

THE CBRT PRESS RELEASE
ON
TURKISH LIRA DEPOSIT BUYING AUCTIONS PROGRAM FOR JUNE
2004

As is known, in April 2002 the Central Bank started Turkish lira deposit buying auctions with a standard four-week maturity on Wednesdays in limited amounts, as a supplement to its existing instruments with the aim of boosting its efforts to sterilize the excess Turkish lira liquidity arising from the foreign exchange buying auctions. It was also announced that the arrangements thereof would be made public with a prior notice on a monthly basis.

In addition to Wednesday auctions, the Central Bank started to conduct Turkish lira deposit buying auctions on Fridays starting from June 2002, by considering the level of Turkish lira liquidity in the market.

As of November 2003, the Central Bank started Turkish lira deposit buying auctions with a standard two-week maturity on Mondays each week in addition to the auctions with a standard four-week maturity held on Wednesdays & Fridays and the amount restrictions have been abolished. With these adjustments, it was aimed to determine the amount to be purchased in Turkish lira deposit buying auctions more flexibly by considering the liquidity level in the market, and to further increase the effectiveness of the Central Bank to sterilize the excess Turkish lira liquidity.

Considering that the foreign exchange buying auctions have been suspended since 27 April 2004 and the Turkish lira liquidity in the market has relatively decreased, the Central Bank has decided to suspend Turkish lira deposit buying auctions with a standard two-week maturity on Mondays in the month of June. Moreover, the auctions with a standard four-week maturity held on Wednesdays & Fridays will be held only on Wednesdays in June.

On the other hand, in the event the level of Turkish lira liquidity rises in the next period, the Central Bank may decide to increase the number of the auctions with a standard four-week maturity, and may also resume those auctions with a standard two-week maturity.

The guidelines governing the auctions remain the same.