

# Summary of the Interim Monetary Policy Committee Meeting

**March 27, 2025, No: 2025-23**

Meeting Date: March 20, 2025

## Recent Developments

1. Amid the recent volatility in financial markets, Türkiye's five-year credit default swap (CDS) premium reached 296 basis points as of March 20, up by 38 basis points from its level at the time of the Monetary Policy Committee (the Committee) meeting of March 6. In the same period, the one-month implied exchange rate volatility of the Turkish lira increased by 10.3 percentage points to 19%, and the 12-month implied exchange rate volatility rose by 4.0 percentage points to 21.5%.

## Measures to Stabilize Markets and Monetary Policy

2. The Committee convened to exchange views on the recent financial market developments. Assessing the risks that these developments may pose to the inflation outlook, measures have been taken to support the tight monetary stance.
3. Accordingly, the Committee has decided to raise the Central Bank overnight lending rate to 46% from 44%. The policy rate (the one-week repo auction rate), and the Central Bank overnight borrowing rate were kept at 42.5% and 41%, respectively.
4. Furthermore, TL and FX liquidity measures have been introduced to limit market volatility. The CBRT began to conduct TL-settled foreign exchange forward selling transactions to ensure the sound functioning of the foreign exchange market, to prevent possible volatilities in exchange rates and to stabilize foreign exchange liquidity. Additionally, to strengthen the monetary transmission mechanism and support the tight monetary stance, the CBRT decided to suspend the one-week repo auctions for a period of time, and decided to issue liquidity bills with maturities up to 91 days.
5. In order to maintain the sound functioning of financial markets, additional actions will be taken if deemed necessary.
6. The proactive steps taken in this period targeting a reduction in volatility of asset prices aim at limiting the upside risks to the inflation outlook.
7. In pursuit of its primary objective of price stability, the CBRT will continue to use all the tools at its disposal effectively and decisively within market mechanism.
8. The tight monetary stance will be maintained until price stability is achieved via a sustained decline in inflation. The Committee will adjust the policy rate prudently on a meeting-by-meeting basis with a focus on the inflation outlook. The monetary policy stance will be tightened in case a significant and persistent deterioration in inflation is foreseen.
9. The Committee will make its decisions in a predictable, data-driven and transparent framework.