

THE CBRT PRESS RELEASE

The Central Bank of Turkey (CBRT) has been holding daily foreign exchange buying auctions since 23 January 2004, considering that strong reserve position would boost the market's confidence in the current program and observing the excess foreign exchange supply.

The CBRT announced with its press release of 31 March 2004 that since the excess foreign exchange supply observed in March was expected to continue to grow in April as well, the CBRT had planned to buy USD 100 million at maximum in daily foreign exchange buying auctions, the amount to be bought at each auction and each optional selling being USD 50 million. It was also announced that, in the event of any unforeseen developments in the excess foreign exchange supply, changes might occur in the amounts of daily auction and/or optional selling with a prior notice.

The CBRT bought USD 344 million in total during the 4 foreign exchange buying auctions and optional selling held in April. The daily average optional selling amounted to USD 86 million. Therefore, both the daily average buying amounts and the daily average bid amounts in April were above those of March. As the excess foreign exchange supply is expected to continue in the coming days, along with favorable expectations, the CBRT has decided to buy USD 70 million in daily foreign exchange buying auctions effective from 7 April 2004. Accordingly, the amount of daily foreign exchange buying auction and optional selling has been increased to USD 70 million for each. Therefore, the maximum daily auction can amount to USD 140 million. In the event of any unforeseen developments in the excess foreign exchange supply in the next period, changes may occur in the amounts of daily auction and/or optional selling with a prior notice.

As was announced by previous press releases, the CBRT may, with a prior notice, suspend the auctions before the end of the period in the cases where the depth of foreign exchange market is lost, and excessive volatility is observed in exchange rates due to an exogenous shock or unpredictable developments. As usual, the CBRT will continue to closely monitor the volatility in exchange rates and will directly intervene in the markets in the event of an excessive volatility that might occur in either directions.