No: 2005 - 22

3 June 2005

PRESS RELEASE
ON THE FOREIGN EXCHANGE INTERVENTION
OF THE CENTRAL BANK

The Central Bank has announced through several press releases that under the floating exchange rate regime the level of exchange rate is determined by supply and demand conditions in the currency markets, the volatility in the exchange rate is closely observed by the Central Bank, which may directly intervene in the markets in the event of an excessive volatility that might occur in either directions. In this framework, the Central Bank directly intervened in the markets by buying foreign currency on 9 March 2005 due to excessive volatility in exchange rates.

The recently observed foreign exchange sales arising from the increasingly optimistic expectations about the Turkish economy have led to excessive volatility in exchange rates again. The volatility in the value of Turkish lira against the US dollar in particular has become more apparent in the face of concurrent appreciation of the US dollar in the international markets. Therefore, the Central Bank has decided to directly intervene in the markets by buying foreign currency in order to prevent the excessive volatility.