No: 2014 – 57 **Release Date: 25 September 2014**

DECISION OF THE MONETARY POLICY COMMITTEE
Meeting Date: September 25, 2014

Participating Committee Members
Erdem Başçı (Governor), Ahmet Faruk Aysan, Murat Çetinkaya, Turalay Kenç, Necati Şahin, Abdullah Yavaş, Mehmet Yörükoğlu.

The Monetary Policy Committee (the Committee) has decided to keep the short term interest rates constant at the following levels:

a) Overnight Interest Rates: Marginal Funding Rate at 11.25 percent, the interest rate on borrowing facilities provided for primary dealers via repo transactions at 10.75 percent, and borrowing rate at 7.5 percent,

b) One-week repo rate at 8.25 percent,

c) Late Liquidity Window Interest Rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate at 0 percent, and lending rate at 12.75 percent.

Loan growth continues at reasonable levels in response to the tight monetary policy stance and macroprudential measures. Exports remain supportive of balanced growth in spite of weakening global demand.

Macroprudential measures taken at the beginning of the year and the tight monetary policy stance started to have favorable impact on the core inflation trend. Elevated food prices continue to delay the improvement in the inflation outlook. Meanwhile, declining commodity prices are expected to limit upside risks on inflation.

Inflation expectations, pricing behavior and other factors that affect inflation will be closely monitored and the tight monetary policy stance will be maintained, by keeping a flat yield curve, until there is a significant improvement in the inflation outlook.

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.