

Decision of the Monetary Policy Committee

October 25, 2018, No: 2018-44

Participating Committee Members

Murat Çetinkaya (Governor), Ömer Duman, Uğur Namık Küçük, 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 24 percent.

Recently released data show that rebalancing trend in the economy has become more noticeable. External demand maintains its strength while slowdown in economic activity continues, partly due to tighter financial conditions.

Recent developments regarding the inflation outlook point to significant risks to price stability. Price increases have shown a generalized pattern across subsectors, reflecting the movements in exchange rates. Although weaker domestic demand conditions will partially mitigate the deterioration in the inflation outlook, upside risks on the pricing behavior continue to prevail. Accordingly, the Committee has decided to maintain the tight monetary policy stance.

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.