

DECISION OF THE MONETARY POLICY COMMITTEE

Meeting Date: April 17, 2008

Committee Members

Durmuş Yılmaz (Governor), Erdem Başçı, Burhan Göklemmez, M. İbrahim Turhan, Abdullah Yavaş, Mehmet Yörükoğlu.

The Monetary Policy Committee (The Committee) has decided to keep policy rates unchanged as follows:

- a) Overnight Interest Rates: Borrowing rate at 15.25 percent, and lending rate at 19.25 percent,
- b) Late Liquidity Window Interest Rates: Borrowing rate between 4:00 p.m. – 5:00 p.m. at 11.25 percent, lending rate at 22.25 percent,
- c) The interest rate on overnight and one-week maturity borrowing facilities provided for primary dealers via repo transactions at 18.25 percent.

Deepening problems in international credit markets continue to restrain the domestic demand, while external demand remains strong. Overall, aggregate demand conditions will continue to support disinflation. However, rising food and energy prices and ongoing uncertainties in the global economy have worsened inflation expectations and increased the upside risk on inflation.

The Central Bank of Turkey is strongly committed to prevent the potential second-round effects of the recent deterioration in inflation expectations. In this regard, the Committee will be more responsive to bad news than good news and will consider a measured tightening when needed. Future monetary policy decisions will depend on developments regarding global market conditions, external demand, fiscal policy implementation, and other factors affecting the medium term inflation outlook.

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

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