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PRESS RELEASE ON REQUIRED RESERVES

In addition to other measures regarding Turkish lira and foreign exchange (FX) liquidity taken to alleviate the impact of global financial crisis that began to deepen in October 2008 on the domestic economy, the Central Bank of the Republic of Turkey (CBRT) had reduced the required reserve ratios for Turkish lira and FX liabilities by 1 and 2 percentage points to 5 and 9 percent on December 5, 2008 and October 16, 2009, respectively.

In its press release of April 14, 2010 on the monetary policy exit strategies, the CBRT announced that the measures related to foreign exchange (FX) liquidity would be gradually taken to the pre-crisis levels at a controlled pace, and if the liquidity shortage decreases noticeably and/or credit conditions improve, the Turkish lira and FX required reserve ratios might be increased gradually and at a controlled pace, and the required reserve ratios might be used more actively as a policy tool to mitigate the macroeconomic and financial risks.

In this context, the Turkish lira required reserve ratio was increased by 0.5 percentage point from 5 percent to 5.5 percent and FX required reserve ratio was increased by 1 percentage point from 10 percent to 11 percent to be effective as of the calculation period of October 1, 2010. Thus, the FX and Turkish lira liquidity was reduced approximately by USD 1.5 billion and TL 2.1 billion, respectively.

This time, taking the recent increase in credit volumes into account, the Turkish lira required reserve ratio was increased by 0.5 percentage point from 5.5 percent to 6 percent to be effective as of the calculation period of November 12, 2010. Thus, the Turkish lira liquidity will be reduced approximately by TL 2.1 billion on November 26, 2010.