

Decision of the Monetary Policy Committee

April 25, 2018, No: 2018-10

Participating Committee Members

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

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

- a) Overnight Interest Rates: Marginal Funding Rate has been kept at 9.25 percent and borrowing rate has been kept at 7.25 percent,
- b) One-week repo rate has been kept at 8 percent,
- c) Late Liquidity Window Interest Rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate has been kept at 0 percent, while lending rate has been increased from 12.75 percent to 13.5 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. Upside movements in import prices have increased such risks. Accordingly, the Committee decided to implement a measured monetary tightening to support price stability.

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.