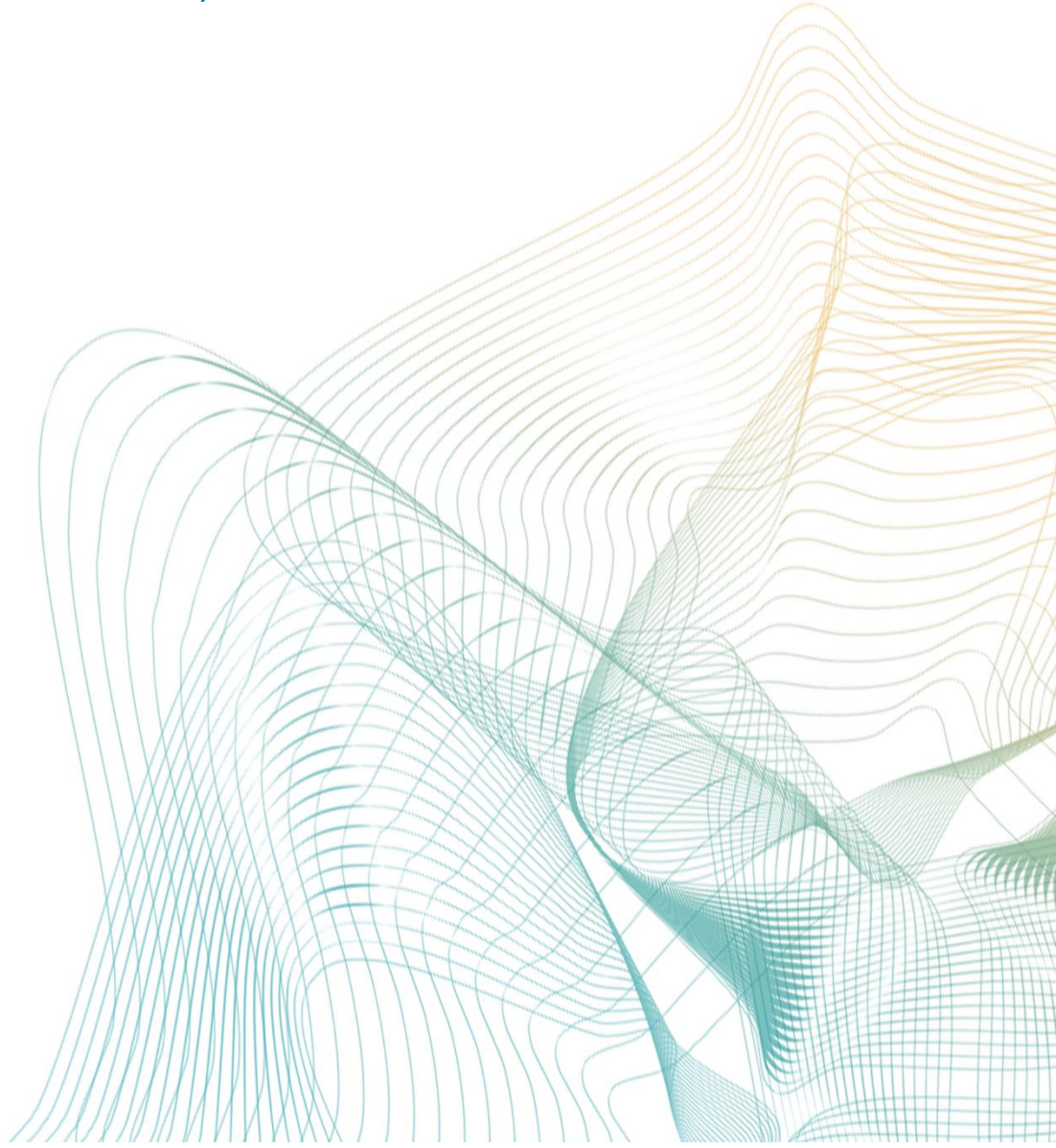


 August 2019

Monetary Developments

September 30, 2019



Evaluations

The broad money supply M3 grew annually by 15.7% in July 2019, following the 8.3-percent year-on-year growth in August 2019. The annual growth rate of M1, the narrowest measure of money supply, decreased from 17% in July to 8.5% in August 2019.

The annual rate of increase in loans granted by the monetary sector to households slightly increased month by month and stood at 1% in August 2019. Meanwhile, the loans extended to non-financial corporations increased 2.6% in July 2019 compared to previous year, while it decreased year on year 8.6% in August 2019.

Chart 1. Monetary Aggregates (August 2019, Annual % Growth)

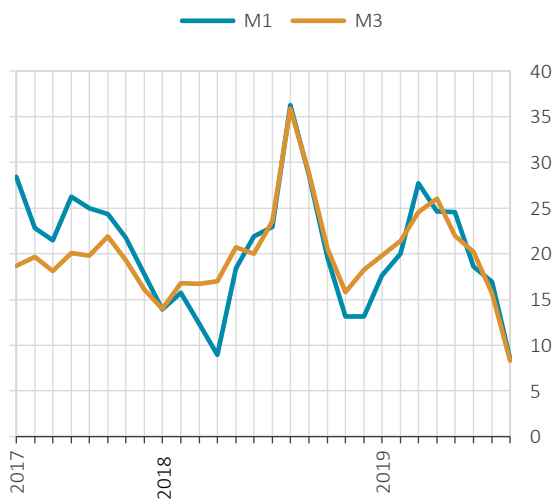
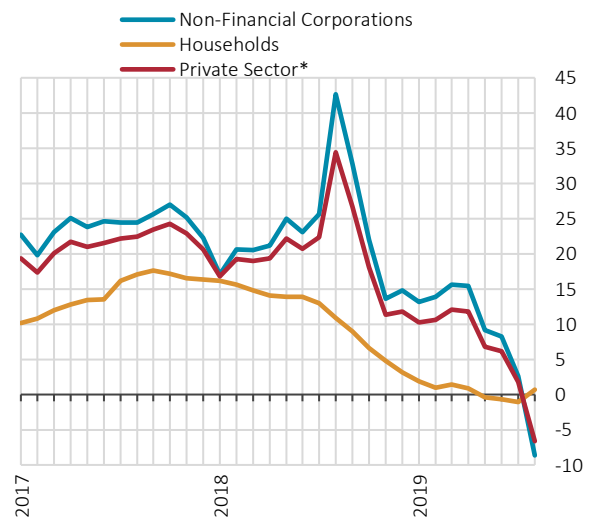


Chart 2. Loans (August 2019, Annual % Growth)



(*) Private Sector includes Agricultural Sales and Credit Cooperatives, Non-profit Inst. Serving Households and Other as well as Non-Financial corp. and Households.

An analysis of the contribution of broad money components to the annual growth in money supply reveals that the largest contribution came from time deposits, followed by demand deposits.

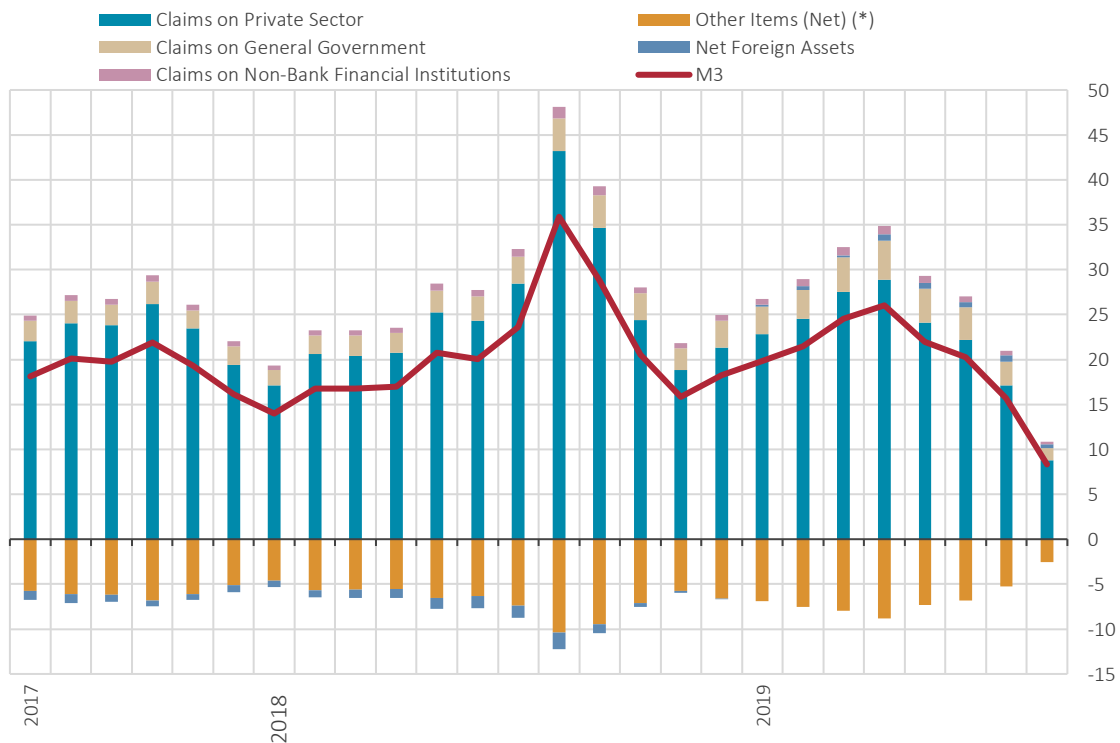
The increase in time deposits contributed 5.7% to the 8% annual growth in the broad money M3 in August 2019 while demand deposits added 1.8%. Other components had a limited contribution to the growth.

Table 1. Contribution of Broad Money Components to the Annual Growth in M3 Money Supply (August 2019)

	August 2019 (Million TRY)	June 2018 (%)	July 2019 (%)	August 2019 (%)
M3	2,347,316	20.22	15.69	8.32
Funds Received from Repo Transactions	9,750	0.11	0.08	0.03
Money Market Funds	35,488	0.31	0.19	0.13
Debt Securities Issued	47,560	0.44	0.36	0.17
M2-M1	1,611,964	13.90	10.85	5.71
Time Deposits (TRY)	823,473	6.92	5.60	2.92
Time Deposits (FX)	788,491	6.98	5.25	2.80
M1	642,553	5.48	4.21	2.28
Currency Outside Banks	141,345	1.16	0.91	0.50
Demand Deposits (TRY)	209,488	1.70	1.33	0.74
Demand Deposits (FX)	291,720	2.62	1.97	1.03

Source: CBRT

Chart 3. Reflection of Annual Growth in M3 Money Supply to Counterpart Items (August 2019, Annual % Growth)



(*) Transactions of the monetary sector are netted under "Other Items (Net)".

(**) Claims on Private Sector includes Claims on Non-Financial Public Enterprises.

The growth in M3 is reflected in counterparts as an increase in claims on the private sector, the general government, non-bank financial institutions and net foreign assets by 9%, 1.3%, 0.3% and 0.4% respectively. On the other hand, other items (net) had a reducing effect by 2.5%.