

Decision of the Monetary Policy Committee

June 7, 2018, No: 2018-23

Participating Committee Members

Murat Çetinkaya (Governor), Ömer Duman, Erkan Kilimci, Emrah Şener, Murat Uysal.

The Monetary Policy Committee (the Committee) has decided to increase the policy rate (one week repo auction rate) from 16.5 percent to 17.75 percent.

Recently released data indicate a rebalancing trend in the economic activity. External demand maintains its strength, while domestic demand displays a more moderate course.

Cost factors have been the main driver of the recent upsurge in inflation. On the other hand, price increases have shown a generalized pattern across subsectors. Despite the mild outlook for demand conditions, elevated levels of inflation and inflation expectations continue to pose risks on the pricing behavior. Accordingly, the Committee decided to further strengthen the monetary tightening to support price stability.

The Central Bank will continue to use all available instruments in pursuit of the price stability objective. Tight stance in monetary policy will be maintained decisively until inflation outlook displays a significant improvement. Inflation expectations, pricing behavior and other factors affecting inflation will be closely monitored and, if needed, further monetary tightening will be delivered.

It should be emphasized that any new data or information may lead the Committee to revise its stance.

The summary of the Monetary Policy Committee Meeting will be released within five working days.