



**TÜRKİYE CUMHURİYET
MERKEZ BANKASI**

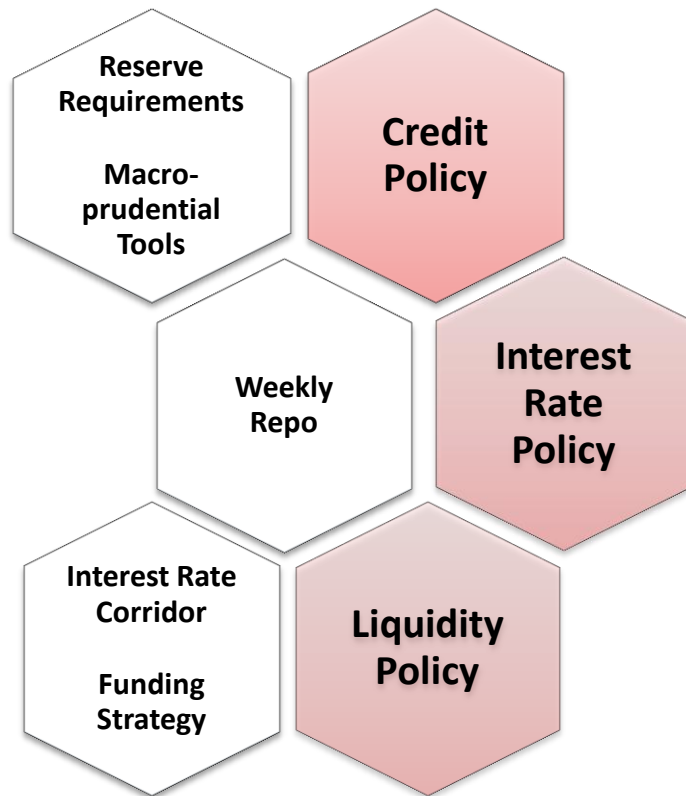
**How did the crisis challenge the Central Banking
as we knew it? What should (not) change?**

**Erdem Başçı
Governor**

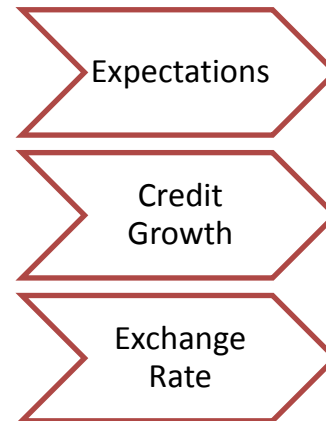
June 5, 2012

Multiple Instruments, Multiple Objectives

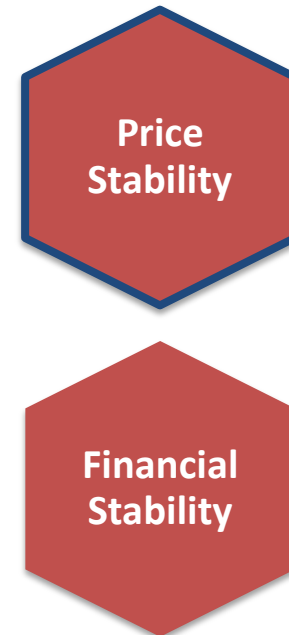
INSTRUMENTS



KEY INDICATORS

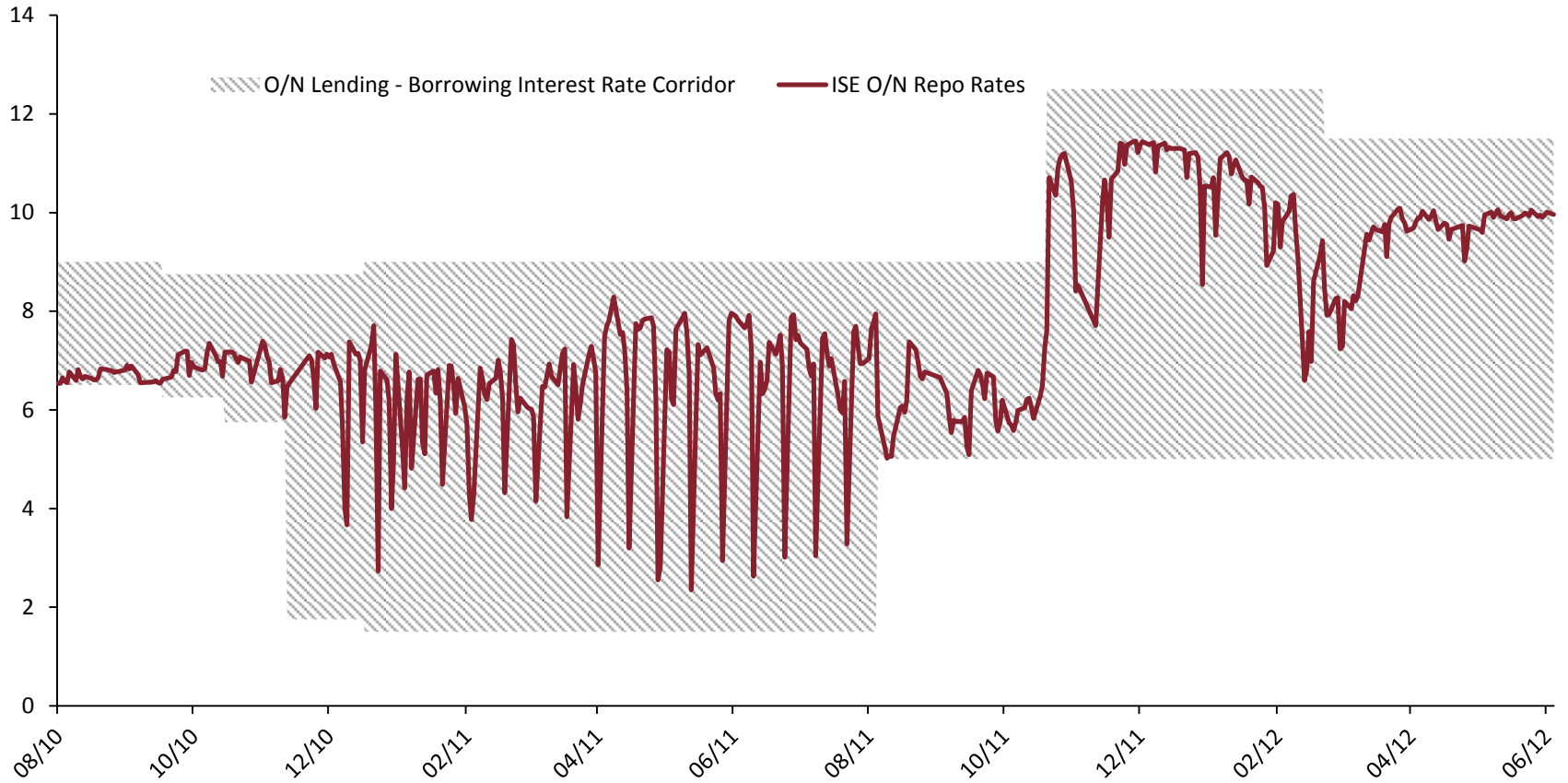


OBJECTIVES



Liquidity Policy

CBRT Policy Rates (Percent)

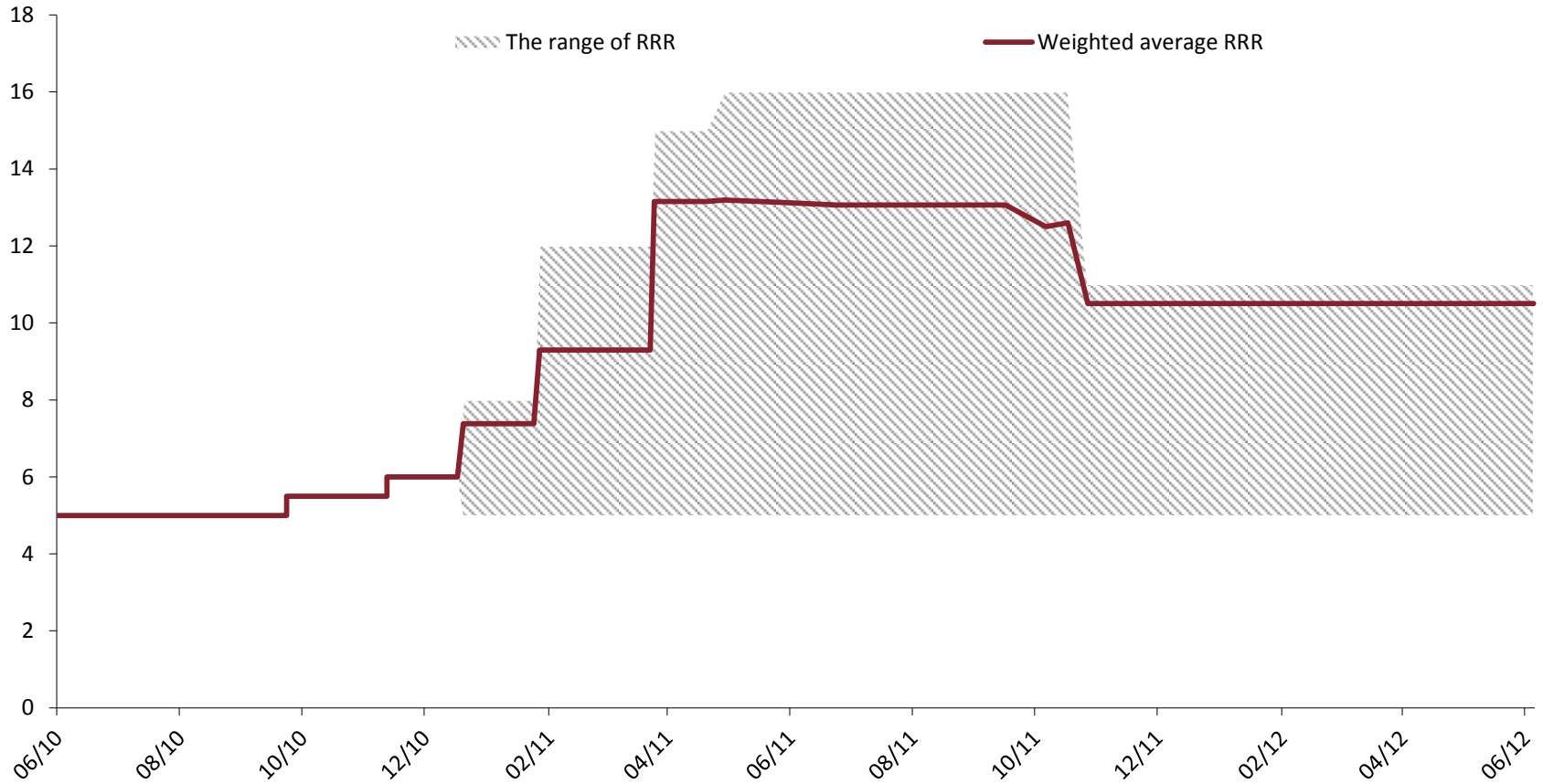


Source: ISE, CBRT.

Latest Observation: June 4, 2012.

Credit Policy

Reserve Requirements

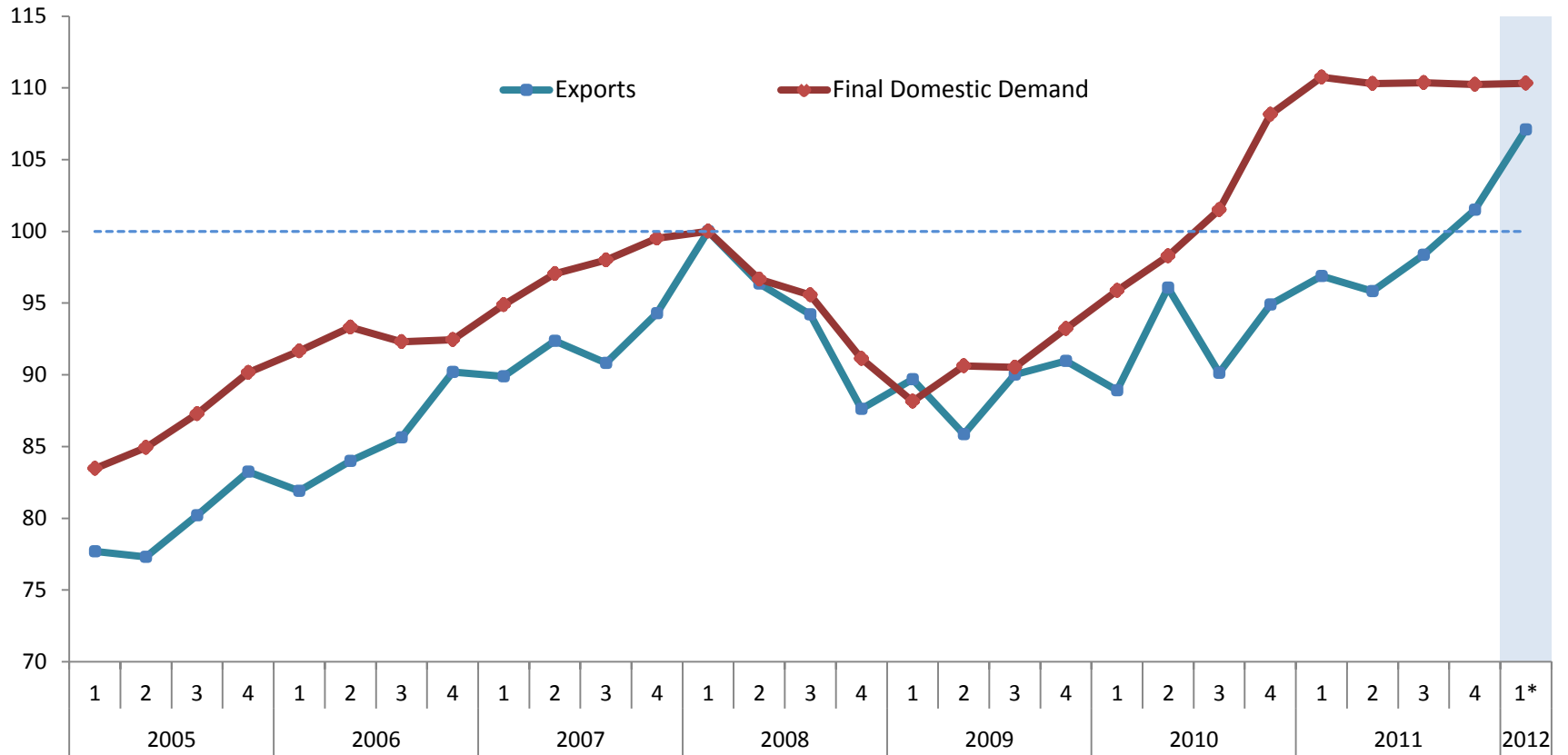


Source: CBRT.

Latest Observation: June 4, 2012

Rebalancing

Final Domestic Demand and Exports (2008Q1=100)

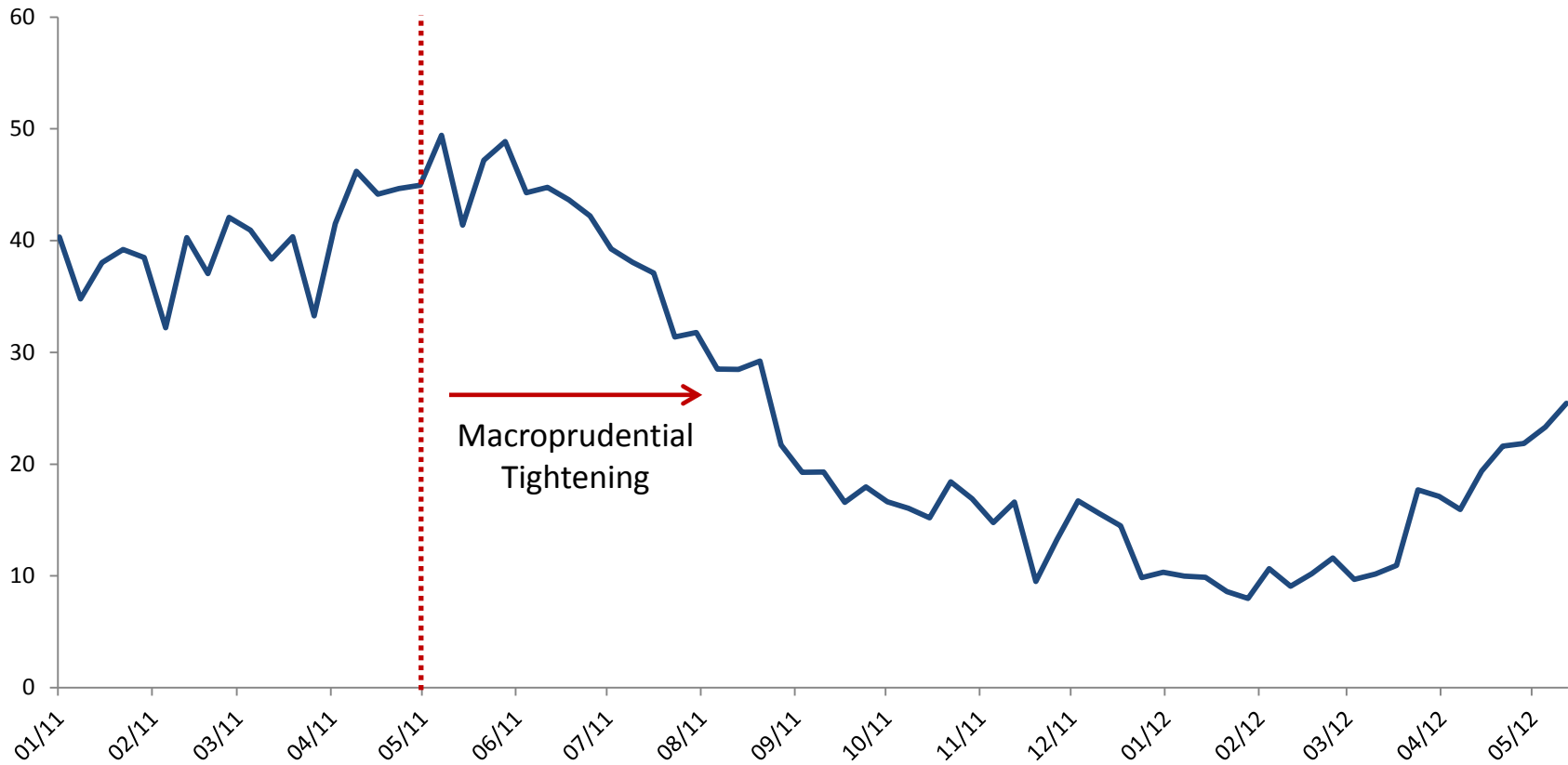


Source: CBRT.

*2012Q1 is forecast.

Credit Growth

Total Loan Growth Rates
(13 Weeks Moving Average, Annualized, FX Adjusted, Percent)

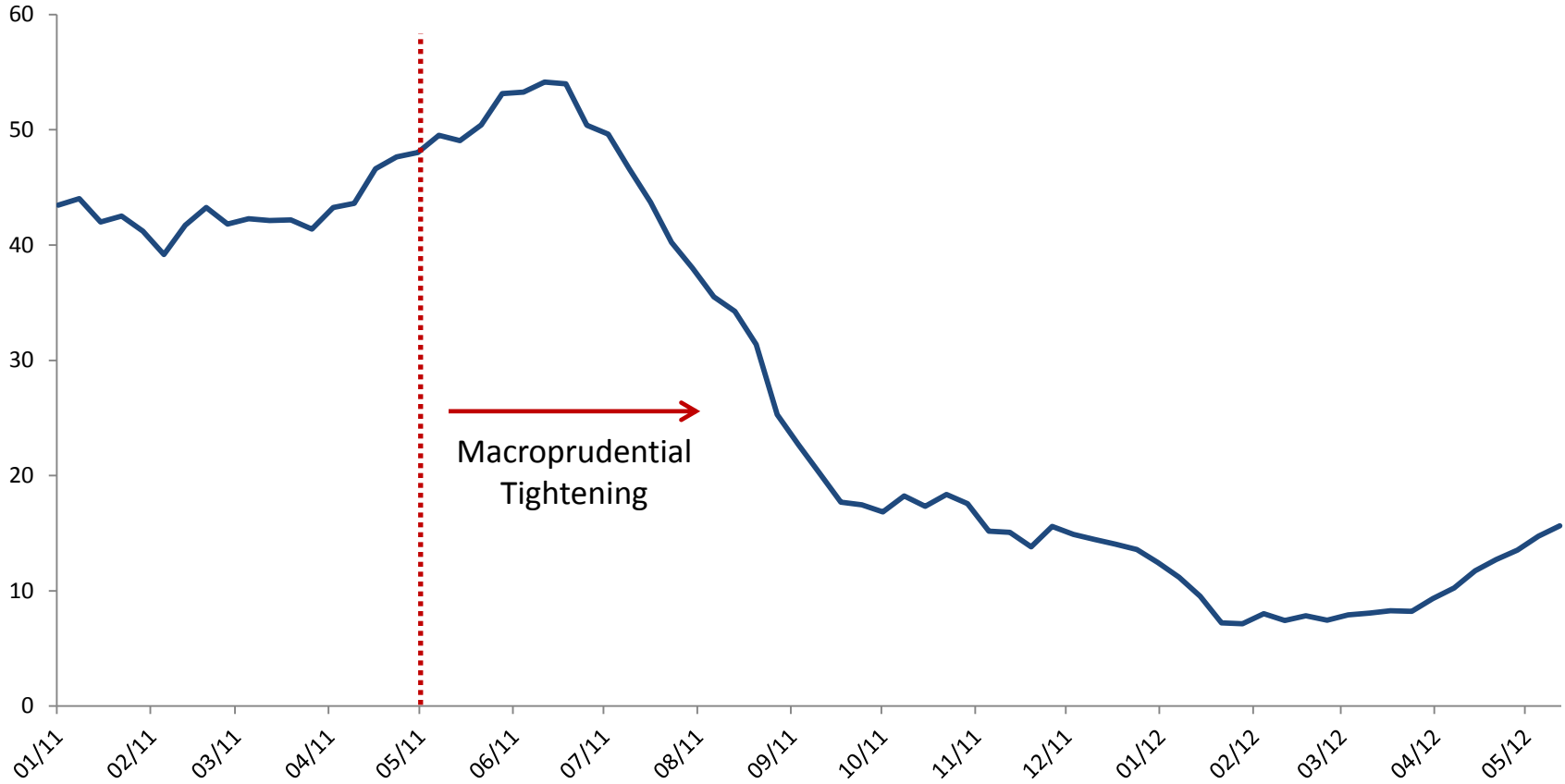


Source: CBRT.

Latest Observations: May 18, 2012

Credit Growth

Consumer Loan Growth Rates
(13 Weeks Moving Average, Annualized, Percent)

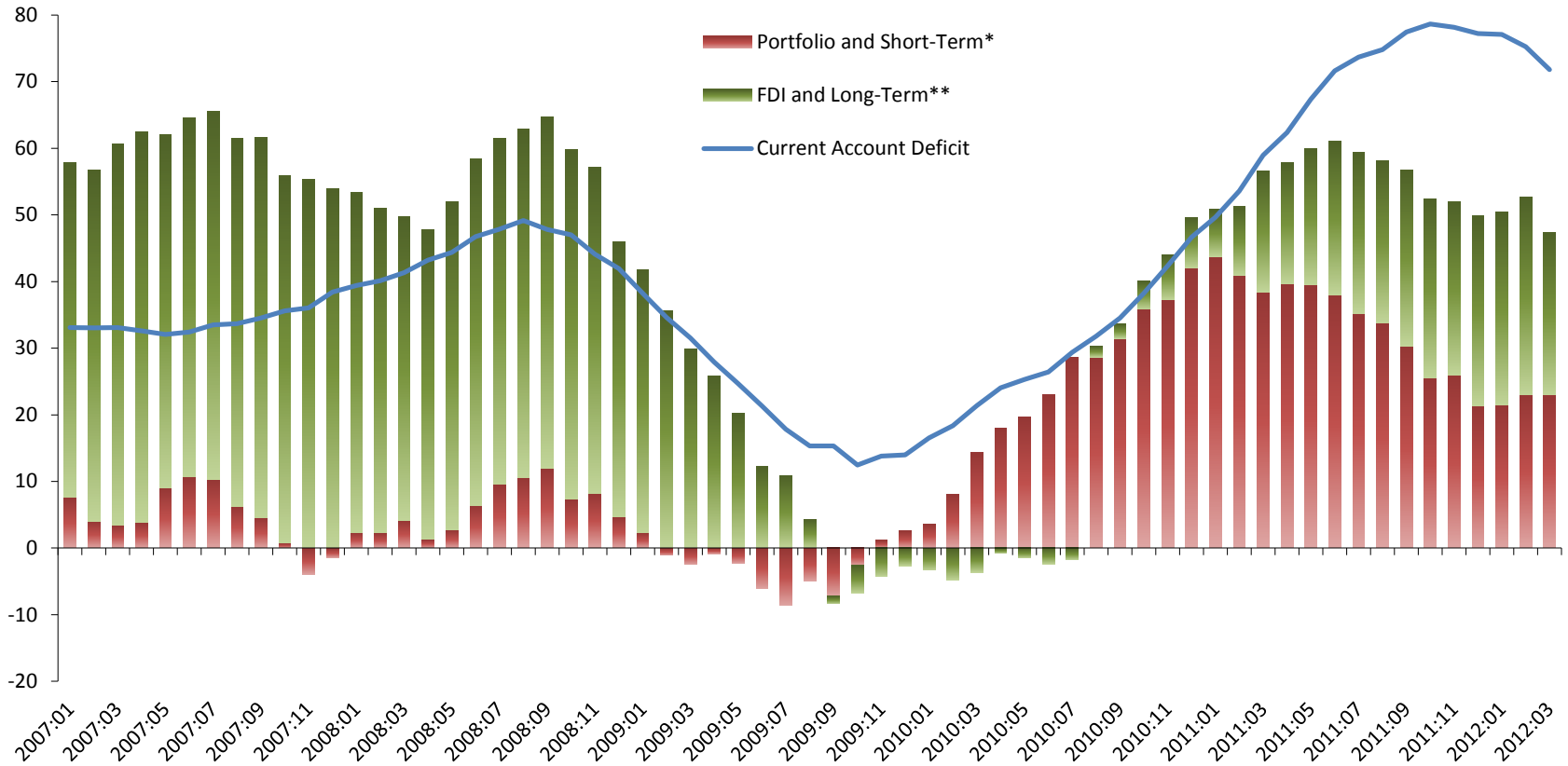


Source: CBRT.

Latest Observations: May 18, 2012

Quality of Capital Inflows

Main Sources of Current Account Deficit Finance (12-months Cumulative, Billion USD)



Source: CBRT.

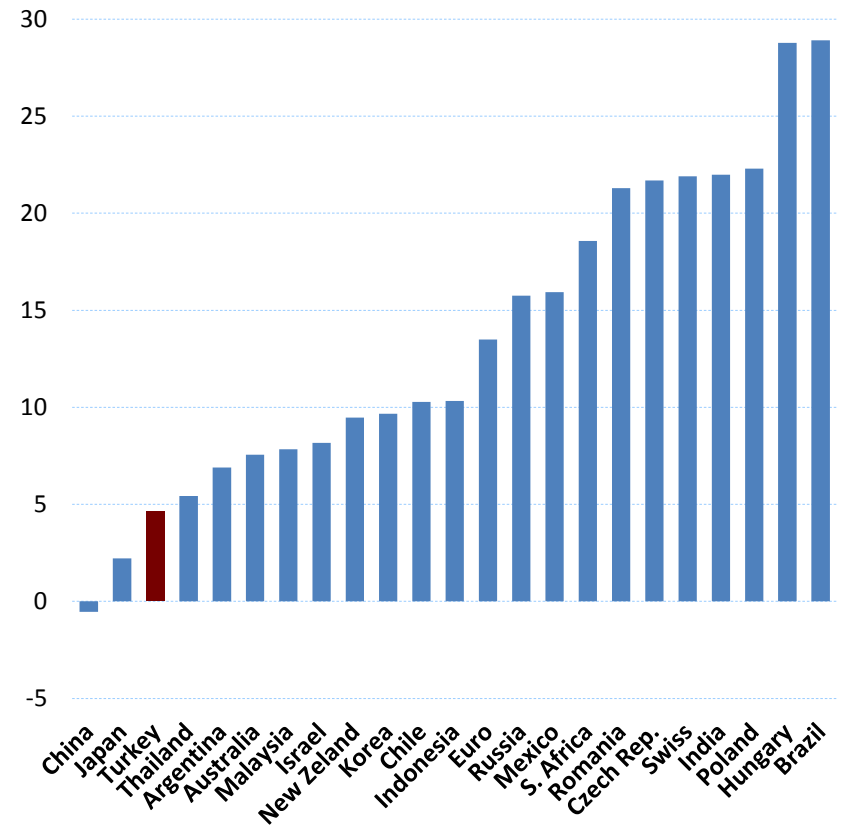
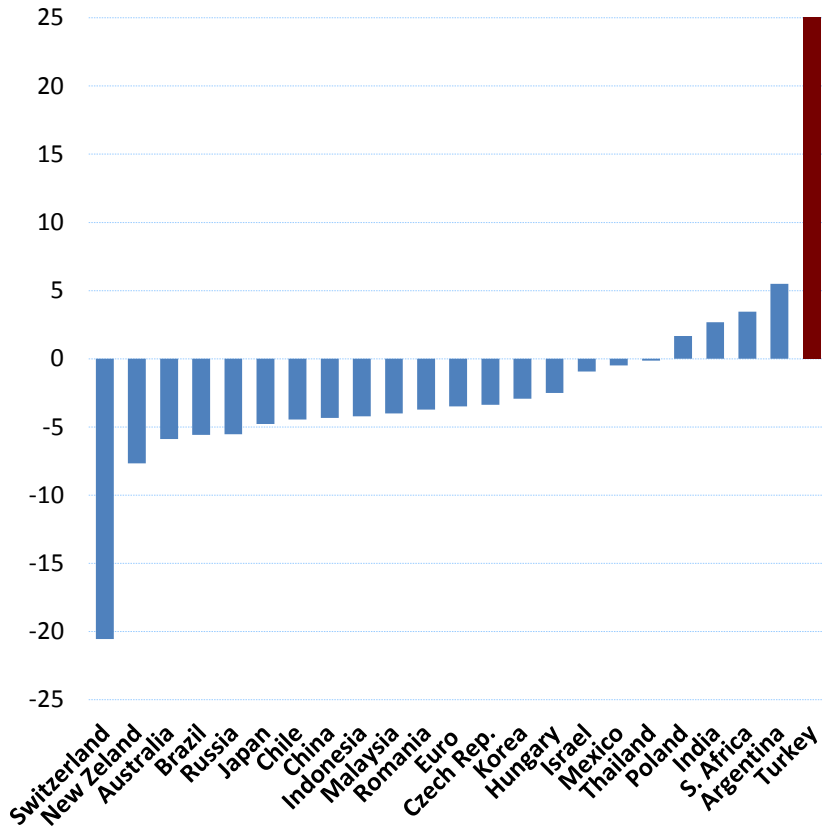
*Short-term capital movements are sum of banking and real sectors' short term net credit and deposits in banks.

**Long-term capital movements are sum of banking and real sectors' long term net credit and bonds issued by banks and the Treasury.

Nominal Exchange Rates

01.11.2010 – 22.08.2011

23.08.2011 – 04.06.2012

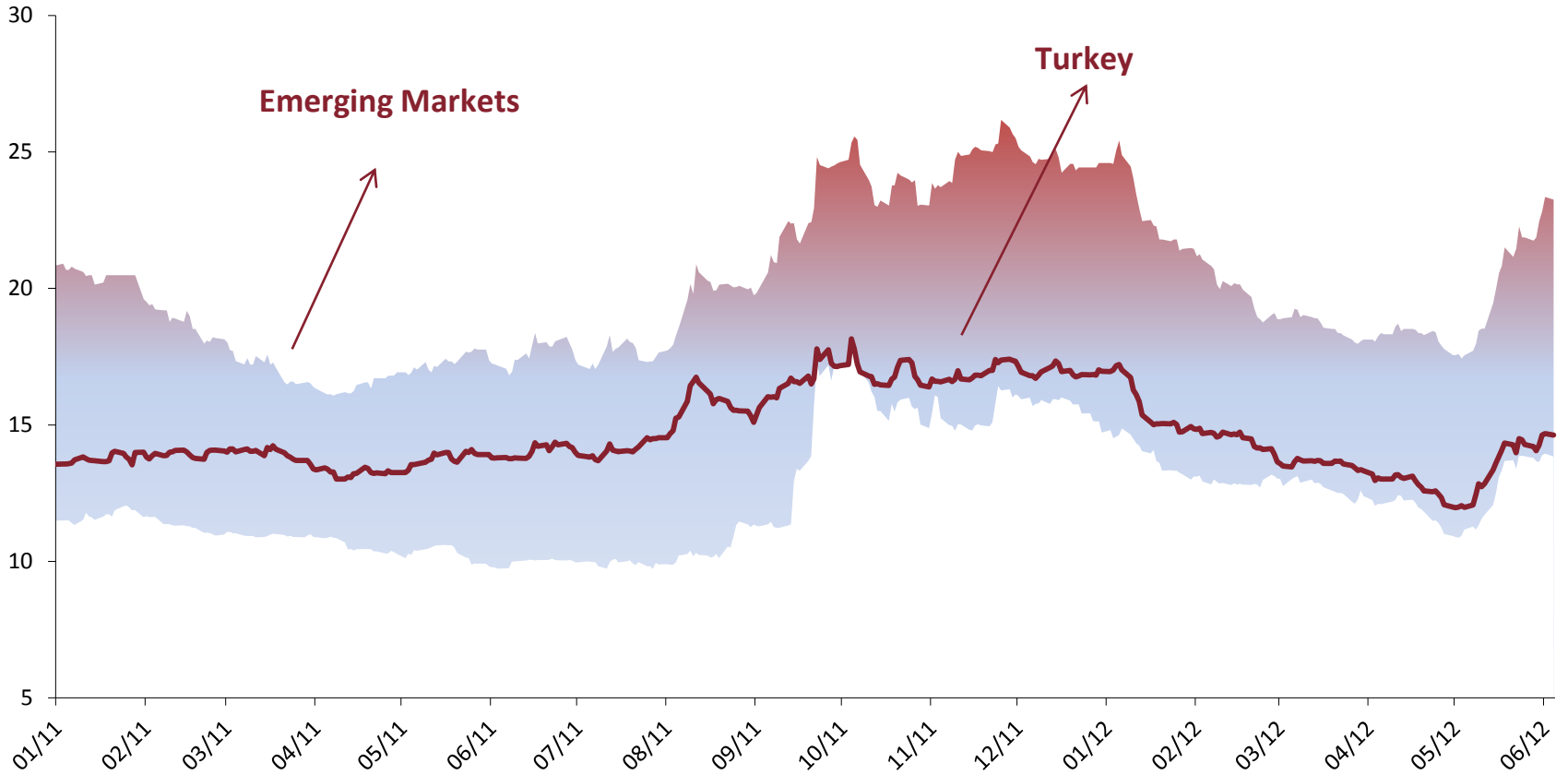


Source: Bloomberg, CBRT.

Note: Positive change means depreciation against US dollar.

Exchange Rate Volatility

Volatility in Emerging Market Currencies (Percent, Implied for the next 12 months)



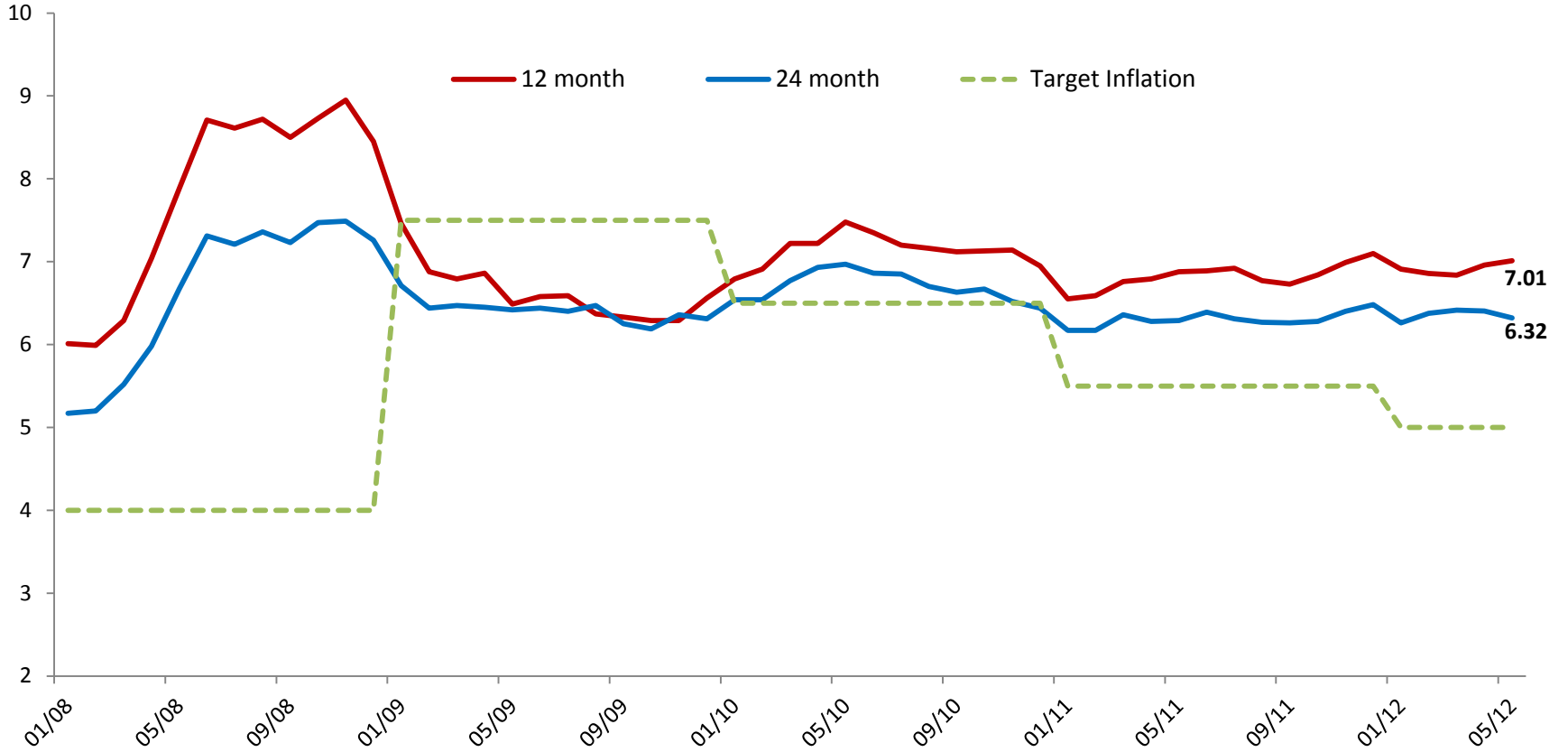
Source: Bloomberg, CBRT.

*Emerging market currencies include Brazil, Chile, Czech Republic, Hungary, Mexico, Poland, South Africa, Indonesia, Korea and Colombia.

Latest Observations: June 4, 2012

Inflation Expectations

Medium Term Inflation Expectations* (Percent)

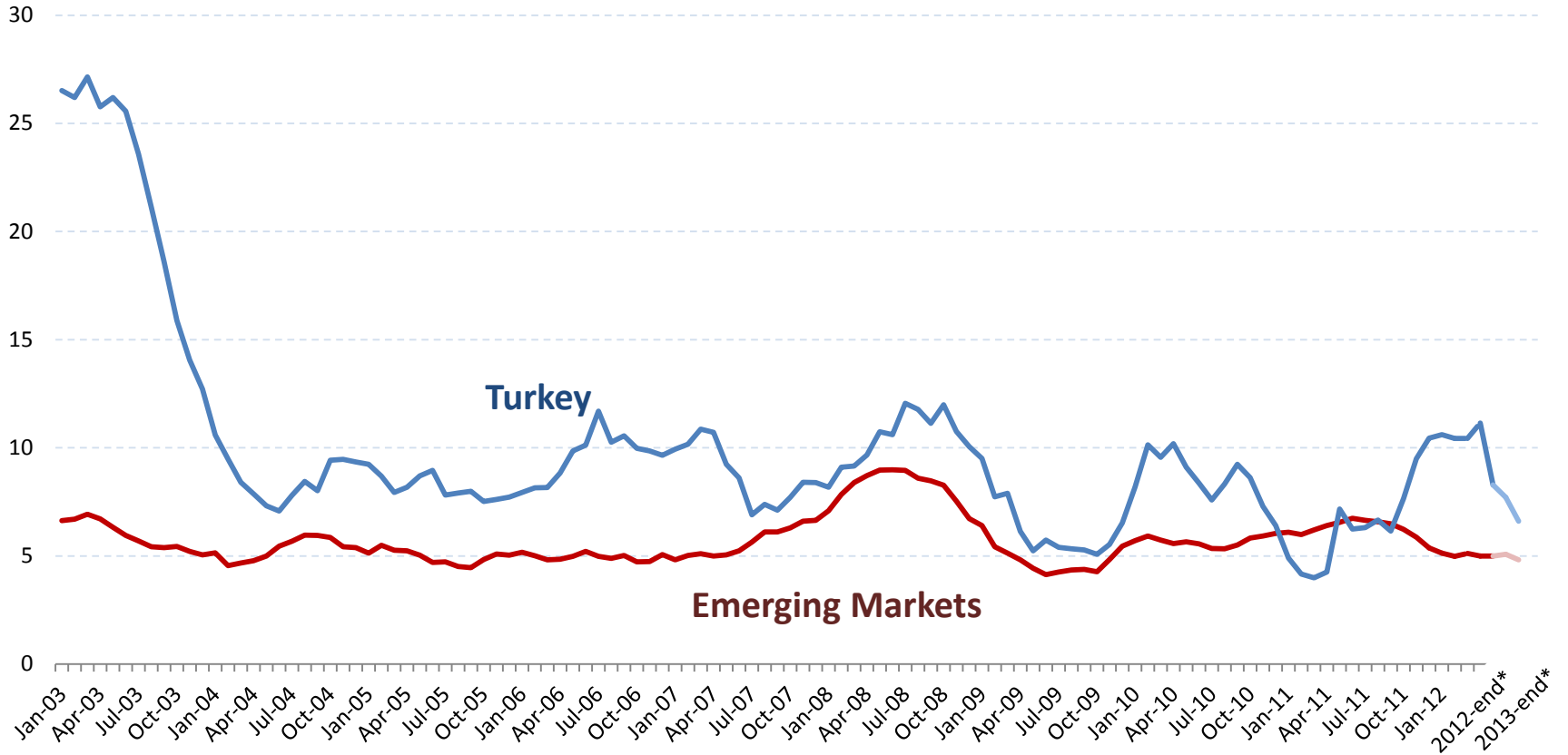


Source: CBRT.

*CBRT Survey of Expectations.

Inflation

Turkey vs. Emerging Markets (Percent, Weighted Average)



Source: CBRT and Bloomberg.

Emerging Market Economies: China, Brazil, India, Mexico, Russia, Turkey, Poland, Indonesia, S. Africa, Argentina, Thailand, Malaysia, Czech Rep., Colombia, Hungary, Romania, Ukraine, Vietnam, Chili, Peru, Egypt, Morocco, Lebanon and S. Arabia.

*2012 and 2013 end year values are from Consensus Forecast.



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