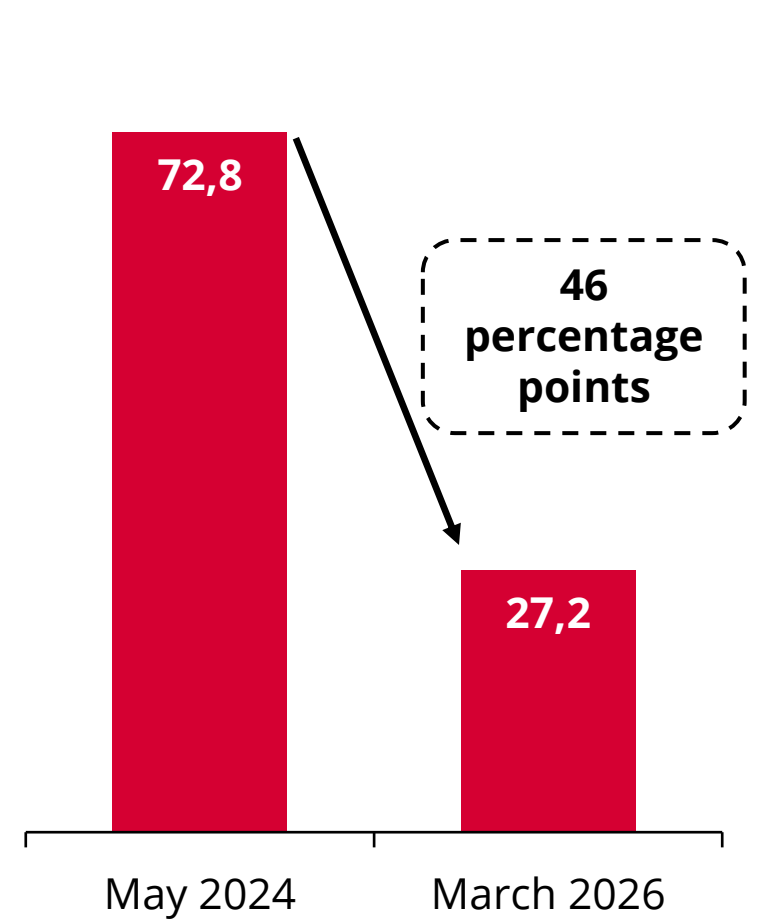
## Domestic Producer Price Index (PPI)



## Services Producer Price Index

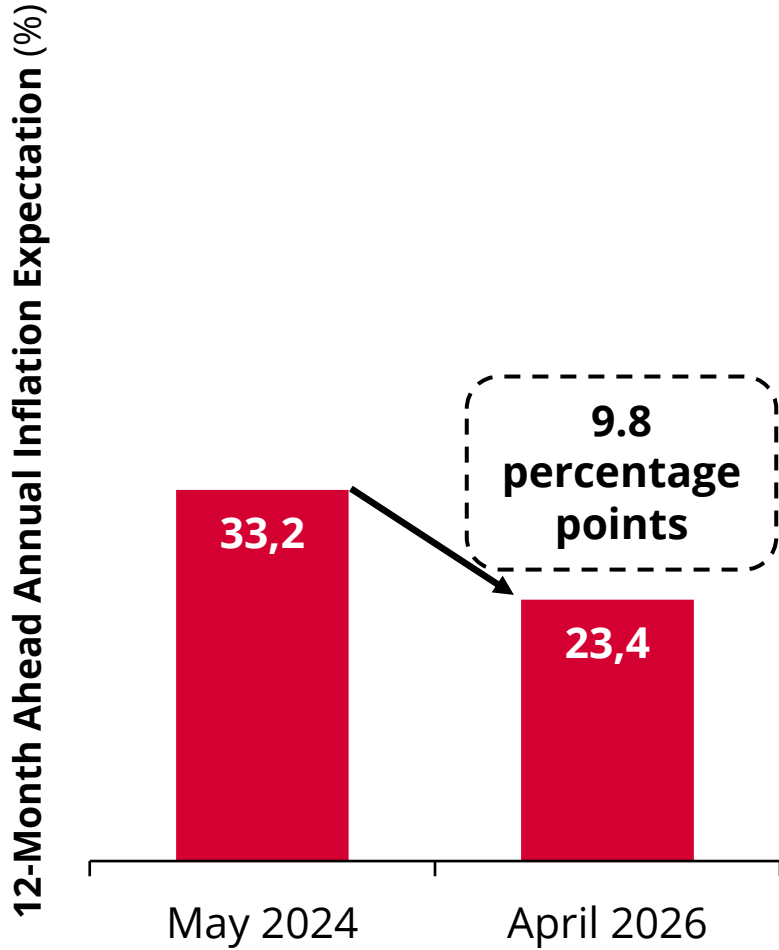


## Construction Cost Index

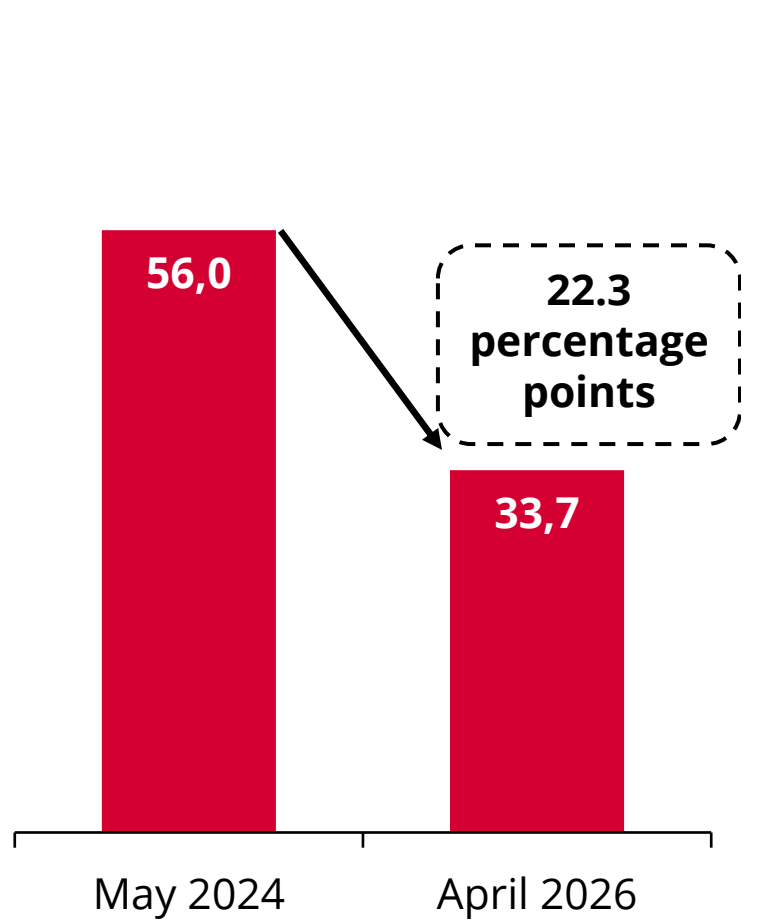


# Inflation expectations of consumers and firms have declined.

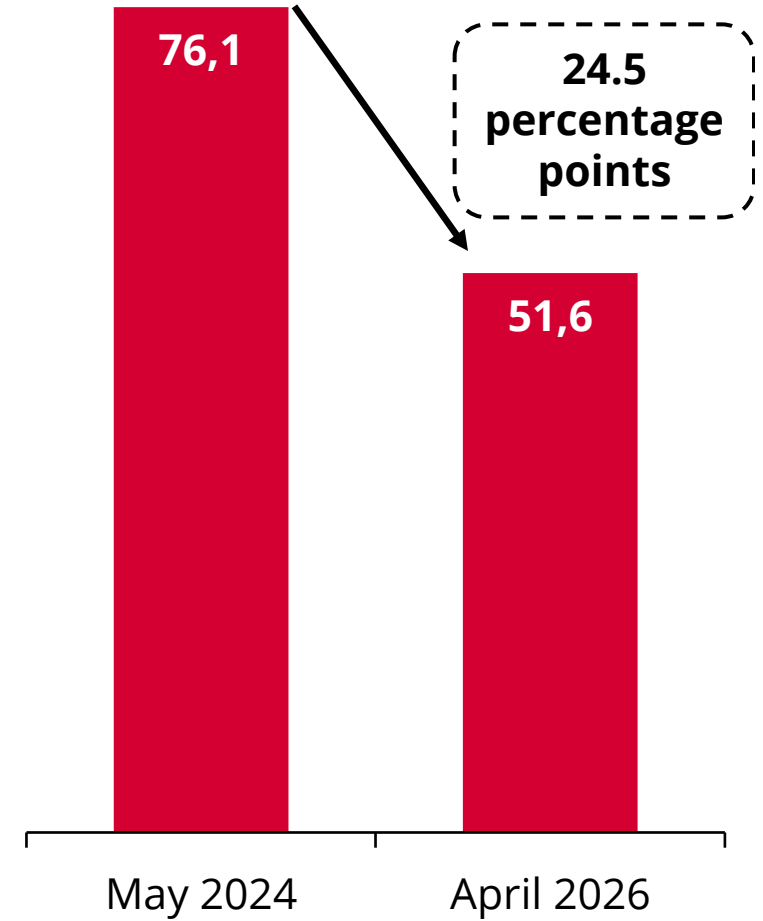
## Market Participants



## Real Sector



## Households

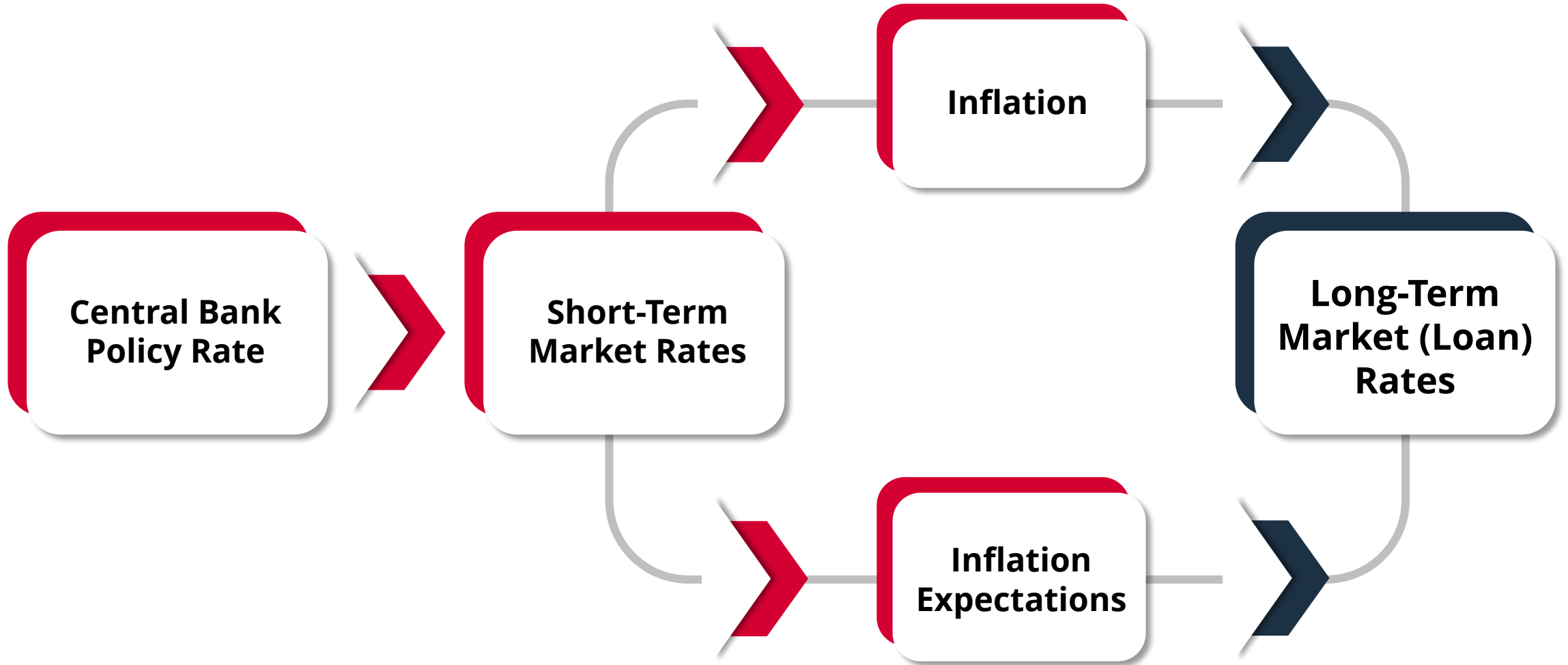


# 2

## How do market rates decline?

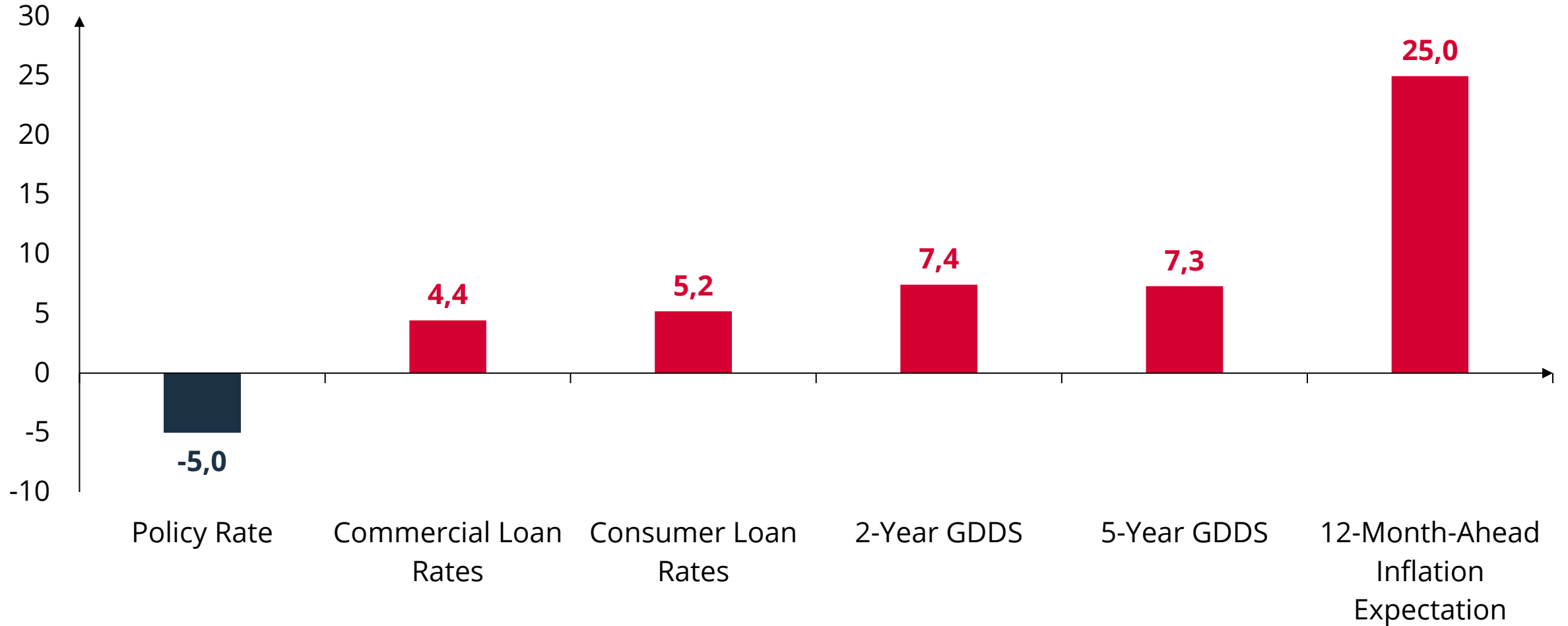
- Inflation
- Inflation expectations
- Risk premium

## Loan rates are affected by inflation and inflation expectations.



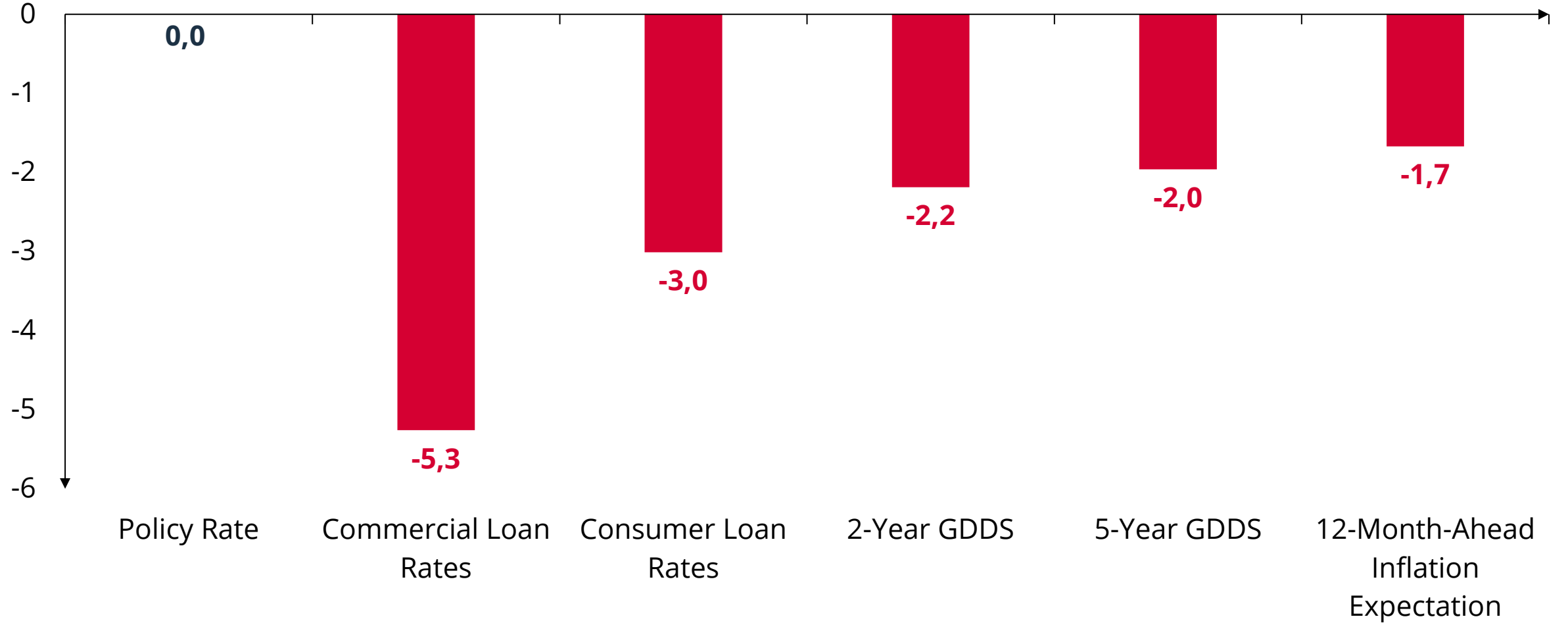
# Rate cuts are effective only when inflation is under control.

Policy Rate, Loan and Bond Rates, Inflation Expectation\* (Change over September 2021–June 2022, %)



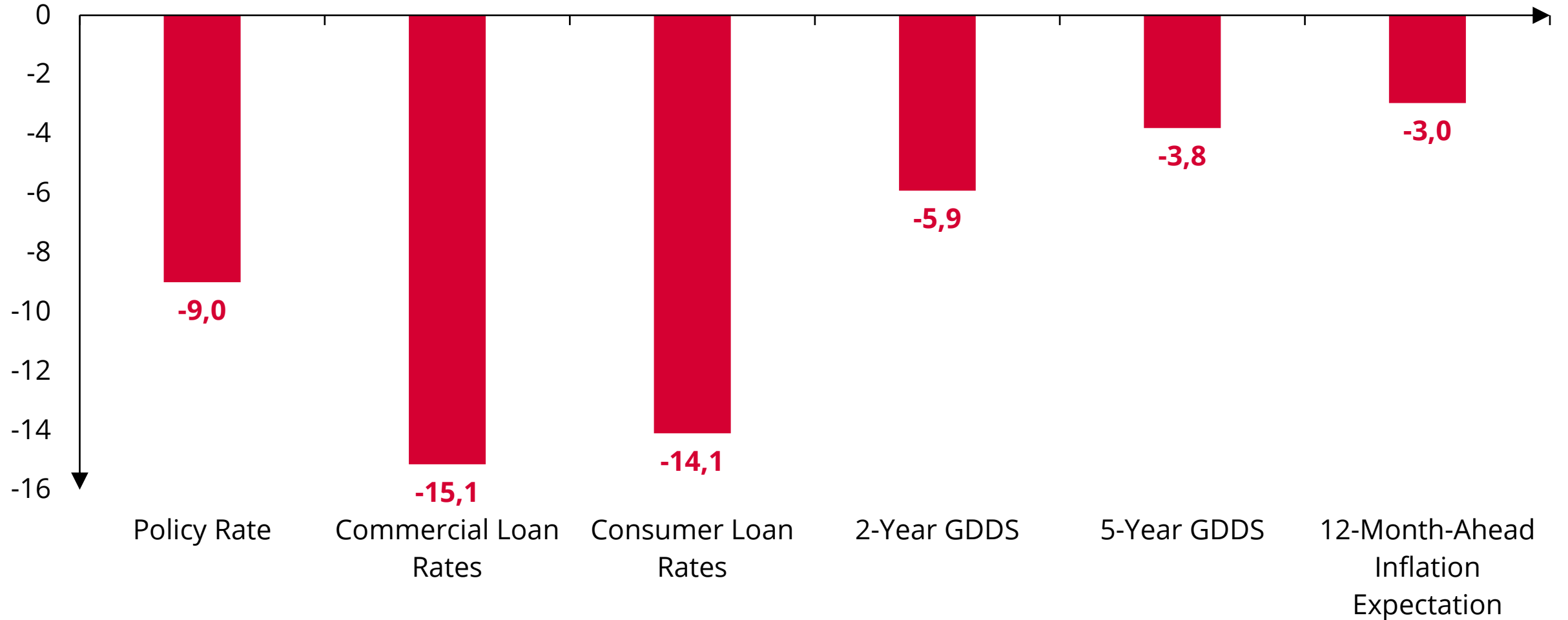
# Loan and bond rates fall as inflation expectations improve.

Policy Rate, Loan and Bond Rates, Inflation Expectation (Change over June 2025 – July 2025, %)



# The decline in the policy rate is reflected in market rates.

**Policy Rate, Loan and Bond Rates, Inflation Expectation** (Change over June 2025–February 2026, %)



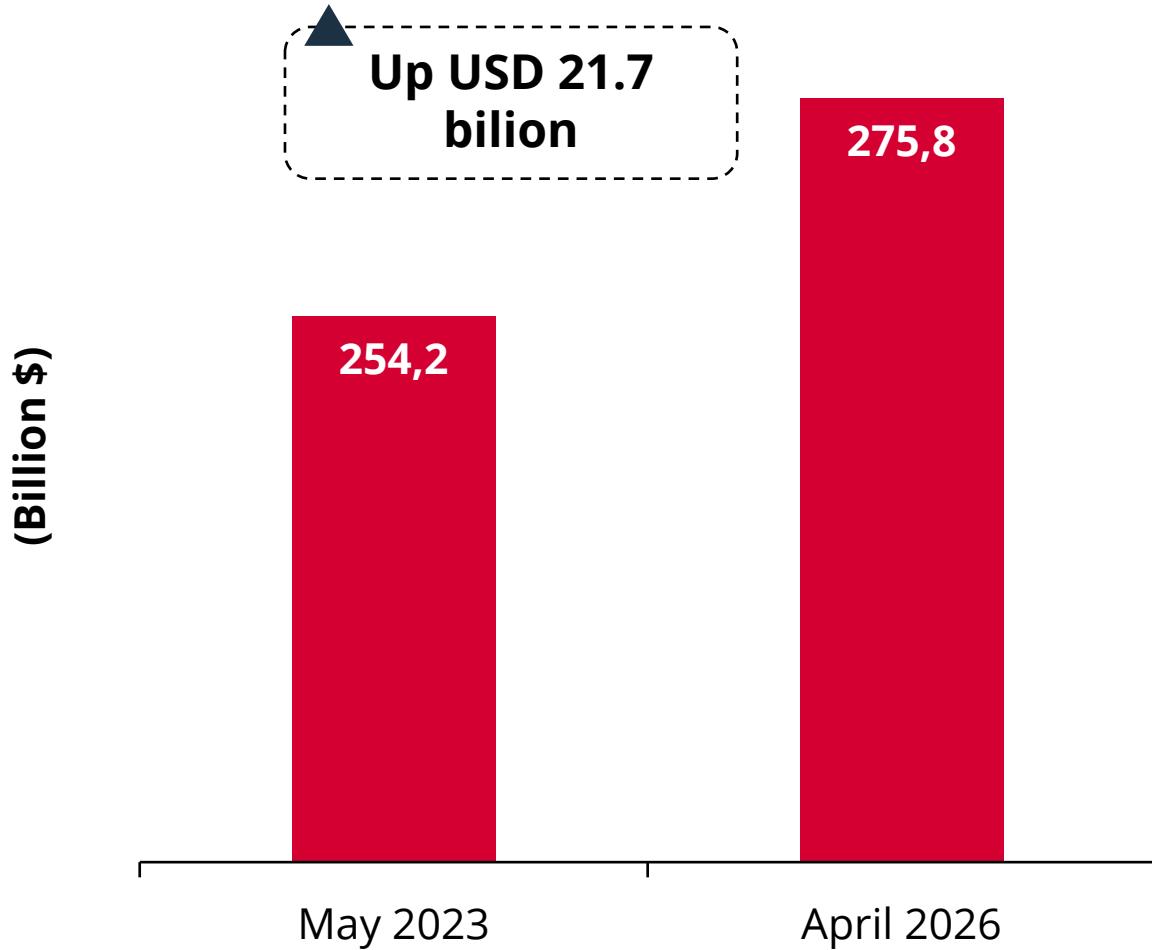
# 3

## Which factors affect exports?

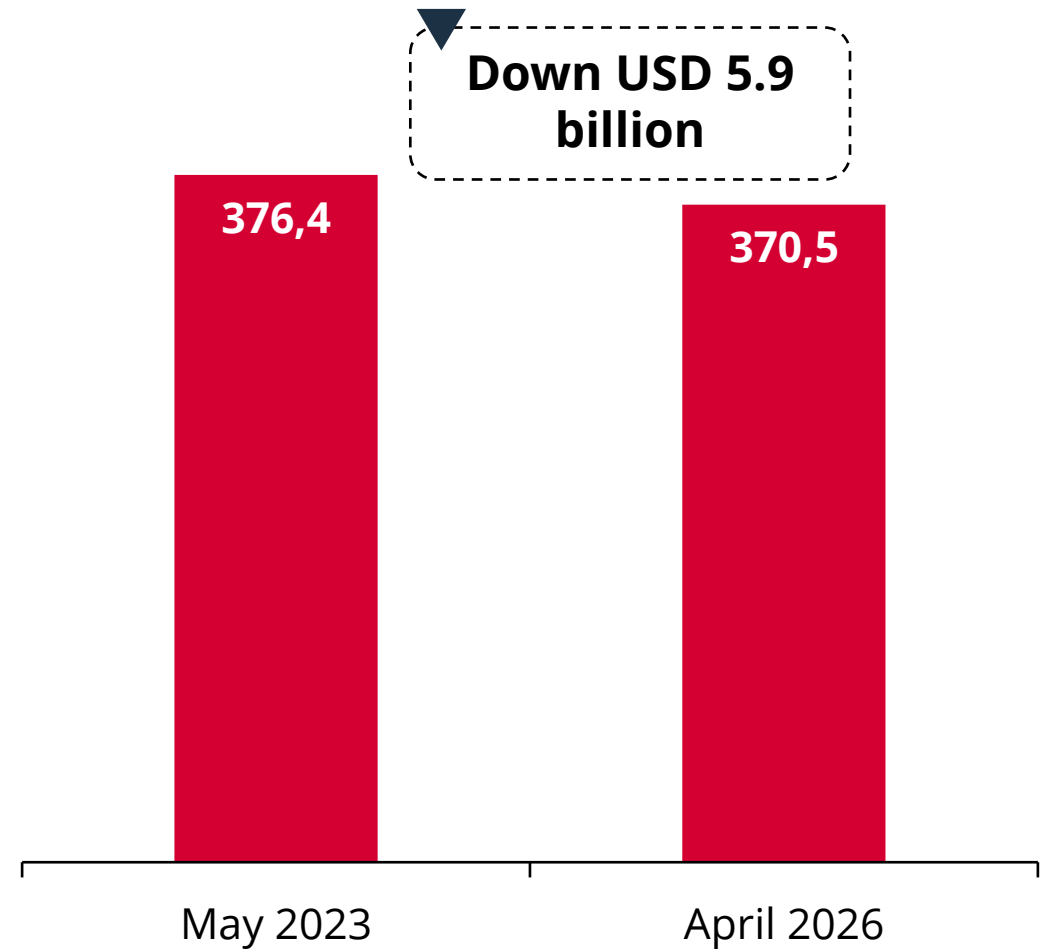
- External demand
- Relative prices
- Sectoral dynamics

# Exports picked up while imports receded.

Exports (12-Month Cumulative)



Imports (12-Month Cumulative)



# External demand developments are the key driver of exports.

When external demand increases by 1 percentage point, our exports grow by 2.3%.



External Demand Elasticity of Exports

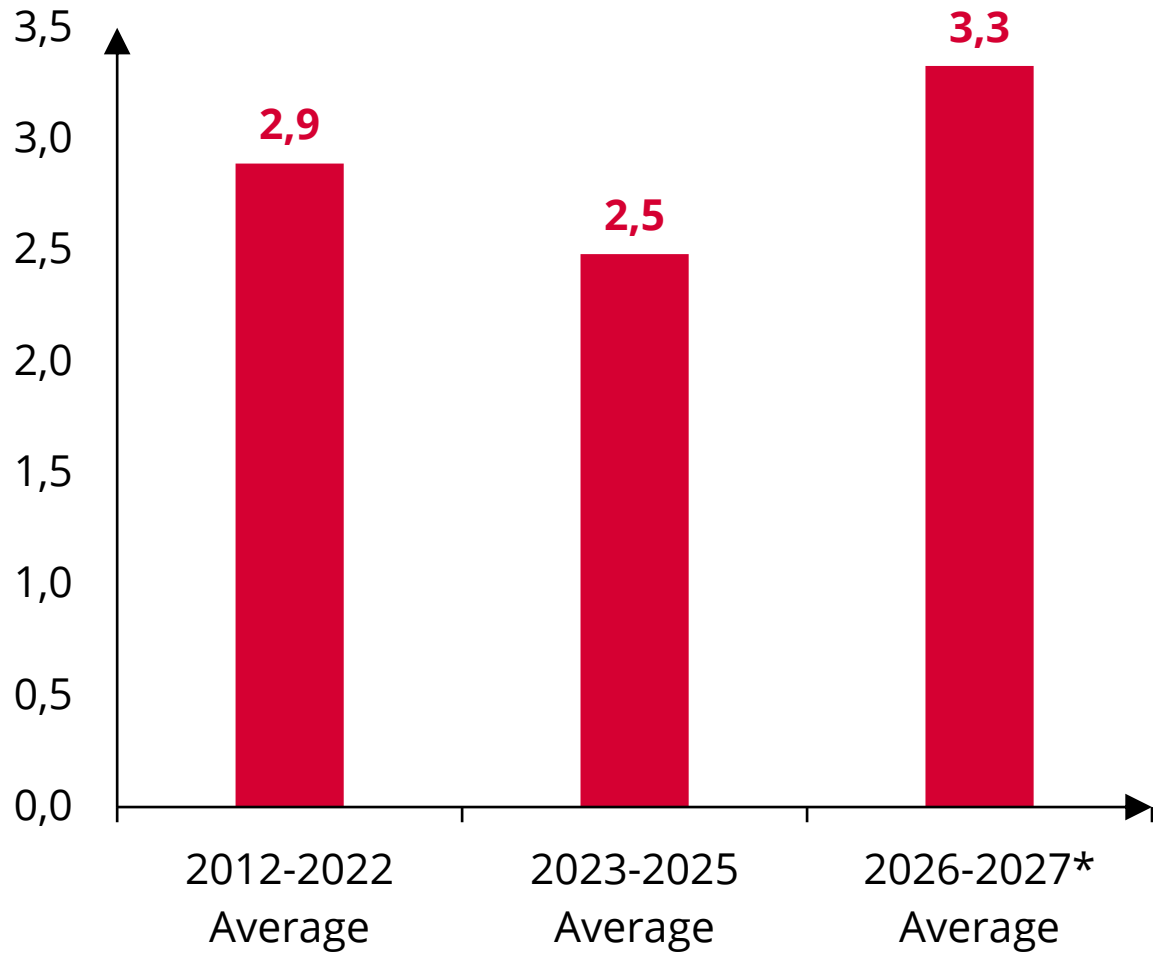
When real exchange rate falls by %1, our exports grow by 0.2%.



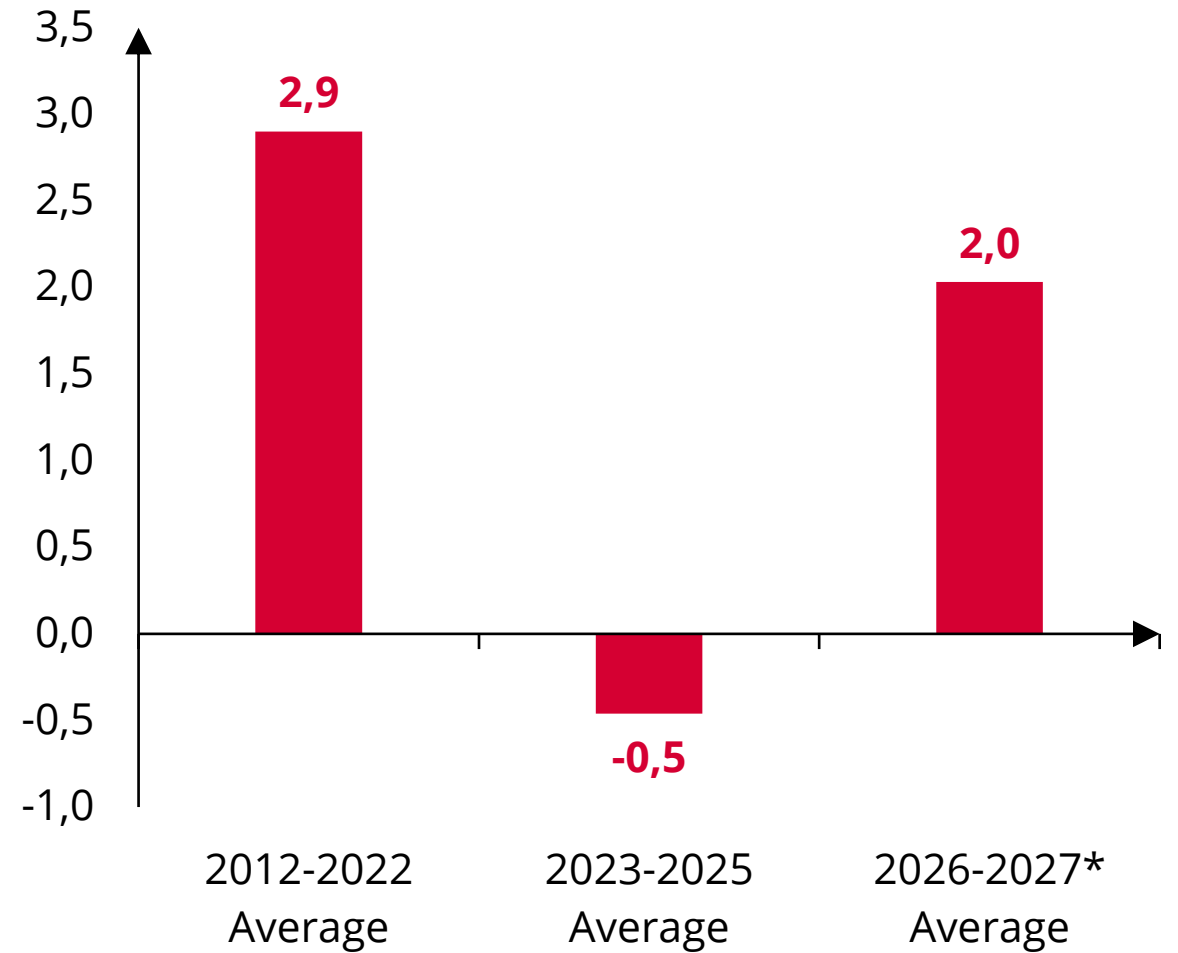
Real Exchange Rate Elasticity of Exports

# Global growth and expectations in our main markets are relatively favorable.

## Global Goods Trade Growth (Growth, %)

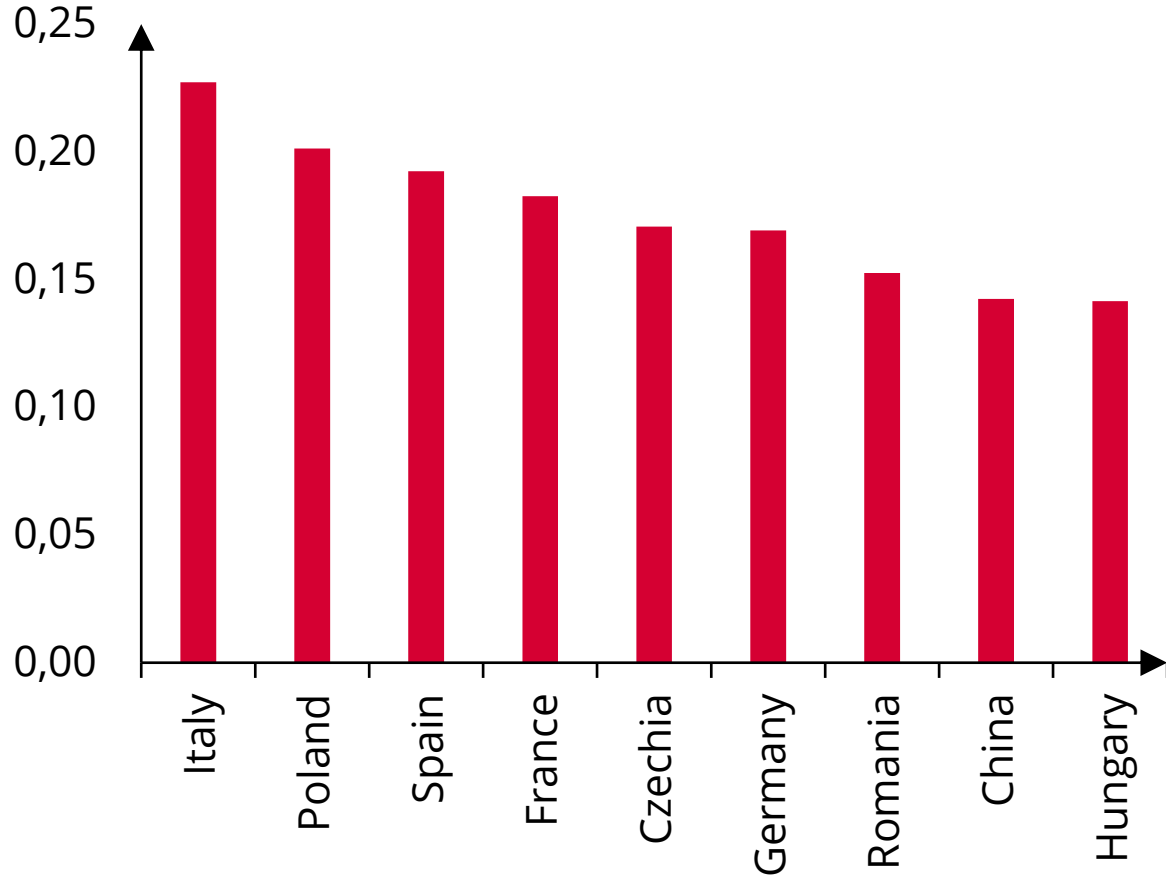


## Euro Area Goods Trade (Growth, %)

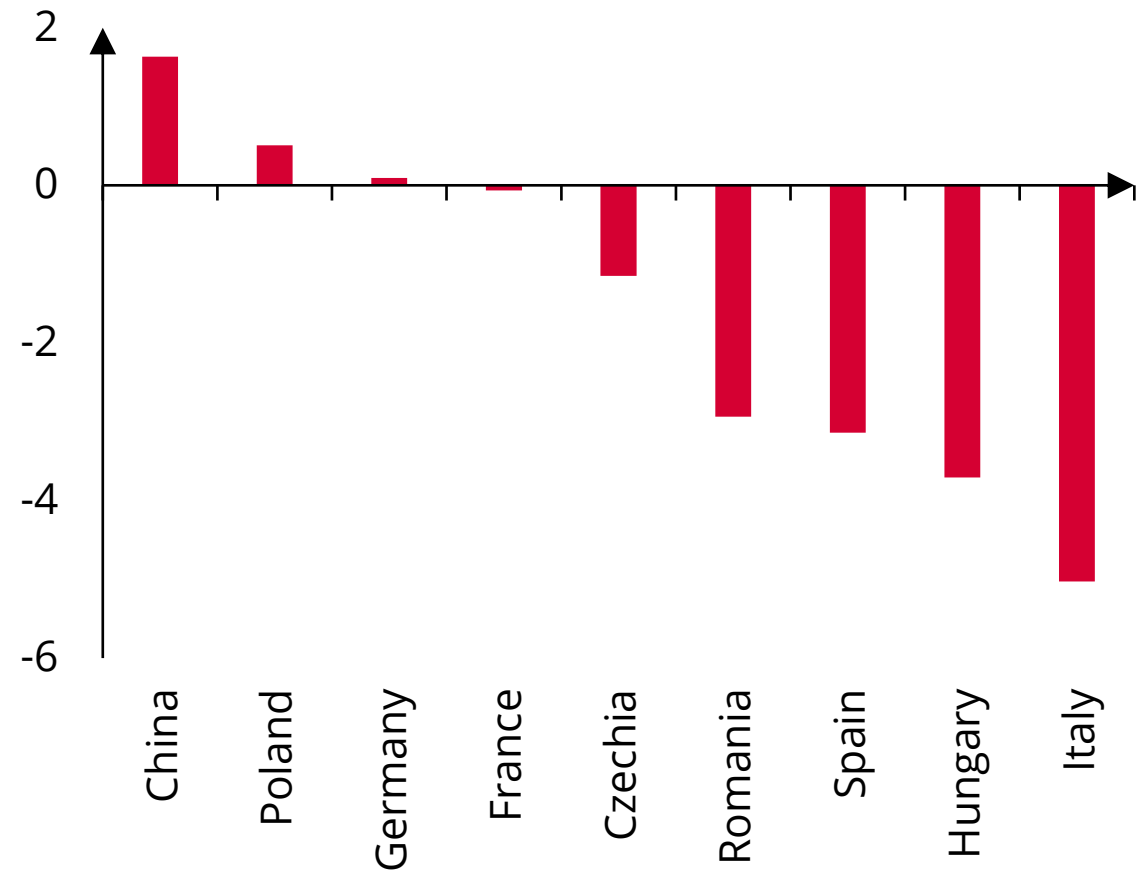


# Real exchange rate has remained unchanged or has receded compared to competitors except China and Poland.

Export Similarity Index (Product-Country)



PPI-Based Real Exchange Rate by Countries (Annual Change)



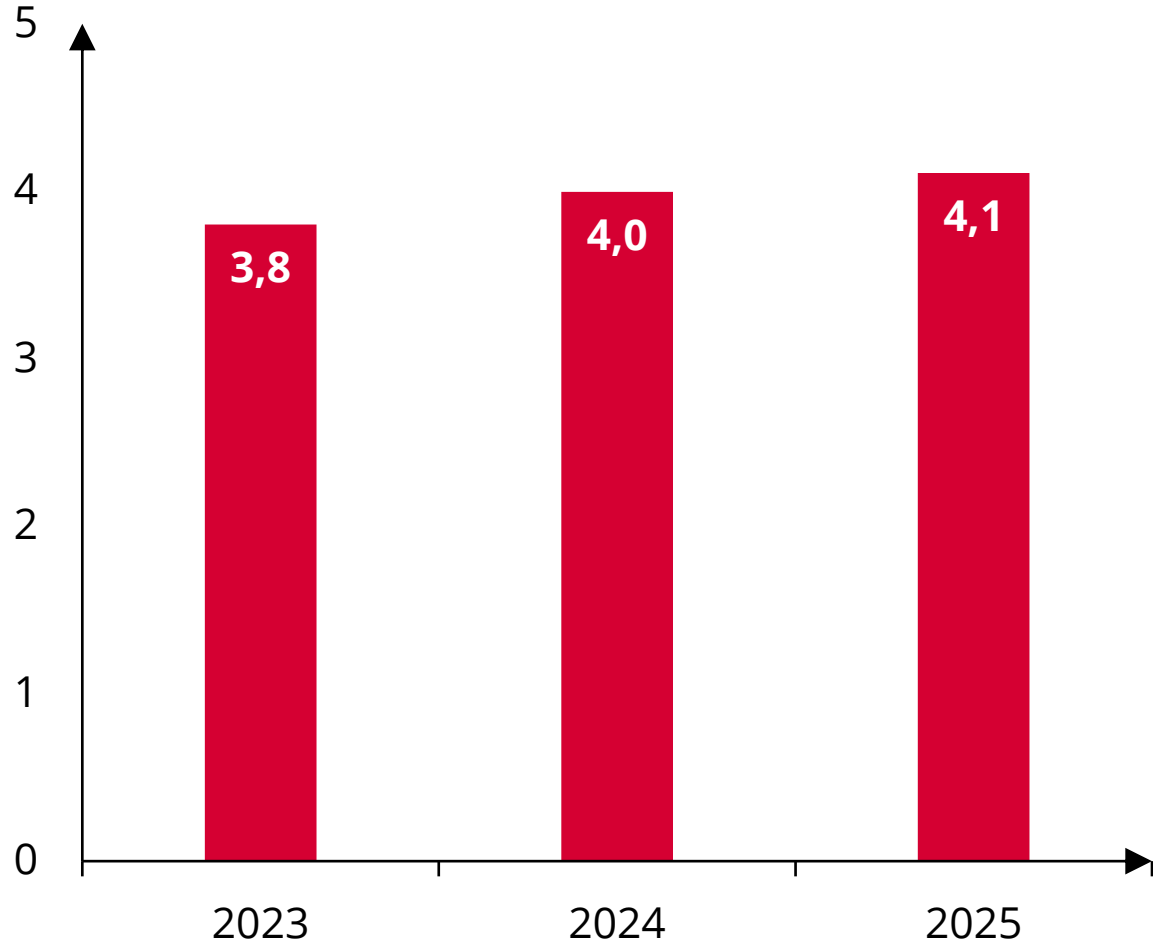
Left Chart: Sources: UN Comtrade, CBRT. Right Chart: Sources: CBRT, Eurostat, TURKSTAT, National Bureau of Statistics of China. As of March 2026.

While constructing the export similarity index at the product-destination (product-country) level respect to Türkiye, only countries with export values exceeding USD 100 billion in 2023 are included in the analysis. The export similarity index is calculated using the formula below by summing the minimum shares of product-destination pairs in the total exports of the two countries being compared. In equation, i and j denote exporting countries, while k represents the exported product-destination pair

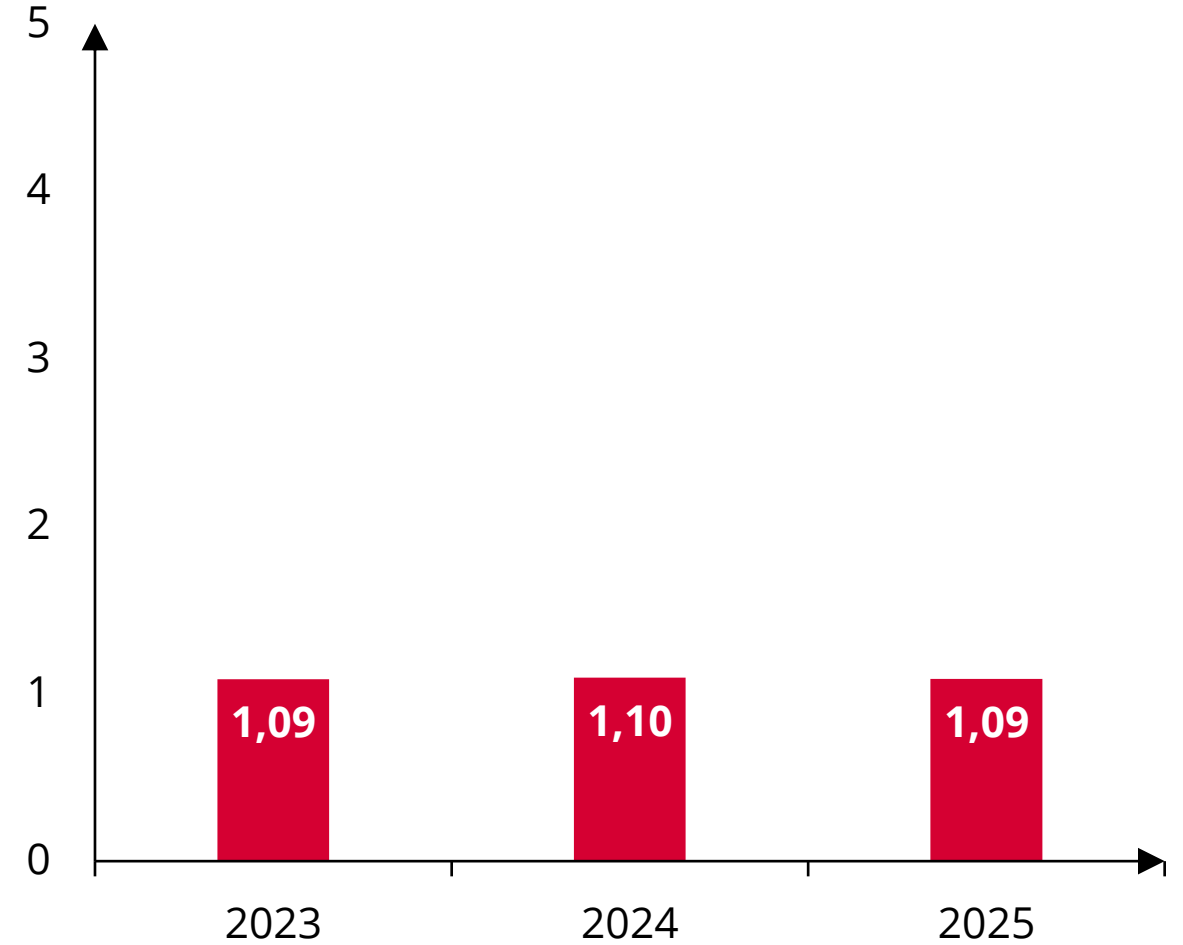
$$Similarity_{i,j} = \sum \min\left(\frac{X_i^k}{X_i}, \frac{X_j^k}{X_j}\right)$$

# Market share in global exports is preserved.

## Türkiye's Share in the EU's Goods Imports\* (%)



## Türkiye's Share in Global Goods Exports (%)



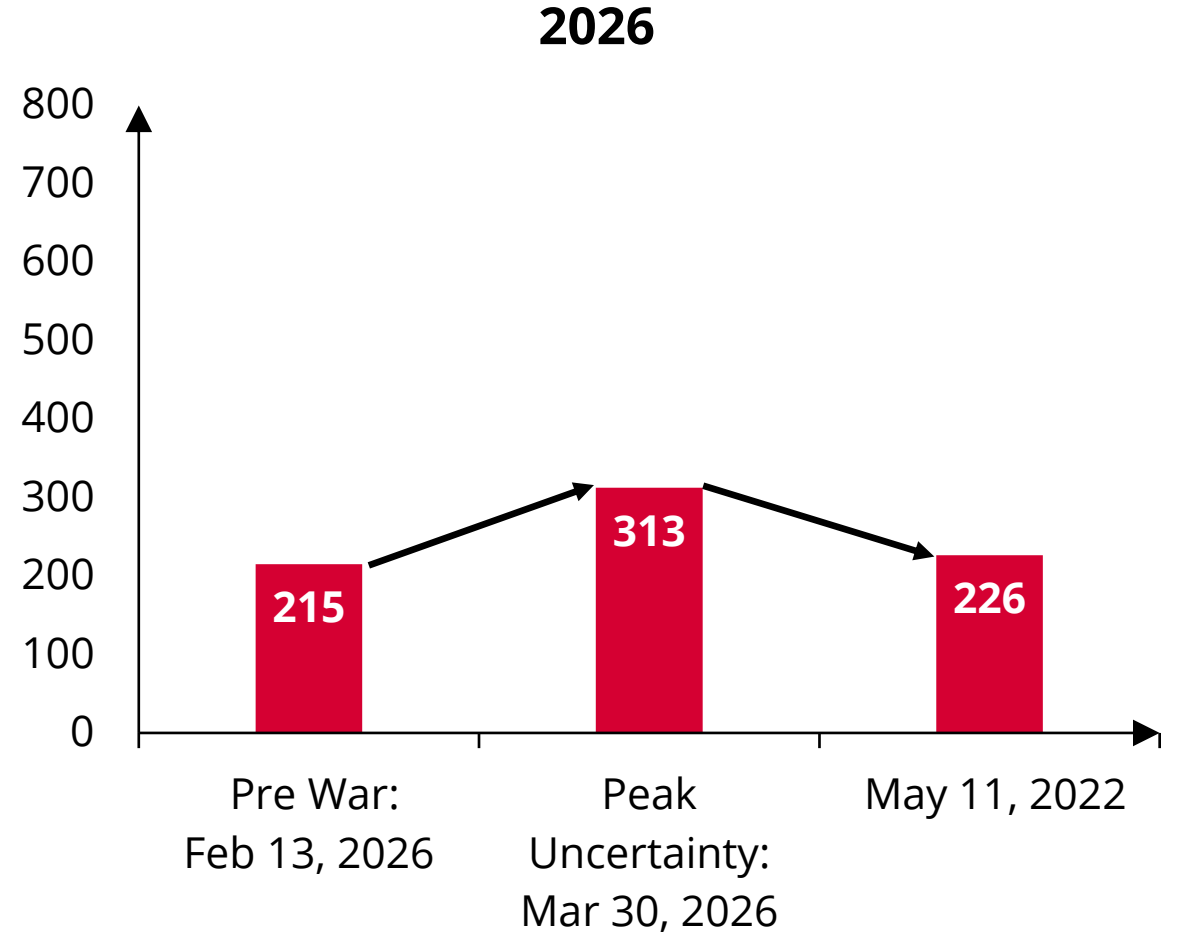
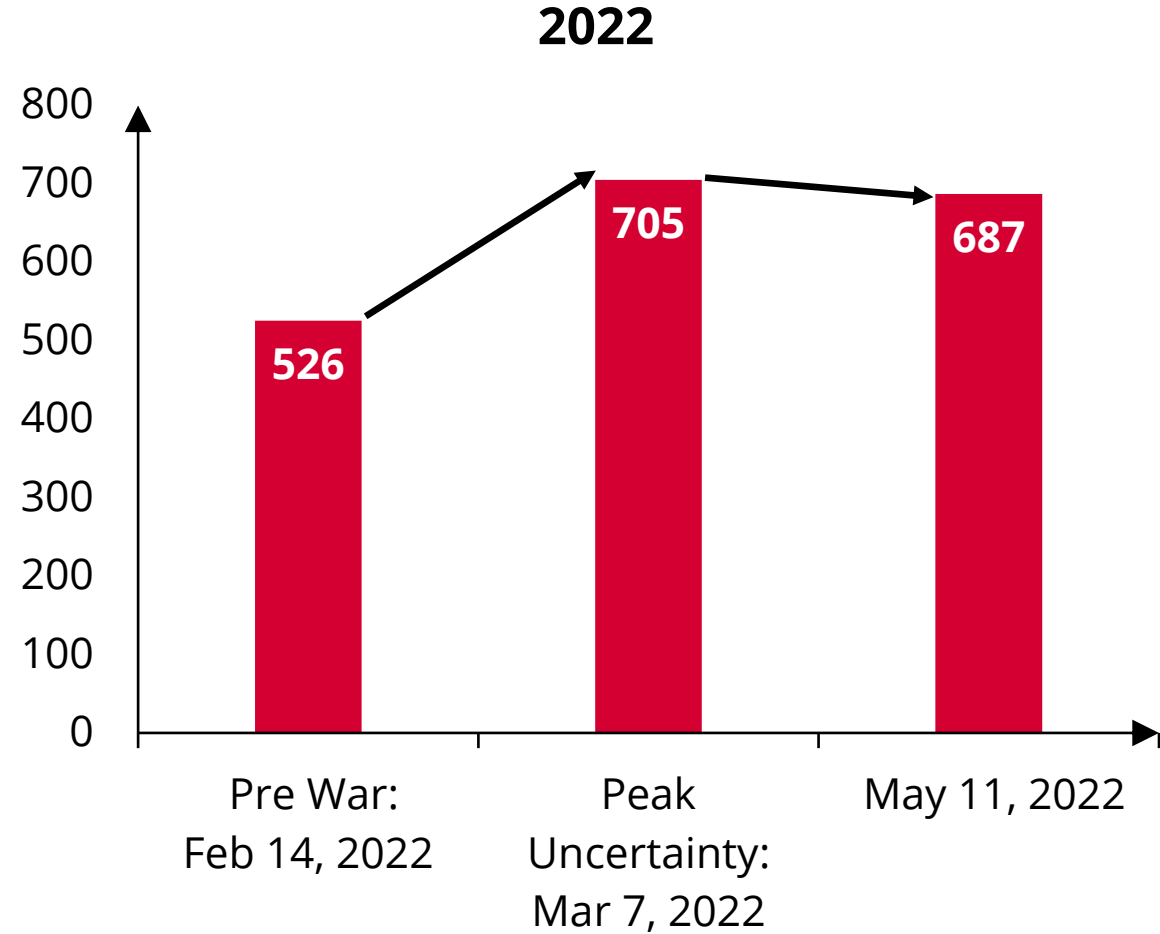
# 4

## How does the war affect the economy?

- Risk premium
- Energy prices
- Current account balance

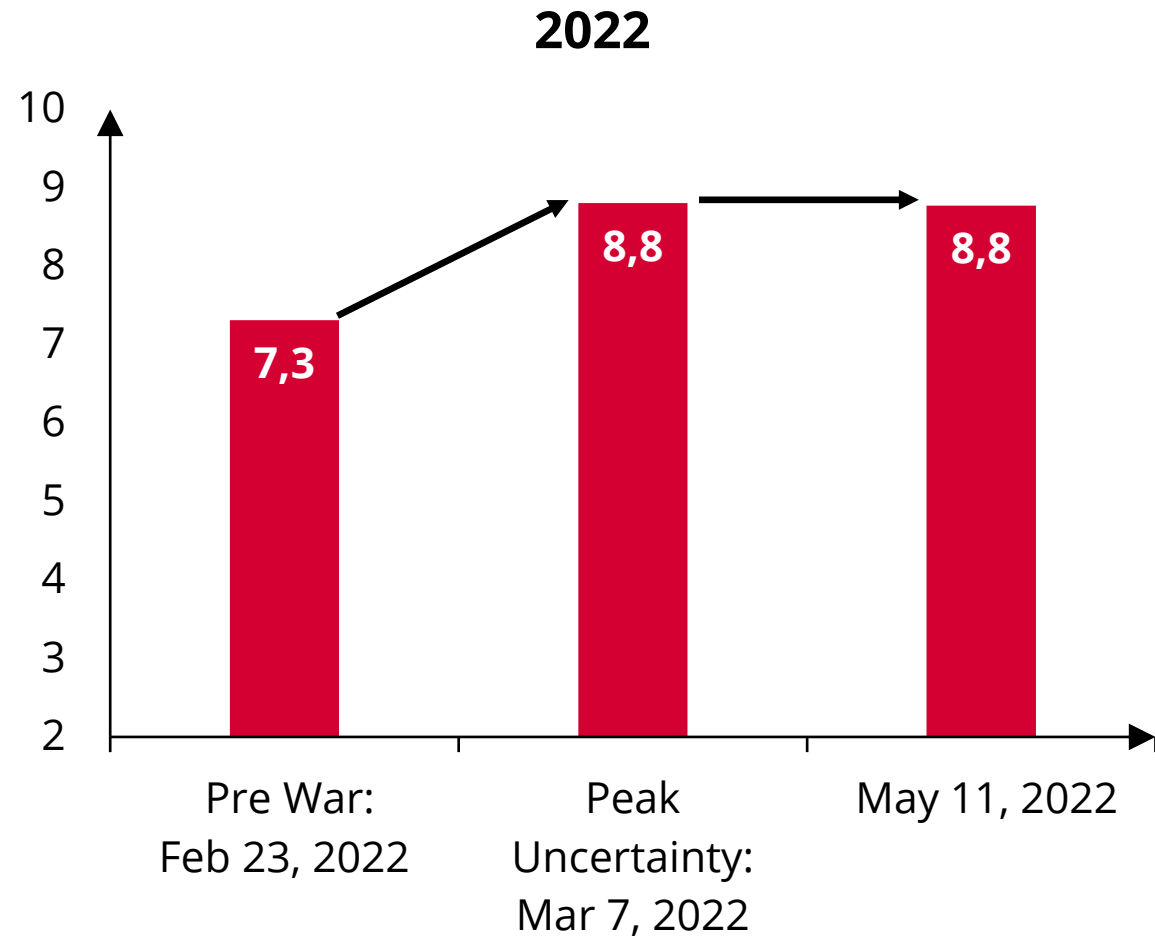
# Sovereign risk premium is lower than 2022 in terms of level and change.

CDS (Basis Points)

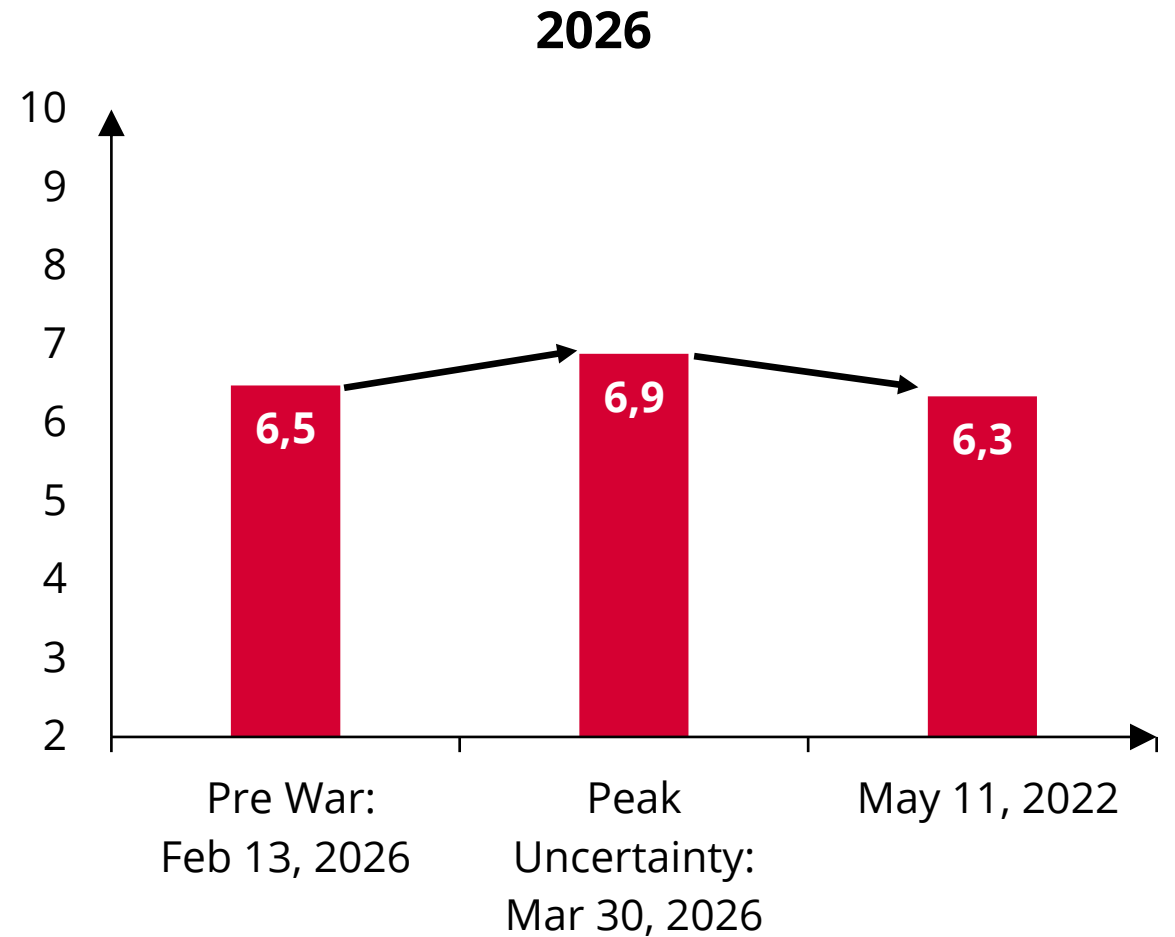


# The increase in FX borrowing costs has remained more limited than 2022.

5-Year USD Bond Rate (%)



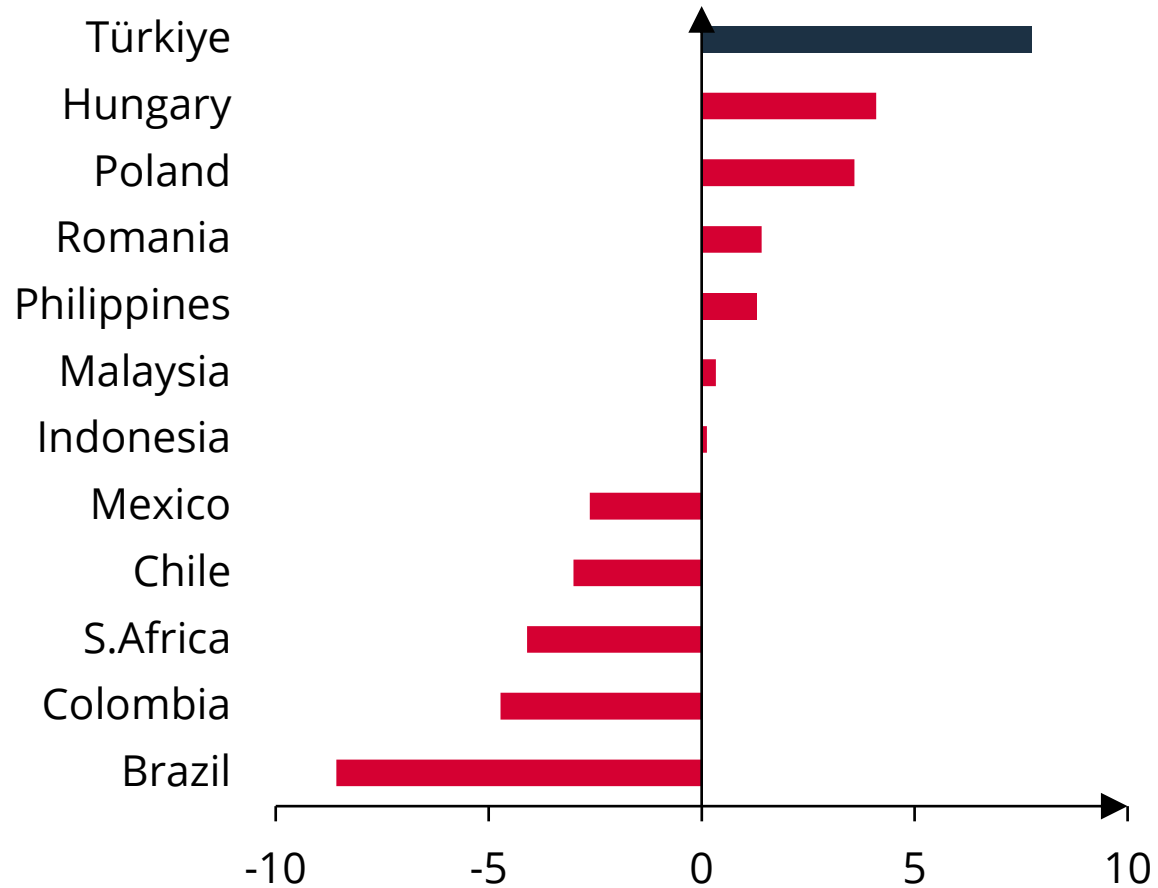
5-Year USD Bond Rate(%)



# Tight monetary policy has curbed the effects of geopolitical risks.

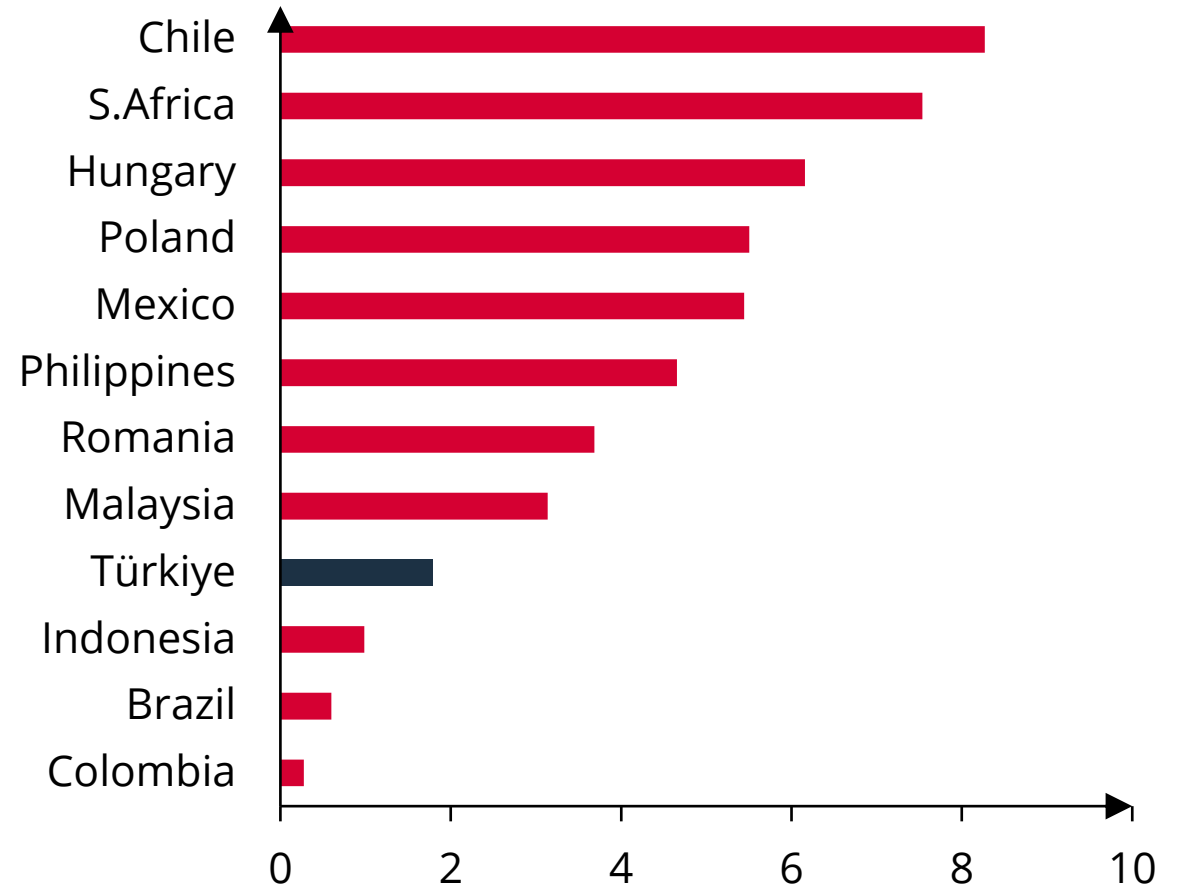
## Change in Exchange Rates

(% Change against USD from February 14 to March 31, 2022)



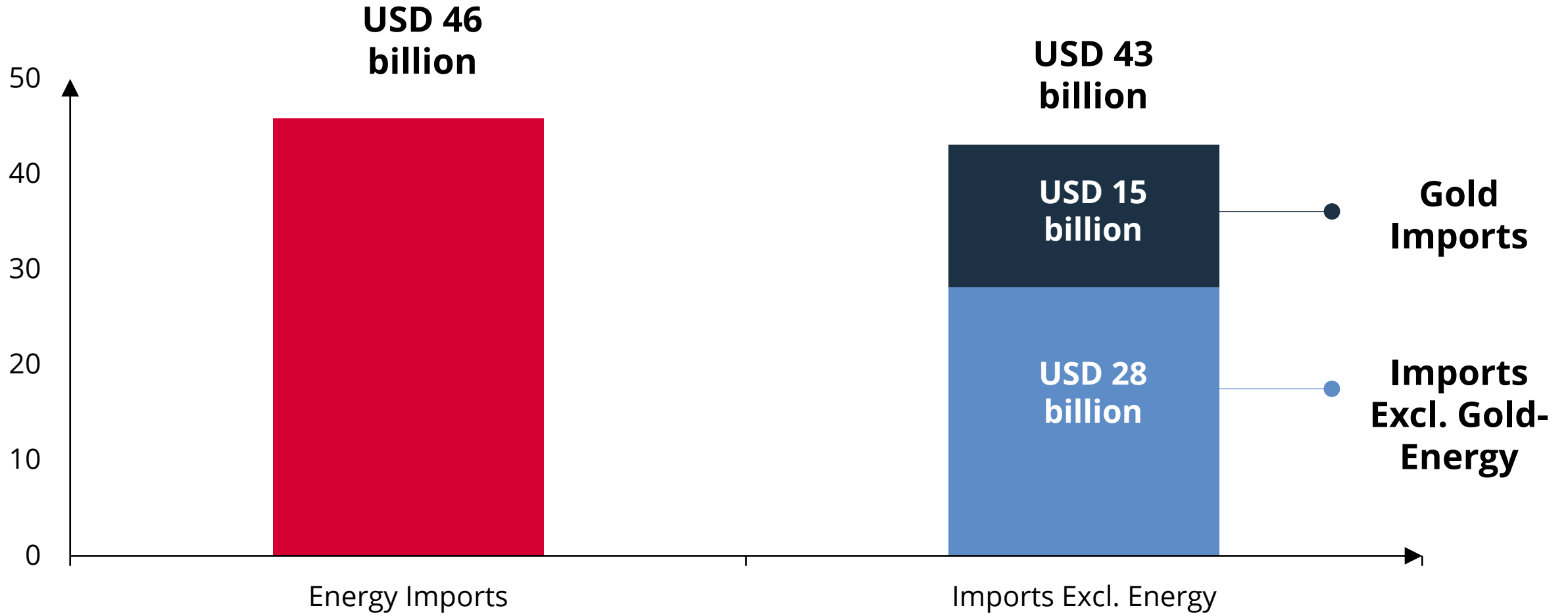
## Change in Exchange Rates

(% Change against USD from February 13 to March 31, 2026)



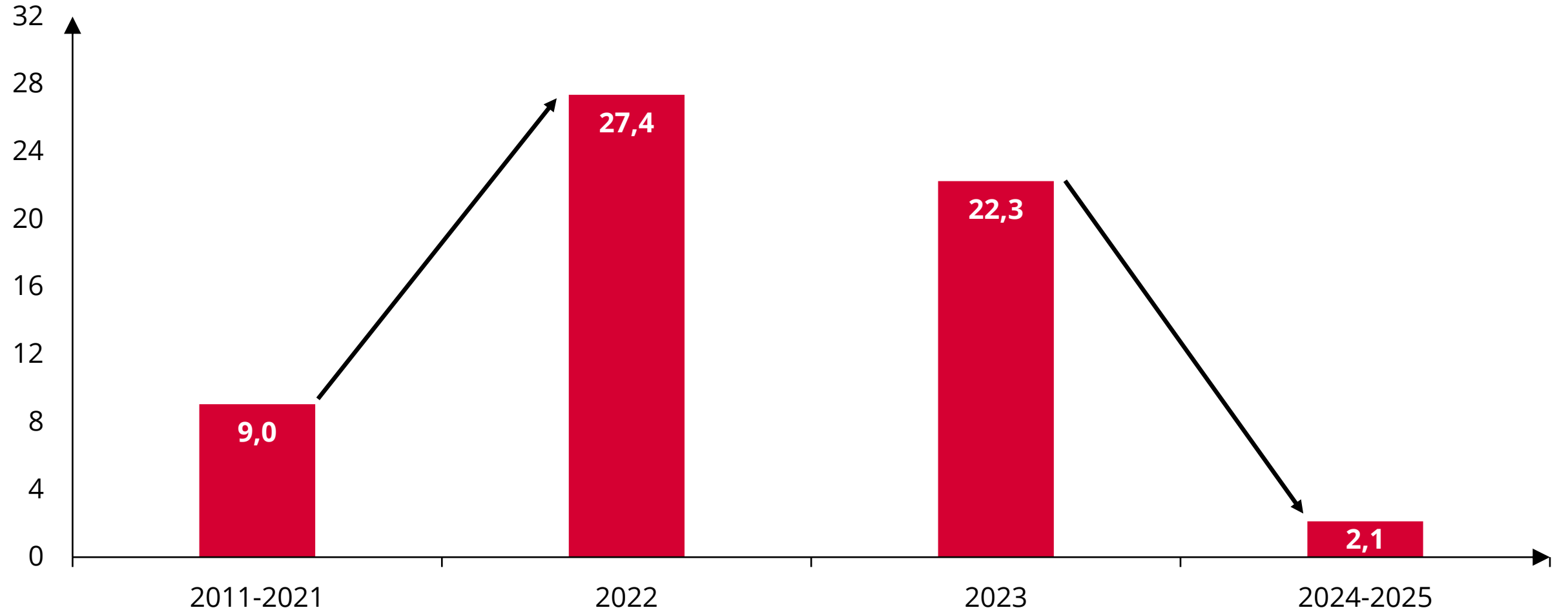
# Imports of non-energy items also rose significantly in 2022.

Change in Imports (2022-2021, USD billion)



# Mild course of demand for goods will limit the deterioration in the current account balance.

**Consumption of Durable Goods** (Annual % Change, Period Averages)



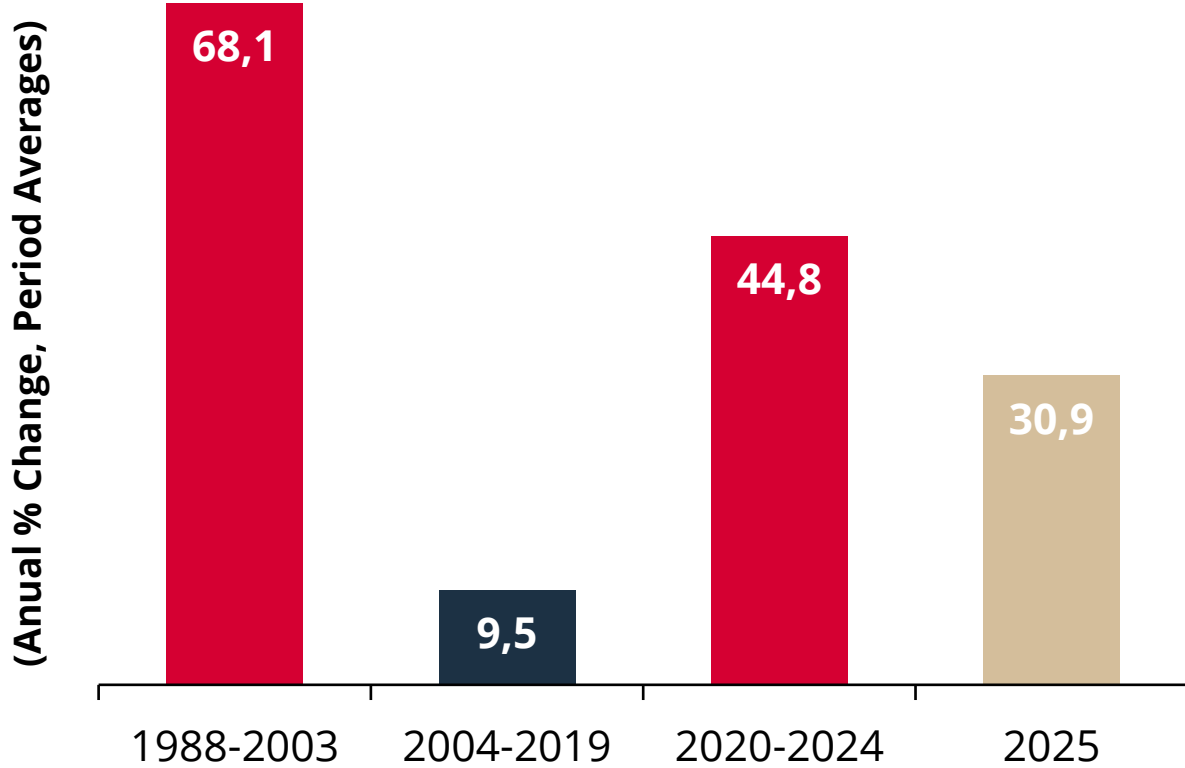
# 5

## Why is price stability important?

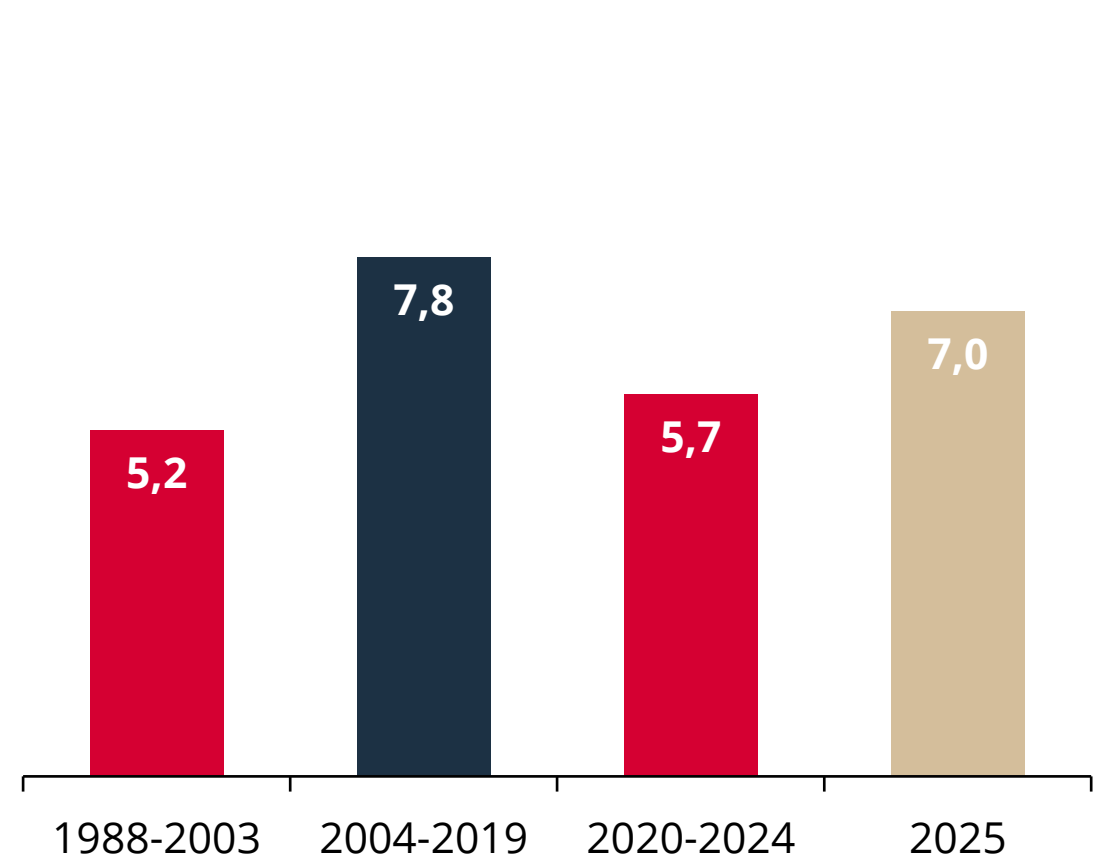
- Predictability
- Improvement in investment environment
- Productivity gains

# Price stability improves the investment and production environment.

## Inflation

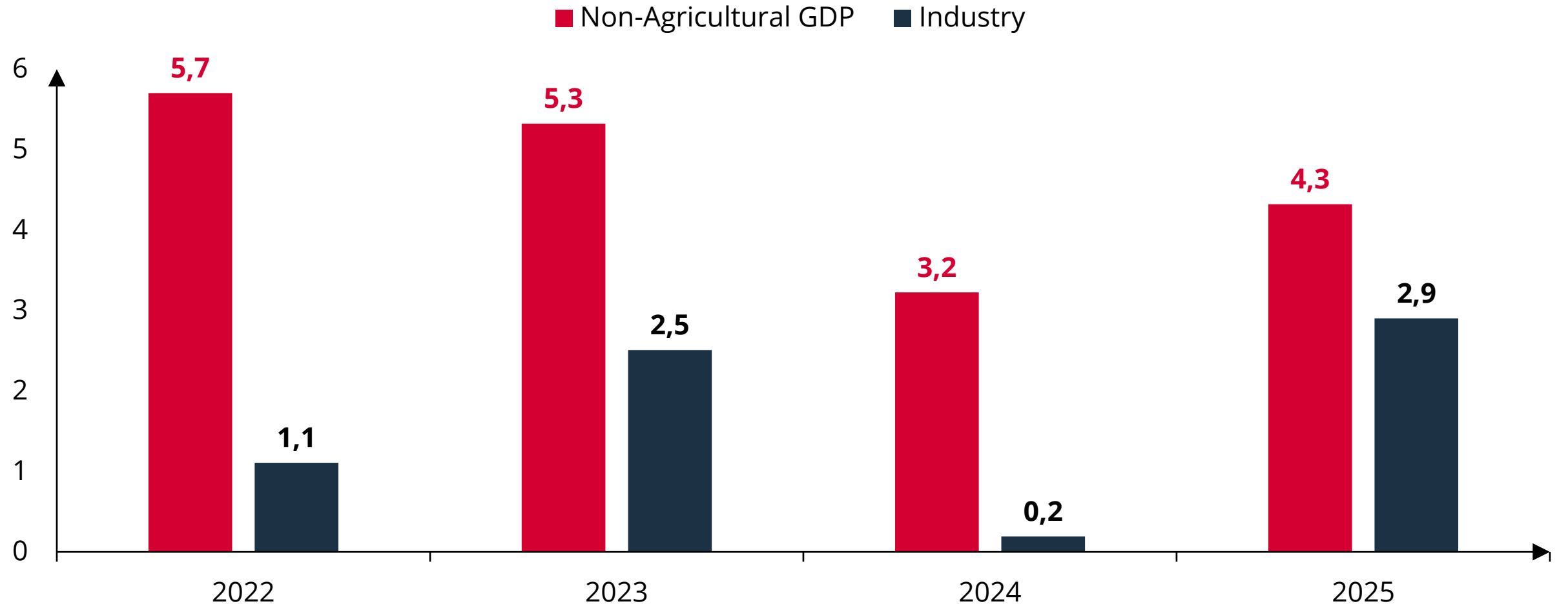


## Growth of Investment



# Inflation negatively affects the growth composition.

Non-Agricultural GDP and Industrial Value Added (% Change)



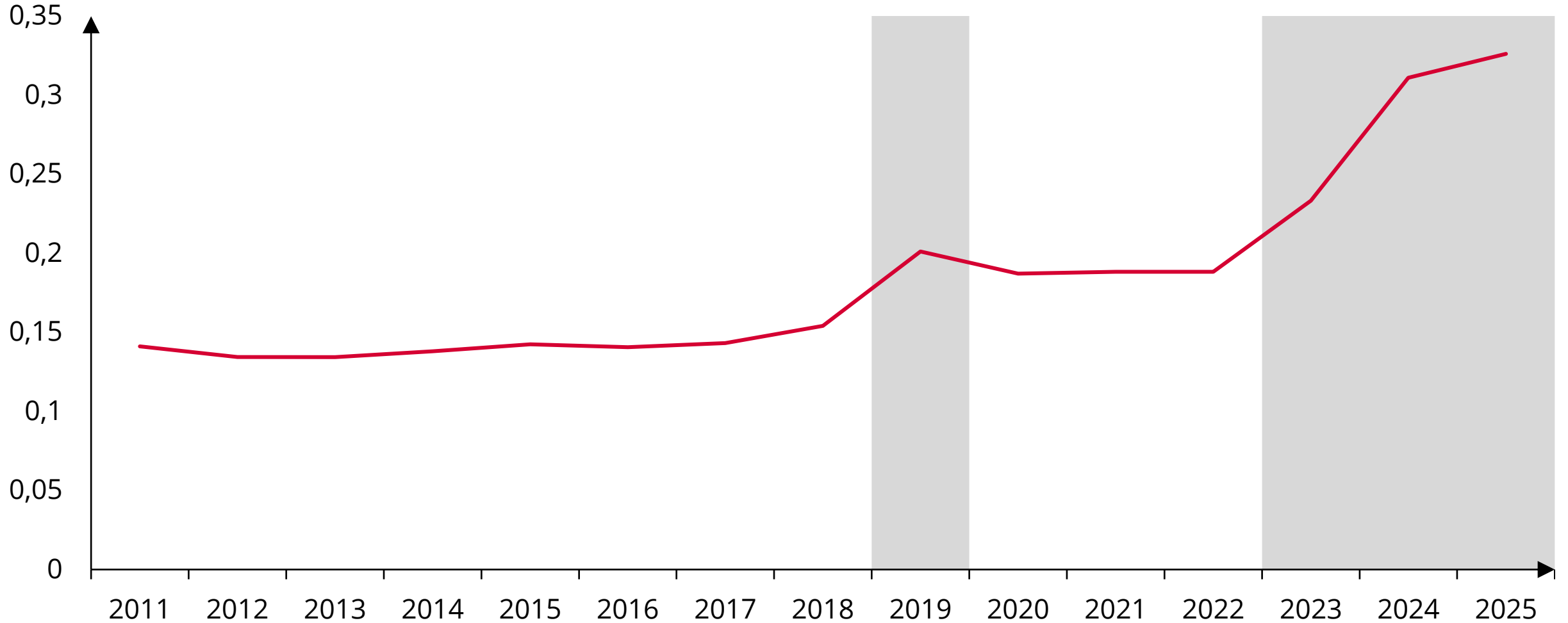
# Disinflation supports productivity.

Output per Worker\* (Non-Agricultural, Annual % Change)



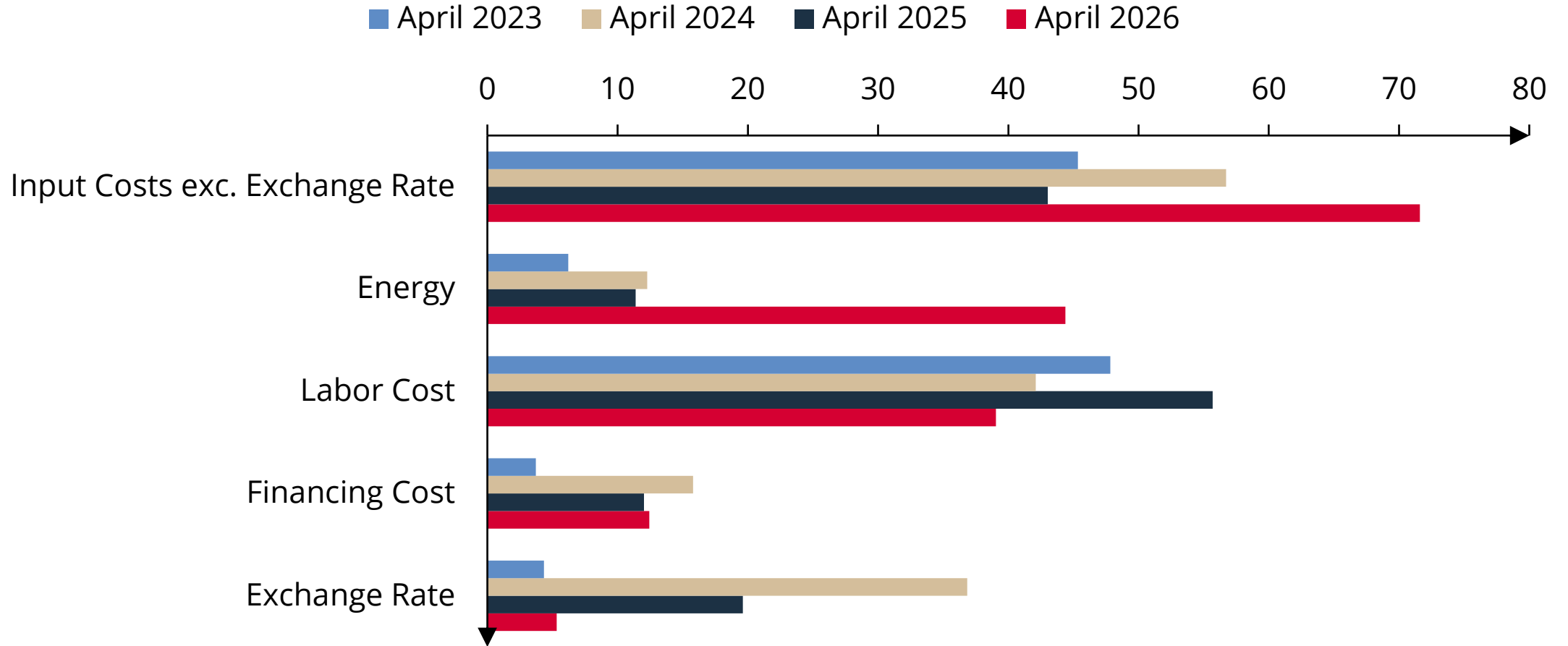
# R&D expenditures went up during tightening periods.

R&D Expenditures/Net Sales (%)



# Cost increases driven by geopolitical developments stand out.

Sources of Cost Increases\* (Ratios by Firms, %)



## Overview

- The tight monetary policy stance, which will be maintained until price stability is achieved, will strengthen the disinflation process through demand, exchange rate, and expectation channels.
- The Committee will determine the policy rate by taking into account realized and expected inflation and its underlying trend in a way to ensure the tightness required by the projected disinflation path in line with the interim targets.
- Monetary policy decisions are made prudently on a meeting-by-meeting basis with a focus on the inflation outlook.
- In case of a significant and persistent deterioration in the inflation outlook, which can also be driven by the recent developments, monetary policy stance will be tightened.
- The Committee reiterated that it remains highly attentive to upside risks on inflation.



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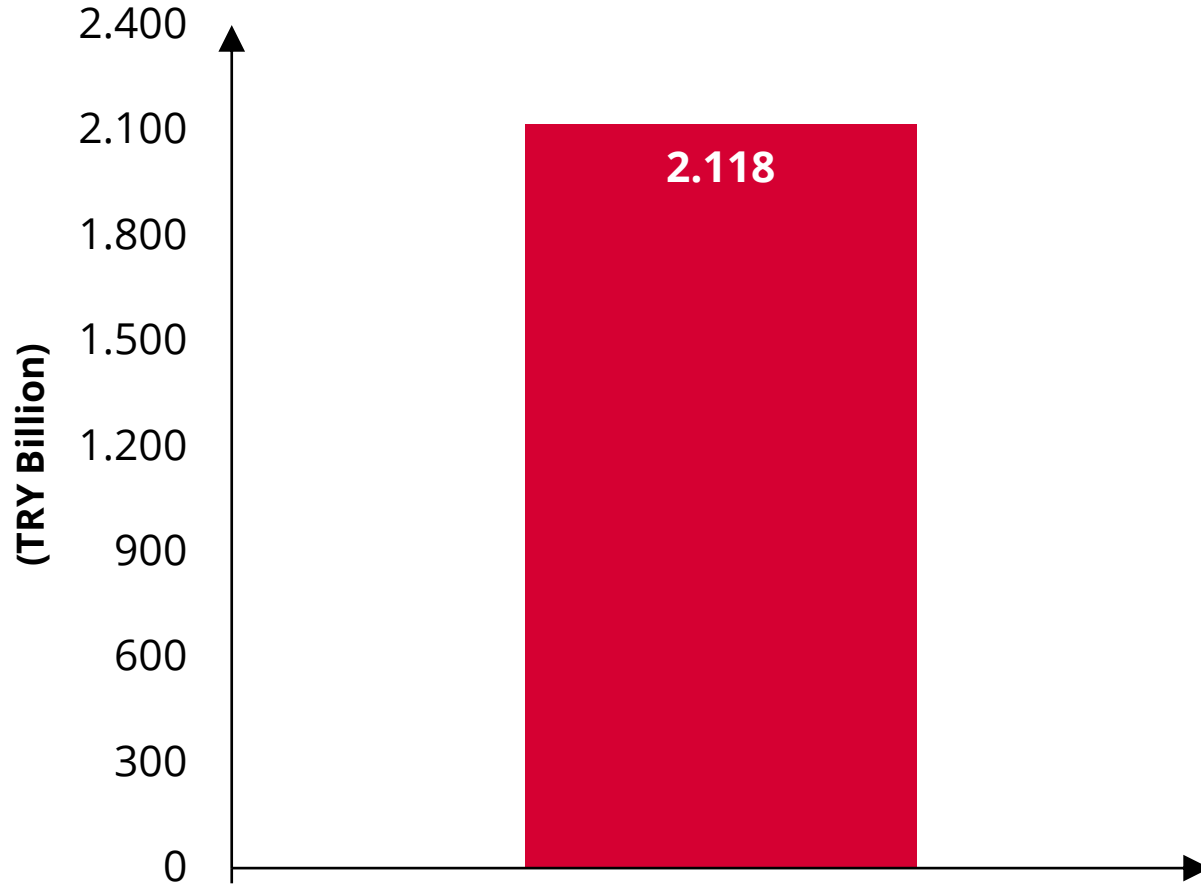
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# Recent significant regulation changes

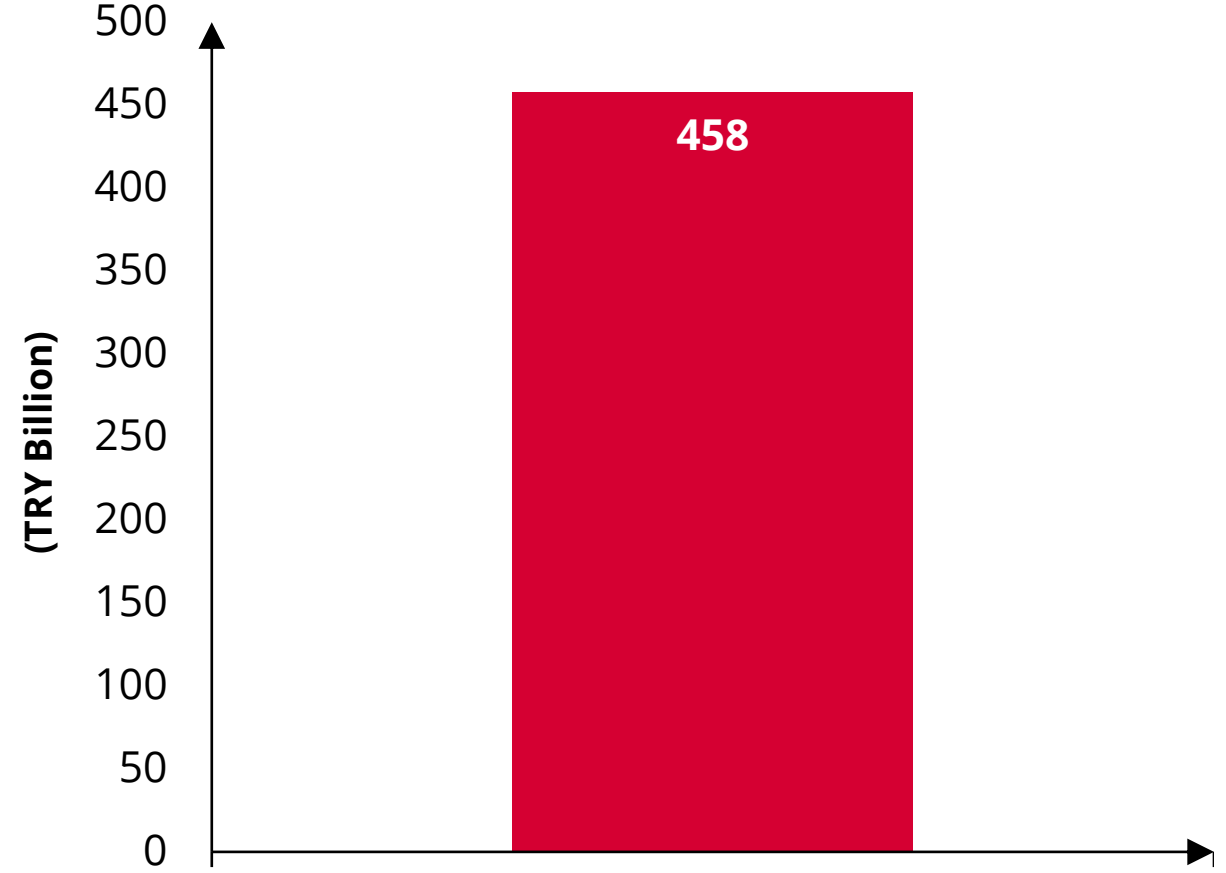
Regarding	Regulation Date	Regulation
Rediscount Loans	October 23, 2025	The daily limit for TRY-denominated rediscount loans was increased by TRY 500 million to TRY 4.5 billion, effective as of November 1, 2025. The daily limit for firms was raised to TRY 60 million.
Rediscount Loans	October 24, 2025	The commitment not to purchase FX for TRY-denominated rediscount loans was terminated. Instead, firms are now subject to a commitment to maintain their FX position ratios below 10% for the duration of the loan term.
Rediscount Loans	October 24, 2025	The limit for firms for FX rediscount loans was increased from USD 1.5 million to USD 5 million.
Rediscount Loans	January 8, 2026	The guarantee requirement for FX rediscount loans was capped at USD 1.5 million. The commitment control procedures of rediscount loans were revised.
ALAIC	June 23, 2025	Instead of fixed interest rates, ALAIC were made available at variable interest rates that would follow the changes in the policy rate.
ALAIC	October 23, 2025	ALAIC were made available at fixed interest rates in addition to variable interest rates.
FX Conversion Support	August 1, 2025	The provisional regulation to increase the support payment rate from 2% to 3% was extended until October 31, 2025. Additionally, regulations were put in place to ensure that advance payments for exports are made after the export is completed and to allow intermediaries (agents) to receive support payments proportional to the services they provide in the export of services.
FX Conversion Support	November 1, 2025	The provisional regulation to increase the support payment rate from 2% to 3% was extended until April 30, 2026.
FX Conversion Support	December 8, 2025	To be eligible for FX conversion support for the export of services, a certificate of exemption from taxes, duties and charges (VRHIB) was required.
FX Conversion Support	May 1, 2026	The provisional regulation to increase the support payment rate from 2% to 3% was extended until July 31, 2026.

# Support granted to the real sector continues.

**CBRT Rediscount Loan Utilization\*** (January 2024–May 2026)

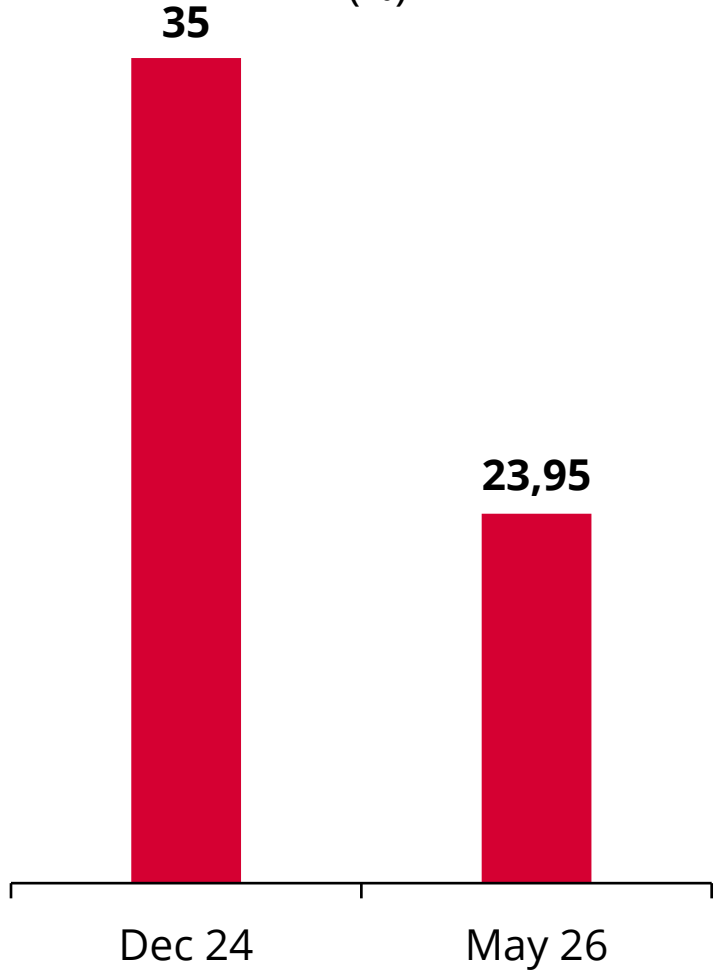


**Other Benefits Granted to the Real Sector\***

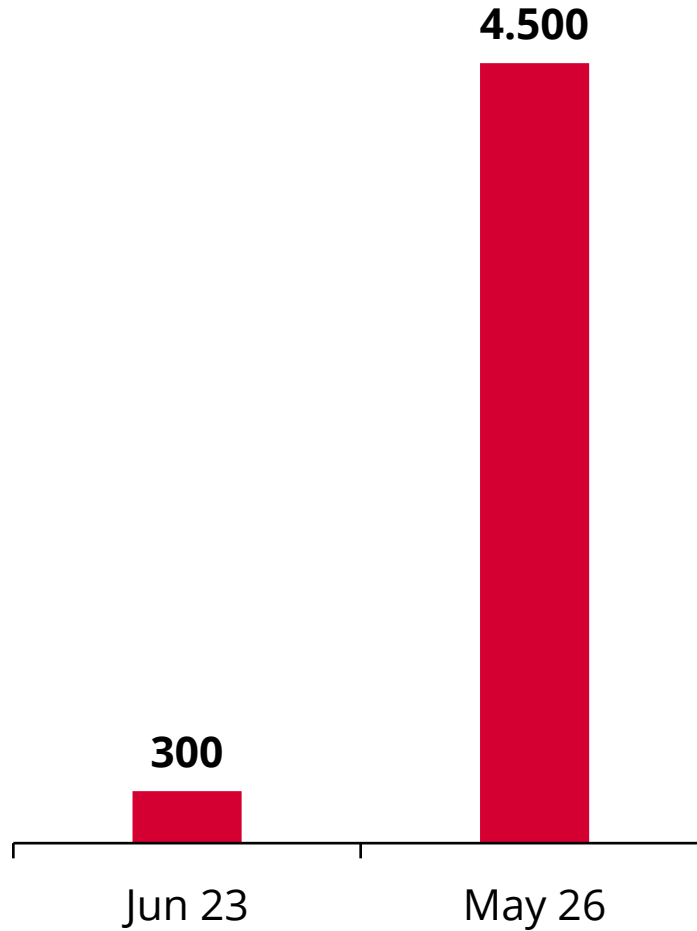


# Exporters are supported through rediscount loans.

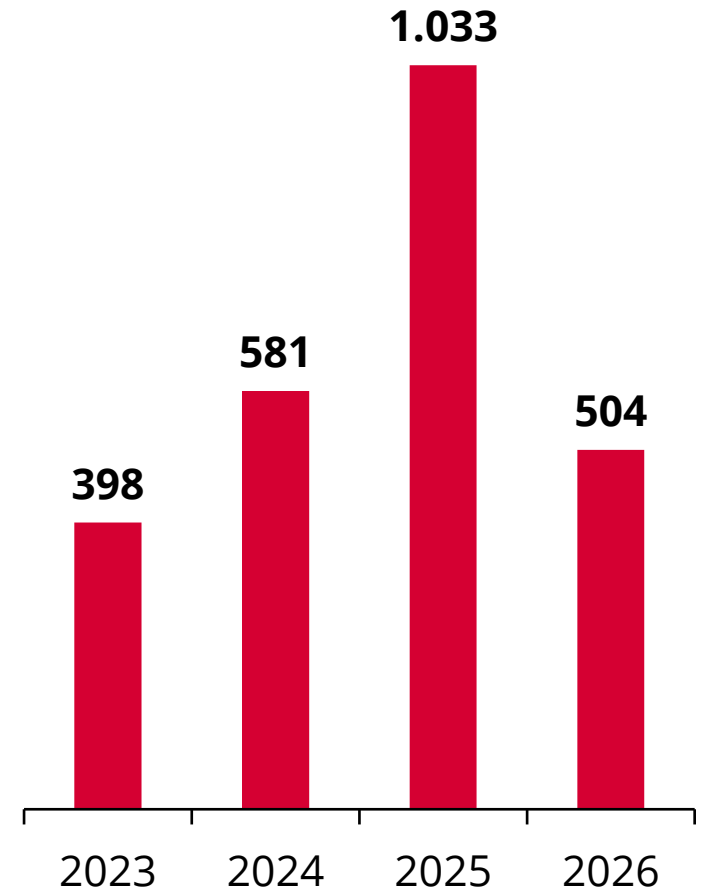
### Rediscount Rates (%)



### Rediscount Limits

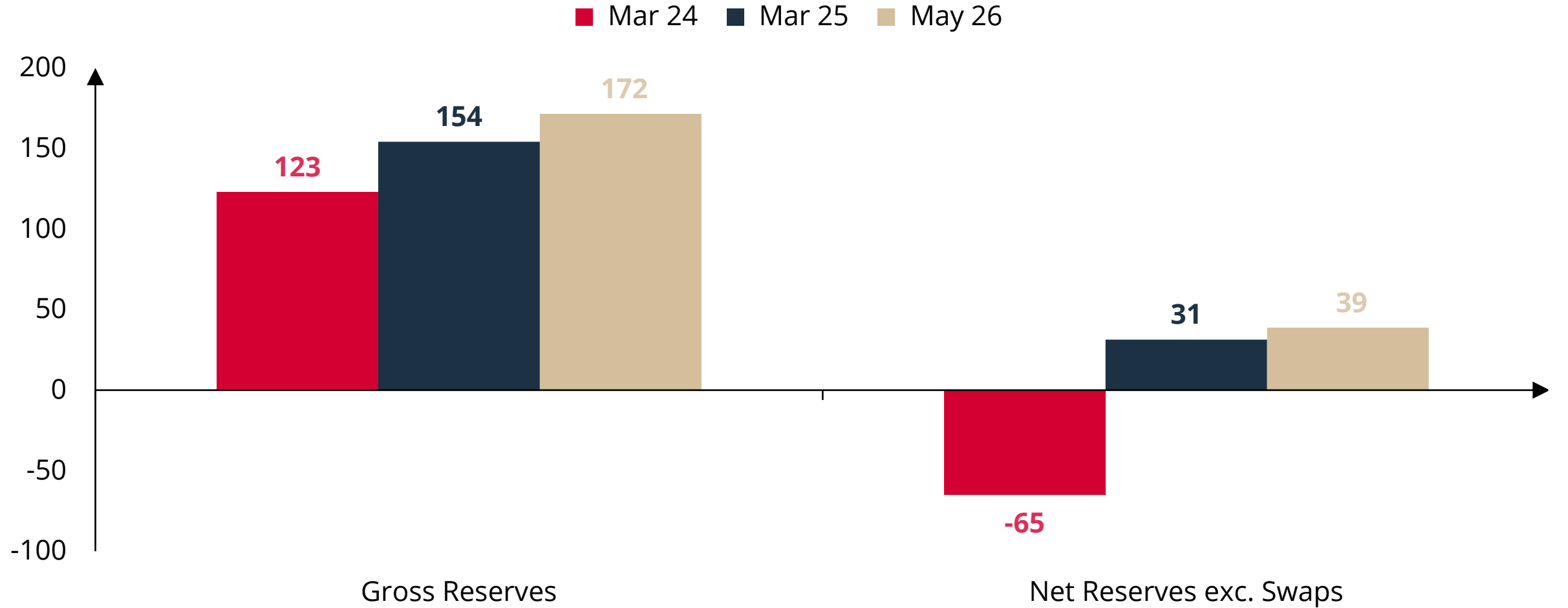


### Annual Rediscount Utilization (TRY Billion)



# Reserves are stronger than previous outflow periods.

CBRT Reserves (USD Billion)





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