

**THE CENTRAL BANK OF THE REPUBLIC OF TURKEY**

**PRESS RELEASE**

As known, the CBRT holds foreign exchange buying auctions in order to build up foreign exchange reserves in concord with the functioning and core principles of the floating exchange rate regime within the framework of the programs announced to the public. These auctions are intended to be carried out mainly in line with the program announced, however auction programs can be subject to changes with a prior notice as may be required by unexpected significant developments related to foreign exchange supply.

Hence, though the maximum daily FX amount to be purchased in daily auctions for 2007 had been set as a maximum amount of USD 45 million, USD 15 million of which as the auction amount and USD 30 million as the optional selling amount, the auction amount was increased to be effective as of 25 July 2007 in view of the end of general selection process and positive expectations relating to macroeconomic policies as well as the projections for strong capital inflows. However, the auction amount was re-reduced to USD 15 million from 15 August 2007 onwards due to increased volatility in Turkey along with other emerging markets because of unfavorable developments in the housing and credit markets of developed countries during the said period.

Yet, the measures towards easing the problems experienced by central banks in the housing and credit markets triggered strong capital inflows to Turkey along with other developing countries via reducing the volatilities in these markets and generating a further increase in global risk appetite. Therefore, the maximum daily amount to be purchased in daily auctions to be held as of October 9, 2007 has been increased to a maximum amount of USD 90 million, USD 30 million of which as auction amount and USD 60 million as optional selling amount. Other auction conditions remained unchanged.

As repeatedly underlined in our previous announcements, the developments pertaining to foreign exchange supply will closely be monitored in the upcoming period and in the event of unforeseen developments, not only that the daily auction/optional selling amounts may be changed in either direction with prior notice, but also may the auctions be suspended for a short or long period.