

Decision of the Monetary Policy Committee

July 24, 2018, No: 2018-27

Participating Committee Members

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

The Monetary Policy Committee (the Committee) has decided to keep the policy rate (one week repo auction rate) constant at 17.75 percent.

Recently released data indicate a more significant rebalancing trend in the economic activity. External demand maintains its strength, while signs of deceleration in domestic demand become more visible.

Cost factors and volatility in food prices have been the main drivers of the recent upsurge in inflation. On the other hand, price increases have shown a generalized pattern across subsectors. Despite the milder impact of demand conditions on inflation, elevated levels of inflation and inflation expectations continue to pose risks on the pricing behavior. Accordingly, the Committee assessed that it might be necessary to maintain a tight monetary stance for an extended period.

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, lagged impact of recent monetary policy decisions, contribution of fiscal policy to rebalancing process, 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.